



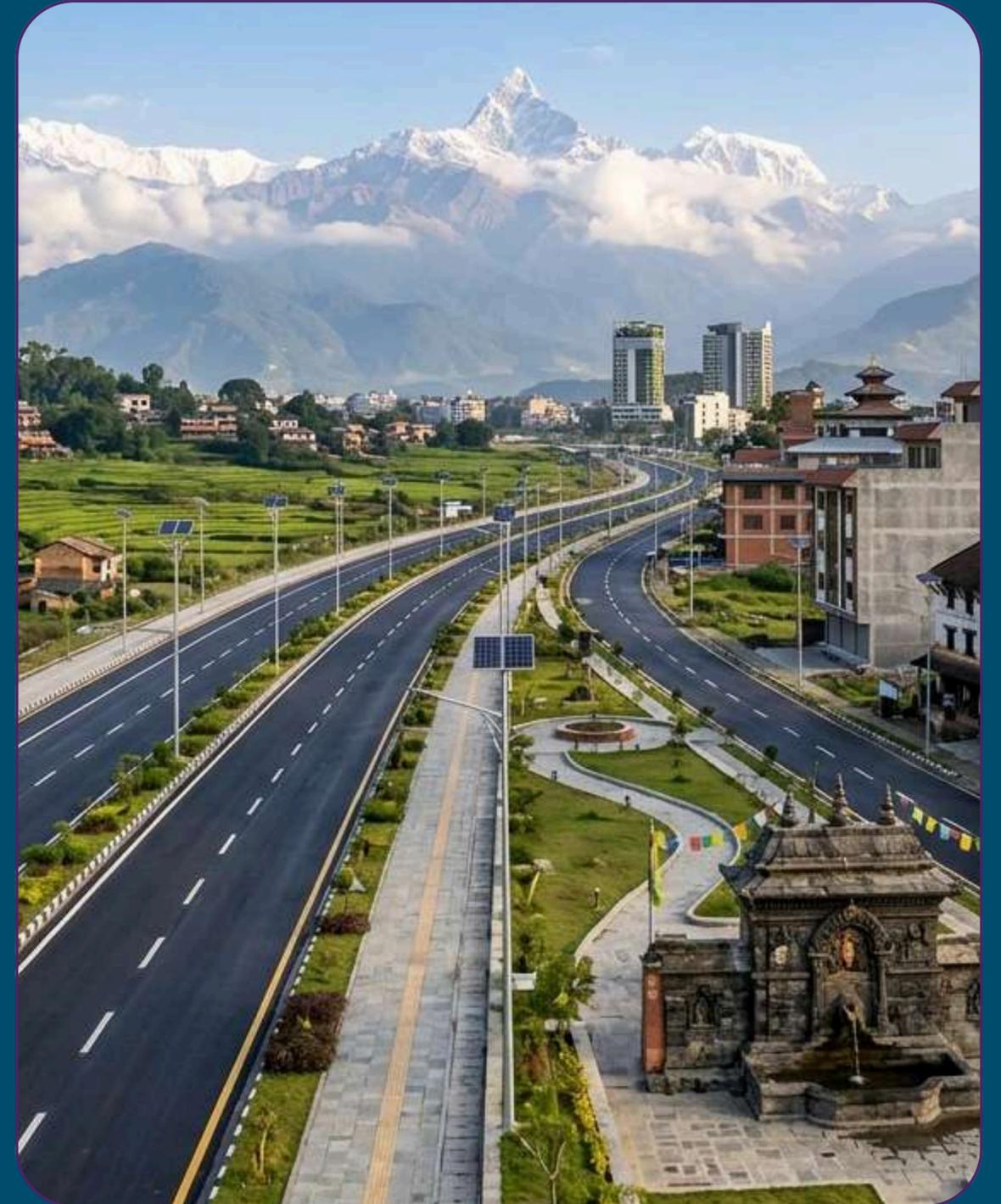
Automatic Route for Foreign Investment in Nepal

An Overview

Nepal's FDI Policy

Streamlining Foreign Investment for Growth

Nepal's economy is steadily growing and attracting foreign investment through favorable policies and diverse market opportunities. Nepal's foreign investment regime has evolved from a rigid manual approval system to a fully digital and open framework. Nepal has modernized its foreign investment framework over the past years, gradually lowering minimum thresholds and streamlining approvals. **The real milestone came on February 16, 2026:** the Nepal Gazette removed all FDI ceilings under the Automatic Route, unlocking unlimited investment across 102 business types and marking Nepal's full shift to a digital, open-ended investment regime.



Strategic Regulatory Shift: 2023 vs. 2026 Directives

1. Investment Ceiling

The 2026 Directive marks a transition from a capped model to unlimited capital mobility. The previous NPR 500 million ceiling for the Automatic Route has been abolished, eliminating the need for time-consuming manual approvals from the DOI or Investment Board. Foreign investors can now deploy 100% of their capital through streamlined, automated channels regardless of project size.

2. Sectoral Precision

While the 2023 framework introduced seven broad pillars, the 2026 update provides granularity and legal certainty. The scope has expanded from general categories to 102 specifically codified business types across Energy, Infrastructure, IT, Tourism, Agriculture, Service, and Manufacturing. This shift replaces "regulatory ambiguity" with a definitive whitelist, ensuring immediate eligibility for a wider range of modern industries.

Understanding the Automatic Route



Simplified Process

The Automatic Route simplifies the FDI approval process, enabling foreign investors to make direct investments without extensive bureaucratic delays.



No Prior Approval

Investors can proceed with their investments without seeking prior government approval, which accelerates the entry of foreign capital into the Nepali market.



Transparency

The policy promotes transparency by clearly outlining FDI regulations, fostering investor confidence and ensuring that foreign investments are conducted within a fair and predictable framework.

Eligible Industries



Energy & Infrastructure



Service oriented and IT



Agriculture and Tourism



Manufacturing Oriented

Energy and Infrastructure Industries



Energy Sector

- Production from wind, solar, natural oil/gas, and biomass.
- Manufacturing of energy-related machinery and equipment.
- Sugar industry co-products and energy feasibility studies.

Infrastructure Sector

- Assembly and convention centers.
- Export processing zones and cargo complexes.
- Wastewater treatment and film city/studio construction.

Service oriented and IT Industries



Service Oriented Sector

- Hospitals, nursing homes, polyclinics, and rehab centers.
- Mechanical workshops, printing services, and soil testing.
- Waste collection/recycling and veterinary services.
- International cargo business and existing infrastructure operations.
- Physical exercise, yoga, and meditation centers.

IT Sector

- Technology, IT, and Biotech Parks.
- Software development, data processing, and digital mapping.
- BPO and KPO services.
- Data centers, cloud computing, and web hosting.

Agriculture and Tourism Industries



Agriculture Sector

- Fruit, vegetable, tea, coffee, and herb processing.
- Animal feed production and silk/rubber processing, cotton processing, cold storage
- Wood-based industries (furniture, plywood, and parqueting).

Tourism Sector

- Motels, hotels, resorts, and restaurants.
- Healing centers and sports tourism.
- Entertainment and water parks.

Manufacturing oriented Industries



- Food & Beverage: Animal feed, meat processing, bakery products, and non-alcoholic beverages.
- Textiles: Garments, cloth manufacturing, and recycling.
- Consumer Goods: Household electronics, plastic goods, bags and toiletries.
- Construction Materials: Cement, iron rods, bricks, and tiles.
- Vehicles: Manufacturing of two wheelers and motor vehicles including components.
- Electrical: Production of lights, switches, meters, and various electrical cables/wires.
- Industrial: Chemical/organic fertilizers, lubricants, paper/pulp, and water purification.
- Medical: Manufacturing of medical, surgical, and orthopedic equipment.

For Further Consultation, Please contact:

NBSM & Associates

Chartered Accountants

Member of Moore Global

**6th Floor, Block C & D, Four Square Complex, Narayanchaur, Naxal,
Kathmandu, Nepal**

Mail : info@nbsm.com.np | URL : www.nbsm.com.np

Facebook Page : www.facebook.com/nbsm.global

Twitter: [@nbsm_nepal](https://twitter.com/nbsm_nepal) | Instagram : [nbsm.global](https://www.instagram.com/nbsm.global) |