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Doing Business in Nepal

Market Overview

Nepal is a low-income, developing nation with an estimated GDP of \$29.04 billion and per capita annual income of \$1071.05 in fiscal year (FY) 2017/18 (Note: Nepal's fiscal year runs from July 16 to July 15). Nepal's estimated population is 28.6 million (male 13.04 million, and female 15.3 million). The median age in Nepal is 24 and more than half of the population is under the age of 25, indicating a young nation whose ratio of working-to-non-working population will remain high in the years to come.

Nepal was beset with political turmoil from 1996–2017, due to an armed Maoist insurgency until 2006, followed by a decade-long peace process culminating in the promulgation of a new constitution in 2015. Elections were held in 2017 and a new majority government took over in 2018. Due to years of political instability, Nepal's economic growth lagged behind most of its neighboring countries, averaging 4% from 2007-17, compared to India – 7.4%, Bangladesh – 6.2%, and Sri Lanka – 5.9%. Economic growth rebounded with the onset of political 'normalcy,' standing at 6.7% in FY 2017/18 and estimated at 7.1% for FY 2018/19. This is a clear improvement over the past, but it still falls short of the government's target of 8% annual growth. Growth was projected to taper to 6% in FY 2019/20, however, given the impact of the COVID pandemic, the World Bank's 'baseline' projection now stands at 1.8%, and the 'downside' projection at 0.5%.

Structurally, Nepal's economy is still highly dependent on agriculture, but the services sector is the largest contributor to national GDP. Agriculture accounts for 27.5 percent of GDP and 65.7 percent of employment. The industrial sector—whose largest sub-sectors consist of manufacturing and construction—contributes 15.1 percent of GDP. The Services sector—whose largest sub-sectors include real estate, trade, transport, communications, and education—contributes 57.4 percent of GDP.

The structure of the Nepali economy is slowly shifting away from agriculture with significant migration from rural to urban areas and overseas. An estimated four to six million Nepalis work abroad, primarily in the Gulf countries, Malaysia, and India. Nepal received \$8.12 billion in remittances in 2019, equivalent to 26.5 percent of GDP. Officials at the Nepal Rastra (Central) Bank believe many migrant workers use informal channels to send money back to Nepal so the total amount of remittances is likely higher than \$8.12 billion. As such, a significant chunk of Nepal's wealth is generated abroad through the export of labor (as opposed to the export of goods and services produced within the Nepali economy).

Political instability, widespread corruption, a landlocked location, challenging topography, poor infrastructure, a poorly trained and educated workforce, and a weak policy and regulatory environment have been some of the key impediments to economic growth. Relative political stability obtained in 2018, a major turnaround in itself, has brought improvements to some of the other constraints above, but at a less than hoped for rate. Following the political transition, an economic turnaround could be next on the agenda. But half-way into the new Nepal Communist Party (NCP) government's five-year tenure, a clear vision, strategy and effective roadmap remain elusive. Government messaging has prioritized infrastructure development, creation of job opportunities at home, and finalization of business enabling legislation, but the impact on the ground has been modest. The government professes to focus on attracting foreign investors to Nepal and organized an international Investment Summit in March 2019 towards this purpose, yet it has not completed the necessary reforms to attract large scale investment nor effectively addressed the process challenges faced regularly by already-present international firms. While the World Bank still projects positive growth for Nepal, and while this may appear like a better scenario than neighboring countries, the government's ability to effectively manage the COVID pandemic and a healthy economic recovery remains an open question.

India accounted for 65 percent (\$9.4 billion) of Nepal's total trade in FY 2018/19, China for 14 percent (\$1.99 billion), and the rest of the world for the remaining 22 percent (\$3.14 billion). Compared to 6 years ago (FY 2012/13) when disaggregated records began, China's share of total trade with Nepal has grown from 10 to 14 percent. Nepal imports far more than it exports. The imports-to-exports ratio in FY 2018/19 was 14.6 (slightly down from 15.2 the previous

year) i.e. Nepal imported \$14.6 for every dollar exported, resulting in a trade deficit of \$11.4 billion (up from \$10.9 billion the previous year), which equates to a staggering 37% of GDP. In 2018, Nepal exported \$779.8 million worth of goods, mainly woolen carpets, polyester yarn, juices, tea and spices (cardamom), textiles, jute goods, readymade garments and other apparel items. Nepal's annual imports were about \$12.8 billion, mainly from India, China, and France in 2018. The main imports were petroleum products (diesel, petrol, LPG), industrial use items (mainly steel billets), gold, construction equipment and cement clinkers, rice, and telecommunications equipment.

U.S.-Nepal bilateral trade was approximately \$213.3 million in 2019, roughly 1.2 percent of Nepal's total trade with the world, according to data from the Office of the United States International Trade Commission. This was a sharp increase from the previous year when total bilateral trade was \$154 million. This surge was mainly attributable to increased U.S. exports of agricultural products (soybeans and animal feed). Major U.S. exports to Nepal have traditionally been medical and surgical instruments, aircraft machinery and parts, ICT products, electrical machinery and equipment, and miscellaneous grains, seeds or nuts (mainly soybeans).

As in previous years, the United States was the second largest export market for Nepal in FY 2018/19, accounting for 11.9 percent of total exports (India was the largest, accounting for 59 percent). Until 2016/17, the United States was one of the very few countries with which Nepal had a trade surplus. Key Nepali exports to the United States are carpets, handicrafts and antiques, animal feed (dog and cat food), textiles, and apparel (shawls, scarves, other knit material, and felt products). In December 2016, the United States established a new stand-alone trade preference program for Nepal, as mandated by the Trade Facilitation and Trade Enforcement Act of 2015. Designed to help support Nepal's economic recovery following the 2015 earthquakes, this program gives duty-free access to the United States for some products made in Nepal, including certain kinds of carpets, headgear, shawls, scarves, handbags, and suitcases. More information on this program can be found here: <https://np.usembassy.gov/business/nepal-trade-preference-program/>

Until recently, Nepal's long-standing trade deficit was balanced by sufficient inflows of workers' remittances (mainly from the Gulf, India, and Malaysia) to maintain a surplus or balanced current account. The increase in the trade deficit has outpaced remittance inflows since FY 2016/17 when the current account had a deficit of \$95.4 million. In FY 2017/18 the current account deficit ballooned to \$2.3 billion, where the Government of Nepal and the Nepal Rastra (Central) Bank managed to contain the deficit at that level in FY 2018/19. The capital and financial accounts have traditionally been in surplus, helping to improve Nepal's overall balance of payments (including keeping it in surplus until FY 2016/17). The mounting current account deficit contributed to an overall balance of payments deficit of \$502.9 million in FY 2018/19 (up from \$118.6 million in FY 2017/18) according to the Nepal Rastra (Central) Bank.

As of December 2019, the gross foreign exchange reserves of the country stood at \$8.7 billion, which is sufficient to finance imports for 6.9 months (this figure stood at 8 months in January 2019 and 11 months a year before that). The rapid decrease in the foreign exchange reserves, driven by the increasing trade deficit, is concerning. If not managed properly, it could land Nepal in a difficult balance of payments situation within 2-3 years. The Government of Nepal argues that the import of intermediate goods, to feed growing industries dormant during the political transition, is partly responsible for the rising trade deficit, and insofar as these investments will produce a payoff in the coming years, the deficit will slowly re-balance. The government also expresses confidence that the number of hydropower plants coming online in the next couple of years will reduce electricity and fuel imports from India, reducing the trade deficit. During 2019/20 the Nepal Rastra (Central) Bank has tried to maintain foreign exchange reserves by curbing imports of perceived luxury goods by raising duties and outright import bans in some cases.

The Nepali rupee is pegged to the Indian currency (INR 1 = NPR 1.6), and thus the Nepali currency fluctuates against the USD in line with the INR.

Historically, Nepal has attracted little Foreign Direct Investment (FDI) relative to comparable countries. As per World Bank data, FDI as a percentage of GDP for the last 5 years (2014 - 18) stood at 0.4% for Nepal compared to 1.6% for South Asia and 3.5% for Low Income Countries (LICs) worldwide. Annual FDI inflows into Nepal, which rose from \$125 million in FY 2016/17 to \$168 million in FY 2017/18, dropped to \$116 million in 2018/19, per the Nepal Rastra

(Central) Bank. While there was growing interest from foreign, especially Chinese, investors in Nepal following the political transition, the drop in FDI figures in 2018/19 may indicate that foreign investors are revising their assessment of Nepal's market potential. The COVID pandemic may further slow FDI into Nepal during the next several years. A Nepal Rastra (Central) Bank report shows that the total stock of FDI in Nepal as of July 2017 was \$1.56 billion, of which the U.S. share was 1.4 percent (\$21.9 million).

Nepal's ranking in the World Bank's Ease of Doing Business rankings improved from 110 in 2018 to 94 in 2020, raising it from fourth to third ranked in South Asia. The World Bank notes improvements in the process for receiving permission to do business in Nepal including improvements in credit mobilization, international trade, and contract formation. According to this World Bank indicator, Nepal is an easier place to do business compared to neighbors Pakistan and Bangladesh, but more difficult than in India and Bhutan.

Market Challenges

Nepal is a landlocked state, which makes market access a challenge. Surface transport into and out of Nepal can be difficult. The shortest reliable road route from India to the Kathmandu Valley is 84 miles in length and takes a minimum of five hours to traverse. However, most cargo trucks traverse an even longer 175-mile, seven-hour route into the Kathmandu Valley. The primary seaport for entry of goods bound for Nepal (and for exports) is Kolkata, India, about 460 miles from the Nepal-India border. With only one international airport in the country, challenges in the air transport sector are also acute. However, market access challenges are reducing. As recently as 2016, political unrest and frequent general strikes added disruptions to the movement of goods in and out of Nepal, sometimes for months at a time. Such disruptions have declined substantially with the improvement in the political environment. Two additional international airports are being built in Bhairahawa and Pokhara, expected to become operational within the next couple of years. A larger international airport is under consideration in Nijgadh, directly south of Kathmandu. All of these will alleviate the pressures on the existing, single international airport in Kathmandu, which itself is being upgraded. Sea access has improved with the addition of access via Vishakhapatnam (Vizag) Port in India, the opening of an integrated checkpoint in Birgunj, and the initiation of an oil pipeline which will free up to 40% of the traffic at Birgunj. In addition, expanded use of the inland port at Birgunj combined with the pilot roll-out of a radio frequency container tracking system between Vizag and Birgunj have drastically reduced transit times improving market access. During 2018, the Government of Nepal successfully negotiated a Trade and Transit Protocol with its northern neighbor, China, which grants Nepal alternative access to three Chinese seaports and four dry ports. Although the Chinese routes have yet to come into operation, their existence as alternatives and threat as potential competition has improved services at the Port of Kolkata.

Political instability, including 25 changes of government during the past 29 years, created an uncertain environment for foreign and private investment. With the successful conclusion of local and parliamentary elections in 2017 and a majority NCP government in place since early 2018, this environment was improving. However, a fresh round of intra-party bickering and jostling for power within the NCP has made political stability more elusive than it seemed when the NCP came to power in 2018. The new Constitution of 2015 committed Nepal to federalism with a central government based in Kathmandu, seven provincial governments, and 753 local government units. The division of power and responsibility across these three tiers of government is being developed and implemented slowly. This has created additional administrative and bureaucratic hurdles and delays likely to continue in coming years.

The Government of Nepal claims to be open to FDI, but implementation of policy is often hindered by bureaucratic delays, inefficiency, and uncertainty. Foreign investors frequently complain about complex and opaque government procedures and working-level attitudes more hostile than accommodating to the private sector. Lack of interagency coordination is often another hurdle. Though the Government of Nepal passed a new Foreign Investment & Technology Transfer Act (FITTA) in March 2019 to make Nepal a more attractive investment destination, in May 2019 it also increased the minimum FDI threshold ten-times to nearly \$500,000, which has prevented many small and

medium sized foreign investors from entering the Nepal market. New rules, regulations, and directives can be inconsistent with the larger, stated strategic goals of the country.

Foreign investors must deal with a non-transparent legal system in which basic legal procedures are neither quick nor routine. The bureaucracy is generally reluctant to apply legal precedent, and businesses are often forced to re-litigate issues that have been previously decided. Legislation limits foreign investments in financial, legal, and accounting services, limiting potential efficiency gains and perpetuating regulatory red tape. Legislation protecting intellectual property is under creation. An IPR Law has been in draft since an IPR policy was created in March 2017. It is unclear when this IPR Act will be introduced to Parliament for consideration.

U.S. firms and foreign investors have identified corruption as an obstacle to maintaining and expanding direct investment in Nepal. There are frequent allegations of corruption by Government of Nepal officials in the distribution of permits and approvals, procurement of goods and services, and awards of contracts. Nepal's ranking on Transparency International's Corruption Perceptions Index (CPI) improved to 113 from 124 the previous year, in a ranking of 180 countries.

Qualified workers are in short supply. Nepal produces technical manpower, but a lack of economic opportunity and low wages compel millions of workers to seek jobs overseas. Businesses often complain of having to constantly recruit and retrain new staff. Rigid labor laws make it difficult to terminate employees. Militant and highly politicized unions commonly abrogate negotiated agreements to press new demands, making it a challenge to assemble and retain qualified staff. However, labor problems arising from trade unionism have subsided following the improvement in the political environment. A new Labor Act was enacted in August 2017 replacing the previous one from 1998 with the aim of making the employer-laborer relationship more systematic and helping ease some of the rigidities including the ability of firms to fire workers in response to market demands, and improved clarity on provisions related to occupational health and safety, collective bargaining, dispute resolution and reduced wages during strikes. But this law has also added to the costs of doing business. Many SMEs are struggling to meet the requirements of the new Social Security Fund introduced in 2018.

High customs tariffs imposed on most manufactured products increase the price of U.S. products in the Nepali market; cheap consumer goods imported from neighboring countries also present market challenges for U.S. imports.

Market Opportunities

Nepal needs significant infrastructure development. Cognizant of this need, and to deliver on its electoral promises, the current government has continued to prioritize infrastructure development in its policies and programs, including the third budget presented to the Parliament on May 28, 2020. Due to the COVID pandemic, a larger portion of the budget will now be channeled to developing health infrastructure - building new hospitals and re-equipping existing ones. Nonetheless, large sums continue to be allocated to the development of energy, mainly hydropower, aviation, and transport infrastructure. This government's stated long-term aim is to develop a total of 15,000 MW of new hydropower electricity production in the next 10 years. In addition to upgrading the current international airport, three new international airports are being planned, one of which is near completion. While budget pronouncements in Nepal are generally loftier than reality, opportunities in the infrastructure sector (hydropower, renewable energy, transport, urban, and health infrastructure) will definitely increase in coming years. Many infrastructure projects are financed by multilateral development banks. Interested companies should monitor the websites of these organizations for tender opportunities and that of the Investment Board of Nepal (<https://ibn.gov.np/>), which approves and facilitates large-scale infrastructure projects. Reconstruction activities underway since the destructive earthquakes in 2015 are now nearing completion.

In September 2017, the Government of Nepal signed a \$500 million compact with the U.S. government's Millennium Challenge Corporation (MCC) to build 300 km of electricity transmission lines and upgrade/maintain 305 km of roads in different parts of the country. The Government of Nepal agreed to contribute an additional \$130 million to this

project designed to “spur economic growth and private investment, and open new markets.” This is the first MCC compact in South Asia and the Government of Nepal’s additional contribution is the largest up-front contribution in MCC’s history. Components of this project will be open to international bidding. Interested parties can obtain more information on working with the MCC via <https://www.mcc.gov/work-with-us> and <https://mcanp.org/>.

Tourism and hospitality are areas of budding opportunity. Indicative of the interest in Nepal’s tourism sector, a number of new international hotel brands, including Marriott and Aloft have opened in Kathmandu and a Sheraton is under construction. However, the COVID pandemic has hit Nepal’s tourism sector hard, and it is likely to take several years to recover.

The leading commercial sectors for U.S. exports are:

- Aircraft parts
- Medical, optical, and surgical instruments
- Airport and Ground Support Equipment
- Information Communication & Telecommunications (ICT) Equipment and Services (including computers/peripherals)
- Electrical and Industrial machinery and equipment
- Water resource equipment/services
- Renewable energy equipment
- Seeds and miscellaneous grains
- Franchising, and
- Perfumery and cosmetics.

On the whole, Nepal has many of the ingredients to be an economy on an upward trajectory: It is post-conflict, and nearly recovered from a massive earthquake in 2015. A young population and rising middle-class will mean new markets and opportunities for new and better products and services. Straddled in between India and China, Nepal should be an interesting destination to explore business opportunities, not only to serve Nepal, but also the larger markets to the north and south. However, despite a two-thirds majority, the NCP government’s performance has suffered from internal quarrelling, factionalism, and corruption. Given its performance in the last 4-5 months, the Government of Nepal’s ability to steer the Nepali economy skillfully through the COVID crisis remains in question.

Market Entry Strategy

Relationship-building in Nepal is essential to conducting business. For large-scale business ventures, investors or suppliers are encouraged to visit.

To access the local market, foreign companies generally see benefit from using local representatives or agents. Supplying government projects offers opportunities for large volume sales but requires an authorized local representative or agent.

In early 2018, Embassy Kathmandu became a “Partner Post” of the U.S. Foreign Commercial Service (FCS) in New Delhi. FCS India is responsible for commercial issues in India, Nepal, Sri Lanka, and Bangladesh and for assisting U.S. companies looking to export their products and services to these markets. A number of business services/programs, some fee-based, are provided through Embassy Kathmandu’s Political/Economic Section under this Partner Post arrangement, including commercial reports for U.S. businesses and connecting U.S. businesses with local companies of interest that could include buyers, agents, distributors, sales representatives, and other strategic business partners. Requests for these services can be directed to U.S. Export Assistance Centers or to the Commercial Service New Delhi office at: office.newdelhi@trade.gov.

Leading Sectors for U.S. Exports and Investment

Airport and Ground Support Equipment

Overview

Domestic and international air passenger movements have increased significantly over the past decade, putting stress on Nepal's civil aviation infrastructure. Kathmandu's Tribhuvan International Airport (TIA), currently the country's only international airport, handled 33,672 international flights in 2018, compared to 23,619 international flights in 2013. The airport has an outdated radar system and only one runway. Pre-COVID, the airport handled approximately 400 movements per day (take-off and landing) and at peak times exceeded its stated maximum capacity of 35 flights per hour. The Ministry of Culture, Tourism and Civil Aviation and the Civil Aviation Authority of Nepal (CAAN) have civil aviation infrastructure improvement projects planned in Kathmandu and throughout the country; these are valued at around \$1.3 billion over the next fifteen years.

Exports/Imports of Airport and Ground Support Equipment (U. S. \$ thousands)

	2016	2017	2018	2019
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	80,525,242	211,494,009	339,947,624	39,534,950
Imports from the US	10,678,383	12,118,945	18,687,115	5,907,553
Total Market Size	80,525,242	211,494,009	339,947,624	39,534,950
Exchange Rates (USD)	106.65	107.92	104.4	112.9

(total market size = (total local production + imports) - exports)

Total Imports: Trade and Export Promotion Center, Nepal - <https://www.tepc.gov.np/>

Imports from U.S.: Trade and Export Promotion Center, Nepal - <https://www.tepc.gov.np/>

Leading Sub-Sectors

The best sub-sector prospects for U.S. businesses include sale of radar systems, aeronautical communications equipment, navigation aids, runway lighting systems, and an array of ground support and safety equipment.

Opportunities

The Government of Nepal has launched a number of major civil aviation infrastructure projects in recent years. These projects offer U.S. companies the opportunity to supply ground support equipment. Due to increasing runway and airspace congestion, both government actors and the public are advocating for the construction of a second international airport (SIA) to be located to the south of Kathmandu on the plains bordering India. Such projects as the SIA and the upgrading of the control towers of several domestic airports remain in feasibility study phases. However, other projects are already underway, such as infrastructure upgrades at TIA in Kathmandu and improvements at the Buddha Gautam Airport in Bhairahawa, for which tenders have been awarded and construction work has begun. Work has also begun on the fast-track highway to connect Kathmandu to the proposed SIA. Commercial opportunities exist for U.S. businesses for turn-key projects, major equipment sales, and consultancy services with the Government of Nepal.

Construction of the SIA in Nijgadh, Bara district - Estimated first phase cost \$1.2 billion.

Master Plan for Civil Aviation Infrastructure Development of TIA in Kathmandu - Estimated first phase cost \$92 million. The Asian Development Bank is conducting a study for the second/final phase expansion, which is expected to range in the low hundreds of millions.

Construction of a Regional International Airport in Pokhara - Estimated cost \$304 million (contract awarded to China CAMC Engineering Company in May 2014). Expected completion date is in 2021 but it may be delayed due to COVID.

Upgrade of Bhairahawa's Gautam Buddha Airport as a Regional International Airport. This project is nearing completion but it has been delayed due to the COVID outbreak. The airport will continue to source equipment in the future.

Upgrades to of a number of domestic airports across the country - the Government of Nepal has allocated \$160.5 million for aviation infrastructure development in fiscal year 2020/21 alone, including funding for domestic airport projects. At least seven new domestic airports will be upgraded (Surkhet, Bharatpur, Nepalgunj, Biratnagar, Chandragadhi, Dhangadhi, and Janakpur) and new domestic airports are scheduled for construction in Narayanpur (Dang) and Chuhandanda (Tehrathum).

Resources

[Civil Aviation Authority of Nepal](#)

[Ministry of Culture, Tourism and Civil Aviation](#)

Aircraft and Parts

Overview

The number of international and domestic air passengers has increased dramatically in recent years. The number of tourists visiting Nepal has increased year-on-year. According to the Civil Aviation Authority of Nepal (CAAN), 30 international carriers provide service to Nepal and 9 domestic carriers provide service inside the country. There were 129,511 flights (including domestic) over Nepali skies carrying 7.2 million passengers in 2018.

Exports/Imports of Aircraft and Parts (U. S. \$ thousands)

	2016	2017	2018	2019
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	80,525,242	211,494,009	339,947,624	39,534,950
Imports from the US	10,678,383	12,118,945	18,687,115	5,907,553
Total Market Size	80,525,242	211,494,009	339,947,624	39,534,950
Exchange Rates	106.65	107.92	104.4	112.9

(total market size = (total local production + imports) - exports)

Imports: Trade and Economic Promotion Center, Nepal

Imports from U.S.: Trade and Economic Promotion Center, Nepal

Leading Sub-Sectors

The best sub-sector prospects for U.S. businesses include aircraft spare parts and sales of small aircraft. As a number of domestic airlines look to expand regionally and increase their fleets, prospects for aircraft sales should pick up.

Opportunities

Private airlines in Nepal mushroomed in the early 1990s, providing opportunities for the sale of new and used short-haul, turboprop passenger aircraft. U.S. businesses are advised to target the aircraft spare parts market by establishing direct links with domestic airline operators in Nepal. Nepal's private airlines, which previously limited their operations to the domestic sector, are gradually entering international operations.

Resources

[Civil Aviation Authority of Nepal](#)

[Ministry of Culture, Tourism and Civil Aviation](#)

Medical Equipment and Pharmaceuticals

Overview

Imports of medical equipment have increased in recent years, with imports from the United States accounting for, on average, 12.8 percent of Nepal's total imports during the past two years (FY 2018/19). At the same time, the number of hospitals with modern medical facilities has increased in recent years, primarily in the Kathmandu Valley, creating opportunities for medical equipment sales. These hospitals continue to upgrade their testing and treatment facilities to make their services competitive, and therefore import modern medical equipment on a regular basis. Although most imported drug and pharmaceutical products come from India, U.S. pharmaceuticals are competitive. For specialty medical services, Nepali hospitals and testing facilities are increasingly interested in importing medical equipment from the United States. Due to the weaknesses exposed by the COVID pandemic in Nepal's health infrastructure, the Government of Nepal has increased its health budget by 45 percent for the next FY to build new hospitals as well as upgrade existing ones.

Exports/Imports of Medical Equipment and Pharmaceuticals (U. S. \$ thousands)

	2016	2017	2018	2019
Total Local Production	0	0	0	0
Total Exports	0	0	0	737,658
Total Imports	117,351,618	135,858,782	174,323,825	65,594,117
Imports from the US	13,976,641	17,512,655	22,622,799	6,928,165
Total Market Size	117,351,618	135,858,782	174,323,825	65,594,117
Exchange Rates	106.65	107.92	104.4	112.9

(total market size = (total local production + imports) - exports)

Total Imports: Trade and Export Promotion Center, Nepal

Imports from U.S.: Trade and Export Promotion Center, Nepal

Leading Subsectors

Leading subsectors include x-ray, ultrasound, electrocardiogram, and other testing equipment as well as instruments and appliances used in medical, surgical, dental, and veterinary science, including electro-medical and vision testing equipment.

Opportunities

The expansion of private sector medical facilities in Nepal offer significant opportunities for U.S. exporters of medical equipment and supplies. Demand for pharmaceutical products is also expected to remain high. Most pharmaceuticals are imported from India. The U.S. share of pharmaceutical imports amounts to less than one percent.

Resources

[Nepal Medical Council](#)

[United States International Trade Commission](#)

[Trade and Export Promotion center, Nepal](#)

Water Resources Equipment and Services

Overview

Nepal's large hydropower potential represents an enormous opportunity for U.S. companies, including in direct foreign investment and/or joint ventures, as well as in the sale of equipment and provision of consultancy services. Nepal's hydropower sector is open to foreign investment. Nepal has some 83,000 megawatts (MW) of hydroelectric potential – more than 40,000 MW of which is commercially viable – but only about 3 percent (less than 1200 MW) of this capacity has been developed.

Although Nepal has greatly reduced power outages in recent years, Nepal still faces some power shortages especially during the dry season (winter), and electricity demand has increased 13 percent annually. A high voltage cross-border transmission line connecting Nepal to India is being upgraded to expand cross-border electricity trade and has helped stabilize Nepal's electricity supply. More lines are planned. Nepal signed a long-awaited Power Trade Agreement (PTA) with India in October 2014. The PTA opened opportunities in India's large – and growing – electricity market to Nepal's Independent Power Producers (IPPs). In addition, the Investment Board of Nepal (IBN) signed a Power Development Agreement (PDA) with two Indian power developers in 2014, for the first time allowing foreign developers to build, operate, and export the electricity produced. With dozens of hydropower projects in the works, there are opportunities for equipment sales and engineering and design consulting services.

Examples of Nepal's success attracting foreign investment in hydropower development projects and important policy, legislative, and institutional reforms include:

Financial closure of 900 MW Arun III and the 216 MW Upper Trishuli-1 hydropower projects, both of which are expected to commence operations in 2024-25;

The \$500 million-dollar Millennium Challenge Corporation compact grant will provide transmission system upgrades and a new cross-border connection with India which will allow for expanded regional electricity trading;

After 20 years of effort to bring Nepal under independent sector regulation, the law establishing the Electricity Regulatory Commission (ERC) was passed, the ERC was established and issued its first consumer tariff order;

The Government of Nepal has drafted an Electricity Act and is drafting an Energy Efficiency Policy;

The Government of Nepal has passed a Public Private Partnership Act to promote foreign investment in infrastructure projects facilitated by the Investment Board of Nepal.

Water Resources Equipment and Services (U. S. \$ thousands)

	2016	2017	2018	2019 (Provisional)
Total Local Production	0	0	0	0
Total Exports	1,1389	1,963	3,629	788
Total Imports	718,037	914,639	1,174,691	453,823
Imports from the US	8,404	9,446	7,723	788
Total Market Size	716,648	912,676	1,171,063	453,035

Exchange Rates	106.65	107.92	104.4	112.9
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Note: Total market size is a best estimate, derived by subtracting exports from imports, given local production figures are unknown.

Total Imports: Trade and Export Promotion Center, Nepal

Imports from U.S.: Trade and Export Promotion Center, Nepal

Leading Sub-Sectors

- Foreign Direct Investment for hydropower power projects
- Consulting services
- Hydropower generation machines
- Turbines
- Generators
- Power control machinery
- Surveying instruments
- Transmission lines
- Heavy machinery and earth moving equipment

Opportunities

Prospects in hydropower equipment sales and consultancies include: the construction of the 900 MW Upper Karnali Hydropower Project being developed by a consortium of GMR Energy Ltd., India, and the Italian-Thai Development Project Company of Thailand; the 456 MW Upper Tamakoshi Hydropower Project being developed by a Nepali consortium; 216 MW Upper Trishuli-1 Hydropower Project being developed by a consortium of South Korean and Nepali Companies; 140 MW Tanahun Hydropower Project being developed by Nepal Electricity Authority; and the 900 MW Arun-III Hydropower Project being developed by the Indian company Satluj Jal Vidyut Nigam Limited. Equipment imported for hydropower projects is assessed at a special lower customs duty rate of only one percent.

Nepal has an ambitious target of developing 15,000 MW of hydropower projects during the next ten years. The Department of Electricity Development issued generation licenses to a total of 198 projects with combined potential output capacity of 7,000 MW. In addition, the Investment Board of Nepal (IBN) granted an electricity generation license to an Indian developer, SJVN Arun-3 Power Development Company, to generate 900 MW of electricity from the Arun-3 Hydropower Project. Construction on the project has already begun. IBN has also signed a Project Development Agreement (PDA) for the 900 MW Upper Karnali Hydropower Project, and IBN is also developing the 327 MW Upper Marsyangdi, 756 MW Tamor, 679 MW Lower Arun, and 750 MW West Seti projects. The progress on these projects has been slow, but the Government of Nepal still expects to double its current electricity generation capacity by adding 400 MW of hydropower capacity to its grid this year and another 900 MW next year.

Resources

[Ministry of Energy, Water Resources and Irrigation](#)

[Independent Power Producers' Association of Nepal](#)

Renewable Energy Equipment

Overview

Nepal's energy demand, at more than 1,400 MW, exceeds the country's power supply. During the dry winter months, energy production in Nepal's run-of-the-river hydropower projects can fall by more than two-thirds, leaving Nepal reliant on electricity imports from India. Nepal's transmission infrastructure remains limited to urban areas, leaving many rural communities without consistent supplies of electricity. Furthermore, frequent petroleum shortages and the high cost of running diesel generators have prompted some businesses, wealthy urban households, and rural communities to turn to solar energy.

Following the April 2015 earthquake, the Prime Minister's Office, National Planning Commission, Urban Development Ministry, and other government agencies announced plans to introduce solar power facilities to rural areas as a more reliable and cost-effective source of power.

Renewable Energy Equipment (U. S. \$ thousands)

	2016	2017	2018	2019 (Provisional)
Total Local Production	0	0	0	0
Total Imports	1,1389	1,963	3,629	788
Total Exports	718,037	94,639	1,174,691	453,823
Total Imports	8,404	9,446	7,723	788
Imports from the US	716,648	912,676	1,171,063	453,035
Exchange Rates	106.65	107.92	104.4	112.9

Note: Total market size is a best estimate, derived by subtracting exports from imports, given local production figures are unknown.

Total Imports: Trade and Export Promotion Center, Nepal

Imports from U.S.: Trade and Export Promotion Center, Nepal

Leading Sub-Sectors

- Solar panels
- Inverters
- Batteries
- Solar water heaters

Opportunities

Prospects in renewable energy equipment sales have so far been limited to individual households, through sales of equipment to one of the eighty solar equipment supply companies in Nepal. However, opportunities to introduce enterprise solar systems to businesses and factories holds tremendous potential.

Resources

[Ministry of Energy, Water Resources and Irrigation](#)

[Alternative Energy Promotion Center](#)

Telecommunications Equipment and Services

Overview

Telecommunications services have experienced significant growth over the last decade. Currently, three main companies provide telephone services in Nepal, with the government-owned Nepal Telecom (NT) and Malaysian-owned NCell as the biggest operators. A fourth operator (CG Services) is attempting to enter the market. Both NT and NCell are expanding their geographical reach and range of services and offer equipment sales potential. Business opportunities exist for equipment sales, network installation, and laying fiber optic cable. Additionally, NCell is investing millions of dollars per year to upgrade its infrastructure, however, equipment sales with after-sale service are a prerequisite for the project. Local microwave and cable TV services depend on U.S. firms for much of their equipment, as do Nepal's 30 cable TV networks.

Exports/Imports of Telecommunications Equipment (U. S. \$ thousands)

	2016	2017	2018	2019
Total Local Production	n.a.	n.a.	n.a.	n.a.
Total Export	0	0	0	0
Total Import	670,214	656,822	748,797	325,757
Imports from the US	6,541	6,212	38,805	181,168
Total Market Size	670,214	656,822	748,797	325,757
Exchange Rate	106.65	107.92	104.4	112.9

(total market size = (total local production + imports) - exports)

Leading Sub-Sectors

- Satellite services for phone and Internet
- Fiber optic cables
- VHF radio, transmitter, and other equipment
- Opportunities

The number of cellular mobile subscribers has increased from 243,579 in January 2005 to over 39 million by April 2019. Nepal's population is approximately 28 million, meaning there are 1.4 mobile subscriptions for every Nepali citizen. Chinese companies have won bids to supply technology and equipment to the two leading Nepali cellular telephone operators (NT and NCell), but the expanding mobile phone market offers additional possibilities for U.S. companies.

Resources

[United States International Trade Commission](#)

[Trade and Economic Promotion Center, Nepal](#)

[Ministry of Information & Communications, Nepal](#)

[Nepal Telecommunications Authority, Nepal](#)

[Nepal Telecom Company Limited, Nepal](#)
[Smart Telecom Pvt Ltd.](#)

Franchising

Overview

Although the present franchise market is relatively small, it has the potential to expand. KFC and Pizza Hut both operate restaurants in Kathmandu. Nepali locals represent approximately seventy percent of demand. There are a number of U.S. and international brands present in the Nepal market including Coca-Cola, Pepsi, Western Union, Hyatt, Radisson, Marriott, DHL, United Colors of Benetton, Cookie Man, Baskin-Robbins, Wimpy, Hot Breads, Bata, Puma, Reebok, and Adidas. Indian franchises have also entered the Nepali market including Gini and Jony, Time Square, Planet Fashion, Raymonds, Angan, Lilliput, Big Cinemas, John Players, Peter England, Provogue, Yana Sizzlers, Kendriya Vidyalaya, Patanjali Chikitsalaya, Aptech, NIIT, and Eurokids.

Leading Sub-Sectors

- Fast food restaurant chains
- Coffee houses
- Clothing
- Sports Equipment
- Hotels

Opportunities

Franchises have the opportunity to expand in Kathmandu and Pokhara, two of Nepal's largest cities and tourism hubs. Market growth is projected at 25 percent through the first few years of establishment. Key benefits of a franchise lie in brand name recognition and quality consistency. With growing local demand, approximately one million tourists arriving every year, and a sizable expatriate community, fast food franchises hold excellent potential. The climate is improving for expansion into other growing Nepali cities, such as Birgunj, Biratnagar, and Bhairahawa. In recent years, due to increased consciousness of quality and durability of goods, demand for branded products has increased.

Resources

Because the franchise sector is still developing, research data and trade leads are not yet available. In early 2018, Embassy Kathmandu became a "Partner Post" of the U.S. Foreign Commercial Service (FCS) in New Delhi. FCS India is responsible for commercial issues in India, Nepal, Sri Lanka, and Bangladesh and for assisting U.S. companies looking to export their products and services to these markets. A number of business services/programs, some fee-based, are provided through Embassy Kathmandu's Political/Economic Section under this Partner Post arrangement, including commercial reports for U.S. businesses and connecting U.S. businesses with local companies of interest that could include buyers, agents, distributors, sales representatives, and other strategic business partners. Requests for these services can be directed to U.S. Export Assistance Centers or to the Commercial Service New Delhi office at: office.newdelhi@trade.gov.

Food, Dairy, and Agro Products

Overview

Only 15 percent of Nepal's land is arable, and productivity is low due to structural impediments, including poor road infrastructure and small-scale farming. As a result, Nepal imports a significant amount of food products, though U.S. products are less price competitive than cheaper Indian and Chinese products. However, the demand for U.S. farm, food, and dairy products has slowly increased in the last few years and U.S. goods now constitute ten percent of imports in the market sector. Nepal also offers opportunities for U.S. exports of seeds and fertilizers. 2019 saw a dramatic increase in imports of U.S. soybeans and animal feed products. In January 2014, Nepal's Supreme Court imposed a ban on the import of genetically modified and hybrid seeds, and that market remains closed. Due to the small scale of its fertilizer orders, the Nepali fertilizer market is largely untapped by U.S. companies.

Exports/Imports of Agricultural Products (U. S. \$ thousands)

	2016	2017	2018	2019 (Provisional)
Total Local Production	n.a.	n.a.	n.a	n.a
Total Exports	0	0	0	0
Total Imports	114,081	110,873	121,236	59,930
Imports from the US	9,466	3,228	25,707	23,453
Total Market Size	114,081	110,873	121,236	59,930
Exchange Rates	106.65	107.92	104.4	112.9

(total market size=(total local production + imports)-exports)

Total Imports: Trade and Economic Promotion Center, Nepal

U.S. Imports: Trade and Economic Promotion Center, Nepal

Leading Sub-Sectors

- Rice
- Legumes
- Dried pastas, Bread
- Pastry, cakes, and biscuits
- Vegetable oil
- Capsules for medicine
- Packaged/processed foods
- Fruits
- Seeds, animal feed

Opportunities

Demand for U.S. bread, pastry, cakes, biscuits, and other bakery products has gradually increased in the Nepali market. The presence of flavored waters and other nonalcoholic beverages, food preparations, ethyl alcohol, spirits, and liquors has also increased. Other opportunities are processed, packaged, canned foods. Imports of seeds and animal feed have also increased.

Resources

[United States International Trade Commission](#)

[Trade and Export Promotion Center, Nepal](#)

Customs, Regulations and Standards

Trade Barriers

There are no major non-tariff trade barriers on imports. Technical standard barriers are applied to a small number of manufactured products, such as vehicles and refrigerators. Vehicles imported into Nepal must qualify under the Euro I standard, and refrigerators must be chlorofluorocarbon (CFC) gas-free. Nepal does not allow the import of used items, the definition of which is often interpreted to include refurbished products (with the exception of refurbished aircrafts).

For more information and help with trade barriers please contact:

[International Trade Administration Enforcement and Compliance](mailto:ECCommunications@trade.gov) (202)482-0063

Email: ECCommunications@trade.gov

Import Tariffs

Import tariffs are generally assessed on an ad valorem basis. Nepal uses the Harmonized Tariff System (HTS) for classification purposes. Import duty rates vary from zero to 80 percent. There is a two-tier tariff rate system for most imported items - one for imports from South Asian Association for Regional Cooperation (SAARC) nations, which is usually lower than for imports from all other non-SAARC countries. Machinery or goods related to basic needs or agricultural production are charged at a five percent rate, or lower in some cases. Products considered hazardous to one's health, such as cigarettes, are taxed at Nepali Rupees 4,500 (approximately USD \$37) per thousand pieces. Liquor is taxed at Nepali Rupees 1,200 (approximately USD \$10) per liter. Custom duties are generally assessed on the cost, insurance, and freight (CIF) value. Imported goods are also liable for a value-added Tax (VAT) of 13 percent levied on CIF plus customs duty value. Changes in import tariffs, other duties, and taxes are generally announced through the annual budget, and later ratified by the Parliament before enforcement. The annual budget for FY 2020/21 was released on May 28, 2020. This year's budget reduces the tariff and VAT on medical equipment required for countering COVID. However, it also increases the customs and excise duties on a range of products viewed as "luxury" (or harmful) items such as tobacco products (including e-cigarettes), gold, silver, furniture, refrigerators and entertainment items, electric vehicles, diesel and kerosene, and various food items - chicken, tea, coffee, milk products, chocolates, pasta, noodles etc. Interested parties are advised to consult the [Department of Customs](#) website for the updated tariff schedule. Special Duty Reductions of five or ten percent have been given to imports from the Tibet Autonomous Region of the People's Republic of China, SAARC member countries, and designated most-favored nations.

Certain blocks of Nepal's first Export Processing Zone (EPZ) in Simara, near the Nepal-India border town of Birgunj, have now been completed and opened to exporters. This EPZ is meant to provide a special facility for the manufacture and export of garments in particular. Any industry exporting 90 percent or more of its products is entitled to privileges equivalent to those normally provided by an EPZ - e.g., no tax, duty, or fee is levied on the machinery, tools, and raw materials used by the industry in manufacturing the exported products. Export-oriented industries may also enjoy the benefits of bonded warehouse facilities. Raw materials can be imported via entry in a passbook without paying custom duty or VAT. The same value is deducted from the passbook upon export of the finished product. The enterprise must also submit a bank guarantee sufficient to cover applicable duties. However, the EPZ has received a tepid response from industrialists on the basis that the export requirement (90%) and rent is too high.

Import Requirements and Documentation

Documents required for shipment to Nepal include a commercial invoice, a customs declaration form (CDF), clearly marked and labeled packaging, and a certificate of origin. Similarly, exported items sent by air require a CDF, a copy

of the export license (if applicable), a commercial invoice, a certificate of origin, a copy of the letter of credit or advance payment statement from a bank, a foreign exchange declaration form, a packing list, a photocopy of the income tax registration certificate, an airway bill, and an authorization letter.

Imports do not require a license except for banned or quantitatively restricted items, such as (a) products injurious to health, including illicit drugs (see section on prohibited imports further in this chapter); (b) arms and ammunition, explosive materials, or products required for production of explosive materials, guns, and bullets; (c) communications equipment, wireless walkie-talkies and other similar audio-communication equipment, except under government import license; (d) valuable metals and jewelry; and (e) beef and beef products (dietary restrictions of the majority Hindu religion prohibit the consumption of beef). Nepal does not require open general licenses for imports.

Traders need to show their general export/import permits and taxpayer's certificate to import goods. If the end user – for example, a project office, company, or institution - is importing goods directly, they will have to produce a copy of its corporate registration certificate and taxpayer's certificate in order to obtain both foreign currency approval from Nepal Rastra (Central) Bank and customs clearance of the consignment.

Labeling and Marking Requirements

Nepali law does not require special labeling or marking. For customs purposes, the packaging and labels of a shipment should clearly identify the country of origin and destination and include a commercial invoice with a list of items in the package, a customs declaration form (CDF), and a certificate of origin. [Department of Customs](#) information can be found via their website.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of “red flags”, or warning signs, and compiled “Know Your Customer” guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of “dual-use” U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State’s Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

Some goods, including vehicles, machinery, and equipment, may be imported temporarily for special purposes, such as domestic exhibitions or trade fairs, by making a refundable deposit of the applicable duty. These goods must be taken out of the country within three months of the completion of work. Goods can stay in-country if the duty is paid and the item is sold or retained for personal use. An extension of the three-month period may be granted on appropriate and reasonable grounds upon payment of an additional ten percent of the applicable duty amount. If the duty is not paid or the goods are not re-exported within six months of entry, Nepal may pursue smuggling charges. Nepal places no legal restrictions requiring warranty for products imported temporarily for a specific purpose.

Prohibited and Restricted Imports

The following products are prohibited for import:

- Products injurious to health: a) narcotic drugs such as opium and morphine; and b) liquor containing more than 60 percent alcohol.
- Arms, ammunition and explosives (except under government import license): a) materials used in the production of arms and ammunition; b) guns and cartridges; c) caps other than those of paper; and d) arms, ammunition and other explosives.
- Communications equipment: wireless walkie-talkies and other similar audio communication equipment (except under import license of the Government of Nepal).
- Valuable metals and jewelry (except permitted under bag and baggage regulations).
- Beef and beef products (Five-star hotels are allowed to import beef with a special license issued by the Department of Commerce).

Any other product as per notification of the Government of Nepal in the Nepal Gazette, published by the Department of Printing. Such notices can be obtained from the Department of Printing by making a request to the Director General at fax: 977-1-4228774.

Customs Regulations

All customs-related information, tariff structures, special provisions, rules and regulations are available at the [Department of Customs](#) website. Specific questions related to customs can be forwarded to the Department by email: npdoc@ntc.net.np.

Standards for Trade

Overview

Nepal generally follows internationally recognized standards; it does not follow the ISO 9000 series. Institutions charged with establishing standards include the Nepal Bureau of Standards and Metrology and the Department of Drug Administration. Food product standards are generally set under the Food Act and Nepal Standard (Certification Mark) Act. The law regarding the import of products other than food products, cars, and refrigerators does not mandate any standards. The Ministry of Science, Technology and Environment introduced the Nepal Vehicle Mass Emission Standards Act in December 1999 to control pollution; these are similar to EURO 1 standards.

Standards

The Nepal Bureau of Standards and Metrology (NBSM) is the only agency authorized to develop technical standards for different products. NBSM is currently working on developing standards and labeling programs for electrical appliances. The Department of Drug Administration regulates the consumption and quantification of modern drugs for human use in Nepal.

Testing, inspection, and certification

Standards for testing the quality of food and the processes for testing food products are governed under the Food Act and Nepal Standard (Certification Mark) Act, which requires the importer to have a sample tested by the Department of Food Technology and Quality Control. The Department of Drug Administration approves the consumption and quantification of drugs for human use and issues licenses to import drugs to Nepal. The Cosmetics, Devices and Drugs Act of 1980 governs quantification of drugs for human use.

Except for drugs/medicines, no product certification is required for branded products. For drugs/medicines, the importer must obtain prior approval from the Department of Drug Administration. Certification is not required for patent drugs manufactured by recognized manufacturers in those cases where the Department of Drug Administration has already approved the drugs' chemical composition. There are no accreditation bodies in Nepal. Accreditation of labs is not required.

Publication of technical regulations

Finalized acts and regulations issued by the Government of Nepal are published in the Nepal Gazette and are made available by the Department of Printing. U.S. entities can comment or challenge these regulations by email or notification to the appropriate department.

Contact Information

Nepal Bureau of Standards and Metrology (NBSM)

P.O. Box 985

Balaju, Kathmandu, Nepal

Tel: +977-1-4350818, 4350445, 4361141

Fax: 977 1 4350689

E-mail: tbtnbsm@nbsm.gov.np

Director General: Mr. Bishwo Babu Pudasaini

Website: <http://www.nbsm.gov.np/>

Department of Drug Administration

Madan Bhandari Path-4, Bijulibazar

New Baneshwor, Kathmandu, Nepal

Tel: +977-1-4780432, 4780227

Inspection Hotline: 977-1-2042383

Fax: +977-1-4780572

Email: director@dda.gov.np; dda@healthnet.org.np; import@dda.gov.np

Website: www.dda.gov.np

Director General: Mr. Narayan Prasad Dhakal

Email: narayandhakalji@gmail.com; narayandhakalji@yahoo.com

Drug Administrator & Information Officer: Mr. Santosh K.C.

Email: info@dda.gov.np

Tel: (977) 1 4780227 (x231)

Senior Pharmacist: Ms. Vijaya Laxmi Shrestha

Email Pharmacy Reg. Section: pharmacy@dda.gov.np

Department of Printing

Ministry of Information and Communications

Singha Durbar, Kathmandu, Nepal

Tel: 977-1-4211622, 4211820, 4211695, 4211749

Fax No: 977-1-4211764

Email: info@dop.gov.np

Director General: Mr. Balbhadra Giri

Website: www.dop.gov.np

Ministry of Science and Technology

Singha Durbar, Kathmandu, Nepal

Tel: 977-1-4211641, 4211586, 4211737, 4211869, 4211996, 4211661

Facsimile: 977-1-4211954

Email: info@moste.gov.np

Website: <http://www.moste.gov.np/>

Department of Food Technology and Quality Control (DFTQC)

Ministry of Agriculture Development

P.O. Box 21265, Babarmahal, Kathmandu, Nepal

Tel: 977-1-4262369, 4262741, 4251132; Ext: 202, 211

Facsimile: 977-1-4262337

Email: info@dftqc.gov.np; spsnepal@ntc.net.np; dftqc@mail.com.np

Website: <http://www.dftqc.gov.np>

Director General: Mr. Sanjeev Kumar Karn

Ministry of Agriculture, Land Management and Co-operatives
Agribusiness Promotion and Statistics Division
Singha Durbar, Kathmandu, Nepal
Tel: +977-1-4211687, 4211706, 4211950, 4211981; Ext.: 219
Fax: 977-1-4211935, 4211839
Email: parajuli_dinesh@moadwto.gov.np
Joint Secretary: Dr. Dinesh Prasad Parajuli

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify the WTO of proposed technical regulations and conformity assessment procedures that could affect trade. [Notify U.S.](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized email alerts when new notifications are added by selected countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Trade Agreements

Nepal has ratified the South Asian Association for Regional Cooperation (SAARC) Agreement on a South Asian Free Trade Area (SAFTA). Under SAFTA, the eight SAARC nations (Nepal, Bhutan, India, Bangladesh, Pakistan, Sri Lanka, Maldives, and Afghanistan) have pledged to cut tariff rates on a product-by-product basis, and more than 5,000 items are entitled to preferential duty treatment in the participating countries. However, the long “negative list” of goods that are excluded from preferential duty treatment under SAFTA has limited the agreement’s impact on regional trade.

Nepal became the 147th member of the World Trade Organization (WTO) in April 2004. Nepal was given until December 2006 to comply with its WTO obligations, but to date it has only partially fulfilled these obligations.

In February 2004, Nepal became a member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Other members include Bangladesh, Bhutan, India, Myanmar, Sri Lanka, and Thailand. BIMSTEC seeks to establish a more comprehensive free-trade area through deeper and more substantial sector coverage of services and an open and competitive investment regime. The regional group constitutes a bridge between South and South East Asia and represents a reinforcement of relations among these countries. BIMSTEC has also established a platform for intra-regional cooperation between SAARC and ASEAN members.

Nepal has signed bilateral trade agreements and treaties with seventeen countries, including the United States, United Kingdom, Yugoslavia, India, Russia, South Korea, North Korea, Egypt, Bangladesh, Sri Lanka, Bulgaria, China, Czech Republic, Pakistan, Romania, Mongolia, and Poland. The treaty Nepal signed with India in 1996 and amended in 2009 is its most important in terms of trade volume. Except for some items under quantitative restrictions, the trade treaty puts Nepal in a unilateral duty-free trade regime with India, which accounted for more than 60 percent of Nepal’s total trade in FY 2016/17.

Licensing Requirements for Professional Services

The 2019 Foreign Investment and Technology Transfer Act (FITTA), which largely regulates inbound foreign investment in Nepal, defines the acquisition of any foreign technical, consultancy, management, or marketing service

as a technology transfer. Any foreign individual, firm, company, or corporate body involved in foreign investment or technology transfer, including foreign governments or international agencies, is allowed to acquire such services. A person desiring to derive benefit from the foreign investment or technology transfer must apply to the Department of Industry for permission, although certain professional services and industrial sectors are off limits to foreign investment. Under the FITTA, foreign direct investment is not permitted in such professional services as personal service businesses, tailoring, driver training, motion pictures in national languages, media, and engineering and legal consultancy services

Selling US Products and Services

Distribution & Sales Channels

Overview

Most national and international manufacturers and sellers distribute their products by means of the conventional three-fold distribution system: manufacturer to distributor/wholesaler to retailer. Most U.S. exporters sell through a Nepal-based intermediary, such as a trading company, local agent, or distributor. For selling U.S. goods and services in Nepal, indirect local sales channels are generally the most suitable option. Most high-value electronics, electrical appliances, and machinery enter Nepal by air cargo via Tribhuvan International Airport in Kathmandu (currently Nepal's sole international airport). However, bulk goods, such as foodstuff, large machinery, vehicles, fertilizer, construction materials, and various raw materials, are transported to Kolkata or Haldia, India, by ship and then transported to the India-Nepal border by truck or rail. According to customs data, up to 60 percent of goods that arrive via truck or rail enter through the Raxaul-Birgunj crossing on the India-Nepal border. Major distribution centers are located in the Nepali border cities of Birgunj, Biratnagar, Bhairahawa, and Nepalgunj, as well as in Kathmandu. A negligible quantity of goods (less than two percent) enter Nepal from China through the northern customs point in Rasuwa.

Using an Agent to Sell U.S. Products and Services

Local agents normally work as an exporter's sales representative on a commission basis, with the size of the commission varying based on the nature of the product or service being offered. Specific responsibilities depend on the terms of the contract. In early 2018, Embassy Kathmandu became a "Partner Post" of the U.S. Foreign Commercial Service (FCS) in New Delhi. FCS India is responsible for commercial issues in India, Nepal, Sri Lanka, and Bangladesh and for assisting U.S. companies looking to export their products and services to these markets. A number of business services/programs, some fee-based, are provided through Embassy Kathmandu's Political/Economic Section under this Partner Post arrangement, including commercial reports for U.S. businesses and connecting U.S. businesses with local companies of interest that could include buyers, agents, distributors, sales representatives, and other strategic business partners. Requests for these services can be directed to U.S. Export Assistance Centers or to the Commercial Service New Delhi office at: office.newdelhi@trade.gov.

In some cases, local agents also buy and keep goods in stock for resale, do local marketing, and handle after-sales product servicing as required. The distributor usually works on a profit margin, so the commission rate and responsibilities (pricing, advertising, market promotion, after-sales service, etc.) should be clearly defined in the contract. The distributor's commission in Nepal normally ranges from 15 to 30 percent, again depending upon the nature of the product and services provided. Use of a local distributor is effective when selling consumer goods.

Hiring an agent to assist in winning a contract can be effective when selling infrastructure-related goods, such as construction services or heavy equipment to government agencies, or when competing for an international tender.

Due diligence on any potential distributor/agent is essential prior to entering the local market. Given the prevalence of corruption in Nepal, exporters are urged to carefully screen potential agents working on their behalf.

Establishing an Office

The Company Act of 2006 requires foreign firms seeking to do business in Nepal to register by submitting the following documents:

- a) A notarized copy or translation in Nepali or English of the law or license under which the company was incorporated and established;
- b) A notarized Nepali version of the memorandum and articles of the company;
- c) The complete address of the head office of the company;

- d) A list of the directors, managing agents, manager, secretary, etc. of the company along with their names, positions, contact details, and shareholdings, if any;
- e) The name and address of the resident representative(s) in Nepal empowered to accept on the company's behalf official documents; and
- f) The proposed location where business will be, or is being, conducted in Nepal and the full address of the company's office.

One hundred percent foreign ownership is allowed in most sectors in Nepal. The 2019 FITTA slightly reduced the number of restricted sectors for foreign investment to nine sectors, all listed in the annex of the FITTA. For example, sectors excluded from foreign investment include primary agriculture, real estate, and tourism related services.

Franchising

Franchising is not yet widespread in Nepal but there is potential for franchising ventures that cater to tourists, resident expatriates, and the local middle-class. A few U.S. franchises have entered the Nepali market, mainly in Kathmandu and Pokhara, both of which are tourist centers with a large market base. For example, KFC and Pizza Hut operate franchises in Kathmandu (run by an Indian licensee) and Baskin-Robbins has several outlets in both Kathmandu and Pokhara. Under the Foreign Investment and Technology Transfer Act of 1992, the Department of Industry (under the Ministry of Industry, Commerce and Supplies) grants permission to establish franchises. Since trademarks and brand names registered in a foreign country do not automatically qualify for trademark protection in Nepal, trademarks and brands should first be registered in Nepal under the Patent, Design and Trademark Act of Nepal of 1965 to limit possible infringement. Trademark registration is done by the Department of Industry. Nepal restricts outward foreign direct investment and limits access to U.S. dollars, making payment of franchising fees difficult.

Direct Marketing

Direct marketing is usually not cost-effective in Nepal due to the small market size for U.S. products, poor road infrastructure, and generally unreliable postal service. Local firms are increasingly interested in the commercial potential of the Internet. Nepal has 96 Internet Service Providers (ISPs), and many local businesses, tourist agencies, and industries maintain home pages.

Joint Ventures/Licensing

Foreign investment is allowed in most industries through the establishment of joint ventures or wholly foreign-owned enterprises. However, foreign investment is not permitted in defense-related industries, cottage industries, travel and trekking agencies, cigarettes, or alcohol.

Nepal officially encourages foreign investment and technology transfer under the FITTA. Investment in the form of equity shares, reinvestment of earnings from share capital, and loans is included in the definition of foreign investment. Under the FITTA, technology transfer is any transfer made by agreement between an industry and a foreign investor for the: (a) use of any technological right, specialization, formula, process, patent, or technical knowledge of foreign origin; (b) use of any trademark of foreign ownership; and/or (c) acquisition of any foreign technical consulting, management, or marketing service. While technology transfer arrangements are legally permissible, the Government of Nepal has not yet determined whether they must be registered.

Express Delivery

International companies, including FedEx and DHL, offer express delivery services between international destinations and Nepal. In addition, dozens of local companies offer express delivery services within Nepal. Nepal's inadequate road network and mountainous terrain can make "express delivery" to remote villages a challenging proposal. In addition, street addresses can be inconsistent or non-existent, making it even harder to find delivery destinations, even in Kathmandu. Most delivery services (e.g., online shopping portals or food delivery services) end up relying on mobile phone communication to identify delivery addresses.

Due Diligence

U.S. businesses should check the bona fides of a Nepali company before appointing it as a local agent/distributor and/or entering into a trade deal. Most Nepali business bona fides cannot be checked via traditional U.S. business channels. In early 2018, Embassy Kathmandu became a “Partner Post” of the U.S. Foreign Commercial Service (FCS) in New Delhi. FCS India is responsible for commercial issues in India, Nepal, Sri Lanka, and Bangladesh and for assisting U.S. companies looking to export their products and services to these markets. A number of business services/programs, some fee-based, are provided through Embassy Kathmandu’s Political/Economic Section under this Partner Post arrangement, including commercial reports for U.S. businesses and connecting U.S. businesses with local companies of interest that could include buyers, agents, distributors, sales representatives, and other strategic business partners. Requests for these services can be directed to U.S. Export Assistance Centers or to the Commercial Service New Delhi office at: office.newdelhi@trade.gov.

Nepal Chamber of Commerce

E-mail: chamber@wlink.com.np, fax: 977-1-4229998

The Federation of Nepalese Chambers of Commerce and Industry

E-mail: fncci@mos.com.np, fax: 977-1-4261022

The Nepal-USA Chamber of Commerce and Industry

E-mail: nusacci@ccsl.com.np, fax: 977-1-4478020

eCommerce

Assessment of Current Buyer Behavior in Market

Online activity is concentrated in Kathmandu and a half-dozen other cities, with relatively little internet penetration in rural areas, although this is changing with more users accessing the internet via mobile phones. While relatively little business activity is conducted online, the market is growing. Many businesses rely on the internet when dealing with foreign partners.

eCommerce is still in its infancy in Nepal. The country’s challenging terrain and lack of street addresses make deliveries a challenge. Credit card transfers and transfers from e-banking websites are sometimes accepted, but Nepalis who do not have a dollar account cannot make payments using foreign currency. The many months of lockdown due to COVID is expected to give a boost to eCommerce and digital transactions in future.

Local eCommerce Sales Rules & Regulations

In June 2020, the Ministry of Industry, Commerce & Supplies completed a draft E-Commerce Bill. Following the Ministry’s review, the bill will be presented to cabinet approval and then presented to Parliament to enact into law.

Post is not aware of any sites promoting B2B eCommerce. Like all forms of eCommerce in Nepal, B2B eCommerce is in a nascent stage. While B2C is picking-up pace, secure electronic payment systems are still being built up. Deliveries can be time-consuming as the system for locating street addresses is not efficient.

Local eCommerce Business Service Provider Ecosystem

There are a handful of websites that offer eCommerce for consumers in the Kathmandu Valley, although most of these are traditional retailers that offer delivery services for their products ordered online. An online food delivery website (www.foodmandu.com) is popular with both expatriates and local residents. Sastodeal and Daraz are emerging online shopping portals (www.sastodeal.com, www.daraz.com).

Online Payment

Websites facilitating electronic commerce are mostly based outside Nepal, where credit card verification services are readily available. Credit card transfers and transfers from e-banking websites are accepted, but many Nepalis do not have dollar accounts and cannot make payments in foreign currency. Foreign exchange is tightly regulated and not freely available. Nepali retailers have few options available for online payment, although many companies now claim to offer mobile payment solutions for domestic purchases.

Mobile eCommerce

Almost 60 percent of Nepalis have access to the internet, with more than 95 percent of users accessing it through mobile phones. There are opportunities for retailers to promote mobile eCommerce.

Digital Marketing

Few firms in Nepal use digital marketing, but as more Nepalis acquire smart phones, opportunities in this field could grow.

Major Buying Holidays

Nepal's biggest holidays – Dashain and Tihar – are separated by about three weeks. Their timing fluctuates, but Dashain usually falls in late September or early October, while Tihar is in late October. Many Nepalis return to their home villages during this time.

Social Media

Nepalis are embracing social media. Embassy Kathmandu's combined Facebook page and Twitter account have nearly 8 million followers – significantly more than the circulation of all daily newspapers combined. Over 70 percent of Nepal's population is under the age of 35, which suggests that the number of social media users will continue to grow.

Selling Factors & Techniques

Overview

When selling in the local market, U.S. businesses should consider a local partner's financial soundness, sales capabilities, and relationships with both government officials and industry associations. Foreign companies often deal directly with buyers, rather than invest in promotional marketing. There are no specific packaging requirements, and for most products, English may be used for both sales and labeling purposes. American products are often more expensive than products from neighboring countries but can compete on the basis of higher product quality and after sales service.

For product introduction, U.S. companies can visit potential buyers and make presentations or send product catalogs, brochures, or other materials directly to the target customers via email, fax, post, or courier. Alternatively, companies planning to launch consumer products frequently use exhibitions, trade shows, trade missions, catalog and video shows, and advertising in newspapers, radio, and television for market introduction and brand recognition. For companies and products that already have a presence in the Nepali market, participating in trade shows through a local agent/distributor can be an effective way to introduce new products and promote brand recognition.

Trade Promotion & Advertising

Newspapers, radio, and television are the main advertising media used for trade promotion. Television reaches a limited portion of Nepali consumers – primarily the more affluent urban population – but newspapers and radio reach most parts of the country. The best choice for advertising media will thus depend on the target group. Television advertising is the most appropriate means to reach the urban middle and upper classes. For basic consumer products, advertising in newspapers and via radio is more appropriate. Advertising costs are lower for newspapers and radio than for television. Since the size of the market is so small, there are no Business Service Provider (BSP), Featured U.S. Exporters (FUSE), or Single Company Promotion (SCP) services available in Nepal. Names and addresses of major newspapers, radio and television stations, and cable television companies are set out below. Inclusion in this list does not constitute U.S. government endorsement.

The Rising Nepal (English-language daily, government-owned)
Dharma Path
P.O. Box 23
Kathmandu, Nepal
Tel: 977-1-4255730, 4227493
Fax: 977-1-4244428
E-mail: gopa@gorkhapatra.org.np
Internet: <http://www.gorkhapatra.org.np>

The Kathmandu Post (English-language daily)
Central Business Park, Thapathali
PO BOX 8559
Kathmandu, Nepal
Tel: 977-1-513500
Fax: 977-1-5135057
Email: kpost@kmg.com.np
Internet: <https://ekantipur.com/>

Republica (English-language daily) Nepal Republic Media (P) Ltd
JDA Complex, Bag Durbar
P.O. Box 19300
Kathmandu, Nepal.
Tel: 977-1-4265100, 977-1-4261808
Fax: 977-1-4255257
Email: corporate@myrepublica.com, republica@myrepublica.com
Internet: <http://myrepublica.nagariknetwork.com/>

The Himalayan Times (English-language daily)
APCA
P.O. Box: 11651
Anam Nagar, Kathmandu, Nepal
Tel: 977-1-4770504 / 4771489
Fax: 977-1-4770701
Email: marketing@thehimalayantimes.com; advertisement@thehimalayantimes.com Internet:
<http://www.thehimalayantimes.com>

Radio Nepal
Singha Durbar P.O. Box 634
Kathmandu, Nepal
Tel: 977-1-4211896 / 4241921 / 4223910 / 4243569
FAX: 977-1-4211952 / 4221951
Internet: <http://radionepal.gov.np/corporate-en/>

Nepal Television
Singha Durbar P.O. Box 3826
Kathmandu, Nepal
Tel: 977-1-4228436
Fax: 977-1-4227452
Email: neptv@vishnu.ccs1.com.np, ntvnews.org.np
Internet: <http://www.ntv.org.np/>

Space Time Network Pvt. Ltd.
Channel Nepal
Business Development Division Satellite Television Service
Shantinagar, Kathmandu, Nepal
Tel: 977-1-4487750/1/2
Fax: 977-1-4487749
Email: info@simtv.com.np
Internet: <http://www.spacetime.network.com.np/>

Subisu Cable Net Pvt. Ltd
Baluwatar
GPO Box 6626
Kathmandu, Nepal
Tel: 977-1-4429616 / 4429617
Fax: 977-1-4430572 / 4240165
E-mail: info@subisu.net.np
Internet: <http://www.subisu.net.np>

Pricing

Pricing formulas are based on the availability of similar products, the level of demand for the product in the local market, and total costs required to bring the product to market. Before selecting a pricing strategy, the exporter should obtain as much information as possible from local agents, market research, potential customers, and competitors. Exporters should factor in applicable tariffs and taxes, which are levied on all imported products. Examples include customs tariffs ranging from five percent (for certain agricultural products) to 80 percent (for four-wheel vehicles); value-added tax (VAT) of 13 percent; excise duties, registration fees and a local development tax of 1.5 percent. For imports of private vehicles total taxes and duties can add up to 260% of the original value of the car. Import tariffs and duties for other items are generally lower than this rate. Interested businesses can request hard copies of the complete tariff schedule directly from Nepal's [Department of Customs](#).

Imported goods are priced higher than locally produced goods. Prices of imported goods reflect transportation costs and other mark-ups. Indian manufactured goods, when available, are cheaper than imports from more distant countries. When determining a price for U.S. products, the exporter should consider potential competition from India, which has an open border with Nepal. Chinese products – mainly consumer goods such as appliances, shoes, and

textiles – are imported via sea or land. Products from the European Union, Japan, South Korea, and Taiwan are also popular and help determine the local price for goods and services. Profits in excess of 20 percent are considered profiteering and violate Nepal’s laws against black marketing. Enforcement of this law is erratic.

Sales Service/Customer Support

After-sales service and product guarantees are very important for customers, especially for durable products. Given long shipping times to Nepal, concerns about after-sales service and availability of spare parts affect consumers’ choice of product. It is advisable to make arrangements with a local agent/distributor for the provision of reliable customer service and support. Providing local after-sales services is mandatory for any supplies under government procurement. Foreign companies selling vehicles, high-value machinery items, electrical appliances, and electronics in Nepal generally have arrangements in place for such services with their local agents or distributors. Often the parent company provides the technical assistance and machinery for such services, while the local company provides the actual services.

Local Professional Services

Use of a local attorney for preparing required documents can limit unnecessary delays in the process of finalizing business contracts with trading partners and other local agents. A list of local attorneys is available on the [U.S. Embassy Kathmandu](#) website. In early 2018, Embassy Kathmandu became a “Partner Post” of the U.S. Foreign Commercial Service (FCS) in New Delhi. FCS India is responsible for commercial issues in India, Nepal, Sri Lanka, and Bangladesh and for assisting U.S. companies looking to export their products and services to these markets. A number of business services/programs, some fee-based, are provided through Embassy Kathmandu’s Political/Economic Section under this Partner Post arrangement, including commercial reports for U.S. businesses and connecting U.S. businesses with local companies of interest that could include buyers, agents, distributors, sales representatives, and other strategic business partners. Requests for these services can be directed to U.S. Export Assistance Centers or to the Commercial Service New Delhi office at: office.newdelhi@trade.gov. The Political/Economic Section of the U.S. Embassy can help provide links to companies for other professional services, such as market research agencies, advertising agencies, customs clearance houses, freight forwarding agencies, and transport companies.

Principal Business Associations

[The Federation of Nepalese Chamber of Commerce and Industry](#) (FNCCI) is the largest business association in Nepal. [The Confederation of Nepalese Industries](#) (CNI) and the [Nepal Chamber of Commerce](#) (NCC) are also important associations. Most industries have associations that are represented by FNCCI, CNI, or NCC. American companies can also contact the [Nepal-USA Chamber of Commerce and Industry](#) (NUSACCI).

Besides these traditional chambers of commerce, Nepal also has numerous business associations that might be of interest to American businesses looking to reach non-traditional or more niche markets. These include the [Federation of Women Entrepreneurs Associations of Nepal](#), the [Federation of Nepal Cottage and Small Industries](#), the [Federation of Handicraft Associations of Nepal](#), and the [Independent Power Producers Association of Nepal](#). Two impact investment funds are [Business Oxygen](#) and the [Dolma Impact Fund](#).

Limitations on Selling U.S. Products and Services

There are no limitations aimed specifically at American products or services. Nepal’s FITTA reduces to nine the number of sectors in which foreign investment is restricted or prohibited.

Trade Financing

Methods of Payment

The only readily available method of financing trade transactions in Nepal is a letter of credit, an instrument made available by most commercial banks. Although the Government of Nepal had initiated efforts to establish an export-import bank several years ago, such a bank has not yet materialized. An Infrastructure Bank—to help finance large infrastructure projects—came into operation in March 2019.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

Banking System

The Nepal Rastra (Central) Bank regulates the national banking system and also functions as the government's central bank. As a regulator, the Nepal Rastra (Central) Bank controls foreign exchange; supervises, monitors, and governs operations of banking and non-banking financial institutions; determines interest rates for commercial loans and deposits; and also determines exchange rates of foreign currencies. As the government's bank, the Nepal Rastra (Central) Bank maintains all government income and expenditure accounts, issues Nepali bills and treasury notes, makes loans to the government, and determines monetary policy.

Commercial lending in Nepal is governed under the Bank and Financial Institutions Act (BAFIA) of 2017. The BAFIA authorizes the Nepal Rastra (Central) Bank to issue guidelines to all commercial banks and financial institutions on interest rates, interest ceilings, and areas of investment.

Three large state-owned banks still dominate the commercial banking sector: Rastriya Banijya Bank (National Commercial Bank), which is 100 percent government-owned, Nepal Bank Ltd., which is 40.5 percent government-owned, and the Agricultural Development Bank, also largely government-owned. Together these 3 state-owned banks hold nearly 16% of total banking assets and deposits in the country. The first two, in particular, hold large portfolios of non-performing loans. Private banks have an increasingly large and influential presence, and most businesses now tend to bank with non-state-owned banks.

In the 1980s, Nepal opened the commercial banking sector to foreign participation. Since then, several joint venture banks have been established including Nabil Bank; Nepal Investment Bank; Standard Chartered Bank; State Bank of India; Bank of Kathmandu; Everest Bank; Nepal Sri Lanka Merchant Bank; Nepal Bangladesh Bank; and Nepal Bank of Ceylon, now called Nepal Credit and Commerce Bank. As of July 2020, there were 27 commercial banks in operation, including foreign joint-venture banks, 20 development banks, and 22 finance companies.

Existing banking laws do not allow branch operation by any foreign banks. All commercial banks have correspondent banking arrangements with foreign commercial banks, which they use for transfers and payments.

In 1994, the government expanded the role of the Nepal Stock Exchange by allowing private brokers to operate. In 1996, the Government of Nepal announced that it would permit foreign institutional investors to hold up to 25 percent of the shares of listed firms in certain sectors, such as tourism and power.

Foreign Exchange Controls

The Nepali rupee is convertible for all current account transactions. Investors have complained, however, that the approval process for converting Nepali rupees is cumbersome. Earners of foreign exchange are permitted to retain 100 percent of their earnings and to open a foreign exchange account in Nepal to hold them. However, approval from the Nepal Rastra (Central) Bank is required for payments to any person living outside of Nepal. The Nepal Rastra (Central) Bank approval is also required to draw, accept, or negotiate any bills of exchange, promissory notes or loans, if the payee is living outside Nepal.

Provisions exist for foreign investors who have received permission to invest in convertible currency to repatriate the proceeds from the sale of that investment, the profits or dividends from that investment, and the principal and interest paid on any foreign loans.

U.S. Banks & Local Correspondent Banks

There are no U.S. bank branches operating in Nepal. The following banks have correspondent banking arrangements with U.S. banks:

Nepal Bank Limited
Mr. Krishna Bahadur Adhikari
Chief Executive Officer Nepal Bank Bldg.
Dharma Path
Kathmandu, Nepal
Tel: 977-1-4247999
Fax: 977-1-4220414
Email: Krishna.Adhikari@nepalbank.com.np

Rastriya Banijya Bank
Mr. Kiran Kumar Shrestha
Chief Executive Officer
GPO Box: 8368
Singhadurbar Plaza, Kathmandu, Nepal
Tel: 977-1-425-2595
Fax: 977-1-422-5302; 425-2931
Email: intlbkng@rbb.com.np
Website: <http://rbb.com.np/>

Himalayan Bank Ltd.
Mr. Ashoke SJB Rana
Chief Executive Officer
Tridevi Marg, Thamel
Kathmandu, Nepal
Tel: 977-1-4227749, 4250201
Fax: 977-1-4222800
Email: himal@hbl.com.np
Website: <http://www.himalayanbank.com>

NABIL Bank Limited
Mr. Anil Shah
Chief Executive Officer
P.O. Box: 3729
Nabil House, Kamaladi, Kathmandu, Nepal
Tel: 4430425, 4429546-47, 4435380-85
Fax: 4429548
Telex: 2385 NABIL NP, 2431 NABIL NP
SWIFT: NARBPNKA
E-mail: nabil@nabilbank.com.np
Website: <http://www.nabilbank.com/>

Standard Chartered Bank Nepal Limited
Anirvan Ghosh Dastider
Chief Executive Officer
PO Box 3990

Naya Banashwor, Kathmandu, Nepal
Tel: 977-1-4782333, 4783304
Fax: 977-1-4780314
Website: <http://www.standardchartered.com/np/index.html>

Nepal Investment Bank Ltd.
Mr. Jyoti Prakash Pandey
Chief Executive Officer
P.O. Box: 3412
Durbar Marg, Kathmandu, Nepal
Tel: 977-1-4228229, 4228231
Fax: 977-1-4226349, 4228927
E-mail: info@nibl.com.np
Website: <http://www.nibl.com.np/>

Nepal SBI Bank Limited
Mr. Anukool Bhatnagar
Managing Director
Durbar Marg, Kathmandu, Nepal
Tel: 977-1-4435516, 4435613
Fax: 977-1-4435612
Email: nsblco@mos.com.np
Website: www.nepalsbi.com.np

Nepal-Bangladesh Bank Ltd.
Mr. Gyanendra Prasad Dhungana
Chief Executive Officer
Bijuli Bazar, New Baneshwor
P O. Box: 9062
Kathmandu, Nepal
Tel: 977-1-4783972/4783975/4783976
Fax: 977-1-4780826/4780106/4780509
E-mail: nbbldho@nbbank.com.np
Website: www.nbbld.com.np

Bank of Kathmandu Ltd.
Mr. Shovan Dev Pant
Chief Executive Officer
P.O.BOX9044
Kamal Pokhari, Kathmandu, Nepal
Tel: 977-1-4418068, 4414541
Fax: 977-1-4418990
SWIFT: BOKLNPKA
Telex: 2820 BOK NP
Email: bok@bokltd.mos.com.np; <mailto:info@bok.com.np>
Website: <http://www.bok.com.np>

Everest Bank Limited
Mr. Gajendar Kumar Negi
Chief Executive Officer
EBL House, Lazimpat
P.O. Box 13384
Kathmandu, Nepal
Tel: 977-1-4443863, 4443864, 4443377
Fax: 977-1-4443 160
Email: ebl@mos.com.np
Website: <http://www.everestbankltd.com/>

Protecting Intellectual Property (IP)

Developments During the Last Five Years

Nepal has recognized the importance of prioritizing the development of robust IP protection and enforcement systems. As a result, in 2017, the Government of Nepal formulated its IP policy with the objective to make IP a national priority, emphasizing the valuable role IP plays in global socio-economic development.

USG Engagement

Engagement with Nepal on Intellectual Property Rights (IPR) continues, primarily through the U.S.-Nepal Trade and Investment Framework Agreement (TIFA). In addition, the United States and Nepal continue to work together to support Nepal's efforts to develop a stronger IP ecosystem. The U.S. government also interacts with Customs, Police, and Judicial officials, as well as industry organizations to discuss ways to strengthen IP enforcement in Nepal.

Legislative Climate

Under the existing IPR regime, the Ministry of Industry, Commerce, & Supplies' Department of Industry looks after patent and trademark issues while the Ministry of Culture, Tourism, and Civil Aviation oversees copyright issues.

Nepal has a consolidated Act on IP – The Patent, Design and Trademark Act that provides protection for industrial property including patents, designs, and trademarks. Patent protection is afforded to inventions; principles and formulae; design protection including physical shape and appearance. Trademark protections include the word, sign, picture, or combination thereof to differentiate the product from others in the market.

The Copyright Act of 2002 covers most modern forms of authorship and provides for adequate periods of protection.

Nepal is a member of World Intellectual Property Organization (WIPO) and Paris Convention for Industrial Property.

The Department of Industry acts as a semi-judiciary unit in cases of protection of industrial property as well as in the settlement of disputes and other administrative procedures.

Pending Legislation/Bill Pending Parliamentary Approval

The IP policy of 2017 serves as the foundation for a draft law on IPR. This draft is still under governmental review. The draft legislation represents a substantial improvement over existing IP laws and regulations and endeavors to codify all industrial property laws in one place. Once enacted, the law on IPR aims to bring the Nepalese national law in line with international IP standards. The law as currently drafted introduces several industrial property concepts and good practices, such as:

- The concept of national treatment (foreign IP shall be accorded national treatment equal to a domestic IP);
- An electronic system for registration and administration of IP rights;
- The concept of well-known trademarks;
- Provisions that pertain to compulsory licensing;

- Regulation of anti-competitive practices with regard to licensing;
- The patent law concepts of patentability, novelty, inventive step and Industrial applicability;
- Geographical indications and trade secrets as IP rights;
- A single government entity to enforce the full range of IPR issues.

Enforcement Climate

Nepal's IPR laws and regulations are outdated, ineffective, and only sporadically enforced. Nepal faces serious challenges in preventing the sale of counterfeit goods because of a lack of IP awareness and a modern IP law. Enforcement of IPR violations is sporadic at best. Law enforcement officials do not receive adequate training on IPR issues and offenders can often pay small bribes to avoid prosecution.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For additional information, visit [Stopfakes.gov website](http://Stopfakes.gov) or [contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov).

Contact:

Mr. John Cabeca, U.S. Intellectual Property Attaché for South Asia,
American Center, 24 Kasturba Gandhi Marg, New Delhi, 110001
+91 11 2347 2000
John.cabeca@trade.gov

Selling to the Public Sector

Selling to the Government

Potential opportunities

Nepal has prioritized infrastructure development, so opportunities exist for building/constructing as well as consulting in the fields of power (especially hydro and solar), transport (airports, aircraft and parts, roads, tunnels, bridges), urban infrastructure, information and communications technology (ICT), and healthcare. The COVID pandemic has exposed weaknesses in public health infrastructure and the Government of Nepal has prioritized spending in this area in 2020/21.

Competitiveness factors, government processes, requirements, and challenges

Government of Nepal tenders are announced publicly in local newspapers. However, in order to be competitive, bidders are advised to work with local partners in respective fields to research and identify opportunities before they are announced. Local procurement law requires public contracts to be awarded to the lowest-cost bidder (rather than best-value over time), hence cost generally becomes the overriding criterion on the basis of which contracts are awarded. Price competitiveness is therefore a major challenge to U.S. companies, especially when vying against companies from neighboring India and China. However, quality-consciousness is increasing, and American products and services are held in high regard.

Differences in central, regional, and local procurements

With the advent of federalism, procurement by provincial and local governments are expected to increase.

Legal requirements for selling to the host government

Government of Nepal procurement is governed by the Public Procurement Act 2007. Nepal is not party to the [WTO Agreement on Government Procurement](#).

U.S. companies bidding on government tenders may also qualify for U.S. government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. government

interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves U.S. embassies or other U.S. government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for additional information on foreign government contacts.

Financing of Projects

Major projects are usually financed through foreign consortium financing. Infrastructure projects developed by the public sector are funded by forming a consortium of multilateral funding agencies, such as the World Bank and the Asian Development Bank, and bilateral funding agencies. Similarly, projects developed by the private sector are usually funded by forming a consortium of a number of foreign commercial lenders. The Nepal Infrastructure Bank will likely play an increasingly noticeable role in financing infrastructure projects in the coming years.

Both the World Bank and the Asian Development Bank are active in lending for development activities, including roads, telecommunications, hydroelectric power and other infrastructure projects. Both provide loan and grant financing for public sector projects and loan financing for local companies.

The U.S. Export-Import Bank (Ex-Im Bank) can lend to both the private and public sectors in Nepal, but only against a public sector guarantee. Availability of credit varies from year-to-year depending on Nepal's risk rating. The newly created U.S. Development Finance Corporation (DFC), will bring together the capabilities of the Overseas Private Investment Corporation (OPIC), which has made limited financing available to projects with U.S. investment interest, and USAID's Development Credit Authority. Agreements with Ex-Im Bank, DFC, and the International Finance Corporation (IFC) are in place. There are also numerous bilateral financing and insurance arrangements. The U.S. Trade and Development Agency (TDA) funds feasibility studies for projects that include significant commercial implications for exports of U.S. goods and services.

The Nepali banking system is small, fragmented with some institutions plagued by bad loans. Banking system assets totaled approximately \$28.4 billion as of mid-July 2018 and was backed-up by \$3.6 billion in total capital funds implying a total capital-to-assets ratio of 12.5%. The total amount of loans and advances of commercial banks to the private sector was \$19.9 billion. Non-performing loans as a percentage of total loans declined to 1.49% in July 2018 compared to 1.67% a year earlier. As of December 2019, the gross foreign exchange reserves of the country stood at \$8.7 billion, which is sufficient to finance merchandise imports for 8 months. Banks are only willing to consider loans with terms no longer than five years. It is difficult to borrow in excess of \$20 million from any combination of banks in Nepal. Similarly, liquidity constraints restrict to less than \$5 million, the capital that can be raised on the Nepal Stock Exchange through any single public issuance. There is no regulatory system to encourage and facilitate portfolio investment in the industrial sector. Local commercial banks occasionally form a consortium to finance major projects in hydropower and other infrastructure sectors.

Foreign commercial lending is scarce and expensive. Currently, there are no resident or non-resident foreign commercial banks that have standing credit limits for loans of a maturity beyond one year. The government permits foreign institutional investors to own up to 25 percent of the shares of listed Nepali firms in certain sectors, such as hydropower and tourism. Promoters can sell their shares and repatriate capital. Nepal Rastra (Central) Bank allows up to 85 percent foreign equity participation in domestic financial institutions.

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be significant factors in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development

Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting:

- [Advocacy Liaison for World Bank](#)
- [Advocacy Liaison Asian Development Bank](#)

Business Travel

Business Customs

Nepal is ethnically, linguistically, and culturally diverse. Traditional and conservative by nature, Nepalis are congenial people who take pride in their national and ethnic heritage. Foreigners must be prepared to obtain the appropriate introductions and spend time on confidence-building before entering into serious business negotiations. Visitors are normally greeted by saying "Hello" or "Namaste" followed by a handshake. An exchange of business cards follows. Nepalis like conversing briefly before entering into business negotiations. Normal business attire is appropriate.

Travel Advisory

For information, visit the [State Department's Consular Information Sheet](#) on Nepal

Please note that the coronavirus pandemic has resulted in a Government of Nepal decision not to allow travelers to arrive without a visa and purchase a visa on arrival. At the time of this writing, it was necessary to apply for a visa at a Nepali embassy abroad before traveling to Nepal. However, it is expected that in the future it will again be permitted to purchase a visa on arrival at Tribhuvan International Airport in Kathmandu.

Visa Requirements

A passport with at least six months' validity remaining at the time of entry and a visa are required for entry. Pre-COVID, tourists could apply for a visa at a Nepali embassy or consulate before traveling or purchase a tourist visa upon arrival at Tribhuvan International Airport (Kathmandu) or at official land border points of entry.

Tourists may request:

15-day multiple-entry tourist visa (\$30)

1-month multiple-entry tourist visa (\$50)

3-month multiple-entry tourist visa (\$125)

Visa fees are payable in U.S. dollars. Money-changing and ATM services are available at the airport, but credit card payment is not a reliable option. The official land entry points only accept U.S. dollars for visa fees. Tourists may stay no more than 150 days in any given calendar year. U.S. citizens are also able to apply for a five-year tourist visa at the Nepal Department of Immigration or at the Embassy of Nepal in Washington, DC or the Consulate General of Nepal in New York City. With the five-year tourist visa, a tourist is able to stay up to 180 days in Nepal.

It is important to note that regardless of the purpose of your travel to Nepal (employment, school, business, etc.) you must enter Nepal on a tourist visa, as you cannot apply for other types of visas from overseas. Your category of visa will change from "tourist" to "non-tourist" once all the necessary paperwork is submitted to and approved by the Department of Immigration in Nepal.

Check with the [Nepal Department of Immigration](#) for details of other types of visas, including student and work visas. Your purpose of travel will dictate what category of visa you will need to obtain. It has been noted by several businesses that the process can be complicated and time consuming. It is best to plan far in advance and engage an attorney early on.

The Department of Immigration (DOI) main office in the Kalikasthan neighborhood of Kathmandu and the Immigration Office in Pokhara are the only two offices that can extend visas. It is generally not difficult to extend your visa a few days after the printed expiration date, but long overstays can result in heavy fines and the very real possibility of arrest and detention pending formal deportation proceedings, followed by a seven to ten year ban on re-entry.

You must have a valid visa before you will be allowed to depart Nepal. The Immigration Office at Tribhuvan International Airport is not authorized to extend visas. U.S. citizens who have tried to extend their visa at the airport have been sent to the Immigration Office in Kathmandu to pay the extension fee and, as a result, have missed their flights. You will not be allowed to depart Nepal until the visa is properly extended.

If you renew or replace your passport from the U.S. Embassy in Kathmandu, you will need to ask the Department of Immigration to transfer your Nepali visa by pasting a new visa into the new passport. See the Government of Nepal's [Department of Immigration website](#) for additional immigration information.

Travelers can obtain additional information by contacting the Embassy of Nepal at 2131 Leroy Place, NW, Washington, DC 20008; Telephone: 202-667-4550; or the Nepali Consulate General in New York: Telephone - 917-675-6783; Email – cgnnewyork@mofa.gov.np.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

Currency

Since 1993, Nepal's currency has been pegged to the Indian rupee at a rate of 1.6 Nepalese rupee (NPR) to 1 Indian rupee (INR). In recent years the dollar has strengthened against the INR, causing the NPR to depreciate. As of July 2020, the exchange rate is approximately 120 NPR to \$1.

Telecommunications/Electric

Telecommunications facilities are fairly good in Kathmandu and other major towns, such as Pokhara, Biratnagar, Birgunj, Bhairahawa, and Nepalgunj. The quality of telephone service outside major cities can be spotty, although improving. Large hotels in Kathmandu have business centers with 24-hour service available for telephone, fax, email, and internet. Collect call service is not available in Nepal. Private call centers providing telephone, email, fax and internet services are widely available in major cities, and normally operate from 8 a.m. to 8 p.m. Internet accessibility is largely through broadband connections, which can be slow at times. Cellular telephone services are based on GSM technology, although CDMA technology is beginning to be installed. It is easy and affordable to obtain pay-as-you-go cellular telephone plans. Telecommunication services in the Kathmandu Valley are generally cheaper than in the United States. However, in more rural areas outside the valley service may be poor.

Transportation

Nepal is a landlocked country and transportation – both internal and across borders – is a major hurdle to doing business. Pre-COVID, when traveling to Kathmandu, U.S. business visitors could take either the Pacific route or the Atlantic route. U.S. airlines do not fly directly to Kathmandu, but some have alliances with other foreign airlines operating in Nepal. For visitors coming via the Pacific route, Bangkok is a major transit port. Thai Airways operated daily direct flights to and from Kathmandu. (Nepal Airlines operates a number of direct flights to various Asian capitals but is barred from flying to the European Union due to safety concerns.) Silk Air operated four days a week to Singapore. Dragon Air operated six flights a week to Hong Kong. For visitors coming via the Atlantic route, connections are usually through Abu Dhabi, Doha, Dubai, or New Delhi. Gulf Air, Air Arabia, Etihad Airways, Qatar Airways, Spice Jet, and Indian Airlines have connecting flights to Kathmandu. Qatar Airways had three flights daily between Doha and Kathmandu, while Gulf Air and Air Arabia each operated one flight daily. New Delhi-Kathmandu was the best-connected route, with at least three airlines operating several flights a day between the two cities. There was also a flight between Istanbul and Kathmandu operated by Turkish Airlines.

Nepal has one international airport in Kathmandu, three regional airports, nine all-weather airports, and twenty-one seasonal domestic airports throughout the country. Domestic air services are available for traveling to major cities and business centers. Nepal has neither a seaport nor a railway system. Road transportation is limited and in poor

condition, with frequent landslides often cutting off access. One east-west highway passes through the southern areas of Nepal.

Language

The official language of Nepal is Nepali, which – like Hindi – is written in the Devanagari script. The main language of business is Nepali, although many businesspeople also speak English and Hindi. All internal documentation and correspondence in government establishments is done in Nepali. Correspondence with foreign government agencies, international organizations, and private businesses is generally done in English. In the private sector, English is used for most documentation and correspondence.

Health

Medical care is limited and generally not up to Western standards. Serious illness often requires treatment in Singapore, Bangkok, or New Delhi. Doctors and hospitals in Nepal expect immediate cash payment for health services. In general, U.S. medical insurance is not valid in Nepal. The Medicare/Medicaid Program does not provide for payment overseas. Supplemental health insurance that specifically covers overseas treatment and air evacuation to the nearest adequate medical facility is strongly recommended. Illnesses and injuries suffered while trekking in remote areas often require rescue by helicopter; the cost is typically \$3,000 to \$10,000. The U.S. Embassy strongly recommends that visitors obtain travel insurance to cover such emergencies.

Local Time, Business Hours and Holidays

Nepal's Standard Time is 5 hours 45 minutes ahead of GMT and 10 hours and 45 minutes ahead of Eastern Standard Time. Nepal does not observe daylight savings time. All government offices and banks operate a six-day workweek from Sunday to Friday. Typical business hours are 9 a.m. to 5 p.m. Government offices operate from 10 a.m. to 5 p.m. Most businesses (including stores) close on Saturday, but this is gradually changing. Sunday is a workday in Nepal for the business community.

The Nepali calendar, referred to as Bikram Sambat (B.S.), starts in mid-April. The current year is 2077 B.S., which goes runs April 13, 2020 to April 12, 2021. Nepal's cultural and religious diversity results in numerous holidays throughout the year. The Dashain Festival, celebrated in mid-to-late October in 2020 is the biggest holiday of the year, followed by the Tihar festival in mid-November. As many people return to their villages during these festivals, most businesses and government offices will be closed. It is therefore advisable to avoid business trips during these holidays.

National Holidays 2020

January 15	Maghe Sankranti
January 25	Sonam Losar, Sonam Lhosar
January 30	Martyrs Day (Sahid Diwas)
February 19	Prajatantra Diwas (Democracy Day)
February 21	Maha Shiva Ratri, Nepali Army Day, Pashupatinath Mela
February 25	Gyalpo Lhosar, Mithila Parikarma
March 8	Nari diwas, Women's day (holiday only for women)
March 24	Ghoda Jatra (Only Kathmandu Valley)
April 14	Nepali New year & Ram Nawami
April 24	Loktantra Diwas (Democracy Day 2)

May 1	Labor Day
May 7	Buddha Jayanti,
May 28	Ganatantra Diwas (Republic Day)
June 5	Eid al-Fitr
August 3	Janai Purnima
August 4	Gai Jatra (Kathmandu valley only)
August 11	Shree Krishna Janmashtami
August 21	Haritalika Teej Festival (only for women)
August 23	Rishi Panchami (only for women)
August 26	Gaura Parva (certain locations only)
September 1	Kumari Indra Jatra (Holiday in Kathmandu Valley only)
September 7	Nijamati Diwas in Nepal (only for civil servants)
September 19	Constitution Day
October 17	Ghatasthapana (First day of Dashain)
October 23	Dashain Fulpati,
October 24	Dashain Mahastami,
October 25	Dashain Maha Nawami,
October 26	Dashain Bijaya Dashami
October 27	Dashain Ekdashi
October 28	Dashain Dwadashi
October 30	Dashain Kojagrat Purnima
November 15	Tihar Laxmi Puja
November 15	Tihar Mha Puja / Govardhan Puja
November 16	Tihar Bhai tika,
November 20	Chhath Puja Parwa
November 30	Guru Nanak Jayanti (for Sikhs only)
December 25	Christmas (Christians only)
December 29	Udhauli Parva,
December 30	Tamu Lhosar

Dates for holidays are announced by the government at the beginning of each Nepali year (mid- April).

Temporary Entry of Materials or Personal Belongings

Materials -- including vehicles, machinery, and equipment -- may be imported temporarily for special purposes, such as domestic exhibitions or trade fairs, by making a refundable deposit of the applicable duty. Such goods must be taken out of the country within three months of the completion of the work unless the duty has been paid and the item sold for the use of others or retained for personal use. An extension of the three-month period may be granted on appropriate and reasonable grounds upon payment of an additional ten percent of the applicable duty amount. If the duty is not paid or the goods are not re-exported within six months of entry, the government may bring smuggling charges.

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.