

A Survey Report
on
Foreign Direct Investment in Nepal

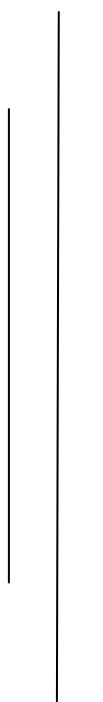


Nepal Rastra Bank

Research Department

December 2019

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Foreword

Foreign Direct Investment (FDI) plays an important role in fulfilling resource gap in emerging and developing economies. FDI is essential for fostering growth and maintaining external sector balance. FDI drives growth, not only by bringing in additional capital but also through idea exchange and technology transfer. The Government of Nepal has formulated various policies to develop a congenial environment for attracting FDI.

Relatively the share of FDI is higher in service sector in Nepal. Similarly, neighboring countries China and India account for most of the FDI inflow. Given the importance of FDI, this survey was conducted to examine current status and recent developments in FDI in Nepal. FDI survey is conducted annually by Nepal Rastra Bank. For the first time, the survey was conducted in 2012/13. This survey reconfirms that foreign direct investment has been growing as a key source of financing in Nepal. The dividend repatriated from Nepal also shows adequate returns to commensurate for risk associated with foreign investment. The recent engagement of foreign investors in hydropower sector has been critical in meeting investment gap in this sector. It remains important to develop foreign direct investment as a source of financing for stabilizing external sector, and to incentivize more foreign investment in other essential infrastructure projects including hydroelectricity, transportation and urban development.

NRB has completed this survey with valuable suggestions, information and data from various institutions and individuals. I would like to extend my sincere thanks to concerned firms and stakeholders for their contribution and inputs in completing this survey. Finally, I would like to thank all colleagues at the Balance of Payments and International Finance Division of Research Department for their untiring efforts in preparing this report.

December 2019

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Executive Director
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Executive Summary

1. Nepal Rastra Bank (NRB) conducted this survey with primary objective to compile the foreign direct investment (FDI) stock in Nepal at the end of fiscal year (FY) 2017/18. The report presents the information on FDI stock along the three components: paid-up capital, reserves and direct loans from foreign direct investors.
2. The survey shows FDI stock increased by 18.94 percent to reach Rs. 200.55 billion at the end FY 2017/18. Reserves remain the key component as it alone accounts for 53.55 percent of total FDI stock whereas paid-up capital and loans accounts for 38.32 percent and 8.13 percent respectively.
3. Nepal has been destination for FDI from 49 different countries. In terms of paid-up capital, China is major investor followed by India. But in terms of FDI stock, West Indies remains in top spot with Rs. 62.55 billion followed by India, China, Ireland, and Singapore with Rs. 41.74 billion, Rs 26.81 billion, Rs 10.30 billion and Rs. 7.68 billion respectively.
4. Service sector remains the attractive sector for foreign investment as it accounts for 63.27 percent of FDI stock. Within the service sector; communication, financial intermediation sectors accounted for 32.44 percent and 22.48 percent of the FDI stock respectively.
5. Industrial sector accounts for 36.67 percent of total FDI stock. Within industrial sector, manufacturing, mining and quarrying industry and electricity, gas and water sector accounted for 21.09 percent and 15.28 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). The distinctive aspect of FDI in globalized context is that it brings in not only needed capital but also technical know-how, managerial and organizational skills, and access to foreign markets along with boost in productive activities to a host economy. Moreover, FDI tend to have a number of direct and indirect spillover effects through various linkage and channels that can be of considerable benefit for host economy (World Bank Group, 2018).
2. Nepal's Foreign Investment and Transfer of Technology Act, 2019 (FITTA) 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
3. (Organization for Economic Cooperation and Development (OECD), 2008) has defined FDI as a category of cross-border investment made by a resident in one economy (the direct investor) with the objective of establishing a lasting interest (10 percent or more of voting stock) in an enterprise (the direct investment enterprise) that is resident in an economy other than that of the direct investor. The main accounts for presenting FDI statistics are FDI positions (FDI Stock), FDI Financial transactions and FDI Income.

4. FDI financial transactions refer to those cross-border transactions which qualify as direct investments recorded during the reference period (year, quarter, or month). FDI positions (FDI stock, hereby used in report) represent the value of the stock of direct investments held at the end of the reference period (year, quarter, or month). FDI income represents earnings on equity investment (for example, a resident direct investor's share in the net income or earnings of its direct investment enterprises) plus interest on debt between direct investors and enterprises.
5. This survey is primarily concerned with the measurement of FDI stock of Nepal at the end of FY 2017/18 (mid-July 2018). As per (OECD,2008), FDI stock is generally disaggregated 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 investor). Therefore, it includes include equity, contributed surplus, reinvestment of earnings, revaluations, as well as any reserve accounts. Debt positions of FDI stock include loans, 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 objectives of the study are:
 - To compile FDI stock in Nepal that depicts the financial liabilities of Nepal to non-residents.
 - To identify FDI stock by source countries and various sectors of the economy.

1.3 Significance of Study

7. In LDCs like ours, there is an ever-increasing need of external investment to support industrialization, economic diversification and structural transformation to spur economic growth and development. This survey attempts to provide reliable and up-to-date information on FDI in Nepal that can facilitate policymakers in formulating appropriate policies related to FDI.
8. Total FDI stock of domestic industries represents foreign financial liabilities of domestic economy. This study aims to identify the foreign liability of Nepal in the form of FDI at the end of mid-July 2018.

1.4 Survey Methodology

9. The study is based on data collected from survey of companies with foreign direct investment through standardized questionnaire. 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.

1.4.1 Population and Sample Size

10. The population space for this study is a comprehensive list of companies that have taken FDI approvals from Nepal Rastra Bank, which constitutes of 460 companies¹ at end of FY 2017/18.

¹ The list published by Department of Industry shows a large number of companies registered for foreign investment but a considerable number of such registered companies did not bring in FDI.

Table 1: Sample Size

Group	Number of Firms			Capital (Rs. Million)		
	Population	Sample	Share (%)	Population	Sample	Share (%)
Large	44	39	88.6	176,173.81	166,635.46	94.59
Medium	43	23	53.5	9,795.93	4,687.43	47.85
Small	373	110	29.5	5,482.19	2,762.12	50.38
Total	460	172	-	191,451.93	174,085.01	-

* For sample purpose, capital as of mid-July 2018 is taken as reference that includes Total FDI stock as of mid-July 2017 and the new FDI approvals during FY 2017/18.

11. 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. 500 million and Rs. 100 million are categorized as medium, and finally those companies with capital less than Rs. 100 million are categorized as small for the purpose of this survey. In this survey, the large group comprises of 92 percent of total capital of firms whereas medium and small group consists of 5.1 percent and 2.9 percent respectively.
12. The survey consists of 172 firms across all groups. In terms of capital, sampled large category firms constitute 94.59 percent of large group whereas for sampled medium and small category firms, it covers 47.85 percent and 50.38 percent respectively from medium and small groups.

1.4.2 Survey Method

13. The survey was conducted through standardized questionnaire to obtain details on FDI stock. Both field survey and email correspondence were used to collect responses from respondent firms.
14. The survey was conducted in the last two quarters of the FY 2018/19 considering the availability of audited financial statements of FY 2017/18 from third quarter onwards. The reported data were verified against audited financial reports. But in few instances where such reports were unavailable, the data reported by the respondent firms were used.

1.4.3 FDI Compilation Method

15. 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 all three 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.

1.5 Limitations of Study

16. 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.
17. As the primary focus of the survey is to collect FDI stock, it is less analytical and only includes the descriptive statistics.

2. Trend of Foreign Direct Investment

18. This section describes trend of Net FDI flows in global context and summarizes trend of Nepal's net FDI flows and International Investment Position (IIP).

2.1 Global and Regional Trend in FDI Flows

19. UNCTAD's World Investment Report 2019 depicts the declining trend of global FDI flows in last three years as it remained USD 1.3 trillion in 2018 which is 13.38 percent less than in 2017. FDI inflows to developed economies has declined by 26.66 percent in 2018, to USD 556.89 billion from USD 759.26 billion in 2017 whereas inflows to developing economies has been steady as it accounts for more than half (54.43 percent) of global flows.

Table 2: FDI Inflows by economy and region²

(in US\$ Billion)

Year	2013	2014	2015	2016	2017	2018
World	1431.16	1357.24	2033.80	1918.68	1497.37	1297.15
Developed economies	694.85	623.08	1268.59	1197.73	759.26	556.89
Developing economies	652.55	677.40	728.81	656.29	690.58	706.04
Transition economies	83.76	56.76	36.40	64.66	47.53	34.22
Asia	415.40	459.98	514.42	473.33	492.71	511.71
South Asia	35.61	41.43	51.17	54.22	52.34	54.20

Source: UNCTAD (2019)

20. Asia remained the largest FDI recipient region as it accounts for 39.4 percent of global inflows in 2018. FDI in this region increased from USD 492.71 billion in 2017 to USD 511.71 billion in 2018 with largest three recipients being China (USD 139.04 Billion), Hong Kong Special Administrative Region of the People's Republic of China (USD 115.66 billion) and Singapore (USD 77.65 billion). FDI inflows to China reached an all-time high of USD 139.04 billion (10.72 percent of global inflows) in 2018.
21. FDI inflows to South Asia³ increased by 4 percent to USD 54.20 billion in 2018. India remained this sub region's largest FDI recipient with inflows of USD 42.29 billion in 2018. It was followed by Bangladesh, Iran, Pakistan, Sri Lanka and Maldives. FDI inflows to Nepal have remained substantially low as compared to other neighboring South Asian countries. The details of FDI inflows to the region are presented in Appendix I.

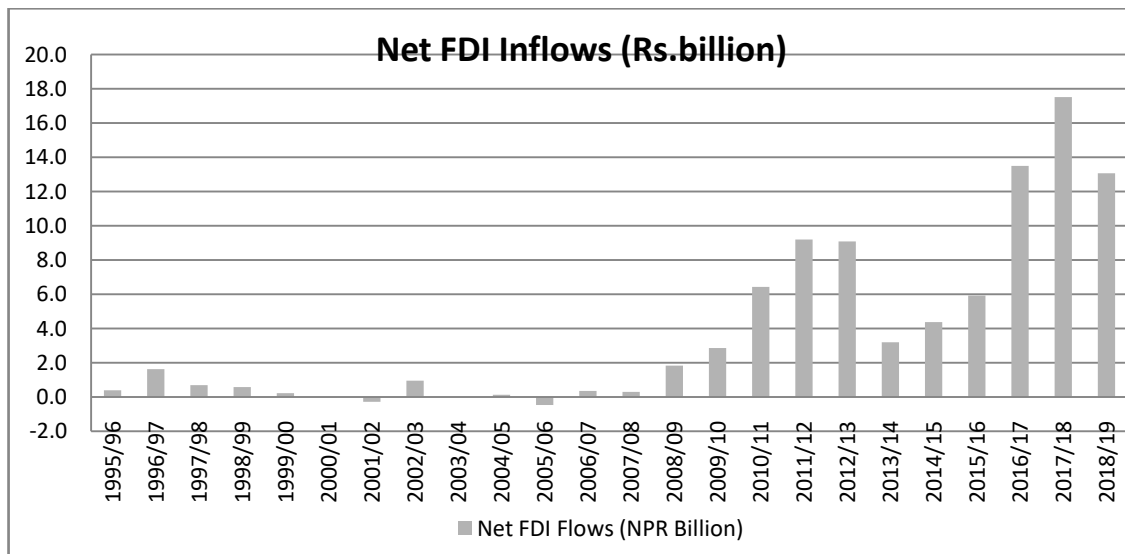
2.2 FDI inflows to Nepal

22. Net FDI inflows to Nepal in 1990s and 2000s were meager (Figure 1). Early 2010s showed some sign of increase in FDI inflows on the background of institutional reforms and government's efforts in attracting foreign investment. FDI inflows have been steady in recent years that represent a clear break from earlier decades.

² FDI Data may differ from one issue to another as data are continuously updated by relevant national authorities.

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

Figure 1: Net FDI Inflows



Source: Nepal Rastra Bank

23. Net FDI inflows to Nepal increased by 29.69 percent to reach Rs. 17.51 billion in FY 2017/18 whereas it declined by 25.38 percent in FY 2018/19 to reach Rs. 13.07 billion.
24. The recent trend of FDI realization (Appendix II) shows that there is a huge gap between approved FDI and actual FDI inflows in Nepal. For FY 2018/19, total approved FDI was Rs. 24.99 billion while actual inflows were Rs. 13.07 billion.

2.3 International Investment Position (IIP) of Nepal

25. International Investment Position represents the assets and liabilities of Nepal with the rest of the world at a point of time. The foreign liability of Nepal at mid-July 2018 was Rs. 856.12 billion and has increased to Rs. 921.94 billion by mid-July 2019. Even though Nepal has positive net IIP, it has declined from Rs. 282.12 billion at the end of FY 2017/18 to Rs 158.16 billion at end of FY 2018/19. The details of IIP are presented in Appendix III.

Table 3: Foreign Assets and Liabilities of Nepal

Rs. Million

Description	As of Mid-July				
	2015	2016	2017	2018	2019 ⁴
Assets	837,788.9	1054,012.1	1107,787.5	1138,241.3	1080,102.9
Liabilities	542,623.2	610,485.3	677,024.6	856,117.4	921,943.1
Net International Investment Position (IIP)	295,165.7	443,526.8	430,762.9	282,123.9	158,159.8

Source: Nepal Rastra Bank

2.4 Dividend Repatriation

26. In FY 2018/19, Rs. 27.78 billion was repatriated as dividend by companies with foreign investment based on approvals from NRB. Communication sector repatriated the highest amount followed by the industrial sector.

Table 4: Dividend Repatriation

Rs. Million

Sectors	2014/15	2015/16	2016/17	2017/18	2018/19
Industrial Sector	2,299.2	1,387.9	5,161.0	11,914.7	9,779.7
Hydropower Sector	2,874.5	3,154.3	3,264.9	2,926.4	2,762.2
Financial Sector	1,794.4	13.7	13.7	886.6	2,167.5
Communication Sector	4.0	1,692.8	8,692.6	23,649.9	12,540.0
Other Service Sector	238.6	4.1	108.4	152.9	533.6
Total	7210.7	6,252.8	17,240.6	39,530.5	27,783.0

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 at mid-July 2018.

⁴ Provisional Basis

3.1 FDI stock

28. The stock of FDI in Nepal increased by 18.94 percent to reach Rs. 200.55 billion whereas paid-up capital increased by 32.22 percent, reserves increased by 8.85 percent and the loan increased by 37.83 percent. It implies that the foreign liability of Nepal in terms of direct investment stands around Rs. 200.55 billion as of mid-July 2018 (Appendix III).

Table 5: FDI Stock

Rs. Million

S.N.	Components	As of Mid-July				Percentage Change	
		2015	2016	2017	2018	2016/17	2017/18
1.	Paid-up Capital	33,767.4	41,575.2	58,123.5	76,850.3	39.80	32.22
2.	Reserves	68,351.5	90,950.9	98,657.6	107,392.0	8.47	8.85
3.	Loans ⁵	4,053.1	5,152.3	11,829.9	16,305.1	129.60	37.83
	Total FDI stock	106,172.0	137,678.4	168,611.0	200,547.4	22.47	18.94

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

29. Reserves remains the major component in FDI stock as it accounted for 53.55 percent of total FDI stock. The share of paid-up capital and loans in total FDI stock stood at 38.32 percent and 8.13 percent respectively.

3.2 Sector-wise FDI stock

30. In terms of FDI stock, Service sector accounted for Rs 126.89 billion (63.27 percent of total FDI stock) whereas the industrial sector accounted for Rs 73.54 billion (36.67 percent of total FDI stock). Transport, storage and communication sector is the major sub-category within the service sector that has the highest FDI stock of Rs. 64.77 billion. The details on sectoral breakdown of FDI stock in Nepal are presented in Appendix IV.

⁵ Only loans from foreign direct investors are considered.

Table 6: Sector-wise FDI Stock as of Mid-July 2018

Rs. Million

S. N	Sectors	Paid-up	Reserves	Loans	FDI Stock
1.	Agriculture	124.2	-6.0	-	118.2
2.	Manufacturing	37,931.2	25,685.5	9,919.3	73,536.0
3.	Service	38,794.9	81,712.5	6,385.8	126,893.2
	Total	76,850.3	107,392.0	16,305.1	200,547.4

31. Within service sector, two major sub-category communication sector and financial intermediation accounted for 32.44 percent and 22.48 percent of the total FDI stock.
32. Further breakdown of the industrial sector shows that manufacturing, mining and quarrying industry and electricity, gas and water accounted for 21.09 percent and 15.28 percent of total FDI stock respectively.

3.3 Country-wise FDI stock

33. Nepal has received FDI from 49 countries as of mid-July 2018. In terms of stock, West Indies remained in top spot with Rs. 62.55 billion followed by India, China and Ireland with Rs. 41.74 billion, Rs. 26.81 billion and Rs. 10.30 billion respectively (Table 7).

Table 7: Country-wise FDI Stock as of Mid-July 2018

Rs. Million

S. N	Country	Paid-up	Reserves	Loans	FDI Stock	Share in Total (%)
1	West Indies	80.0	62,471.4	-	62551.4	31.19
2	India	16,008.5	24,918.6	810.2	41737.3	20.81
3	China	22,007.6	-5,093.8	9,899.0	26812.8	13.37
4	Ireland	4,024.9	6,271.6	-	10296.5	5.13
5	Singapore	3,916.4	3,541.8	222.4	7680.6	3.83
6	Australia	4,260.8	2,883.7	-	7144.5	3.56
7	Hong Kong-China	5,562.5	1,039.3	456.1	7,057.9	3.52
8	UAE	233.5	5,706.4	-	5939.9	2.96
9	Bangladesh	3,328.6	1,500.9	-	4829.5	2.41
10	USA	1,596.6	2,073.6	593.6	4263.8	2.13
11	Others	15,830.9	2,078.5	4,323.8	22,233.2	11.09
	Total	76,850.3	107,392.0	16,305.1	200,547.4	100.00

34. However, in terms of paid-up capital, China has the highest FDI stock (Rs. 22.01 billion) followed by India, Hong Kong-China, and South Korea with Rs. 16.01 billion, Rs. 5.56 billion and Rs. 4.69 billion respectively. The details of country-wise FDI stock are presented in Appendix V.
35. Sectoral breakdown of FDI stock from different countries shows that within industrial sector China has the highest FDI stock followed by India, Singapore, UAE and South Korea. Similarly, West Indies has the highest FDI stock in the service sector, followed by India, Ireland, Australia, and Hong Kong-China. Details of country-wise FDI stock in different sectors are presented in Appendix VI.
36. The investment from India are mainly centered on manufacturing, banks and financial institutions and hydropower sector whereas the investment from China are concentrated in manufacturing (particularly cement industry) and hydropower projects.

3.4 Province-wise FDI stock

37. Bagmati province accounted for highest stock of FDI (73.50 percent) whereas Karnali and Sudur Paschim accounted for less than 1 percent of total FDI stock.

Table 8: Province-wise FDI stock

Rs. Million

S. N	Province	FDI Stock	Share in Total (%)
1	Province 1	6,023.8	3.00
2	Province 2	14,948.2	7.45
3	Bagmati ⁶	147,379.9	73.50
4	Gandaki	25,466.6	12.70
5	Province 5	5,158.1	2.57
6	Karnali	1,550.8	0.77
7	Sudur Pashchim	20.0	0.01
	Total	200,547.4	100.00

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.

4. Summary and Conclusion

38. The gap between approved FDI and actual FDI inflows in Nepal continues to persist in FY 2018/19. The net inflows of FDI are 52.3 percent of total approved amount in FY 2018/19 which is better than 31.4 percent realized in FY 2017/18.
39. The FDI stock in Nepal increased by 18.94 percent to reach Rs. 200.55 billion at the end of FY 2017/18. It accounts for 6.61 percent of the Gross Domestic Product (GDP) which indicates the extent of foreign ownership (or foreign presence) in Nepal's economy. Reserves remain the key component of FDI inward stock as it alone accounts for 53.55 percent.
40. Nepal has been destination for foreign investment from 49 different economies as of mid-July 2018. In terms of total FDI stock, West Indies remains in top spot with Rs. 62.55 billion followed by India, China Ireland, and Singapore with Rs. 41.74 billion, Rs. 26.81 billion, Rs. 10.30 billion and Rs. 7.68 billion respectively.
41. Service sector remains the most attractive sector for foreign investment as evident by FDI inward stock of Rs. 126.89 billion which accounts for 63.27 percent of total outstanding FDI. Within service sector; communication and financial intermediation sectors are seen as lucrative areas with high stock of FDI.
42. Bagmati Province accounts for the most FDI stock whereas Karnali and Sudur Pashcim accounts for less than 1% of FDI stock.

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

Year	2013	2014	2015	2016	2017	2018
South Asia	35.60	41.42	51.16	54.22	52.33	54.20
Afghanistan	0.04	0.04	0.16	0.09	0.05	0.14
Bangladesh	1.60	1.55	2.24	2.33	2.15	3.61
Bhutan	0.02	0.02	0.00	-0.01	-0.01	0.01
India	28.20	34.58	44.06	44.48	39.90	42.29
Iran, Islamic Republic of	3.05	2.11	2.05	3.37	5.02	3.48
Maldives	0.36	0.33	0.30	0.46	0.49	0.55
Nepal	0.07	0.03	0.05	0.11	0.13	0.16
Pakistan	1.33	1.87	1.62	2.49	3.23	2.35
Sri Lanka	0.93	0.89	0.68	0.90	1.37	1.61

Source: UNCTAD (2019)

Appendix II
Foreign Investment Approval and Realization in Nepal

(Rs. Million)

Fiscal Year	Approved FDI*	Actual Net FDI**	Percent
1995/96	2,219.90	388.00	17.5
1996/97	2,395.50	1,621.00	67.7
1997/98	2,000.30	685.00	34.2
1998/99	1,666.40	578.00	34.7
1999/00	1,417.60	233.00	16.4
2000/01	3,002.60	-33.00	-1.1
2001/02	1,209.70	-282.00	-23.3
2002/03	1,793.80	961.00	53.6
2003/04	2,764.80	0.00	0
2004/05	1,635.80	136.00	8.3
2005/06	2,606.31	-470.00	-18
2006/07	3,226.79	362.00	11.2
2007/08	9,811.00	294.00	3
2008/09	6,255.09	1,829.00	29.2
2009/10	9,100.00	2,852.00	31.3
2010/11	10,050.71	6,437.00	64
2011/12	7,140.00	9,195.00	128.8
2012/13	19,936.00	9,082.00	45.6
2013/14	20,107.40	3,195.00	15.9
2014/15	67,455.00	4,383.00	6.5
2015/16	15,139.53	5,921.00	39.1
2016/17	15,153.00	13,503.90	89.1
2017/18	55,730.38	17,512.82	31.4
2018/19	24,999.25	13,068.77	52.3
Total	286,816.86	91,452.49	31.9

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

** Nepal Rastra Bank

Appendix III
International Investment Positions of Nepal
As of mid-July

(Rs.Million)

Description	2014	2015	2016	2017	2018^R	2019^P
Assets	681315	837788.9	1054012.06	1107787.5	1138241.3	1080102.9
Direct Investment	0.0	0.0	0.0	0.0	0.0	0.0
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.0
Other Investments	87562.1	111105	136381.2	152129.8	118135.0	143051.3
<i>Other Equity</i>	2502.8	5476.1	6883.7	10765.8	8792.3	11685.3
<i>Currency and Deposits</i>	29912.6	44169.5	41796.9	43556.8	47474.6	48371.2
<i>Loans</i>	1228.9	64.1	57.6	3304.6	3562.2	879.6
<i>Trade credit and advances</i>	1620	2234.3	338.9	9005.3	4193.6	10570.3
<i>Other Account Receivables</i>	52297.8	59161	87304.1	85497.3	54112.3	71544.9
Official Reserve Assets	593752.9	726683.9	917630.9	955657.7	1020106.3	937051.6
Liabilities	495392.1	542623.2	610485.3	677024.6	856117.4	921943.1
Direct Investment	75373	106171.8	137678.2	168611.0	200547.5	213616.2
Portfolio Investment	0.0	0.0	0.0	0.0	0.0	0.0
Other Investments	420019.1	436451.4	472807	508413.6	655569.9	708326.9
<i>Other Equity</i>	0.0	0.0	0.0	0.0	0.0	0.0
<i>Currency and Deposits</i>	29370.5	39870.3	40664.7	41402.3	43498.9	44586.6
<i>Loans</i>	356787.1	363962.5	405199.2	432794.1	546906.2	616043.9
<i>Trade credit and advances</i>	23686.1	22912.3	16397.4	24381.2	54534.8	37107.4
<i>Other Account Receivables</i>	41.7	38.2	362.5	66.4	154.6	120.7
<i>Special Drawing Rights</i>	10133.8	9668.1	10183.3	9769.6	10475.5	10468.3
Net IIP	185922.9	295165.7	443526.8	430762.9	282123.9	158159.8

* R: Revised

P: Provisional

Appendix IV
Sector-wise Stock of FDI

(Rs. Million)

Sectors	Mid-July 2018					Mid-July 2017				
	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	124.2	-6.0	-	118.2	0.06	164.9	0.0	-	164.9	0.10
2. Industry	37,931.2	25,685.5	9919.3	73,536.0	36.67	24,094.7	23,363.9	5,902.4	53,361.0	31.65
<i>Construction</i>	426.3	177.3	0.1	603.7	0.30	240.9	286.4	-	527.2	0.31
<i>Electricity, Gas and Water</i>	20,090.7	1,071.2	9,479.6	30,641.5	15.28	12,917.4	4,085.9	5,320.6	22,323.8	13.24
<i>Manufacturing, Mining and Quarrying</i>	17,414.2	24,437.0	439.6	42,290.8	21.09	10,936.4	18,991.7	581.8	30,509.9	18.09
3. Services	38,794.9	81,712.5	6385.8	126,893.2	63.27	33,863.9	75,293.7	5,927.5	115,085.1	68.25
<i>Education</i>	724.3	621.4	-	1345.7	0.67	611.9	205.4	-	817.3	0.48
<i>Financial Intermediation</i>	24,587.0	20,443.9	48.7	45,079.6	22.48	23,633.6	12,133.6	-	35,767.2	21.21
<i>Hotels and Restaurants</i>	5,986.3	2,946.0	643.5	9,575.8	4.77	3,051.2	(168.6)	200.2	3,082.7	1.83
<i>Health and Social Service</i>	106.5	111.1	-	217.6	0.11	151.1	6.4	57.4	214.9	0.13
<i>Transport Storage and Communication</i>	2,450.7	57,231.7	5,088.9	64,771.3	32.30	2,151.5	62,949.4	2,136.4	67,237.3	39.88
<i>o/w communication</i>	2,073.2	59,598.4	3,383.2	65,054.8	32.44	1,873.5	62,974.0	2,134.6	66,982.1	39.77
<i>Other service</i>	4,940.1	358.4	604.7	5,903.2	2.94	4,264.7	167.5	3,533.5	7,965.7	4.72
Total	76850.3	107392.0	16305.1	200547.4	100.0	58,123.5	98,657.6	11,829.9	168,611.0	100.0

Source: Field Survey

Appendix V
Country-wise FDI stock in Nepal
As of mid-July 2018

Rs. Million

S.N	Countries	Paid Up	Reserves	Loans	Total	Share in Total (%)
1	West Indies	80.0	62,471.4	-	62,551.4	31.19
2	India	16,008.5	24,918.6	810.2	41,737.3	20.81
3	China	22,007.6	-5,093.8	9,899.0	26,812.8	13.37
4	Ireland	4,024.9	6,271.6	-	10,296.5	5.13
5	Singapore	3,916.4	3,541.8	222.4	7,680.6	3.83
6	Australia	4,260.8	2,883.7	-	7,144.5	3.56
7	Hong Kong-China	5,562.5	1,039.3	456.1	7,057.9	3.52
8	UAE	233.5	5,706.4	-	5,939.9	2.96
9	Bangladesh	3,328.6	1,500.9	-	4,829.5	2.41
10	USA	1,596.6	2,073.6	593.6	4,263.8	2.13
11	South Korea	4,687.3	-807.8	81.4	3,960.9	1.98
12	UK	2,208.6	1,687.9	0.1	3,896.6	1.94
13	Netherlands	2,267.7	1,012.0	-	3,279.7	1.64
14	Pakistan	1,625.9	1,204.9	-	2,830.8	1.41
15	Norway	693.5	1,462.4	241.5	2,397.4	1.20
16	Japan	1,230.1	-332.2	877.5	1,775.4	0.89
17	Mauritius	786	644.4	41.9	1,472.3	0.73
18	Bermuda	304.5	662.7	-	967.2	0.48
19	Malaysia	612.9	259.2	-	872.1	0.43
20	Cayman Islands	97	155	-	252	0.13
21	Switzerland	251.6	-3.6	-	248	0.12
22	Sri Lanka	230.7	-10.9	-	219.8	0.11
23	Thailand	23	132.2	-	155.2	0.08
24	Russia	165.6	-42.7	-	122.9	0.06
25	Sweden	56.3	-	-	56.3	0.03
26	Italy	66.2	-28.6	-	37.6	0.02
27	Brunei	122.7	-91.8	-	30.9	0.02
28	Turkey	17.6	4.3	-	21.9	0.01
29	New Zealand	14.2	5.8	-	20	0.01
30	Canada	17.3	-	-	17.3	0.01
31	Germany	18.9	-2	0.2	17.1	0.01
32	France	12	-	-	12	0.01
33	Samoa	45	-45.3	12.4	12.1	0.01
34	Denmark	6	-	-	6	0.00
35	Tajikistan	6	-	-	6	0.00
36	Belgium	4.5	-	-	4.5	0.00

S.N.	Countries	Paid Up	Reserves	Loan from DI	Total	Share in Total (%)
37	Cook Islands	6.8	-2.9	-	3.9	0.00
38	Spain	3	-	-	3	0.00
39	Belize	20.7	-19	-	1.7	0.00
40	Brazil	1.6	-	-	1.6	0.00
41	Taiwan	1.5	-	-	1.5	0.00
42	Kazakhstan	1.5	-	-	1.5	0.00
43	Israel	1.5	-	-	1.5	0.00
44	Philippines	1.5	-	-	1.5	0.00
45	Belarus	1.5	-	-	1.5	0.00
46	Cyprus	0.9	-	-	0.9	0.00
47	Bhutan	0.6	-	-	0.6	0.00
48	British Virgin Island	193.1	-539.5	133	-213.4	-0.11
49	Seychelles	25.6	-3,226.00	2,935.80	-264.6	-0.13
Total		76,850.3	107,392.0	16,305.1	200,547.4	100.00

Appendix VI
Country and Sector wise FDI stock in Nepal
As of mid-July 2018

Rs. Million

S.N	Countries	Agriculture	Industries	Services	Total
1	West Indies	-	-	62,551.4	62551.4
2	India	30.0	23,478.0	18,229.3	41737.3
3	China	-	25,242.1	1,570.7	26812.8
4	Ireland	-	-	10,296.5	10296.5
5	Singapore	-	7,595.1	85.5	7680.6
6	Australia	-	511.1	6,633.4	7144.5
7	Hong Kong-China	-	780.9	6,277.0	7057.9
8	UAE	-	5,932.7	7.2	5939.9
9	Bangladesh	-	-	4,829.5	4829.5
10	USA	3.3	1,003.5	3,257.0	4263.8
11	South Korea	12.0	3,822.1	126.8	3960.9
12	UK	3.1	472.5	3,421.0	3896.6
13	Netherlands	54.1	63.5	3,162.1	3279.7
14	Pakistan	-	3.0	2,827.8	2830.8
15	Norway	-	2,393.0	4.4	2397.4
16	Japan	6.6	367.0	1,401.8	1775.4
17	Mauritius	-	279.9	1,192.4	1472.3
18	Bermuda	-	967.2	-	967.2
19	Malaysia	-	-	872.1	872.1
20	Cayman Islands	-	252.0	-	252.0
21	Switzerland	0.1	124.3	123.6	248.0
22	Sri Lanka	-	17.6	202.2	219.8
23	Thailand	-	151.2	4.0	155.2
24	Russia	-	33.0	89.9	122.9
25	Sweden	-	1.5	54.8	56.3
26	Italy	-	3.4	34.2	37.6
27	Brunei	-	30.9	-	30.9
28	Turkey	-	-	21.9	21.9
29	New Zealand	-	-	20.0	20.0
30	Canada	6.0	-	11.3	17.3
31	Germany	-	1.5	15.6	17.1
32	France	-	3.0	9.0	12.0
33	Samoa	-	-	12.1	12.1
34	Denmark	-	-	6.0	6.0
35	Tajikistan	-	-	6.0	6.0
36	Belgium	3.0	-	1.5	4.5
37	Cook Islands	-	3.9	-	3.9

S.No	Countries	Agriculture	Manufacturing	Service	Outstanding FDI
38	Spain	-	-	3.0	3.0
39	Belize	-	-	1.7	1.7
40	Brazil	-	-	1.6	1.6
41	Taiwan	-	-	1.5	1.5
42	Kazakhstan	-	1.5	-	1.5
43	Israel	-	-	1.5	1.5
44	Philippines	-	-	1.5	1.5
45	Belarus	-	-	1.5	1.5
46	Cyprus	-	-	0.9	0.9
47	Bhutan	-	0.6	-	0.6
48	British Virgin Island	-	-	-213.4	-213.4
49	Seychelles	-	-	-264.6	-264.6
Total		118.2	73,536	126,893.2	200,547.4