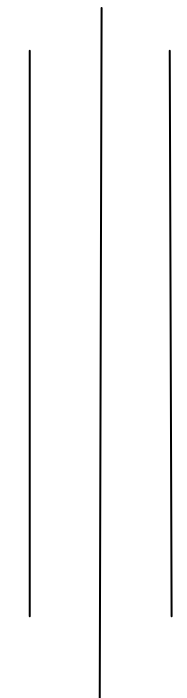


**A Survey Report
on
Foreign Direct Investment in Nepal
(2018/19)**



Nepal Rastra Bank
Economic Research Department

April 2021

FOREWORD

Foreign direct investment (FDI) flows fell abruptly in 2020, in the world as a result of the COVID-19 pandemic. The decline is projected to be more severe than those seen after Global Financial Crisis in 2009. While developed economies were initially the most affected, the decline has now spread to developing countries, with inward investment in most countries falling in 2020. The decline in FDI poses significant challenges for many developing countries, as FDI has become one of major sources of external financing in recent years.

In the context of Nepal, FDI inflows have declined in the second half of 2020. But the rollout of vaccination program at global, regional and national level has raised the hope of eventual end to COVID-19 pandemic and expectation of economy to move towards the path of recovery and revival. For the recovery to remain robust in post-COVID era, private investment remains crucial for stimulating growth and employment. FDI has a major role to play in future growth and recovery. In this context, Nepal continues to liberalize and promotes foreign investment inflows. Overall, Nepal remains receptive towards FDI, seeing it as an important external source of development finance.

This FDI report, now in its fourth year, aids the policy makers by monitoring the trend of FDI inflows and existing stock in Nepal. The report also examines the current status of FDI across sectors and underscores that FDI has been a key source of financing for key sectors such as telecommunication, energy and the financial sector. I hope this report will provide valuable information and insights to all the stakeholders about the status of FDI in Nepal. Due to the impact of COVID-19, this report could not come out on time because of the difficulty in collecting relevant information.

I would like to extend my sincere gratitude to companies with FDI and stakeholders for their contribution to the report. Finally, I would like to thank the team led by Director, Dr. Dilli Ram Pokhrel including Deputy Director, Baburam Koirala and Assistant Director, Anil Lama and other colleagues at the Balance of Payments and International Finance Division of Economic Research Department for their valuable contribution in preparing this report.

April 2021

Dr. Prakash Kumar Shrestha
Executive Director
Economic Research Department

Table of Contents

Executive Summary	I
1. Introduction.....	1
1.1 Background.....	1
1.2 Objectives of Study	2
1.3 Survey Methodology	2
1.3.1 Population and Sample Size.....	3
1.3.2 Survey Method.....	3
1.3.3 FDI Compilation Method.....	4
1.4 Limitations of Study	4
2. Trend of Foreign Direct Investment	5
2.1 Global and Regional Trend in FDI Flows	5
2.2 FDI inflows to Nepal	6
2.3 FDI inflows by Major Sectors	7
2.4 Dividend Repatriation.....	7
3. Foreign Direct Investment in Nepal: Survey Results	8
3.1 FDI stock	8
3.2 FDI stock by Sectors.....	8
3.3 FDI stock by Countries.....	9
3.4 Province-wise FDI stock	10
4. International Investment Position (IIP) of Nepal.....	11
5. Summary and Conclusion.....	12
References.....	13

Executive Summary

1. Nepal Rastra Bank (NRB) conducted this survey with primary objective to compile the stock of foreign direct investment (FDI) in Nepal at the end of fiscal year (FY) 2018/19. The report presents the information on FDI stock comprising three components: paid-up capital, reserves and direct loans from foreign direct investors.
2. The survey shows stock of FDI in Nepal decreased by 8.8 percent to Rs.182.92 billion at the end of 2018/19. Paid-up capital is the major component in FDI stock as it accounted for 48.2 percent of total FDI stock where the reserves and loans in total FDI stock accounted for 42.8 percent and 9.0 percent respectively.
3. Nepal has received foreign investment from 53 different economies as of mid-July 2019. In terms of total FDI stock, India ranks top position with Rs.56.05 billion followed by China, Saint Kitts and Nevis, Ireland, and Singapore with Rs.27.56 billion, Rs.24.94 billion, Rs.11.59 billion and Rs.8.73 billion respectively.
4. Service sector accounts for 51.1 percent of total FDI stock. Within the service sector; financial intermediation and communication sector accounted for 27.4 percent and 14.5 percent of the FDI stock respectively.
5. Industrial sector accounts for 48.8 percent of total FDI stock. Within industrial sector, manufacturing, mining and quarrying industry and electricity, gas and water sector accounted for 28.6 percent and 20.0 percent of total FDI stock respectively.

1. Introduction

1.1 Background

1. Foreign direct investment (FDI) can serve as an important source of financing to complement domestic investment for the economic growth and development of the Least Developed Countries (LDCs). Apart from source of capital, FDI is also associated with transfer of technical know-how, managerial and organizational skills, and access to foreign markets along with enhancing productive activities of the host economy.
2. Direct Investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on management of an enterprise that is resident in another economy (IMF, 2009). Direct investment covers most financial transactions between affiliate residents in different economies.
3. In recent years, Nepal has encouraged FDI inflows by creating investment friendly environment and prioritizing foreign investment related reforms. FDI Policy 2015 and Foreign Investment and Transfer of Technology Act, 2019 (FITTA) and institutional reforms (such as One stop service center) validates the commitment and efforts of Government of Nepal to attract foreign capital, technology and investment to achieve sustainable economic growth. Moreover, FITTA, 2019 has broadened the scope of foreign investment and has identified following investment as foreign investment:
 - i. Share investment in foreign currency
 - ii. Re-investment of dividends from prior investment
 - iii. Investment made by acquiring shares or assets of a company incorporated in Nepal
 - iv. Lease investment in aircraft, ship, machinery and equipment, construction apparatus or similar equipment
 - v. Investment made in form of loans
 - vi. Investment made through technology transfer
 - vii. Investment made by establishing venture capital fund
 - viii. Investment made by establishing and expanding its branch in Nepal.

- ix. Investment received after issuing securities in foreign capital market by a Nepalese entity
4. Reliable FDI statistics is crucial for regular analysis of direct investment trends and is integral for cross-border financial analysis. The identification of sources of foreign investments (partner countries) and recipient industries is of primary interest for policy makers to address the important issue of attracting and making the most of international investment and to formulate proper policy framework. In this context, this survey attempts to update FDI statistics in Nepal at the end of 2018/19.
5. Organization for Economic Cooperation and Development (OECD, 2008) disaggregates FDI stock into equity and debt instruments. Equity positions of FDI stock cover all components of shareholders' funds (proportionate to the percentage of shares held by foreign direct investors). Therefore, it includes equity, contributed surplus, reinvestment of earnings, revaluations, as well as any reserve accounts. Debt positions of FDI stock include loans and borrowings and debt from foreign direct investors. It is necessary to mention at outset that this study distinguishes equity portion of FDI stock under paid-up capital and reserves headings, and debt portion of FDI stock under loans heading.

1.2 Objectives of Study

6. The specific objectives of the study are:
 - To compile liabilities component (particularly FDI stock) of International Investment Position (IIP) statement Nepal.
 - To identify FDI stock by counterpart countries and economic activities.

1.3 Survey Methodology

7. The study is primarily based on data collected from survey of companies with FDI through standardized questionnaire. Other secondary information is collected from various governmental, non-governmental international agencies and FDI related published reports. This study has adopted a descriptive approach to present the results and findings of the survey.

1.3.1 Population and Sample Size

8. The population space for this study is a comprehensive list of companies that have taken FDI approvals from Nepal Rastra Bank (NRB), which constitutes of 522 companies¹ at the end of 2018/19.

Table 1: Sample Size

Group	Number of Firms			Capital (Rs. Million)*		
	Population	Sample	Share (%)	Population	Sample	Share (%)
Large	49	49	100.0	188,866.96	188,866.96	100.00
Medium	51	37	72.5	10,660.68	7,751.68	72.7
Small	422	67	15.9	4,483.21	717.29	16.0
Total	522	153	-	204,010.85	197,335.93	-

*For sample purpose, capital as of mid-July 2018 is taken as reference that includes Total FDI stock as of mid-July 2018 and the new FDI approvals during FY 2018/19.

9. To maintain consistency with previous surveys, the total population is classified into three distinctive groups based on the size of their capital. Firms with capital greater than Rs.500 million are categorized as large, firms with capital between Rs.100 million and Rs.500 million are categorized as medium, and finally firms with capital less than Rs. 100 million are categorized as small for the purpose of this survey.
10. The survey covers 153 firms across all groups. All large firms are included while 72.7 percent and 16.0 percent of medium and small size firms respectively are selected for the survey.

1.3.2 Survey Method

11. The survey was conducted through standardized questionnaire to obtain details on FDI stock. Both field survey and email correspondence were used to collect information from respondent firms.
12. The survey collected data and information based on financial statements of companies with FDI to ascertain information related to FDI stock. In addition, "Notes to financial statements" which contain supplementary information were used to verify information related to FDI stock.

¹The list published by Department of Industry shows a large number of companies registered for foreign investment

1.3.3 FDI Compilation Method

13. The final FDI stock reported in this survey consists of two parts: aggregation of FDI stock as reported by the sampled units and estimation of FDI stock for other non-sampled firms. The estimation was made based on the ratio derived from the FDI stock value reported by firms with respect to their approved amount for investment separately for medium and small categories.

$$x = \frac{\sum r_i}{n}$$

where, n is the number of sampled firms and r_i is the ratio of realized capital to approved capital of individual firm which was included in the sample and x is the average ratio of realized capital to approved capital. The average ratios were calculated separately for all categories and FDI stock is estimated by multiplying this ratio with the approved FDI amount.

1.4 Limitations of Study

14. This survey is solely based on the list of industries that have taken FDI approvals from NRB which differs in numbers than those registered in Department of Industry, Government of Nepal.
15. As the primary focus of the survey is to collect FDI stock, it includes only the descriptive statistics.

2. Trend of Foreign Direct Investment

16. This section describes trend of Net FDI flows in global context and summarizes trend of Nepal's net FDI inflows.

2.1 Global and Regional Trend in FDI Flows

17. UNCTAD's World Investment Report 2020 depicts that FDI flows remained USD 1.54 trillion in 2019. FDI inflows to developed economies has increased by 5.1 percent in 2019 to USD 800.24 billion from USD 761.39 billion in 2018 whereas inflows to developing economies decreased by 2.1 percent.

Table 2: FDI Inflows by economy and region ²
(in US\$ billion)

Year	2014	2015	2016	2017	2018	2019	Percent Change
							2019
World	1,403.86	2,041.77	1,983.48	1,700.47	1,495.22	1,539.88	3.0
Developed economies	669.56	1,274.41	1,265.25	950.15	761.39	800.24	5.1
Developing economies	677.34	729.89	651.98	700.64	699.31	684.72	-2.1
Transition economies	56.96	37.48	66.25	49.68	34.53	54.92	59.1
Asia	460.18	514.31	468.40	502.00	498.56	473.90	-4.9
South Asia	41.45	51.22	54.28	51.64	52.22	57.43	10.0

Source: UNCTAD's World Investment Report (2020)

18. Asia remained the largest FDI recipient region as it accounts for 30.8 percent of global inflows in 2019. FDI in this region decreased from USD 498.56 billion in 2018 to USD 473.90 billion in 2019. The three largest recipients are China (USD 141.23 billion), Singapore (USD 92.08 billion), and Hong Kong, China (USD 68.38 billion).
19. FDI inflows to South Asia³ increased by 10.0 percent to USD 57.43 billion in 2019. India remained this sub region largest FDI recipient with inflows of USD 50.55 billion in 2019. It was followed by Pakistan, Bangladesh and Iran. The details of FDI inflows to the region are presented in *Appendix I*.

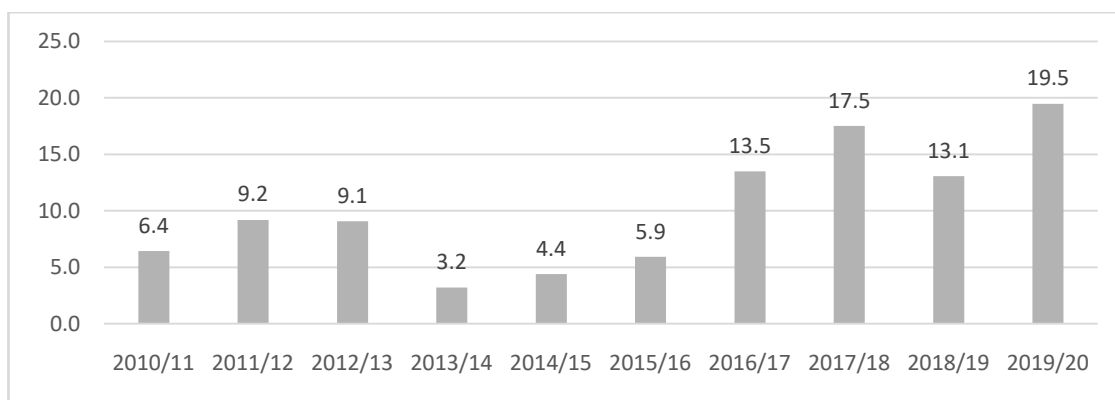
² FDI Data may differ from previous report as data are continuously updated by relevant national authorities.

³ World Investment Report includes all SAARC countries along with Iran as South Asia region.

2.2 FDI inflows to Nepal

20. Gross FDI inflows increased by 18.2 percent to Rs.19.68 billion in 2019/20. The divestment of foreign investment (repatriation of investment) during 2019/20 remained at Rs.199.8 million which is around 1.0 percent of gross FDI inflows.
21. Net FDI inflows to Nepal increased by 49.1 percent to Rs.19.48 billion in 2019/20.

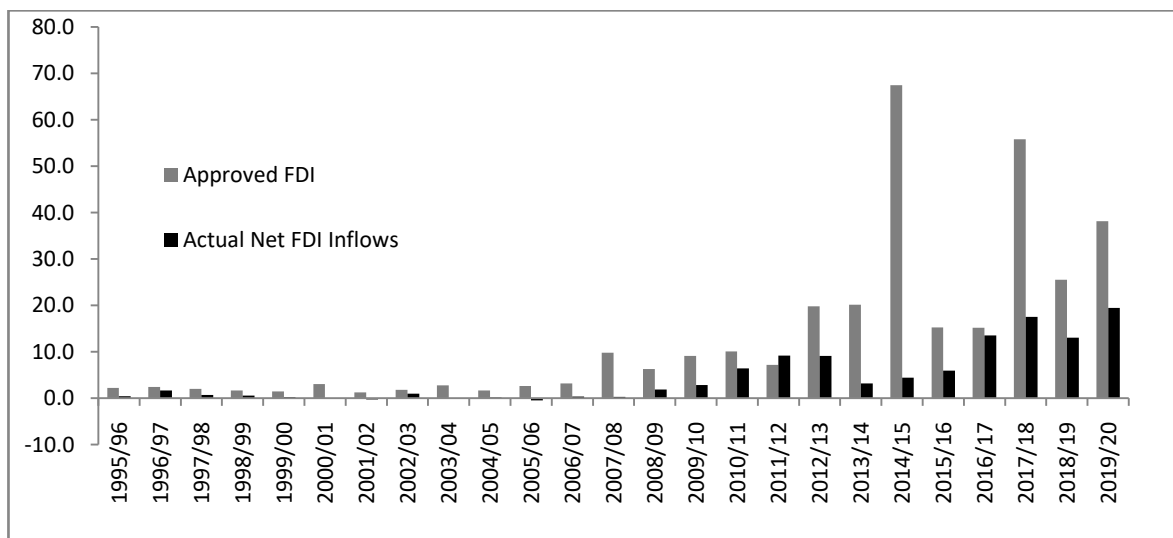
Figure 1: Net FDI Inflows (Rs. billion)



Source: Nepal Rastra Bank

22. The recent trend of FDI realization (*Appendix II*) shows that there is a huge gap between approved FDI and actual FDI inflows in Nepal.

Figure 2: Approved FDI and actual Net FDI inflows (Rs. billion)



Source: Ministry of Industry, Commerce and Supplies & Nepal Rastra Bank

23. The FDI approval may indicate an intended investment (the approved investment may not actually take place) or there may be significant time lags between approvals and actual investments. In some instances, the realization of the approved investment may take place over several years as usually seen in projects with longer gestation period. Hence, there is a gap between FDI approval and actual FDI inflows. Between 1995/96 and 2019/20, total actual FDI inflow stood around 34.1 percent of total FDI approval.

2.3 FDI inflows by Major Sectors

24. The sectors that attracted the most FDI in 2019/20 include Electricity, Gas and Water with Rs.16.07 billion (81.7 percent of gross FDI inflows) and Transport, Storage and Communication sector with Rs.1.37 billion (7.0 percent of gross FDI inflows). FDI inflows to other sectors remained Rs.2.24 billion.
25. The increase in FDI inflows in 2019/20 is driven mainly by higher investment in major hydropower projects.

Table 3: FDI Inflows by Major Sectors in FY 2019/20

Sectors	Rs. Million	Share in Gross FDI inflows (%)
Electricity, Gas and Water	16,072.6	81.7
Transport Storage and Communication	1,368.2	7.0
Others	2,237.7	11.3
Total	19,678.5	100.0

Source: Nepal Rastra Bank

2.4 Dividend Repatriation

26. In 2019/20, for dividend repatriation by companies with foreign investment, approval equivalent to Rs.12.90 billion was provided. Dividend repatriation approval was the highest among the industrial sector followed by the financial sector.

Table 4: Dividend Repatriation

Sectors	Rs. Million				
	2015/16	2016/17	2017/18	2018/19	2019/20
Industrial Sector	1,387.9	5,161.0	11,914.7	9,779.7	7,527.1
Hydropower Sector	3,154.3	3,264.9	2,926.4	2,762.2	32.3
Financial Sector	13.7	13.7	886.6	2,167.5	4,799.6
Communication Sector	1,692.8	8,692.6	23,649.9	12,540.0	0.0
Other Service Sector	4.1	108.4	152.9	533.6	544.1
Total	6,252.8	17,240.6	39,530.5	27,783.0	12,903.1

Source: Nepal Rastra Bank

3. Foreign Direct Investment in Nepal: Survey Results

27. This section summarizes results of the survey related to FDI stock in Nepal as of mid-July 2019.

3.1 FDI stock

28. The stock of FDI in Nepal decreased by 8.8 percent to Rs.182.92 billion as of mid-July 2019. The paid-up capital and loans increased by 14.7 percent and 0.5 percent respectively whereas the reserves decreased by 27.0 percent. The foreign liability of Nepal in terms of direct investment stands around Rs.182.92 billion as of mid-July 2019(Appendix III).

Table 5: FDI Stock

S.N.	Components	As of Mid-July				Percent Change	
		2016	2017	2018	2019	2017/18	2018/19
1.	Paid-up Capital	41,575.2	58,123.5	76,850.3	88,158.3	32.2	14.7
2.	Reserves	90,950.9	98,657.6	107,392.0	78,381.9	8.9	-27.0
3.	Loans ⁴	5,152.3	11,829.9	16,305.1	16,379.4	37.8	0.5
	Total FDI stock	137,678.4	168,611.0	200,547.4	182,919.6	18.9	-8.8

Source: NRB's Survey Reports in FDI and Field Survey

29. Paid-up capital is the major component in FDI stock as it accounted for 48.2 percent of total FDI stock. The share of reserves and loans in total FDI stock stood at 42.8 percent and 9.0 percent respectively. In 2018/19, reserves, paid-up capital and loans accounted for 53.6 percent, 38.3 percent and 8.1 percent of total FDI stock respectively.

3.2 FDI stock by Sectors

30. In terms of FDI stock, manufacturing, mining, and quarrying has the highest FDI stock of Rs.52.24 billion (28.6 percent of total FDI stock) whereas financial intermediation and electricity, gas and water have Rs.50.10 billion (27.4 percent of the total FDI stock) and Rs.36.66 billion (20.0 percent of total FDI stock) respectively (Table 6).

31. The increase in FDI stock of manufacturing, mining and quarrying as compared to mid-July 2018 was driven by new investment in cement industry and other manufacturing

⁴Only direct loan and other capital from foreign direct investors are accounted.

firms along with increase in reserve of existing manufacturing firms. FDI stock of electricity, gas and water increased due to new investment in hydropower projects. The details of sector-wise FDI stock are presented in *Appendix IV*.

Table 6: FDI Stock by Major Sectors

Sectors	Rs. Million				
	As of Mid-July			Percent change (%)	
	2017	2018	2019	2017/18	2018/19
1. Manufacturing, Mining and Quarrying	30,509.9	42,290.8	52,243.9	38.6	23.5
2. Financial Intermediation	35,767.2	45,079.6	50,097.6	26.0	11.1
3. Electricity, Gas and Water	22,323.8	30,641.5	36,655.0	37.3	19.6
4. Transport Storage and Communication	67,237.3	64,771.3	26,570.1	-3.7	-59.0
5. Others	12,772.80	17,764.20	17,353.00	39.1	-2.3
6. Total	168,611.0	200,547.4	182,919.6	18.9	-8.8

Source: Field Survey

32. FDI stock of Transport, Storage and Communication decreased due to significant decline in reserve of existing communication sector. The details of sector-wise FDI stock are presented in *Appendix IV*.

3.3 FDI stock by Countries

33. In terms of stock, India remained in top position with Rs.56.05 billion followed by China, Saint Kitts and Nevis, and Ireland with Rs.27.56 billion, Rs.24.94 billion and Rs.11.59 billion respectively (Table 7).

Table 7: FDI Stock by Major Countries as of Mid-July 2019

S. N.	Country	Rs. Million				
		Paid-up Capital	Reserves	Loan	FDI Stock	Share in Total (%)
1.	India	24,202.8	31,047.2	804.6	56,054.6	30.6
2.	China	22,113.2	-4,242.4	9,689.4	27,560.2	15.1
3.	Saint Kitts and Nevis	80.0	24,855.9	-	24,935.9	13.6
4.	Ireland	4,506.0	7,088.3	-	11,594.3	6.3
5.	Singapore	5,243.0	3,262.6	222.9	8,728.5	4.8
6.	Australia	4,263.6	3,371.9	-	7,635.5	4.2
7.	UAE	233.5	6,618.8	-	6,852.3	3.7
8.	Bangladesh	3,333.8	1,785.8	-	5,119.6	2.8
9.	South Korea	5,645.8	-1,041.1	159.4	4,764.1	2.6
10.	USA	1,761.6	2,126.3	588.9	4,476.8	2.4
11.	Others	16,775.0	3,508.6	4,914.2	25,197.8	13.9
	Total	88,158.3	78,381.9	16,379.4	182,919.6	100.0

Source: Field Survey

34. In terms of paid-up capital, India ranked top position with Rs.24.20 billion followed by China, South Korea, and Singapore with Rs.22.11 billion, Rs.5.65 billion and Rs.5.24 billion respectively. The details of country-wise FDI stock are presented in *Appendix V*.
35. The foreign investments from India concentrated on three major sectors (shown in Table 8) as it accounts for around 86.7 percent of India's FDI stock. The investment predominantly ranges from manufacturing, banks and financial institutions to hydropower sector. In terms of paid-up capital, the investment in Electricity, Gas and Water (primarily hydropower sector) remains the highest (Table 8).

Table 8: FDI Stock by Major Sectors (India)

Rs.Million

Component	Paid-up Capital	Reserves	Loan	FDI Stock	Share in Total (%)
Manufacturing, Mining and Quarrying	3,651.6	21,696.5	101.4	25,449.5	45.4
Electricity, Gas and Water	9,438.8	62.4	695.2	10,196.4	18.2
Financial Intermediation	7,342.3	5,614.2	-	12,956.5	23.1
Others	3,770.1	3,674.1	8.0	7452.2	13.3
Total	24,202.8	31,047.2	804.6	56,054.6	100.0

Source: Field Survey

36. In terms of FDI stock, the investment from China concentrated in two major sectors as it accounts for around 97.7 percent of its FDI stock. The investment is focused on cement industries (manufacturing sector) and hydropower projects (Table 9).

Table 9: FDI Stock by Major Sectors (China)

Rs.Million

Component	Paid-up Capital	Reserves	Loan	FDI Stock	Share in Total (%)
Manufacturing, Mining and Quarrying	11,705.8	816.2	50.7	12,572.7	45.6
Electricity, Gas and Water	8,206.5	-1,303.1	7,446.9	14,350.3	52.1
Financial Intermediation	-	-	-	-	-
Others	2,200.9	-3,755.5	2,191.8	637.2	2.3
Total	22,113.2	-4,242.4	9,689.4	27,560.2	100.0

Source: Field Survey

3.4 Province-wise FDI stock⁵

37. In terms of FDI stock, Bagmati province accounted for the highest stock of FDI (65.5 percent) whereas Karnali and Sudur Paschim accounted for less than 1 percent of total FDI stock.

Table 10: Province-wise FDI stock

Province	FDI Stock	Rs. Million
		Share in Total (%)
Province 1	14,248.2	7.8
Province 2	18,025.7	9.9
Bagmati ⁶	119,800.0	65.5
Gandaki	25,972.0	14.2
Lumbini	3,507.1	1.9
Karnali	1,349.5	0.7
Sudur Paschim	17.1	0.0
Total	182,919.6	100.0

Source: Field Survey

4. International Investment Position (IIP) of Nepal

38. International Investment Position is statement that shows at a point in time the value and composition of financial assets of residents that are claims on nonresidents and liabilities of residents of an economy to non-residents.
39. The foreign liability of Nepal as of mid-July 2019 stood at Rs.891.25 billion. Net IIP remained positive but declined from Rs. 282.12 billion to Rs 188.86 billion as of mid-July 2019. The details of IIP are presented in *Appendix III*.

Table 11: Foreign Assets and Liabilities of Nepal

Description	Rs. Million		
	As of Mid-July		
	2017	2018	2019 ⁷
Assets	1107,787.5	1138,241.3	1080,102.9
Liabilities	677,024.6	856,117.4	891,246.5
o/w Direct Investment	168,611.0	200,547.4	182,919.6
Net International Investment Position (IIP)	430,762.9	282,123.9	188,856.4

Source: Nepal Rastra Bank

⁵ Province-wise FDI are classified based on location of projects, production units and head offices.

⁶ Companies with foreign direct investment under service sector along with BFIs having corporate and head offices in Bagmati province are included in Bagmati Province.

⁷Revised

5. Summary and Conclusion

40. The stock of FDI in Nepal decreased by 8.8 percent to Rs.182.92 billion at the end of 2018/19. It accounts for 5.3 percent of the Gross Domestic Product (GDP) which indicates the extent of foreign ownership (or foreign presence) in Nepal's economy. Paid up capital represents major component of FDI inward stock as it alone accounts for 48.2 percent.
41. Nepal has been destination for foreign investment from 53 different economies as of mid-July 2019. In terms of total FDI stock, India stood in top position with Rs.56.05 billion followed by China, Saint Kitts and Nevis, Ireland, and Singapore with Rs.27.56 billion, Rs.24.94 billion, Rs. 11.59 billion and Rs.8.73 billion respectively.
42. FDI stock remained the highest in the service sector with Rs.93.41 billion which accounts for 51.1 percent of total outstanding FDI in 2018/19. Within service sector; foreign investment is concentrated on financial intermediation and transport, storage and communication sector.

References

- International Monetary Fund. (2009). *Balance of Payments and International Investment Position Manual (BPM6)*. International Monetary Fund.
- Ministry of Industry, Commerce and Supplies; Department of Industry. (2020). *Industrial Statistics Fiscal Year 2019/20*.
- Nepal Rastra Bank. (2018). *A Survey Report on Foreign Direct Investment in Nepal*.
- Nepal Rastra Bank. (2019). *A Survey Report on Foreign Direct Investment in Nepal*.
- Organization for Economic Cooperation and Development (OECD). (2008). *OECD Benchmark Definition of Foreign Direct Investment 4th Edition*.
- United Nations Conference on Trade and Development (UNCTAD). (2019). *Methodological Note World Investment Report 2019*.
- United Nations Conference on Trade and Development. (2020). *World Investment Report 2020*.

Appendix I
FDI Inflows by region and economy (US\$ Billion)

Year	2014	2015	2016	2017	2018	2019
South Asia	41.45	51.22	54.28	51.64	52.22	57.43
Afghanistan	0.04	0.16	0.09	0.05	0.12	0.04
Bangladesh	1.55	2.24	2.33	2.15	3.61	1.60
Bhutan	0.02	0.01	-0.03	-0.01	0.01	0.01
India	34.58	44.06	44.48	39.90	42.16	50.55
Iran, Islamic Republic of	2.11	2.05	3.37	5.02	2.37	1.51
Maldives	0.33	0.30	0.46	0.46	0.54	0.56
Nepal	0.03	0.05	0.11	0.20	0.07	0.18
Pakistan	1.89	1.67	2.58	2.50	1.74	2.22
Sri Lanka	0.89	0.68	0.90	1.37	1.61	0.76

Source: World Investment Report (2020)

Appendix II
Foreign Investment Approval and Realization in Nepal

(Rs. Million)

Fiscal Year	Approved FDI*	Actual Net FDI**	Percent
1995/96	2,219.86	388.0	17.5
1996/97	2,395.54	1,621.0	67.7
1997/98	2,000.28	685.0	34.2
1998/99	1,666.42	578.0	34.7
1999/00	1,417.61	233.0	16.4
2000/01	3,002.56	-33.0	-1.1
2001/02	1,209.65	-282.3	-23.3
2002/03	1,793.77	961.4	53.6
2003/04	2,764.80	0.0	0.0
2004/05	1,635.77	136.0	8.3
2005/06	2,606.31	-469.7	-18.0
2006/07	3,185.98	362.3	11.4
2007/08	9,812.60	293.9	3.0
2008/09	6,255.09	1,829.2	29.2
2009/10	9,100.00	2,852.0	31.3
2010/11	10,053.21	6,437.1	64.0
2011/12	7,138.31	9,195.4	128.8
2012/13	19,818.73	9,081.9	45.8
2013/14	20,132.42	3,194.6	15.9
2014/15	67,455.04	4,382.6	6.5
2015/16	15,254.33	5,920.9	38.8
2016/17	15,206.46	13,503.9	88.8
2017/18	55,760.48	17,512.8	31.4
2018/19	25,484.44	13,068.8	51.3
2019/20	38,155.31	19,478.7	51.1
Total	325,524.97	110,931.50	34.1

Source: *Ministry of Industry, Commerce and Supplies (Industrial Statistics)

**Nepal Rastra Bank

Appendix III
International Investment Position (IIP)* of Nepal
As of mid-July

(Rs.Million)

Description	2015	2016	2017	2018	2019 ^R
Assets	837788.9	1054012.1	1107787.5	1138241.3	1080102.9
Direct Investment	0.0	0.0	0.0	0.0	0.0
Portfolio Investment	0.0	0.0	0.0	0.0	0.0
Other Investments	111105	136381.2	152129.8	118135.0	143051.3
<i>Other Equity</i>	5476.1	6883.7	10765.8	8792.3	11685.3
<i>Currency and Deposits</i>	44169.5	41796.9	43556.8	47474.6	48371.2
<i>Loans</i>	64.1	57.6	3304.6	3562.2	879.6
<i>Trade credit and advances</i>	2234.3	338.9	9005.3	4193.6	10570.3
<i>Other Account Receivables</i>	59161	87304.1	85497.3	54112.3	71544.9
Official Reserve Assets	726683.9	917630.9	955657.7	1020106.3	937051.6
Liabilities	542623.2	610485.3	677024.6	856117.4	891246.5
Direct Investment	106171.8	137678.2	168611.0	200547.5	182919.6
Portfolio Investment	0.0	0.0	0.0	0.0	0.0
Other Investments	436451.4	472807.1	508413.6	655569.9	708326.9
<i>Other Equity</i>	0.0	0.0	0.0	0.0	0.0
<i>Currency and Deposits</i>	39870.3	40664.7	41402.3	43498.9	44586.6
<i>Loans</i>	363962.5	405199.2	432794.1	546906.2	616043.9
<i>Trade credit and advances</i>	22912.3	16397.4	24381.2	54534.8	37107.4
<i>Other Account Receivables</i>	38.2	362.5	66.4	154.6	120.7
<i>Special Drawing Rights</i>	9668.1	10183.3	9769.6	10475.5	10468.3
Net IIP	295165.7	443526.8	430762.9	282123.9	188856.4

Source: Nepal Rastra Bank

* Based on residents and non-residents

Direct Investment based on survey.

^R: Revised

Appendix IV
Sector-wise Stock of FDI

(Rs. Million)

Sectors	Mid-July 2019					Mid-July 2018				
	Paid-up	Reserves	Debt from Direct Investor (Loan)	Total	Share in Total FDI (%)	Paid-up	Reserves	Debt from Direct Investor (Loan)	Total	Share in Total FDI (%)
1. Agriculture	168.7	-6.0	-	162.7	0.1	124.2	-6.0	-	118.2	0.06
2. Industry	46,604.4	33098.7	9,647.7	89,350.8	48.8	37,931.2	25,685.5	9919.3	73,536.0	36.67
<i>Construction</i>	468.2	-16.3	-	451.9	0.2	426.3	177.3	0.1	603.7	0.30
<i>Electricity, Gas and Water</i>	25,494.5	2,047.1	9,113.4	36,655.0	20.0	20,090.7	1,071.2	9,479.6	30,641.5	15.28
<i>Manufacturing, Mining and Quarrying</i>	20,641.7	31,067.9	534.3	52,243.9	28.6	17,414.2	24,437.0	439.6	42,290.8	21.09
3. Services	41,385.2	45,289.2	6,731.7	93,406.1	51.1	38,794.9	81,712.5	6385.8	126,893.2	63.27
<i>Education</i>	987.1	458.1	242.1	1,687.3	0.9	724.3	621.4	-	1345.7	0.67
<i>Financial Intermediation</i>	25,635.8	24,461.8	-	50,097.6	27.4	24,587.0	20,443.9	48.7	45,079.6	22.48
<i>Hotels and Restaurants</i>	4,490.2	3,072.5	209.2	7,771.9	4.3	5,986.3	2,946.0	643.5	9,575.8	4.77
<i>Health and Social Service</i>	239.6	37.9	62.3	339.8	0.2	106.5	111.1	-	217.6	0.11
<i>Transport Storage and Communication</i>	3,761.5	16,986.9	5,821.7	26,570.1	14.5	2,450.7	57,231.7	5,088.9	64,771.3	32.30
<i>o/w communication</i>						2,073.2	59,598.4	3,383.2	65,054.8	32.44
<i>Other service</i>	6,271.0	272.0	396.4	6,939.4	3.8	4,940.1	358.4	604.7	5,903.2	2.94
Total	88,158.3	78,381.9	16,379.4	182,919.6	100.0	76,850.3	107,392.0	16,305.1	200,547.4	100.0

Source: Field Survey

Appendix V
Country-wise FDI stock in Nepal
As of mid-July 2019

Rs. Million

S.N	Countries	Paid Up	Reserves	Loans	Total	Share in Total (%)
1	India	24,202.8	31,047.2	804.6	56,054.6	30.6
2	China	22,113.2	-4,242.4	9,689.4	27,560.2	15.1
3	Saint Kitts and Nevis	80.0	24,855.9	-	24,935.9	13.6
4	Ireland	4,506.0	7,088.3	-	11,594.3	6.3
5	Singapore	5,243.0	3,262.6	222.9	8,728.5	4.8
6	Australia	4,263.6	3,371.9	-	7,635.5	4.2
7	United Arab Emirates	233.5	6,618.8	-	6,852.3	3.7
8	Bangladesh	3,333.8	1,785.8	-	5,119.6	2.8
9	South Korea	5,645.8	-1,041.1	159.4	4,764.1	2.6
10	USA	1,761.6	2,126.3	588.9	4,476.8	2.4
11	United Kingdom	2,093.1	1,939.2	-	4,032.3	2.2
12	Netherlands	2,387.8	1,302.7	-	3,690.5	2.0
13	British Virgin Island	4,186.9	-697.0	166.7	3,656.6	2.0
14	Pakistan	1,707.0	1,494.9	-	3,201.9	1.8
15	Hong Kong-China	933.9	1,099.7	267.0	2,300.6	1.3
16	Mauritius	965.2	404.8	802.2	2,172.2	1.2
17	Norway	582.9	1,378.0	-	1,960.9	1.1
18	Japan	1,256.1	-412.5	292.3	1,135.9	0.6
19	Bermuda	300.3	796.9	-	1,097.2	0.6
20	Malaysia	636.6	287.0	-	923.6	0.5
21	Sri Lanka	417.4	177.7	-	595.1	0.3
22	Switzerland	255.2	-4.1	-	251.1	0.1
23	Cayman Islands	97.0	140.6	-	237.6	0.1
24	Brunei	165.2	-	-	165.2	0.1
25	Thailand	23.0	128.3	-	151.3	0.1
26	Canada	117.8	-1.6	-	116.2	0.1
27	Russia	130.2	-40.4	-	89.8	0.0
28	Germany	67.7	-7.8	0.3	60.2	0.0
29	Italy	71.2	-14.8	-	56.4	0.0
30	Sweden	53.6	-	-	53.6	0.0
31	New Zealand	35.6	5.9	-	41.5	0.0
32	Belgium	38.4	-	-	38.4	0.0
33	France	32.4	-	-	32.4	0.0
34	Samoa	90.0	-67.3	-	22.7	0.0
35	Turkey	17.6	5.0	-	22.6	0.0
36	Poland	17.4	-	-	17.4	0.0
37	Denmark	6.0	-	-	6.0	0.0
38	Tajikistan	6.0	-	-	6.0	0.0
39	Azerbaijan	5.2	-	-	5.2	0.0
40	Bahrain	5.1	-	-	5.1	0.0
41	Finland	5.0	-	-	5.0	0.0

S.N.	Countries	Paid Up	Reserves	Loans	Total	Share in Total (%)
42	Spain	4.5	-	-	4.5	0.0
43	Cook Islands	6.8	-4.3	-	2.5	0.0
44	Belize	20.7	-19.0	-	1.7	0.0
45	Brazil	1.6	-	-	1.6	0.0
46	Taiwan	1.5	-	-	1.5	0.0
47	Kazakhstan	1.5	-	-	1.5	0.0
48	Israel	1.5	-	-	1.5	0.0
49	Philippines	1.5	-	-	1.5	0.0
50	Belarus	1.5	-	-	1.5	0.0
51	Cyprus	0.9	-	-	0.9	0.0
52	Bhutan	0.6	-	-	0.6	0.0
53	Seychelles	25.6	-4,383.3	3,385.7	-972.0	(0.5)
Total		88,158.3	78,381.9	16,379.4	182,919.6	100.00

Source: Field Survey

Appendix VI
Country-wise and Sector-wise FDI stock in Nepal
As of mid-July 2019

Rs. Million

S.N	Countries	Agriculture	Industry	Services	Total	Share in Total (%)
1	India	30.0	35,810.4	20,214.2	56,054.6	30.6
2	China	-	26,998.5	561.7	27,560.2	15.1
3	Saint Kitts and Nevis	-	-	24,935.9	24,935.9	13.6
4	Ireland	-	-	11594.3	11,594.3	6.3
5	Singapore	-	7,796.6	931.7	8,728.3	4.8
6	Australia	-	559.0	7,076.6	7,635.6	4.2
7	United Arab Emirates	-	6,845.0	7.3	6,852.3	3.7
8	Bangladesh	-	-	5,119.6	5,119.6	2.8
9	South Korea	14.4	4,571.0	178.7	4,764.1	2.6
10	USA	24.2	779.5	3,673.1	4,476.8	2.4
11	United Kingdom	3.1	330.3	3,698.9	4,032.3	2.2
12	Netherlands	70.1	76.0	3,544.4	3,690.5	2.0
13	British Virgin Island	-	-	3,656.6	3,656.6	2.0
14	Pakistan	-	3.0	3,198.9	3,201.9	1.8
15	Hong Kong-China	-	285.6	2,015.0	2,300.6	1.3
16	Mauritius	-	1,011.9	1,160.3	2,172.2	1.2
17	Norway	5.0	1,951.5	4.4	1,960.9	1.1
18	Japan	12.8	402.0	721.1	1,135.9	0.6
19	Bermuda	-	1,097.2	-	1,097.2	0.6
20	Malaysia	-	-	923.6	923.6	0.5
21	Others	3.1	833.3	189.8	1,026.2	0.6
	Total	162.7	89,350.8	93,406.1	182,919.6	100.0

Source: Field Survey



**Nepal Rastra Bank
Economic Research Department**

Balance of Payments and International Finance Division

Survey on Foreign Direct Investment (FDI) 2076

This survey conducted under the Nepal Rastra Bank Act 2058, section (10) sub-section (3), is expected to help update foreign investment statistics, compile Balance of Payments (BOP) and International Investment Position (IIP) of Nepal. Surveyed information will be treated as strictly confidential and will be used only for the above mentioned purposes.

Section A: General Information

Name of Enterprise:

Address (Head Office): Phone No:..... Mobile No:

Contact Person: E-mail:

Established Year:

Location of production unit: District..... Province

1. Please specify the principal activity of your enterprise. (Tick any ONE)

- | | |
|---|---|
| <input type="checkbox"/> Agriculture, Forestry and Fishing | <input type="checkbox"/> Financial Intermediation |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Health and Social Work |
| <input type="checkbox"/> Mining and Quarrying | <input type="checkbox"/> Hotels and Restaurants |
| <input type="checkbox"/> Electricity, Gas and Water | <input type="checkbox"/> Wholesale and Retail Trade |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Education |
| <input type="checkbox"/> Transport, Storage and Communication | <input type="checkbox"/> Other(Specify)..... |

2. Current status of the enterprises.

- | | |
|--|---|
| <input type="checkbox"/> Active | <input type="checkbox"/> Under Construction |
| <input type="checkbox"/> Dormant | <input type="checkbox"/> Closed |
| <input type="checkbox"/> On process of Liquidation | |

(Note- Please specify the reason for being Dormant or Closed.)

3. Please specify the total number of employees in your enterprise.

- | | |
|--------------------|-----------------------|
| I. Officer level | II. Non-officer level |
| a. Nepali | a. Nepali..... |
| b. Foreigner | b. Foreigner |

4. Please indicate the investment relationship of your enterprise with your foreign investor(s).

- | | | |
|---------------------------------|-------------------------------|-------------------------------|
| <input type="checkbox"/> Equity | <input type="checkbox"/> Debt | <input type="checkbox"/> Both |
|---------------------------------|-------------------------------|-------------------------------|

Section B: Financial Information (based on financial statements of FY 2075/76)

5. Liability position of your Enterprise. Please report full figures in Nepalese currency (NPR).

i. Total Equity (Foreign and Domestic)

Capital	As of Mid-July 2018 (2075 Asar)	As of Mid-July 2019 (2076 Asar)
a. Paid up Capital		
b. Reserves		
c. Retained Earnings		
d. Other Capital (if any, please specify)		
Total		

ii. Percent of Enterprise's equity held by Foreign Direct Investor(s)

S.N.	Foreign Direct Investor's Name	Country of foreign direct investor(s)	Percentage held at the end of FY 2074/75	Percentage held at the end of FY2075/76	Types of Investor*
1.					
2.					
3.					
4.					
5.					

* (Types of Investor: 1. Private Institution 2. Foreign Individual 3. Nonresident Nepalese 4. Foreign Government owned Institution 5. Foreign Government 6. Other)

iii. Please indicate the ultimate controlling investor(s) in your enterprise. Tick any ONE and give details in dotted parenthesis.

- Domestic Investor(s)
 - Name: (.....)
- Foreign Direct Investor(s)
 - (Name and country :.....)
- Other than Foreign Direct Investor(s)
 - (Name and country :.....)

iv. Debt Liabilities to foreign direct investor(s)

S.N.	Foreign Direct Investor's Name	Country of foreign direct investor(s)	Debt liabilities to foreign direct investor(s)	
			As of Mid-July 2018 (2075 Asar)	As of Mid-July 2019 (2076 Asar)
1.				
2.				
3.				
4.				

v. Foreign Loans, if any, from other than foreign direct investor(s)

S.N.	Country of foreign borrowings	Foreign Loans	
		As of Mid-July 2018 (2075 Asar)	As of Mid-July 2019 (2076 Asar)
1.			
2.			
3.			

6. Sales and Profit or Loss of your Enterprise

Particulars	As of Mid-July 2018 (2075 Asar)	As of Mid-July 2019 (2076 Asar)
Sales		
Profit or loss for the year		

7. Equity and Dividend Repatriation / Payment for Interest

Particulars	As of Mid-July 2018 (2075 Asar)	As of Mid-July 2019 (2076 Asar)
Repatriation of Equity		
Dividend Repatriation		
Payment for Principal / Interest on foreign debt		

Section C: Information on Production, Export and Import for FY 2075-76

8. Details on Production (Please complete the following information for FY 2075-76)

S.N.	Major Products
1.	
2.	
3.	
4.	

9. Details on Exports (If you export goods or services, please complete the following information for FY 2075-76)

S.N.	Major Exports	Value (in NPR)
1.		
2.		
3.		
4.		

10. Details on Imports (If you import raw materials from other countries, please complete the following information for FY 2075-76)

S.N.	Major imported goods	Amount (in NPR)	Remarks
1.			
2.			
3.			
4.			

11. Mention the percentage/share of domestic and imported inputs in the production.

- Domestic inputs: Percent of total cost
- Imported inputs: Percent of total cost

Name:

Signature:

Please attach a copy of audited financial statements for FY 2075-76. Nepal Rastra Bank appreciates your time and effort into this survey. Information provided in the survey will be used for statistical purposes and published in aggregate form that prevents the disclosure of data by individual respondents.