

Survey Report on **Foreign Direct Investment in Nepal** (2023/24)



Nepal Rastra Bank
Economic Research Department
September 2025

Foreword

Nepal has recognized Foreign Direct Investment (FDI) as a catalyst for economic development-bridging the country's resource gap and facilitating the transfer of technology, managerial expertise, and organizational practices that are essential for long-term, sustainable growth. In line with this recognition, Nepal Rastra Bank (NRB) has been undertaking systematic efforts to monitor and assess the status of FDI in the country. Since 2012/13, NRB has been conducting periodic Foreign Direct Investment Surveys and disseminating the findings to stakeholders with the objective of fostering transparency, promoting research, and facilitating evidence-based policymaking.

The current edition of the survey is based on a representative sample of 504 enterprises out of 867 enterprises that obtained FDI approvals from NRB as of 2023/24. The survey results indicate that gross FDI inflows increased by 6.2 percent to Rs.8.5 billion, while the total stock of FDI grew by 12.7 percent to Rs.333 billion in 2023/24. Nepal has attracted investment from 60 countries, with the industrial sector accounting for 59.4 percent and the service sector 40.5 percent of the total FDI stock.

It is my sincere hope that this report will serve as a useful resource for policymakers, academia, and other concerned institutions and stakeholders. I would like to express my sincere appreciation to all respondent FDI enterprises and stakeholders for their valuable participation in this survey. I also extend my gratitude to the team of the Economic Research Department, including Director Mr. Madav Dangal, Acting Director Dr. Birendra Bahadur Budha, Deputy Director Ms. Sona Rana, and Assistant Director Mr. Deepak Parajuli, as well as the Balance of Payments Division team, for their dedicated efforts in designing and administering the survey, analyzing the data, and preparing this report. Likewise, I acknowledge the contribution of Mr. Ram Kumar Thapa for his support in formatting the questionnaire and the report.

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Executive Summary

1. Foreign Direct Investment (FDI) plays a vital role in driving structural transformation, enhancing productivity, and fostering inclusive and sustainable growth. Nepal began prioritizing inward FDI with the launch of its Sixth Five-Year Plan in FY 1980/81. Since 2012/13, Nepal Rastra Bank (NRB) has been conducting annual surveys of FDI enterprises to compile comprehensive data on FDI stock, disaggregated by source economies and economic activities.
2. The survey was conducted through a structured questionnaire administered to FDI-approved enterprises, with 243 responses from a sample of 504 enterprises, out of total of 867 active enterprises that had obtained approval from NRB as of 2023/24. Information collected was supplemented with financial statements of the surveyed firms. The results show that Nepal's FDI stock increased by 12.7 percent to Rs.333 billion in 2023/24, with paid-up capital accounting for 50.7 percent, reserves 36.7 percent, and loans 12.6 percent.
3. In sectoral term, electricity, gas, steam, and air conditioning sector stands the highest with 29.5 percent of total FDI stock, followed by the manufacturing sector with 29.3 percent. Both are included in the industrial sector which accounts for 59.4 percent of total FDI stock.
4. The service sector accounts for 40.5 percent of the total FDI stock, with financial and insurance services representing 24.4 percent. In addition, the information and communication sector constitutes 8.1 percent, while the accommodation and food services sector makes up 6.5 percent of the total FDI.
5. Nepal has received foreign investment from 60 different countries as of mid-July 2024. In terms of total FDI stock, India ranks top position (32.3 percent) followed by China (10.2 percent), Singapore (8.3 percent), Ireland (6.9 percent), and South Korea (6.1 percent).
6. As of mid-July 2024, the outstanding foreign loans (excluding direct loans from foreign direct investors) of FDI enterprises stood at Rs.59.9 billion. The enterprises in the hydropower sector have utilized most foreign loans as the outstanding loan of this sector stood at Rs.34.7 billion as of mid-July 2024.
7. The capacity utilization of surveyed FDI enterprises in manufacturing stands at 47.5 percent, whereas the profitability of surveyed FDI enterprises remains at 10.7 percent in 2023/24.

Chapter I: Introduction

Background

- 1.1. Direct Investment is defined as a category of cross-border investment associated with a resident in one economy (direct investor) having control or a significant degree of influence on management of an enterprise (direct investment enterprises) that is resident in another economy other than that of direct investor (OECD, 2008). Unlike portfolio investments, which are short-term and speculative in nature, FDI involves long-term participation and is often accompanied by the transfer of technology, skills, and expertise.
- 1.2. Nepal began emphasizing foreign investment with the introduction of its Sixth Five-Year Plan in Fiscal Year 1980/81 (National Planning Commission, 1980). In line with this strategic shift, the Foreign Investment and Technology Transfer Act (FITTA) was promulgated in 1981 to provide a legal foundation for regulating and facilitating foreign investment. This Act has undergone several revisions over the years to align with evolving global investment practices and the country's development priorities.
- 1.3. In recent decades, Nepal has undertaken a series of legal and institutional reforms aimed at improving the investment climate and attracting greater inflows of Foreign Direct Investment (FDI). These reforms are designed to enhance transparency, streamline administrative procedures, and ensure investor protection. Key legal and institutional frameworks guiding FDI in Nepal, along with recent reform initiatives, are outlined below:
 - a) Foreign Investment Policy, 2015,
 - b) Foreign Investment and Technology Transfer Act, 2019 (FITTA),
 - c) Public-Private Partnership and Investment Act, 2019,
 - d) Industrial Enterprises Act, 2020,
 - e) Special Economic Zone (SEZ) Act, 2016 (Amended in 2019)
 - f) Nepal Rastra Bank Foreign Investment and Foreign Loan Management By-law, 2021 (Third Amendment),
 - g) Institutional reforms such as the establishment of One Stop Service Center to streamline approval, registration, and licensing processes for foreign investors, automatic route for foreign investment for seven industrial sectors for investment ceiling of up to NPR 500 million
 - h) Waiver of minimum threshold of NPR 20 million for foreign investment in IT sector.
- 1.4. While assessing aggregate trends in Foreign Direct Investment (FDI) is essential, a deeper understanding of the origin countries, recipient sectors, and forms of investment holds significant value for policymakers. This level of detail supports the

design of targeted investment promotion measures and the development of policies tailored to specific sectors. Equally vital is the classification of FDI into components such as equity capital, reinvested earnings, and intra-company loans, which helps illustrate the evolving structure of the national economy.

1.5. To meet this information need, the Nepal Rastra Bank (NRB) conducts an annual survey of FDI enterprises to gather data on the actual inflows of foreign investment realized during a given fiscal year. These survey findings provide updates to the existing FDI stock and serve as a complement to the administrative records maintained by approving institutions. Moreover, the collected data play an integral role in compiling the liabilities component of Nepal's International Investment Position (IIP) and enhancing the reliability and comprehensiveness of the country's financial statistics in accordance with international best practices.

Objectives

1.6. The specific objectives of the survey are:

- To update and compile the FDI stock of Nepal by counterpart economies and economic activities, and
- To compile the liabilities component (particularly FDI stock) of the International Investment Position (IIP) statement of Nepal.

Methodology

1.7. This survey was conducted primarily through structured questionnaire among enterprises¹ that have obtained approval from NRB to bring in FDI.

1.8. As of mid-July 2023, a total of 754 enterprises had obtained approval for FDI and reported active status. In addition, 113 enterprises recorded FDI inflows in 2023/24, bringing the total number of enterprises considered for the survey to 867. From this pool, a sample of 504 enterprises was administered questionnaires. For the purpose of the survey, the 754 previously surveyed enterprises were categorized into three groups based on their capital size as of mid-July 2022 (Table 1). In the case of newly included enterprises, classification was carried out based on the size of actual FDI inflows.

¹ The list published by Department of Industry shows a larger number of enterprises registered for foreign investment but a considerable number of such registered enterprises have not brought in FDI during the time frame of this survey.

Table 1: Number of Survey Respondents

Group	Criteria (Size of Capital)	Number of Enterprises		
		Total	Number of Respondents	Share (%)
Large	$\geq 500,000,000$	65	55	84.6
Medium	$< 500,000,000$ & $\geq 150,000,000$	53	34	64.2
Small	$< 150,000,000$	749	154	20.6
Total		867	243	-

- 1.9. The survey was conducted across the three groups. In total, 243 enterprises responded to the survey (Table 1). As such, the survey covered 84.6 percent of large-size enterprises, 64.2 percent of medium-size enterprises, and 20.6 percent of small-size firms.
- 1.10. The FDI stock is valued using the company's value in the statement of financial position as shareholder's equity and debt from as well as payables (except trade credits) to foreign direct investors.
- 1.11. This survey was administered by email using electronic fillable forms and facilitated by enterprise visits. In addition, the respondents were required to submit financial statements for verification of data and information collected.
- 1.12. To prepare the report of this survey, data and information from published reports of various government and non-government agencies, as well as international organizations have been utilized. Meanwhile, the data collected from this survey has been analyzed descriptively.

FDI Compilation Method

- 1.13. Organization for Economic Cooperation and Development (OECD, 2008) disaggregates FDI stock or position into equity and debt. 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 loans² and borrowings, and debt from foreign direct investors.

1.14. This survey distinguished the equity portion of FDI stock under paid-up capital and reserves headings, and the debt portion of FDI stock under loans heading³ and disaggregated FDI stock by major industry sectors based on International Standard Industrial Classification (ISIC).

1.15. The final FDI stock reported in this survey consists of two parts: aggregation of FDI stock as reported by the surveyed enterprises and estimation of FDI stock for other non-surveyed enterprises. The estimation was made based on the ratio derived from the FDI stock value reported by surveyed enterprises with respect to their approved amount for investment:

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

where n is the number of surveyed enterprises, r_i is the ratio of realized capital to approved capital of an individual enterprise covered by the survey, and x is the average ratio of realized capital to approved capital. FDI stock was estimated by multiplying this ratio with the approved FDI amount.

Limitations

1.16. This survey is solely based on the list of industries that have taken FDI approvals from NRB which differs in number from those registered in the Department of Industry (DOI).

1.17. The survey report is limited to descriptive analysis of FDI statistics only.

² The procedure for taking approval to obtain foreign loan by any Nepalese individual, firm, company, bank and financial institutions or other associations has been clarified by Nepal Rastra Bank Foreign Investment and Foreign Loan Management by-law, 2021 (Third Amendment).

³ Other capital (share application money, share premium) as well as payables (except trade credits) attributed to foreign direct investors are also accounted under this heading.

Chapter II: Trend of Foreign Direct Investment

Global and Regional Trends in FDI Flows

- 2.1. The World Investment Report 2025 published by UNCTAD shows that global FDI flows increased 3.7 percent to USD 1508.8 billion in 2024 from USD 1455 billion in 2023.
- 2.2. FDI in developed economies increased 8.8 percent to USD 641.6 billion in 2024 from USD 589.6 billion in 2023. Similarly, inflows to developing economies increased marginally 0.2 percent to USD 867.2 billion in 2024 from USD 865.4 billion in 2023.

Table 2: FDI Inflows by economy and region⁴

Year	(USD billion)						Percent Change
	2019	2020	2021	2022	2023	2024	2024
World	1,658.8	868.6	1,676.5	1,389.5	1,455.0	1,508.8	3.7
Developed economies	955.3	227.6	777.0	459.9	589.6	641.6	8.8
Developing economies	703.5	640.9	899.5	929.6	865.4	867.2	0.2
Asia	494.6	505.6	672.9	676.7	622.3	604.5	-2.9
China	141.2	149.3	181.0	189.1	163.3	116.2	-28.8
Singapore	98.1	71.6	131.0	142.1	135.1	143.4	6.1
Hong Kong-China	73.7	134.7	140.2	109.7	122.9	126.2	2.6
South Asia	58.1	70.0	51.4	55.6	34.6	34.6	-0.03

Source: UNCTAD (2025)

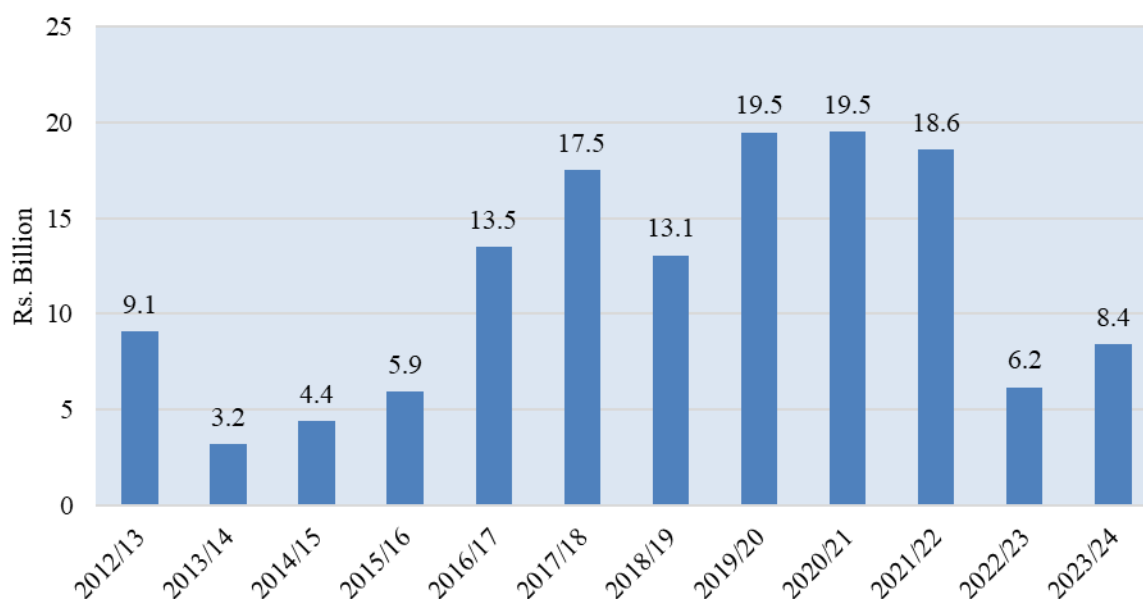
- 2.3. FDI inflows to Asia decreased 2.9 percent from USD 622.3 billion in 2023 to USD 604.5 billion in 2024. The region remains the largest recipient of FDI, accounting for 40.1 percent of global FDI. However, the inflows are highly concentrated among its largest recipients: Singapore (23.7 percent), Hong Kong-China (20.9 percent) and China (19.2 percent).
- 2.4. Following the global trend, FDI inflows to South Asia marginally decreased 0.03 percent to USD 34.56 billion in 2024 from USD 34.57 billion in 2023. India, the dominant recipient in the sub region, accounting for the vast majority of inflows FDI in India, decreased 43.1 percent with inflows of USD 27.6 billion in 2024. The trend of FDI inflows to the sub-region is presented in Appendix I.

⁴ FDI Data may differ from previous report as data are continuously updated by relevant national authorities.

FDI Inflows to Nepal

- 2.5. In line with the global trend, gross FDI inflows increased 6.2 percent to Rs.8.5 billion in 2023/24. The divestment of foreign investment (repatriation of investment) during 2023/24 remained at Rs.73.9 million which is around 0.9 percent of gross FDI inflows (NRB, 2024a).
- 2.6. Net FDI inflows to Nepal increased 36.1 percent to Rs.8.4 billion in 2023/24 (Figure 1).

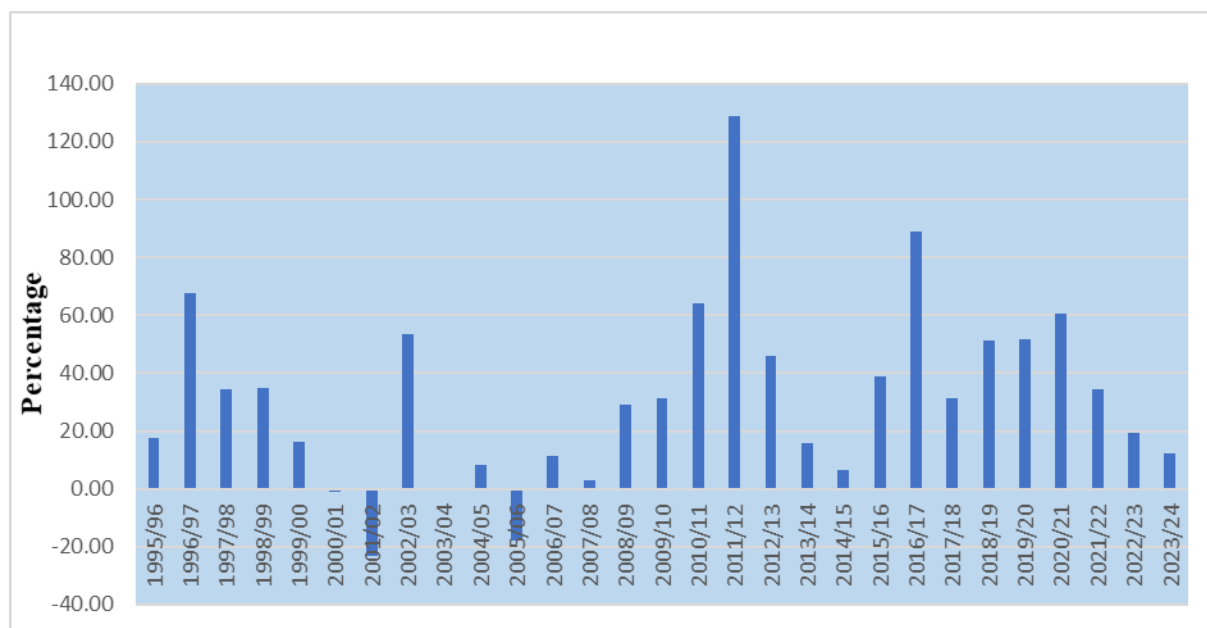
Figure 1: Net FDI Inflows



Source: NRB (2024a).

- 2.7. A considerable discrepancy exists between approved Foreign Direct Investment (FDI) and the actual net FDI inflows received by Nepal. Figure 2 highlights this divergence over time, showing the gap between FDI commitments and realized investments. Between fiscal years 1995/96 and 2023/24, actual net FDI inflows amounted to only about 31.9 percent of the total approved FDI (see Appendix II). This gap arises from several factors. Firstly, FDI approval represents the intended or committed investment, which may not necessarily materialize in full. Secondly, there are often significant time lags between approval and the actual inflow of capital. Additionally, investments in sectors with longer gestation periods may be realized incrementally over multiple years. These factors collectively contribute to the observed discrepancy between approved FDI and actual net inflows.

Figure 2: Actual Net FDI Inflow as percentage of Approved FDI



Source: DOI (2025), and NRB (2024a).

Dividend Repatriation

2.8. In 2023/24, FDI enterprises repatriated dividends worth Rs.12.6 billion. The manufacturing sector received the highest approval for dividend repatriation, followed by the financial and insurance services sector. (Table 3).

Table 3: Dividend Repatriation

(Rs. million)

	Sectors	2020/21	2021/22	2022/23	2023/24
1	Agriculture, Forestry and Fishing	-	3	-	3
2	Construction	-	52.2	-	24.3
3	Electricity, gas, steam, and air conditioning	3,816.2	1,678.1	130.1	372.2
4	Manufacturing	6,747.7	7,315.5	8,847.6	8,967.9
5	Mining and Quarrying	-	-	-	-
6	Accommodation and food services	-	1.9	22.8	48.9
7	Education	303	-	-	-
8	Financial and Insurance Services	868.3	1,089.3	3,500	2,997.6
9	Human Health and Social Work	-	-	2.8	8.9
10	Information and Communication	13,984.1	5,402.8	3,673.5	14.5
11	Transport and Storage	-	25.7	42.9	6.7
12	Other	357.3	106.6	1,115	135.4
	Total	26,076.6	15,675.2	17,334.7	12,579.4

Source: Approval provided for dividend repatriation by NRB up to FY 2023/24.

Chapter III: Foreign Direct Investment in Nepal: Survey Results

- 3.1. This chapter summarizes the results of the survey related to FDI stock in Nepal as of mid-July 2024. The comparison across the previous survey reports needs to consider the change in coverage due to the addition and removal of FDI enterprises.

FDI Stock

- 3.2. The stock of FDI has increased by 12.7 percent during 2023/24 and stood at Rs.333 billion as of mid-July 2024 (Table 4). The paid-up capital, reserves, and loans have increased 8.2 percent, 22.7 percent, and 5 percent respectively.

Table 4: FDI Stock

(Rs. Million)

S.N.	Components	As of Mid-July					Percent Change	
		2020	2021	2022	2023	2024	2022/23	2023/24
1	Paid-up Capital	108,072.3	122,885.5	141,962.5	155,909.6	168,755.7	9.8	8.2
2	Reserves	67,071.9	71,982.1	83,786.1	99,662.4	122,275.5	18.9	22.7
3	Loans	23,376.6	33,079.3	38,581.0	39,924.6	41,939.7	3.5	5
	Total FDI stock	198,520.8	227,946.9	264,329.5	295,496.6	332,970.9	11.8	12.7

Source: Survey Estimates

- 3.3. In 2023/24, paid-up capital is the major component in FDI stock accounting for 50.7 percent of total FDI stock (Table 5). The share of reserves and loans in total FDI stock stood at 36.7 percent and 12.6 percent respectively. In 2022/23, paid-up capital, reserves, and loans accounted for 52.8 percent, 33.7 percent, and 13.5 percent of total FDI stock respectively.

Table 5: FDI Stock by Components (Share in Total)

S.N.	Components	As of Mid-July				
		2020	2021	2022	2023	2024
1.	Paid-up Capital	54.4	53.9	53.7	52.8	50.7
2.	Reserves	33.8	31.6	31.7	33.7	36.7
3.	Loans	11.8	14.5	14.6	13.5	12.6
	Total FDI stock	100.0	100.0	100.0	100.0	100.0

Source: Survey Estimates.

FDI Stock by Sectors

- 3.4. Of the total FDI stock, the electricity, gas, steam, and air conditioning sector holds the highest share (29.5 percent), followed by the manufacturing sector (29.3 percent), and the financial and insurance services sector (24.4 percent) (Table 6).
- 3.5. The industrial sector accounts for 59.4 percent of total FDI stock (Appendix III). It includes electricity, gas, steam, and air conditioning sector and manufacturing sector (the top two highest sectors discussed above) along with the construction sector and the mining and quarrying sectors, the latter two sectors with minimal FDI stock.

Table 6: FDI Stock by Major Sectors⁵

Rs. million)

S.N.	Sectors	As of Mid-July				Percent change (%)	
		2022	2023	2024		2022/23	2023/24
				Amount	Share in Total (%)		
1.	Electricity, gas, steam and air conditioning	86,852.6	88,611.8	98,337.3	29.5	2	11
2.	Manufacturing	77,928.7	86,774.6	97,566.4	29.3	11.4	12.4
3.	Financial and Insurance Services	67,780.5	76,752.2	81,395.4	24.4	13.2	6.0
4.	Accommodation and food services	13,884.1	18,546.2	26,907.3	8.1	33.6	36.3
5.	Information and Communication	12,733.0	19,741.4	21,729.7	6.5	55.0	17.2
6.	Education	2,074.7	1,697.2	1,794.3	0.5	-18.2	5.7
7.	Human Health and Social Work	735.4	1,077.6	1,187.4	0.4	46.5	10.2
8.	Construction	623.3	855.7	1,426.3	0.4	37.3	66.7
9.	Agriculture, Forestry and Fishing	267.9	302.6	288.7	0.1	12.9	-4.6
10.	Mining and Quarrying	36.1	83.5	532.4	0.2	131.1	537.9
11.	Transport and Storage	-7,678.8	-7,840.1	- 7,597.1	- 2.3	2.1	-3.1
12.	Other	9,092.1	8,894.0	9,402.7	2.8	-2.2	5.7
	Total	264,329.5	295,496.6	332,970.9	100.0	11.8	12.7

Source: Survey Estimates.

- 3.6. The service sector accounts for 40.5 percent of the total FDI stock, with financial and insurance services representing 24.4 percent. In addition, the information and communication sector constitutes 8.1 percent, while the accommodation and food services sector makes up 6.5 percent of the total FDI.

⁵ The classification of major sectors is based on International Standard Industrial Classification, Fourth Revision (ISIC Rev. 4).

FDI Stock by Countries

- 3.7. As of mid-July 2024, Nepal has received foreign investment from 60 different countries as of mid-July 2024. In terms of total FDI stock, India ranks top position with share of 32.3 percent in total FDI stock followed by China 10.2 percent, Singapore 8.3 percent, Ireland 7 percent and South Korea 6.1 percent (Table 7).
- 3.8. In terms of paid-up capital, India ranked top position with Rs.55.6 billion followed by China (Rs.29.8 billion), South Korea (Rs.17.4 billion), and Ireland (Rs.10.7 billion).

Table 7: FDI Stock by Major Countries

(Rs. million)

S. N.	Country	As of Mid-July 2024				Share in Total FDI Stock (%)
		Paid-up Capital	Reserves	Loan	FDI Stock	
1.	India	55,629.3	44,940.8	7,065.4	107,635.4	32.3
2.	China	29,767.8	-11,175.8	15,230.6	33,822.6	10.2
3.	Singapore	7,958.3	19,176.7	529.0	27,664.0	8.3
4.	Ireland	10,681.6	12,465.4	-	23,147.0	7
5.	South Korea	17,421.8	-1,728.5	4,494.4	20,187.7	6.1
6.	Australia	10,428.5	9,106.4	177.3	19,712.3	5.9
7.	West Indies	80.0	14,676.6	1.1	14,757.7	4.4
8.	United States of America	4,226.7	5,427.5	4,173.4	13,827.5	4.2
9.	Isle of Man	77.9	11,330.3	-	11,408.2	3.4
10.	Hong Kong	6,728.2	-119.1	4,426.7	11,035.8	3.3
11.	Others	25,616.6	17,927.2	6,228.8	49,772.6	14.9
	Total	168,616.6	122,027.7	42,326.6	332,970.9	-

Source: Survey Estimates.

- 3.9. The majority of India's FDI stock is concentrated in three sectors – manufacturing (38.6 percent), electricity, gas, steam, and air conditioning (33.6 percent), and financial and insurance services (18.6 percent). In terms of paid-up capital, the investment in electricity, gas, steam, and air conditioning 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 India's FDI Stock (%)
Manufacturing	7,301.3	31,457.1	2,759.8	41,518.2	38.6
Electricity, gas, steam and air conditioning	34,554.4	664.5	952.4	36,171.3	33.6
Financial and Insurance Services	9,591.5	10,412.1	47.8	20,051.3	18.6
Accommodation and food services	2,492.5	3,099.2	1,021.5	6,613.2	6.1
Others	1,689.6	- 692.1	2284	3,281.4	3
Total	55,622.3	44,940.8	7,065.4	107,635.4	100

Source: Survey Estimates.

3.10. China's FDI stock is mostly concentrated in electricity, gas, steam, and air conditioning (85.9 percent), followed by the manufacturing sector (33.9 percent) (Table 9).

Table 9: FDI Stock by Major Sectors (China)

(Rs. million)

Component	Paid-up Capital	Reserves	Loan	FDI Stock	Share in China's FDI Stock (%)
Electricity, gas, steam, and air conditioning	12,491	476.3	16,085.3	29,052.7	85.9
Manufacturing	13,428.4	- 2,349	389.9	11,469.4	33.9
Accommodation and food services	1,223.4	-14.2	25.4	1,234.6	3.7
Information and Communication	167.9	63.4	741.8	973.1	2.9
Others	2,457	- 9,352.3	- 2011.8	- 8,907.1	-26.3
Total	29,767.8	- 11,175.8	15,230.6	33,822.6	100

Source: Survey Estimates.

Province-wise FDI Stock⁶

3.11. Bagmati province constitutes the highest share of FDI stock (62 percent) whereas Lumbini and Karnali Province account for less than 1 percent of total FDI stock (Table 10).

⁶ Province-wise FDI are classified based on location of projects, production units and head offices.

Table 10: Province-wise FDI Stock

(Rs. million)

Province	FDI Stock	Share in Total (%)
Koshi	44,878.3	13.5
Madhesh	20,145.4	6.1
Bagmati ⁷	206,569.6	62
Gandaki	43,756	13.1
Lumbini	2,983.6	0.9
Karnali	777.1	0.2
Sudur Paschim	13,860.9	4.2
Total	332,970.9	100

Source: Survey Estimates

Foreign Loans

3.12. As of mid-July 2024, the outstanding foreign loans (excluding direct loans from foreign direct investors) of FDI enterprises stood at Rs.59.9 billion. Such loans were Rs.60.3 billion a year ago (Table 11). The enterprises in the hydropower sector have utilized the most foreign loans as the outstanding loan of this sector stood at Rs.34.7 billion in mid-July 2024.

Table 11: Outstanding Foreign Loan of FDI Enterprises

(Rs. million)

Sectors	2021	2022	2023	2024
Electricity, gas, steam and air conditioning	20,427.3	28,428.4	29,264.4	34,700.9
Manufacturing	10,265.8	16,077.8	17,044.4	18,332.4
Accommodation and food services	139.4	140.2	-	-
Financial and Insurance Services	7,508.5	22,034.4	11,915.6	4,754
Information and Communication	530.6	2.9	-	-
Transport and Storage	1,866.4	1,998.5	2,055.6	2,089.8
Other	-	-	-	-
Total	40,737.9	68,682.3	60,280.1	59,877.1

Source: Survey Estimates.

⁷ FDI enterprises under service sector along with BFIs having corporate and head offices in Bagmati province are included in Bagmati Province.

Capacity Utilization

3.13. The survey also captures the capacity utilization of FDI enterprises in manufacturing sector. The capacity utilization of surveyed enterprises stood at 47.5 percent on average⁸ during 2023/24.

Sales from Operation and Profitability

3.14. The survey also includes data on sales from the operation of FDI enterprises. The total sales of surveyed enterprises during 2023/24 increased 5.3 percent to Rs. 474 billion from Rs. 450.2 billion a year ago. Similarly, the average⁹ return on equity (ROE) of surveyed FDI enterprises stood at about 11.4 percent for 2023/24, which was around 11.6 percent a year ago.

⁸ Weighted average of capacity utilization is calculated by taking weights based on sales of individual enterprises compared to the total sales of surveyed enterprises.

⁹ Weighted average of ROE is calculated by taking weights based on equity of individual enterprises compared to the total equity of surveyed enterprises.

Chapter IV: International Investment Position of Nepal

- 4.1. The international investment position (IIP) is the statistical statement that shows the value and composition of financial assets of residents at a point in time which are claims on non-residents and liabilities of residents of an economy to non-residents.¹⁰
- 4.2. As of mid-July 2024, the foreign assets increased 34.8 percent to Rs. 2230.2 billion compared to an increase of 24.3 percent in the previous year. The foreign liabilities increased 5.1 percent to Rs. 1924.4 billion compared to an increase of 14.3 percent in the previous year (Table 12). Consequently, net IIP remained positive of Rs.305.8 billion in 2023/24 against negative of Rs.177.0 billion in the previous year.

Table 12: Foreign Assets and Liabilities of Nepal

(Rs. million)

Description	As of Mid-July			Percent Change	
	2022 ^R	2023 ^R	2024 ^R	2022/23	2023/24
Assets	1,330,654.4	1,654,496.9	2,230,194.9	24.3	34.8
Liabilities	1,601,991.7	1,831,512.4	1,924,352	14.3	5.1
o/w Direct Investment	264,329.5	295,496.6	332,970.9	11.8	12.7
Net International Investment Position (IIP)	-271,337.2	-177,015.6	305,842.9	-	-

Source: NRB (2025a).

- 4.3. The foreign assets are comprised of direct investment, portfolio investment, official reserve assets, and other investments, which include other equity, currency and deposits, loans, trade credit and advances, and other account receivables. Official reserve assets constitute the highest share of foreign assets (87.8 percent) followed by other account receivables (5.8 percent) and trade credit and advances (2.9 percent) (Appendix VI).
- 4.4. As of mid-July 2024, the official reserve assets increased 35.9 percent to Rs.1957.7 billion compared to increase of 25.8 percent in the previous year. Other account receivables increased 4.1 percent while currency and deposits under foreign assets decreased 10 percent in the review year (Appendix VI).
- 4.5. The foreign liabilities cover direct investment, portfolio investment, and other investments, which include other equity, currency and deposits, loans, trade credit

¹⁰ This definition is based on Balance of Payments and International Investment Position Manual, sixth edition (IMF, 2009).

and advances, other account payables, and special drawing rights. Loans constitute the highest share of foreign liabilities (71.9 percent) followed by direct investment (17.3 percent) and trade credit and advances (4.9 percent) (Appendix VI).

- 4.6. As of mid-July 2024, foreign loan liabilities increased 6.9 percent to Rs.1384.2 billion compared to an increase of 15.2 percent in the previous year. Direct investment and trade credit and advances under foreign liabilities increased 12.7 percent and 27 percent respectively in the review year (Appendix VI).

Chapter V: Summary and Conclusion

- 5.1. Foreign Direct Investment (FDI) continues to play a critical role in Nepal's economic development, serving as a bridge to close the investment gap, introducing new technology and managerial practices, and facilitating the country's integration into global value chains. The findings of this survey reaffirm the importance of sustained policy commitment to foster a conducive investment environment.
- 5.2. The 2023/24 FDI Survey, based on responses from 243 enterprises drawn from a sample of 504 out of 867 active FDI-approved firms, reveals notable growth in both FDI inflows and stock. Gross inflows rose by 6.2 percent to Rs.8.5 billion, while the total FDI stock increased by 12.7 percent to Rs.333 billion. Paid-up capital remains the largest component of FDI stock, followed by reserves and loans. Sectoral distribution highlights the predominance of the industrial sector, particularly hydropower and manufacturing, while service sector led by financial services, information and communication, and accommodation and food services account for a significant share.
- 5.3. The country has received investment from 60 economies, with India, China, Singapore, Ireland, and South Korea ranking as the top five sources. This diversification reflects Nepal's growing attractiveness to a wider set of international investors. Survey findings also reveal that capacity utilization in the manufacturing sector is 47.5 percent, and overall profitability of FDI enterprises stands at 10.7 percent. In addition, outstanding foreign loans of FDI enterprises reached Rs.59.9 billion, with hydropower enterprises accounting for the majority of such borrowings.
- 5.4. In conclusion, while Nepal has made notable progress in attracting foreign investment, sustaining this momentum will require continued reforms to enhance the business climate, improve infrastructure, and strengthen regulatory frameworks. The insights from this survey are expected to support evidence-based policy design, informed investment promotion, and targeted sectoral strategies to ensure that FDI contributes more effectively to Nepal's long-term, sustainable, and inclusive economic growth.

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Appendix I : FDI Inflows in South Asia

(USD billion)

Year	2019	2020	2021	2022	2023	2024	% Change (2024)
South Asia	58.1	70.0	51.4	55.6	34	34.6	-38.8
Afghanistan	0.2	0.1	0.2				-
Bangladesh	1.9	1.5	1.6	1.5	1.5	1.3	-3.6
Bhutan	0.3	0.1	0.1	0.2	0.1	0.1	-6.7
India	50.6	64.1	44.8	49.4	28.1	27.6	-43.1
Maldives	1	0.4	0.6	0.7	0.8	0.9	4.8
Nepal	0.2	0.1	0.2	0.7	0.7	0.6	13.8
Pakistan	2.2	2.1	2.1	1.5	2	2.6	40.1
Sri Lanka	0.7	0.4	0.6	0.9	0.7	0.8	-19.3

Source: UNCTAD (2025).

Appendix II : Foreign Investment Approval and Realization in Nepal

(Rs. million)

Fiscal Year	Approved FDI*	Actual Net FDI Inflow**	Actual Net FDI Inflow as a Percentage of Approved FDI
1995/96	2,219.9	388	17.5
1996/97	2,395.5	1,621	67.7
1997/98	2,000.3	685	34.2
1998/99	1,666.4	578	34.7
1999/00	1,417.6	233	16.4
2000/01	3,002.6	-33	-1.1
2001/02	1,209.7	-282.3	-23.3
2002/03	1,793.8	961.4	53.6
2003/04	2,764.8	-	-
2004/05	1,635.8	136	8.3
2005/06	2,606.3	-469.7	-18
2006/07	3,186	362.3	11.4
2007/08	9,812.6	293.9	3.0
2008/09	6,255.1	1,829.2	29.2
2009/10	9,100	2,852	31.3
2010/11	10,053.2	6,437.1	64
2011/12	7,138.3	9,195.4	128.8
2012/13	19,818.7	9,081.9	45.8
2013/14	20,132.4	3,194.6	15.9
2014/15	67,455	4,382.6	6.5
2015/16	15,254.3	5,920.9	38.8
2016/17	15,206.5	13,503.9	88.8
2017/18	55,760.5	17,504.6	31.4
2018/19	25,484.4	13,065.2	51.3
2019/20	37,805.8	19,478.7	51.5
2020/21	32,172.8	19,512.7	60.6
2021/22	54,158.9	18,560.3	34.3
2022/23	30,699.4	6,170.5	20.1
2023/24	69,833.6	8,400.7	12.0
Total	512,040.2	163,564	31.9

Source: *DOI (2025).

**NRB (2024a).

Appendix III : Sector-wise Stock of FDI

(Rs. million)

Sectors	Mid-July 2023					Mid-July 2024				
	Paid-up	Reserves	Loan	Total	Share in Total FDI (%)	Paid-up	Reserves	Loan	Total	Share in Total FDI (%)
1. Agriculture	289.1	-26	39.4	302.6	0.1	297.7	-27	18	288.7	0.1
<i>Agriculture, Forestry and Fishing</i>	289.1	-26	39.4	302.6	0.1	297.7	-27	18		-
2. Industry	92,603.4	59,275.3	24,446.8	176,325.6	59.7	100,205.6	67,475.8	30,181.1	197,862.5	59.4
<i>Construction</i>	785.6	38.9	31.2	855.7	0.3	1,137.3	263.6	25.3	1,426.3	0.4
<i>Electricity, gas, steam and air conditioning</i>	66,603.1	663.1	21,345.6	88,611.8	30	70,687	1,673.7	25,976.6	98,337.3	29.5
<i>Manufacturing</i>	25,061	58,643.6	3,070	86,774.6	29.4	27,797.4	65,589.9	4,179.2	97,566.4	29.3
<i>Mining and Quarrying</i>	153.8	-70.3	-	83.5	0.03	583.8	-51.3	-	532.4	0.16
3. Services	63,017	40,413.1	15,438.4	118,868.5	40.2	68,252.4	54,826.7	11,740.6	134,819.7	40.5
<i>Accommodation and food services</i>	12,435.1	5,243	868.1	18,546.2	6.3	14,009.4	5,941.9	1,778.4	21,729.7	6.5
<i>Education</i>	1,045.9	63	588.3	1,697.2	0.6	1,152.4	53.6	588.3	1,794.3	0.5
<i>Financial and Insurance Services</i>	35,649.8	35,588.6	5,513.7	76,752.2	26	36,941.4	42,965.5	1,488.4	81,395.4	24.4
<i>Human Health and Social Work</i>	1,023.8	-182.1	236	1,077.6	0.4	1,302.1	-435.8	321.1	1,187.4	0.4
<i>Information and Communication</i>	2,804.5	9,270.9	7,666.1	19,741.4	6.7	3,075.6	16,397.2	7,434.4	26,907.3	8.1
<i>Transport and Storage</i>	1,118.5	-9,199.9	241.4	-7,840.1	-2.7	10,004.2	- 611.5	10	9,402.7	2.8
<i>Other service</i>	8,939.5	-370.3	324.9	8,894	3	1,767.1	-9,484.2	119.9	-7,597.1	- 2.3
Total	155,909.6	99,662.4	39,924.6	295,496.6	100	168,755.7	122,275.5	41,939.7	332,970.9	100.0

Source: Survey Estimates.

Appendix IV : Country-wise FDI stock in Nepal

(Rs. million)

S.N.	Countries	Paid Up	Reserves	Loans	Total	Share in Total (%)
1	India	55,629.3	44,940.8	7,065.4	107,635.4	32.3
2	China	29,767.8	- 11,175.8	15,230.6	33,822.6	10.2
3	Singapore	7,958.3	19,176.7	529	27,664	8.3
4	Ireland	10,681.6	12,465.4	-	23,147	7.0
5	South Korea	17,421.8	-1,728.5	4,494.4	20,187.7	6.1
6	Australia	10,428.5	9,106.4	177.3	19,712.3	5.9
7	United States of America	5,173.1	6,817.6	5,583.5	17,574.2	5.3
8	West Indies	80	14,676.6	1.1	14,757.7	4.4
9	Isle of Man	77.9	11,330.3	-	11,408.2	3.4
10	Hong Kong	6,728.2	-119.1	4,426.7	11,035.8	3.3
11	United Kingdom	3,033.1	3,334.1	82.4	6,449.6	1.9
12	Netherlands	3,231.8	2,760.2	75.6	6,067.6	1.8
13	Bangladesh	2,146.7	2,493.4	-	4,640.2	1.4
14	Mauritius	2,298.5	-249.6	2,543.3	4,592.2	1.4
15	Pakistan	2,807.5	1,548.2	-	4,355.7	1.3
16	Japan	2,852.2	-238	742.4	3,356.6	1.0
17	Bermuda	385.9	2,892.7	-	3,278.6	1.0
18	United Arab Emirates	1,154.9	1,743.4	259.7	3,158.1	0.9
19	Taiwan	1,407.3	289.4	803.8	2,500.5	0.8
20	Sri Lanka	1,259.2	330.4	59.9	1,649.5	0.5
21	Norway	598.8	885.8	32.2	1,516.8	0.5
22	Malaysia	816.5	453.5	8.5	1,278.5	0.4
23	British Virgin Island	571.8	2.4	126.1	700.4	0.2
24	Denmark	181.7	225.4	-	407	0.1
25	Cayman Islands	97	263.1	-	360.1	0.1
26	Switzerland	234.9	37.2	54.3	326.4	0.1
27	Italy	148.8	46.3	5	200.1	0.1
28	Canada	212.2	-47	6.1	171.3	0.1
29	Germany	126	-9.8	9.6	125.7	0.0
30	Sweden	110.1	3.9	-	114	0.0
31	Russia	153.9	- 46.6	-	107.3	0.0
32	Indonesia	98.1	-	-	98.1	0.0
33	Belgium	86.4	-13.2	-	73.2	0.0
34	Brunei	92.6	-28.6	5	69	0.0
35	France	58.4	-3.7	1.4	56.1	0.0
36	Turkey	44.8	7.8	0.7	53.3	0.0
37	Bahrain	53.2	-7.8	2.5	47.9	0.0
38	Malta	45	-	-	45	0.0
39	Bhutan	7.5	32.8	-	40.4	0.0
40	New Zealand	33.4	2.9	-	36.3	0.0
41	Poland	49.1	-20.8	0.2	28.5	0.0
42	Seychelles	25.6	-	-	25.6	0.0
43	Austria	23.2	-0.2	-	23.0	0.0
44	Tajikistan	14.6	-	-	14.6	0.0
45	Iraq	9.6	-	-	9.6	0.0
46	Mexico	6.9	-	-	6.9	0.0
47	Israel	6.3	-	-	6.3	0.0
48	Azerbaijan	5.2	-	-	5.2	0.0
49	Samoa	145	-139.9	-	5.1	0.0
50	Finland	5	-	-	5	0.0
51	South Africa	5	-	-	5	0.0
52	Kazakhstan	3.6	-	-	3.6	0.0
53	Philippines	3.6	-	-	3.6	0.0
54	Belarus	2.3	-	-	2.3	0.0
55	Slovakia	1.9	-	-	1.9	0.0
56	Belize	1.7	-	-	1.7	0.0
57	Spain	7.0	- 6.1	-	0.9	0.0
58	Brazil	1.6	-0.7	-	0.9	0.0
59	Cyprus	4.6	-4	-	0.7	0.0
60	Kuwait	0.4	-	-	0.4	0.0
Total		168,616.6	127,027.7	42,326.6	332,970.9	100.0

Source: Survey Estimates.

* FDI from International Finance Corporation (IFC) has also been included into United States of America

Appendix V :Country-wise and Sector-wise composition of FDI stock
(mid-July 2024)

(Rs. million)

S.N	Countries	Agriculture	Industry	Services	Total	Share in Total (%)
1	India	22	78,914.8	28,698.6	107,635.4	32.3
2	China	-	41,448.9	-7,626.3	33,822.6	10.2
3	Singapore	-	26,326.9	1,337.1	27,664	8.3
4	Ireland	-	-	23,147	23,147	7.0
5	South Korea	51.7	19,659.5	476.4	20,187.7	6.1
6	Australia	-3.9	950.8	18,765.4	19,712.3	5.9
7	United States of America	60	1,670	15,844.1	17,574.2	5.3
8	West Indies	-	-	14,757.7	14,757.7	4.4
9	Isle of Man	-	11,408.2	-	11,408.2	3.4
10	Hong Kong	-	2,797.1	8,238.7	11,035.8	3.3
11	United Kingdom	7.5	50.5	6,391.6	6,449.6	1.9
12	Netherlands	96.8	332.9	5,637.8	6,067.6	1.8
13	Bangladesh	-	-	4,640.2	4,640.2	1.4
14	Mauritius	-	3,967	625.2	4,592.2	1.4
15	Pakistan	-	7.3	4,348.4	4,355.7	1.3
16	Japan	24.6	849.3	2,482.7	3,356.6	1.0
17	Bermuda	-	3,278.6	-	3,278.6	1.0
18	United Arab Emirates	-	3,105.5	52.5	3,158.1	0.9
19	Taiwan	-	-	2,500.5	2,500.5	0.8
20	Sri Lanka	-	733.8	915.7	1,649.5	0.5
21	Others	30	1,312.6	4,635.1	5,997.6	1.8
	Total	288.7	196,813.8	135,868.3	332,970.9	-

Source: Survey Estimates.

Appendix VI : International Investment Position (IIP) of Nepal*
(mid-July 2024)

(Rs. million)

Description	2022 ^R	2023 ^R	2024 ^R	Share in Total (%)	Percent Change	
					2022/23	2023/24
Assets	1,330,654.4	1,654,496.9	2,230,194.9	100	24.3	34.8
Direct Investment	-	-		-	-	-
Portfolio Investment	-	-		-	-	-
Other Investments	185,975.1	214,353.7	272,498.4	12.2	15.3	27.1
<i>Other Equity</i>	12,809.3	12,495.8	13,409.5	0.6	- 2.4	7.3
<i>Currency and Deposits</i>	86,132.1	68,022.1	61,236.9	2.7	- 21	-10
<i>Loans</i>	1,024.4	1,568.4	2,873	0.1	53.1	83.2
<i>Trade credit and advances</i>	14,255.6	7,704.1	65,336.3	2.9	- 46	748.5
<i>Other Account Receivables</i>	71,753.8	124,563.4	129,612.8	5.8	73.6	4.1
Official Reserve Assets	1,144,679.3	1,440,143.2	1,957,696.5	87.8	25.8	35.9
Liabilities	1,601,991.7	1,831,512.4	1,924,352	100	14.3	5.1
Direct Investment**	264,329.5	295,496.6	332,970.9	17.3	11.8	12.7
Portfolio Investment	-	-		-	-	-
Other Investments	1,337,662.1	1,536,015.8	1,591,381.1	82.7	14.8	3.6
<i>Other Equity</i>	-	-		-	-	-
<i>Currency and Deposits</i>	58,217.3	72,858.8	73,859.6	3.8	25.1	1.4
<i>Loans</i>	1,124,347.6	1,295,346.4	1,384,205.2	71.9	15.2	6.9
<i>Trade credit and advances</i>	118,482.6	127,998.7	93,407.4	4.9	8	-27
<i>Other Account Payables</i>	53.6	905.4	1,150	0.1	-	-
<i>Special Drawing Rights</i>	36,561	38,906.6	38,758.9	2	6.4	- 0.4
Net IIP	-271,337.2	-177,015.6	305,842.9	-	-	-

Source: NRB (2024a).

* Based on residents and non-residents

**Direct Investment based on survey.

^R: Revised