

The Industrial Enterprises Act, 2076 (2020)

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Act No. 19 of the year 2076

An Act Made to Amend and Consolidate Prevailing Laws Relating to Industrial Enterprises

Preamble: Whereas, it is expedient to amend and consolidate the prevailing laws relating to industrial enterprises in order to build a dynamic and robust economy by making an easy, predictable and effective management of the industrial sector while focusing, respectively, on import substitutions and export promotions, through mobilization of the resources available in the country, to the maximum extent, to enhance the production of industrial goods or services and employment opportunities by making the industrial environment of the country investment friendly and competitive;

Now, therefore, be it enacted by the Federal Parliament.

Chapter-1

Preliminary

1. Short title and commencement: (1) This Act may be cited as the “Industrial Enterprises Act, 2076 (2020).”
 - (2) This Act shall come into force immediately..
2. Definitions: In this Act, unless the subject or the context otherwise requires,-
 - (a) “industry” means an industry referred to in section 17;

- (b) “industry registration body” means the Department, and this term includes the department or office of a Provincial Government responsible for the administration of industries;
- (c) “one stop service centre” means the one stop service centre referred to in section 37;
- (d) “transaction” means the production and distribution by an industry of goods or services as per its objectives and this term also includes other transaction relating to such production and distribution;
- (e) “fund” means the fund referred to in section 51;
- (f) “cottage industry” means an industry under clause (b) of sub-section (1) of section 17;
- (g) “large industry” means an industry under clause (e) of sub-section (1) of section 17;
- (h) “prescribed” or “as prescribed” means prescribed or as prescribed by the rules framed under this Act;
- (i) “export industry” means an industry, other than an energy industry, which exports more than at least forty percent of its production;
- (j) “Board” means the industrial and investment promotion board formed pursuant to section 20;
- (k) “intellectual property” means intellectual properties including patents, designs, trademarks, service marks, geographical indications and trade secrets, and this term

includes matters defined as copyrights by the prevailing law;

- (l) “medium industry” means an industry under clause (d) of subsection (1) of section 17;
- (m) “Ministry” means the Ministry of the Government of Nepal responsible for matters relating to industry;
- (n) “ national priority industry” means an industry under section 19;
- (o) “micro-industry” means an industry under clause (a) of subsection (1) of Section 17;
- (p) “Department” means the Department of Industries;
- (q) “small industry” means an industry under clause (c) of subsection (1) of section 17;
- (r) “fixed capital” means the property under section 18.

Chapter-2

Provisions Relating to Registration and Regulation of Industries

3. Industry to be registered: (1) No person shall establish or operate, or cause to be established or operated, an industry without registering it pursuant to this Act.

(2) Notwithstanding anything contained in sub-section (1), an industry which is in operation after being registered pursuant to the prevailing law on industrial enterprises at the time of commencement of this Act need not get it re-registered pursuant to this Act.

(3) An industry established as a branch industry prior to the commencement of this Act shall get it registered as a separate industry by fulfilling the procedures under this Act not later than one year of the commencement of this Act.

(4) If an industry intends to produce its products or any part thereof in any place different from its previous place or an industry and does not intend to get registered as a separate industry within the time-limit under subsection (3), it may establish and operate such branch industry as a unit industry.

(5) When establishing a unit under subsection (4), the procedures applicable for the establishment of a new industry, except for registration, under this Act shall be complied with.

(6) The concerned unit shall prepare records of the production and transaction made by the unit under subsection (4) and also send the records to the main office of the industry.

4. Provisions relating to registration of industries: (1) A person, firm or company that intends to establish any of the following industries under this Act shall make an application to the Department for registration in such a form and accompanied by such documents as prescribed:

- (a) an industry mentioned in Schedule-1 that requires permission;
- (b) an industry established with foreign investment;
- (c) an industry related to any matter set forth in Schedule-5 of the Constitution of Nepal;

- (d) an industry that falls under the jurisdiction of two or more Provinces;
- (e) an industry related to academic consultancy services on diplomatic affairs.

(2) The concerned Provincial Government shall carry out acts relating to the administration of industries including the registration, renewal and regulation of industries other than the industries under subsection (1).

Provided that permission shall be obtained in the case of an industry requiring permission.

(3) Notwithstanding anything contained in subsection (2), the Federation shall carry out acts relating to the administration of industries including the registration, renewal and regulation of the industries subject to registration, renewal and regulation by the Provincial Government until the concerned Provincial Government makes law on such industries.

(4) Notwithstanding anything contained in subsections (1) and (2), industries generating atomic energy, radio-active materials, and industries related to atomic energy and uranium-based energy shall be established and operated by the Government of Nepal only.

(5) The details or documents to be attached with an application to be made under subsection (1) may also be submitted through electronic means (online), and the relevant documents may be authenticated by a digital signature.

(6) If, when examining an application received under subsection (1), it appears that any required details and documents are not submitted, the industry registration body shall immediately inform the applicant to submit such details or documents within a maximum period of ninety days.

(7) If the applicant fails to submit the details or documents demanded under subsection (6) or it does not appear that the procedures under this Act or the rules framed under this Act are met, the industry registration body may, by setting out the reasons, reject the application for industry registration. If decision is made to reject, it shall give written information thereof, setting out the reasons, to the concerned applicant within five days after the decision.

(8) A person, firm or company that intends to establish an industry other than an industry mentioned in subsection (1) shall make an application to the industry registration body of the concerned Province for registration of the industry, accompanied by such details and documents as provided in the Provincial law.

5. Industry registration certificate to be given: (1) If, when examining the application received under section 4, it appears that necessary details or documents are submitted, the industry registration body shall register the industry applied for by the applicant and give the industry registration certificate in the prescribed form within five days of the receipt of such details or documents.

(2) When giving the industry registration certificate under subsection (1), the following details, among other things, shall be set out in the certificate:

- (a) the date of issue of the certificate;
- (b) the period for the commencement of commercial production or transaction;
- (c) the terms to be complied with by the industry;
- (d) such other terms as specified by the industry registration body by making a decision, according to the nature.

(3) Notwithstanding anything contained in subsection (1), in the case of a micro-industry, application may be made to the industry registration body for the registration of industry within one year after the date of operation of that industry.

6. Complaint:(1) If the industry registration body refuses to register the industry, the party who is not satisfied therewith may make a complaint to the Ministry, for a decision made by the Department, and to the Ministry of concerned Province responsible for industries, for a decision made by the industry registration body of the Province, within thirty days.

(2) The complaint hearing body shall make required examination of a complaint made under subsection (1) and make necessary decision on it within thirty days of the date of the making of the complaint.

(3) Other provisions relating to complaints shall be as prescribed.

7. Adverse effects on environment to be mitigated: (1) If an industry registered under section 5 is required to carry out environmental impact assessment or initial environmental examination under the prevailing law, it shall commence its establishment, operation, commercial production and transaction only after the approval of a report on such assessment or examination.

(2) Notwithstanding anything contained in subsection (1), environmental impact assessment or initial environmental examination shall also be carried out if so required under the prevailing law when an industry needs to increase its capital or capacity, add or change its objective, change its location or transfer it to another place.

(3) The concerned industry shall be responsible for mitigating adverse environmental effects caused or likely to be caused on the environment in the course of its operation.

(4) The industry registration body may, as required, monitor whether environmental effects are mitigated under this section and give a direction, take action or recommend the concerned body for action.

(5) An industry which is not required to carry out environmental impact assessment or initial environmental examination when making application for its registration, shall make a self-declaration, accompanied by the reasons and grounds for not requiring to carry out such assessment or examination, that it will take necessary measures to mitigate possible adverse effects on the environment from the establishment and operation of the industry.

8. Permission to be obtained: (1) Notwithstanding anything contained elsewhere in this Chapter, permission shall be obtained from the Board prior to registering any industry mentioned in Schedule-1.

Provided that permission shall be obtained from the Government of Nepal, Council of Ministers, prior to registering any industry mentioned in serial number 1 of that Schedule.

(2) A person who intends to register an industry requiring permission under subsection (1) shall make an application to the Board through the industry registration body in such a form and accompanied by such details as prescribed.

(3) If, when examining the application and relevant documents under subsection (2), it appears that the required details or documents are attached, the industry registration body shall submit the matter, along with its opinion, to the Board for decision within seven days.

(4) The Board shall decide to or not to give permission for the registration of industry with respect to the application received under subsection (2) within thirty days.

(5) When deciding to give permission under subsection (4), the Board may also specify necessary additional terms and criteria.

(6) If the Board decides to give permission under subsection (4), the Department shall provide a permit in the prescribed form, along with notice of the decision, to the concerned applicant within five days after the making of the decision.

(7) A person who obtains permit under subsection (6) shall apply to the industry registration body for the registration of industry within

the period mentioned in the permit. If no application is made within such specified period, such permit shall *ipso facto* become inoperative.

(8) If the Board decides not to give permission for the registration of industry under subsection (4), the industry registration body shall give notice thereof to the applicant within five days after the making of the decision.

(9) An applicant who obtains permit under subsection (6) shall not sell or dispose of the permit, transfer the right or change the ownership in it in any manner, prior to the commencement of operation, commercial production or transaction of the industry.

Provided that if any applicant dies prior to the commencement of operation, commercial production or transaction of the industry, nothing shall prevent his or her heir under the prevailing law from performing the remaining acts in the capacity of applicant.

9. Information of commencement of operation, commercial production or transaction of industry to be given: (1) An industry registered under this Act shall commence its operation, commercial production or transaction within the period mentioned in the industry registration certificate and shall give its information to the industry registration body within thirty days.

(2) If any industry fails to commence its operation or commercial production or transaction under subsection (1), the industry may make an application as prescribed, setting out the reasons, to the industry registration body for the extension of the period in advance of at least

thirty days of the expiration of the period mentioned in the industry registration certificate.

(3) If any industry fails to apply within the period under subsection (2), the industry may make an application, setting out the reasons and grounds, to the industry registration body for the extension of the period, within the period mentioned in the industry registration certificate or within six months after the date of expiration of that period, upon making payment of the delay fee as prescribed.

(4) Upon examination of the application received under subsection (2) or (3), the content appears reasonable, the industry registration body may extend, as prescribed, the period for the commencement of operation or commercial production or transaction of such industry, having regard to the progress of works including construction works to be done for the establishment, and the nature, of the industry.

Provided that if the period for the commencement of operation, commercial production or transaction of any industry needs to be extended for more than three times, the Board shall submit the matter, along with its opinion, to the Board for approval.

(5) If the period is extended under subsection (4), the concerned industry shall commence its operation, commercial production or transaction within that period.

(6) If the period for the commencement of operation, commercial production or transaction of any industry is not extended under subsection (4), written information thereof shall be given to the

concerned applicant within seven working days after the making of such decision.

(7) If the period for the commencement of operation, commercial production or transaction of any industry is not extended under subsection (4), the registration permit given to that industry is considered to be *ipso facto* inoperative.

10. Monitoring and inspection to be made: (1) The Ministry or industry registration body may, from time to time, monitor and inspect any industry whether it complies with this Act and the rules framed hereunder and the terms mentioned in the industry registration certificate.

(2) The employee or official deputed to monitor and inspect an industry under subsection (1) may, in the course of monitoring and inspection, enter the premises of the industry, collect audio-visual and other information and data as required, examine necessary documents and demand any other information or details.

Provided that where a matter of protection of an intellectual property right under the prevailing law is involved, requiring secrecy to be maintained, the prevailing law on intellectual property rights governs the matter.

(3) It shall be the duty of the concerned industry to provide such information or details demanded under subsection (2).

(4) If the information or details received under subsection (3) reveals any kind of problem with the operation of such an industry,

the industry registration body may consult and facilitate the concerned industry as required.

11. Approval to be obtained for change of location of industry: (1) If an industry registered for operation in a place needs to be shifted to another place for any reason, the industry shall make an application, setting out the reasons, to the industry registration body in such a form as prescribed.

Provided that approval of the Department is required to shift it from one Province to another.

(2) If an application is received under subsection (1), the industry registration body may give approval for the shifting of the industry on recommendation of the concerned Local Level where it is to be shifted. Information of such approval for the shifting of the industry shall also be given to the Ministry of the concerned Province responsible for industries and the Local Level.

(3) Other provisions relating to the shifting of location of industries shall be as prescribed.

12. Approval required to increase capital, capacity and add or change objectives of industry: (1) If any industry intends to increase its existing capital or capacity or add, change or alter its objectives, it shall make an application in such form as prescribed to the industry registration body for approval thereof.

(2) If the contents appear to be reasonable upon examining an application received under subsection (1), the industry registration body shall fulfil the procedures as prescribed and give approval to

increase the capital, capacity of, add, change or alter the objectives of such industry within ninety days. If the classification of the industry changes by the reason of such increase in capital or capacity or addition, change or alteration of objectives, the concerned industry shall update records thereof and have its entry made in the industry registration certificate.

(3) Notwithstanding anything contained in subsections (1) and (2), approval of the industry registration body is not required for a micro-enterprise or a cottage and small industry with a fixed capital not exceeding ten million rupees which does not require permission, to increase its capital or capacity.

Provided that if such increase in capital or capacity or addition or change or alteration of objectives requires environmental impact assessment or initial environmental examination, a report thereof shall be approved under the prevailing law.

(4) If an industry enhances managerial capacity and makes production exceeding the projection without altering the previously installed machinery and equipment, it is not considered to be an increase in capacity.

13. Details to be submitted: (1) Every industry shall, after the commencement of its commercial production or transaction, submit such details as prescribed to the industry registration body within six months after the end of each fiscal year.

(2) The details to be submitted under subsection (1) may also be submitted through electronic means as prescribed.

(3) Notwithstanding anything contained in subsection (1), an industry shall provide null details for the period even if it remains closed for more than one fiscal year or does not make production or transaction for any reason.

Provided that after such industry gives information of its closure to the industry registration body and it is recorded, it need not provide details for the period of closure.

14. Information of closure of industry to be given: If the concerned entrepreneur closes an industry registered under this Act for any reason or suspends commercial production or transaction of the industry, such entrepreneur shall give information thereof, as prescribed, to the industry registration body, within thirty days after the date of such closure or suspension.
15. Application for cancellation of registration of industry: (1) If an industry cannot be operated for any reason, an application may be made to the industry registration body for the cancellation of that industry, in such a form and accompanied by such details or documents as prescribed.

Provided that in the case of being insolvent under the prevailing law, that law prevails.

(2) If an application is received under subsection (1) and it appears that the concerned industry has settled governmental liability including tax and other liability to be paid by it, the industry registration body shall cancel the registration of that industry by fulfilling the procedures as prescribed. The information of such

cancellation of registration shall be provided to the concerned applicant and all concerned government organizations.

(3) Notwithstanding anything contained in subsection (1) or (2), in the case of an industry that has undergone the insolvency process under the prevailing law, that law prevails, and if the industry is so liquidated, the liquidator shall give information thereof to the concerned industry registration body.

16. Records to be managed: (1) The industry registration body is responsible for safe maintenance of records related to administration of industries including registration, renewal, transmission, change in name, shifting location, increase of capacity, increase of capital, addition or change of objectives or cancellation of industries.

(2) If an industry or person having ownership in such industry requires any documents or records under subsection (1) related to it, such industry or person may make an application to the industry registration body in such form as prescribed.

(3) If an application under subsection (2) is received, the industry registration body shall certify and provide the documents or records held in the Department, by collecting the prescribed fees.

(4) If any record held in the industry registration body is destroyed or cannot be found for any reason, the industry registration body may establish the record on the basis of the documents or records held in other concerned government bodies and other documents submitted by the concerned industry and provide duplicates under subsection (3).

(5) If, subsequent to the issuance of duplicates by the industry registration body under subsection (4), the details relating to records of that industry are proved to the contrary, the industry registration body may cancel such duplicates by making decision to that effect.

(6) No documents or records related to any industry held in the industry registration body shall be provided to anyone other than that industry or person having ownership in that industry.

Provided that if so demanded by any court, government office or body in the course of investigation or government business, nothing is deemed to bar the provision of records to such court, government office or body.

(7) The industry registration body shall safely store, the records, documents or other details related to industries held in that body also in electronic form,. Such electronic records may be exchanged with other government bodies through electronic means by making procedures to that end.

Chapter-3

Classification of Industries and Fixed Capital

17. Classification of industries: (1) For the purposes of this Act, industries are classified into the following:
- (a) Micro-industry: An industry with the following conditions other than an industry requiring permission under section 8 is considered to be a micro-enterprise:

- (1) with the fixed capital not exceeding two million rupees, excluding house and land;
 - (2) the entrepreneur himself or herself is involved in the operation and management of the industry;
 - (3) with a maximum of nine workers including the entrepreneur;
 - (4) with annual transaction of less than ten million rupees;
 - (5) with the capacity of electric energy, fuel or other oil engine to be consumed by the engine, equipment or machine, if any, used being twenty KW or less.
- (b) Cottage industry: An industry in the following condition is considered to be a cottage industry:
- (1) based on traditional skills and technology;
 - (2) labour-oriented and based on specific skills or local raw materials and local technology, arts and culture;
 - (3) with the capacity of electric energy to be consumed by the engine, equipment or machine, if any, used being up to fifty KW;
 - (4) any industry mentioned in Schedule-2.
- (c) Small industry: An industry with the fixed capital not exceeding one hundred fifty million rupees, other than a micro enterprise and cottage industry;
- (d) Medium industry: An industry with the fixed capital exceeding one hundred fifty million rupees but not exceeding five hundred million rupees;

- (e) Large industry: An industry with the fixed capital exceeding five hundred million rupees.
- (2) The industries mentioned in subsection (1) are classified into the following on the basis of the nature of goods or services to be produced from such industries:
- (a) Energy-based industry: Industries mentioned in Schedule-3 engaged in the business of energy generation;
- (b) Manufacturing industry: Industries manufacturing goods by using or processing raw materials, subsidiary raw materials or semi-processed raw materials;
- (c) Agriculture and forest product-based industry: Industries mentioned in Schedule-4 manufacturing any goods from agriculture or forest product based raw materials or related to agriculture or forest products;
- (d) Mining industry: Industries producing any metal or mineral substance other than metal by excavating or processing minerals;
- (e) Infrastructure industry: Industries mentioned in Schedule-5 building and operating physical infrastructures;
- (f) Tourism industry: Industries mentioned in Schedule-6 related to tourism services;
- (g) Information technology, communication technology and information dissemination technology-based industry: Industries mentioned in Schedule-7 providing services of information, communication or

information dissemination technology by using technology for the collection, processing and dissemination of information;

- (h) Service industry: Industries mentioned in Schedule-8 producing or providing services.
- (3) In the case of an increase in the capital, capacity of, addition, change or alteration of the objective of, any industry under section 12, the industry is considered to be *ipso facto* classified into the corresponding class under subsection (1).
- (4) Notwithstanding anything contained elsewhere in this section, the Government of Nepal may, on recommendation of the Board, make provisions to include any industry in the classification of industries or place any industry included in any one class under another appropriate class, by publishing a notice in the Nepal Gazette.
- (5) If any of such cooperatives as prescribed registered under the prevailing law intends to register an industry retaining the ownership of that cooperative, it may register the industry under this Act.
- (6) If the industries registered prior to the commencement of this Act intend to be classified under this Act, the industry registration body may update the classification by fulfilling the procedures as prescribed.
- (7) The Government of Nepal may make necessary alteration in the classification under subsection (1) or (2) by publishing a notice in the Nepal Gazette.

18. Fixed capital of industry: (1) While valuating the fixed capital of an industry for the purposes of this Act, valuation is made taking into account the following assets:
- (a) physical structure constructed or reformed on land, underground, space, water or below water;
 - (b) physical structure constructed above land (e.g. sewage, internal road, drinking water related infrastructure, water supply system);
 - (c) office, factory, building or ware house of the industry;
 - (d) residence building constructed for employees or workers;
 - (e) electric supply and related equipment and system;
 - (f) machinery, equipment, tools and reserve spare parts thereof;
 - (g) means of transportation;
 - (h) office goods and equipment of capital nature;
 - (i) fixture and furniture;
 - (j) communication materials and related equipment and system.
- (2) In addition to the assets set forth in subsection (1), the following expenses incurred prior to the establishment of an industry or at various stages of construction are also valuated as the fixed capital of the industry:
- (a) technical and inspection expenses to be capitalized;
 - (b) pre-investment and preoperational expenses;
 - (c) interest expenses to be capitalized;

(d) environmental study and research expenses prior to the operation of the industry.

19. Industry of national priority: The industries mentioned in Schedule-9 are considered to be industries of national priority .

Chapter-4

Provisions Relating to Industry and Investment Promotion Board

20. Constitution of Board: (1) An Industry and Investment Promotion Board as follows is hereby constituted:

(a)	Minister or Minister of State for Industry, Commerce and Supplies	- Chairperson
(b)	Member, National Planning Commission (responsible for the industry sector)	-Member
(c)	Governor, Nepal Rastra Bank	-Member
(d)	Secretary, Ministry (responsible for matters of industries)	-Member
(e)	Secretary, Ministry of Finance	-Member
(f)	Secretary, Ministry of Labour, Employment and Social Security	-Member
(g)	Secretary, Ministry of Land Management, Cooperatives and Poverty Alleviation	-Member
(h)	Secretary, Ministry of Forest and Environment	-Member
(i)	Chief Executive Officer, Investment Board of Nepal	-Member
(j)	Joint Secretary, Industry and Investment Promotion Division, Ministry	-Member

(k)	Chairperson, Federation of Nepal Chamber of Commerce and Industry	-Member
(l)	Chairperson, Confederation of Nepalese Industries	-Member
(m)	Chairperson, Federation of Nepal Cottage and Small Industries	-Member
(n)	Chairperson, Women Entrepreneurs Federation	-Member
(o)	Two persons including at least one woman entrepreneur nominated by the Ministry from experts in the industry sector	-Member
(p)	Director General, Department of Industry	-Member secretary

(2) Notwithstanding anything contained in clause (a) of subsection (1), if both Minister and Minister of State for Industry, Commerce and Supplies are appointed, the Minister of State acts as a member of the Board.

- (3) If the Board so thinks necessary, it may invite an expert in the concerned field, any official or officer of the Government of Nepal or Provincial Government to attend the meeting of the Board.
- (4) The Board meets at least once in every two months and may meet any time as per necessity.
- (5) The member-secretary of the Board shall , in consultation with the chairperson of the Board, set the agenda to be deliberated at a meeting of the Board, and give notice thereof to every member in advance of at least twenty-four hours of the time for holding the meeting.

- (6) If any member of the Board has personal concern or interest in any item of the agenda to be presented for decision at the meeting of the Board, that member shall not participate in the decision-making process with respect to that item.
- (7) If it appears that a decision is made contrary to subsection (6), the decision becomes *ipso facto* void.
- (8) The member-secretary of the Board shall authenticate the decisions taken by the Board.
- (9) The secretariat of the Board is seated in the Department.
- (10) Other procedures relating to the meeting of the Board are as determined by the Board itself.
21. Functions, duties and powers of the Board:(1)In addition to its functions, duties and powers specified elsewhere in this Act, the functions, duties and powers of the Board are as follows:
- (a) to make recommendations to the Government of Nepal for the formulation of policies relating to industrial promotion, protection and promotion of investment and industrialization and adoption of relevant policy decisions;
- (b) to regularly appraise the policy, institutional, legal, institutional and procedural framework and *modus operandi* relating to the overall industrialization of the country and make recommendations to the Government for necessary reforms;

- (c) to make recommendations to the Government of Nepal for the adoption of necessary policy decisions on foreign investment and technology transfer, subject to the prevailing law;
- (d) to make recommendations to the Government of Nepal for the formulation of policies relating to industrial pollution control and adoption of relevant policy decisions;
- (e) to make comprehensive evaluation and appraisal of the situation of industrial development of the country and make suggestions and recommendations to the Government of Nepal for taking necessary steps;
- (f) to hear grievances of entrepreneurs and resolve, or cause to be resolved, the problems and make guidance to the concerned bodies in this respect;
- (g) to make recommendations to the Government of Nepal if it is required to make an alteration or change in the level, classification and nature of industries;
- (h) to carry out, or cause to be carried out, studies, research works and surveys as required in the context of enhancing domestic and foreign investment in the industrial sector;
- (i) to do, or cause to be done, necessary work for building a competitive industrial environment, in effective coordination and harmonious collaboration with the public, private and cooperative sectors;
- (j) to give policy guidelines on matters requiring coordination between the Province and Local Levels for the development and expansion of industrial enterprises, and make necessary provision for coordination;

- (k) to facilitate the removal of the difficulty or confusion, if any, arising in the implementation of any law relating to industry;
- (l) to coordination or facilitate with respect to the operation of the one stop service centre;
- (m) to perform, or cause to be performed, other functions as prescribed.
- (2) The Board may delegate any of its functions, duties and powers to a body or officer of the Government of Nepal.
- (3) The Board shall submit an annual report on the functions performed by it to the Ministry within thirty days after the date of the end of a fiscal year. The Ministry shall publish such a report on its website.
22. Secrecy to be maintained: (1) Providing any information that comes to one's knowledge in the course of functioning of the Board to another person in an unauthorized manner or using it for one's benefit, interest or gain, or causing it to be so provided or used, is prohibited.
- (2) If the chairperson, member, member-secretary a person or employee invited to a meeting does any act contrary to subsection (1), he or she is considered to violate the official conduct; and the record of such a member breaching secrecy shall be maintained.
23. Provisions relating to Provincial industry and investment promotion board: (1) A Provincial industry and investment promotion board may be constituted under the provincial law to promote investments in industries registered and operated in the Province.

(2) The functions, duties and powers of the Provincial industry and investment promotion board constituted under subsection (1) shall be as follows:

- (a) to regularly appraise the overall industrial promotion in the Province and make recommendations to the Provincial Government for necessary reforms;
- (b) to perform necessary functions to implement policies on industrial pollution control;
- (c) to make overall evaluation and appraisal of the state of industrial development in the Province, and make suggestions and recommendations to the Provincial Government to take necessary steps;
- (d) to hear grievances of entrepreneurs of industries registered in the Province and resolve, or cause to be resolved, the problems and make guidance to the concerned bodies in this respect;
- (e) to carry out, or cause to be carried out, studies, research works and surveys, as required, in the context of enhancing domestic investment in the industrial sector; within the Province;
- (f) to do, or cause to be done any necessary work for building a competitive industrial environment, in effective coordination and harmonious collaboration with the public, private and cooperative sectors within the Province;
- (g) to make guidance on matters requiring coordination between the Province and Local Level for the development and expansion of industrial enterprises, and make necessary provision for coordination;

- (h) to direct the concerned Provincial Ministry to request the Ministry for the removal of any uncertainty, if any, arising in the implementation of any federal law relating to industry;
 - (i) to coordinate with the Board through the Ministry with respect to services, facilities that may be provided by the one stop service centre;
 - (j) to perform, or cause to be performed, such other functions as may be necessary with respect to promotion of industries registered in the Province.
- (3) The Provincial industry and investment promotion board may make suggestions and recommendations to the Ministry through the concerned Provincial Ministry on such matters as it thinks necessary for industrial and investment promotion in the Province.

Chapter-5

Provisions Relating to Incentives, Exemptions, Facilities or Concessions for Industries

24. Exemptions, facilities or concessions relating to income tax: (1) An industry registered under this Act is entitled to the exemptions, facilities or concessions under the prevailing laws.

(2) Without prejudice to the generality of subsection (1), the following exemptions, facilities or concessions are provided to the industries:

- (a) a manufacturing industry is entitled to twenty percent exemption on the rate of tax leviable on the income earned by it, and to an

exemption from income tax by additional five percent of the rate of tax leviable on the income earned by it by exporting its products;

- (b) an infrastructure industry, such as road, bridge, tunnel, ropeway, railway, tram, trolley bus, airport, industrial structure and infrastructure complex, is entitled to forty percent exemption on the rate of tax leviable on the income earned from investment, if any, in, and operation of, the industry;
- (c) a manufacturing industry, other than an industry producing fruit-based brandy, cider, or wine, established in the least developed, underdeveloped and less developed regions mentioned in Schedule-10 is entitled to respectively ninety, eighty and seventy percent exemption on the rate of income tax leviable under the prevailing law for up to ten years from the date of commencement of commercial production or transaction of such industry;
- (d) an industry producing fruit-based brandy, cider, or wine established in the least developed and underdeveloped regions is entitled to respectively forty and twenty-five percent income tax exemption for up to ten years from the date of commencement of its transaction;
- (e) a manufacturing industry producing and processing local tea products, dairy industries dealing in milk products and industries manufacturing textiles is entitled to fifty percent exemption on the rate of income tax leviable on the income earned by it from the sale of its products;
- (f) twenty-five percent exemption on the rate of income tax leviable on royalty income earned by any person from exporting an intellectual property right;

- (g) fifty percent exemption on the rate of income tax leviable on the income earned by any person from selling by way of transfer of an intellectual property right;
- (h) a manufacturing industry established with the investment of more than one billion rupees and providing direct employment to more than five hundred individuals throughout the year is entitled to hundred percent income tax exemption for first five years from the date of commencement of transaction and fifty percent exemption on the income tax for next three years;

Provided that a manufacturing industry currently in operation is entitled to hundred percent income tax exemption on the income earned from such capacity enhancement for first five years and fifty percent exemption on the income tax for next three years if such industry enhances its installed capacity by at least twenty-five percent, increases investment to two billion rupees and provides direct employment to more than three hundred individuals throughout the year.

- (i) a licensee person or body commencing the commercial generation, transmission or distribution of hydropower not later than the month of Chaitra 2080 (mid-April 2024) or project generating electricity from solar, wind and bio substance is entitled to hundred percent income tax exemption for first ten years and fifty percent income tax exemption for next five years;

Provided that the provisions in force at the time of granting license apply to the licensee person having commenced its commercial production at the time of commencement of this Act.

- (j) a person exploring and excavating mines (except limestone), petroleum products, natural gas and fuel is entitled to hundred percent income tax exemption for first seven years after the date of commencement of commercial transaction and to fifty percent income tax exemption for next three years if the person commences such transaction not later than the month of Chaitra 2080 (mid-April 2024);
- (k) an industry related to tourism established with the investment of more than two billion rupees is entitled to hundred percent income tax exemption for first five years after the date of commencement of transaction and to fifty percent income tax exemption for next three years;
- (l) such industry related to the operation of a zoological, geological, bio-tech park, and software development, data processing, cyber-café and digital mapping established inside a technology park and information technology park as specified by the Government of Nepal by publishing a notice in the Nepal Gazette is entitled to fifty percent income tax exemption;
- (m) the following industries providing employment to the following number of Nepali citizens are entitled to the following exemptions, facilities:
 - (1) a manufacturing industry and information technology industry providing direct employment to three hundred or more Nepali citizens

throughout the year is entitled to fifteen percent of tax leviable on the income of that year;

- (2) a manufacturing industry and information technology industry providing direct employment to one thousand two hundred or more Nepali citizens throughout the year is entitled to twenty-five percent of tax leviable on the income of that year;
- (3) such industry is entitled to additional fifteen percent of tax leviable on the income of that year if at least fifty percent of the Nepali citizens employed under clause (1) or (2) are women, Dalit or persons with disabilities.
- (n) an industry is entitled to deduction, for the purposes of income tax, of expenses made in long-term interest or welfare activities for its labours and employees, such as life insurance, health facilities, contributory social security, education and training, child care centre and sports and exercise for physical fitness;
- (o) a manufacturing industry is entitled to deduction, for the purpose of calculating income tax, of maintenance expenses, training expenses paid to such trainee workers if at least ten percent of its total strength of human resources are trainee workers, and of expenses incurred in development of production capacity of human resources in the industry;
- (p) an industry is entitled to deduction of expenses for the same year up to fifty percent of the adjusted taxable income of the industry business out of the expenses incurred in the systems and equipment preventing and controlling pollution or causing minimum effects on the

environment by recycling or reusing waste materials, and to making depreciation by capitalizing the expenses exceeding the ceiling of adjusted taxable income of such industry business in the beginning of the next income year;

- (q) an industry is entitled to deduction for the purpose of income tax of all expenses invested in machinery or equipment contributing to reducing consumption of energy by enhancing energy efficiency;
- (r) an industry is entitled to deduction of expenses up to fifty percent of the adjusted taxable income of all industry business operated by that person out of the expenses incurred in the enhancement of entrepreneurship, research and development and creation of new technology for enhancing productivity of the industry, and to making depreciation by capitalizing the expenses exceeding the ceiling of adjusted taxable income in the beginning of the next income year;
- (s) an industry is entitled to deduction for the purpose of income tax of the expenses not exceeding the prescribed ceiling incurred in market promotion, survey and advertisement related to the industry business;
- (t) an industry is entitled to deduction for the purpose of income tax of such expenses as prescribed incurred for the protection of physical property of the industry and expenses for net payment of premium for insurance thereof;
- (u) an industry is entitled to deduction for the purpose of income tax of the expenses incurred by it in the protection in Nepal of an industrial property under an intellectual property right registered in Nepal;

- (v) an industry is entitled to deduction for the purpose of income tax of the fees paid for the registration in a foreign country of an intellectual property right acquired by it for the protection of such right;
 - (w) an industry is entitled to reduction of one hundred thousand rupees or five percent of the adjusted taxable income of the industry for that income year, whichever is less, out of the amount donated or gifted by the industry to an entity enjoying tax exemption;
 - (x) an industry is entitled to deduction in whole or in part, for the purpose of assessment of income, of the amount spent or donated by it for any such act as may be specified by the Government of Nepal in any specific situation, by publishing a notice in the Nepal Gazette.
- (3) Notwithstanding anything contained in subsection (2), a tobacco industry and a liquor industry, other than an industry mentioned in clause (d) of that subsection, are not entitled to any of the said exemptions and facilities.

Provided that such industry is entitled to deduction of actual expenses made for business promotion, including the expenses made in long-term interest or welfare activities of its labours and employees under the prevailing law, expenses invested in the systems and equipment preventing and controlling pollution, re-processing waste materials and causing minimum effects on the environment, expenses invested in machinery, equipment contributing to reducing energy consumption by enhancing energy efficiency, and expenses incurred in research and development.

- (4) An industry which may enjoy more than one exemption under this Section with respect to the same income is entitled to only one exemption that it chooses.
- (5) An industry, other than a tobacco industry, alcohol industry and casino, is entitled to hundred percent exemption on dividend tax leviable on such capitalization against the distribution of dividends if the industry capitalizes its accumulated profit in shares for the expansion of the same industry or another manufacturing, energy-oriented or agriculture and forest product based industry.
- (6) A cottage industry and small industry which are in operation upon registration at the time of the commencement of this Act and which come in operation upon registration under this Act with the fixed capital of less than ten million rupees are entitled to fifty percent exemption on income tax leviable on them.
25. Exemptions, facilities or concessions relating to customs duty: An industry registered under this Act is entitled to the following customs duty exemptions:
- (a) for exports by those industries without the facility of bonded Warehouse or passbook , the Ministry of Finance shall determine the rate of duty draw back and publish a notice in the Nepal Gazette. The Ministry must refund the amount of duty draw back according to the rate so determined, through the One Stop Service Centre;
- (b) if an industry which has not obtained a license of bonded warehouse is to export its products through a letter of credit or prevailing banking system or sells them within Nepal in foreign currency, it may import

such raw materials or subsidiary raw materials and packaging materials that is not produced in Nepal as required for the production of such goods by depositing customs duty leviable on such import, subject to the prescribed terms and procedures;

- (c) notwithstanding anything contained in clause (b), such industry is entitled to the facility under clause (b) if the Department certifies that such packaging materials are not produced in Nepal and recommends for that facility;
- (d) customs duty on raw materials, subsidiary raw materials, and packaging materials as required for production by an industry is generally less by one level than customs duty on imports of finished goods produced from such raw materials;
- (e) minimum customs duty rate shall be applied on import of a machinery, generator or industrial equipment with the capacity of ten or more Kilowatt imported by an industry for its commercial purpose;
- (f) minimum customs duty rate shall be applied for a machinery and scientific equipment imported by a laboratory testing quality for the purpose of testing quality and a machinery and equipment imported by an industry for research and development;
- (g) an industry producing intermediate goods used in industrial goods to be exported is entitled to refund of the custom duty paid by that industry on the produced goods based on the quantity of export.

Provided that such amount is not refunded if application is not made for such refund within one year after the export.

26. Other facilities and concessions for micro-industries:(1)

Notwithstanding anything contained in the prevailing law, no fee or charge is levied for the registration of a micro-industry under this Act.

(2) A micro-industry which is in operation upon registration at the time of commencement of this Act and comes into operation upon registration under this Act is entitled to full income tax exemption.

27. Additional facilities for female entrepreneurs: (1) Notwithstanding

anything contained in the prevailing law, if an industry or firm is registered with the sole ownership of a female entrepreneur, it is entitled to thirty-five percent exemption on the fee or charge leviable on the registration of that industry or firm under the prevailing law.

(2) Notwithstanding anything contained in the prevailing law, an industry registered with the sole ownership of a female entrepreneur is entitled to twenty percent exemption on the fee or charge leviable under the prevailing law on the registration of an industrial property to be used in that industry.

(3) If a female entrepreneur intends to establish a new industry within an industrial zone or industrial village, the body operating such area shall be given priority to providing a space.

(4) If an industry with the sole ownership of a female entrepreneur requests for a loan for the purpose of exporting its industrial products, an export loan may be provided as prescribed through the banking system from a fund disbursing loans for female

entrepreneurs on the basis of financial situation of the female entrepreneur.

28. Special provisions relating to industries operated in industrial region:

The Government of Nepal may make special provisions on incentives, facilities and concessions for industries operated in an industrial zone, industrial cluster, industrial corridor and industrial village.

29. Additional facilities and concessions: In addition to the exemptions, facilities and concessions mentioned in sections 24, 25, 26, 27 and 28, the following additional facilities and concessions may be provided to the following industries:

- (a) possessory right of a forest within any specific area may be provided on bond or lease under the prevailing law to a forest product-based industry by specifying necessary terms;
- (b) electricity generated by an industry for its own purpose is exempted from any fee or royalty payable on it under the prevailing law;
- (c) if an industry intends to sell excess of electricity generated by it for its own purpose, it may be sold at the rate set by mutual consent under the prevailing law;
- (d) the Government of Nepal may, provide additional facilities and concessions by publishing a notice in the Nepal Gazette, to export-oriented industries and such industries as prescribed established in a special economic zone or governmental or private industrial zone;
- (e) the Government of Nepal may, on recommendation of the Board and by a notification in the Nepal Gazette, provide additional facilities and concessions to those industries of national priority or uses maximum

amount of domestic raw materials, labour and skills or inventing technology or goods within Nepal;

- (f) the Government of Nepal may grant exemption on demand charge being levied on electricity tariff payable by industry in proportion to the time of non-supply of electricity, in such grounds and by following such procedures as prescribed;
- (g) the Government of Nepal may provide such grant and prescribed by a notification in the Nepal Gazette as seed money to a cooperative, micro-enterprise, cottage and small industry in the least developed area;
- (h) permission may be granted to an industry in operation with foreign investment to import goods produced by its principal company abroad for a certain period on such terms and within such ceiling as prescribed, for development and promotion of market for new goods;
- (i) the Government of Nepal may provide such incentives, exemptions, facilities or concessions, as prescribed, to the manufacturing industries, agriculture and forest product-based industries and minerals industries under subsection (2) of section 17, other than tobacco and liquor industries;
- (j) exemption may be granted on customs duty for the imports by micro, cottage and small industries of novel technology such as machinery and equipment;
- (k) the Government of Nepal may make special provisions in relation to incentives, exemptions, facilities or concessions for industries

established in an industrial zone, product specific zone and industrial village;

- (1) the Government of Nepal may provide additional incentives, exemptions, facilities or concessions to industries established in the least developed, undeveloped and under developed regions.

30. Provisions relating to land: (1) The concerned entrepreneur shall purchase such land under the prevailing law on his or her own as is necessary for an industry registered under this Act or the prevailing law.

Provided that if an entrepreneur operating any of the industries as prescribed fails to purchase such land as is necessary for the industry and makes a request setting out the matter that the land be purchased or provided, the industry registration body shall make necessary coordination and facilitation on the purchase or provision of land.

(2) The procedures on coordination and facilitation and other provisions relating to provision of land are as prescribed.

31. Provision of land on lease: (1) If an industry of national priority needs a land under ownership of the Government for its operation, the industry may make an application, as prescribed, setting out the area of the land required for it, to the industry registration body for the provision of the land.

(2) If an application is received under subsection (1), the industry registration body shall submit the matter to the Ministry to further necessary action on the provision of land required for the industry.

(3) If an application is received under subsection (2), the Government of Nepal may, under the prevailing law, provide such land on lease to the concerned industry for the purpose of operation of the industry.

(4) The amount to be paid by the industry in consideration for the lease of land under ownership of the Government of Nepal under subsection (3) and other terms on lease are as set out in the agreement between the Government of Nepal and the concerned industry.

(5) If an industry in operation upon obtaining any land on lease under this Section fails to operate for any reason, the lease agreement of the land provided by the Government of Nepal under subsection (3) becomes *ipso facto* void, and such land is considered to be *ipso facto* returned without any terms to the Government of Nepal.

(6) Other provisions on the provision of land on lease to industries shall be as prescribed.

32. Exemption on land ceiling: (1) If any industry requires such land that exceeds the ceiling of land allowed under the prevailing law, the industry may make an application to the industry registration body to have exemption from the ceiling with respect to the land exceeding the ceiling.

(2) The industry registration body shall examine, as required, the application received under subsection (1) and submit a report along with its opinion to the Ministry.

(3) On the application received under subsection (1), the Government of Nepal may, subject to the prescribed criteria, grant exemption so that the industry can hold land exceeding the ceiling, according to the need of, and as mentioned in the approved scheme or project proposal of, the industry. The land so exempted from the provision of ceiling may not be used for other purpose than the purpose for which it has been exempted.

(4) The industry registration body may monitor, or cause to be monitored, as prescribed, whether the industry has used the land exempted from the ceiling under the prevailing law as per the approved objective and give necessary direction.

(5) If the industry is found not to comply with the direction given by the industry registration body under sub-section (4), the Government of Nepal may withdraw, , the land exceeding the ceiling which such industry is allowed to hold, in accordance with the prevailing law, without any condition.

(6) An industry permitted to hold land exceeding the ceiling under the prevailing law may not sell, distribute, or otherwise transfer right in, or borrow a loan from a bank and financial institution against the security of, the land so held exceeding the ceiling.

(7) The quantity of maximum land allowed to be held by an industry on the basis of the need, capital and nature of the industry, provisions relating to the provision of land in excess of the ceiling, criteria including conditions to be observed by the industry in that respect shall be as prescribed subject to the prevailing law on land.

33. Guarantee of incentives, exemptions, facilities or concessions: (1) No provision shall be made lessening the incentives, exemptions, facilities or concessions provided to an industry under this Act.

Provided that no provision of this section bars the provision of additional incentives, exemptions, facilities or concessions.

(2) An industry that is in operation upon permission or registration under the Industrial Enterprises Act, 2073 (2016) prevailing immediately before the commencement of this Act is entitled to the incentives, exemptions, facilities or concessions in accordance with that Act for which period is specified under that Act and to the incentives, exemptions, facilities or concessions under this Act in the case of the incentives, exemptions, facilities or concessions for which period is not specified.

(3) An industry which was registered or has obtained permission before the commencement of this Act but commences its commercial production or transaction only after the commencement of this Act shall be entitled to the incentives, exemptions, facilities or concessions under this Act.

Provided that if the period of incentives, exemptions, facilities or concessions under the prevailing law on industrial enterprises prevailing at the time of registration or permission of such industry exceeds the period of incentives, exemptions, facilities or concessions under this Act or if such incentives, exemptions, facilities or concessions are not available under this Act, the industry shall be

entitled to the incentives, exemptions, facilities or concessions under then prevailing law on industrial enterprises.

(4) The procedures relating to incentives, exemptions, facilities or concessions to be provided to industries shall be as prescribed.

34. Nationalisation or expropriation not to be made: (1) No industry registered under this Act may be nationalised.

(2) No industry may, except for a public purpose, be expropriated directly or indirectly. If it is required to expropriate it for the public purpose, due process under the prevailing law shall be fulfilled.

35. Provision relating to industrial security: The Government of Nepal shall, as required, provide industrial security, as prescribed, to any industry established under the prevailing law.

36. Prohibition on misusing incentives, exemptions, facilities or concessions: (1) Any incentives, exemptions, facilities or concessions which an industry obtains under this Act shall be used only for the same purpose for which they are provided.

(2) If any industry does any act contrary to this Act or the rules framed hereunder, no incentive, exemption, facility or concession under this Chapter may be provided to that industry.

Chapter-6

Provisions Relating to One stop Service Centre

37. Establishment of One stop Service Centre: (1) For the purpose of providing the incentives, exemptions, facilities or concessions easily

to those industries or investors entitled under this Act and other prevailing laws and performing the functions to be discharged by various bodies of the Government of Nepal through one place in a timely manner and delivering industry administration related services from the permission to establish, registration, expansion and liquidation of, industries, the Government of Nepal may establish and bring into operation a One stop Service Centre, as prescribed.

(2) The place where the One stop Service Centre under subsection (1), services to be rendered to industries through the Centre and institutional representation in the Centre shall be as prescribed.

(3) The concerned body shall designate a required number of employees for institutional representation in the One stop Service Centre. When so designating, the competent authority shall also delegate necessary powers to such employees, subject to the prevailing law.

(4) Other provisions relating to the One stop Service Centre shall be as prescribed.

(5) The Government of Nepal shall, by publishing a notice in the Nepal Gazette, form a One stop service operation committee until the establishment of the One stop Service Centre under subsection (1).

38. Functions, duties and powers of the One stop Service Centre: (1) The functions, duties and powers of the One stop Service Centre are as follows:

- (a) to perform functions related to industry and business administration, including registration, permission or licensing, renewal, approval for transaction, enhancement of capacity of, and dissolution(except insolvency) of, any company, firm or industry under the prevailing law,
- (b) to perform functions related to approval of foreign investment under the prevailing law,
- (c) to perform functions related to labour permit and consent for work approval under the prevailing law,
- (d) to perform functions related to visa facility under the prevailing law;
- (e) to perform functions related to initial environmental examination and environmental impact assessment under the prevailing law;
- (f) to coordinate with concerned bodies with respect to provision of infrastructure services such as electricity, water, means of communication, land, roads required for industries and perform function related to focal point between other bodies;
- (g) to implement, or cause to be implemented, decisions made by the Government of Nepal on the provision of the incentives, exemptions, facilities or concessions to which industries and investors are entitled under the prevailing laws;
- (h) to perform functions related to approval of foreign currency exchange under the prevailing law;
- (i) to provide Permanent Accounts Number under the prevailing law;

- (j) to perform function on facilitating the obtaining of the export-import code and bonded warehouse to be provided by the Department of Customs and the Department of Commerce, Supplies and Consumer Interest Protection;
- k) to perform such functions as delegated by the Board out of the functions, duties and powers conferred on it;
- (l) to receive applications on matters requiring institutional approval including on mines required for industries and make institutional coordination for the provision of approval;
- m) to identify and receive all the documents required for the registration of industrial enterprises electronically, by developing and enforcing an electronic system that links all bodies within it;
- (n) to make necessary coordination and facilitation in the acquisition of law required for industries, assistance in the provision of land on lease, and make necessary coordination on the provision of land exceeding the ceiling;
- (o) to provide permission under the prevailing law for the goods requiring import permission or recommend for that purpose;
- (p) to establish and operate an investment portal and provide investment related notifications and information;
- (q) to perform functions related to recommendation and facilitation of every kind required for industrial enterprises;
- (r) to implement, or cause to be implemented, decisions or directions of the Ministry and Board;

- (s) to perform such other functions as may be specified by the Government of Nepal, by publishing a notice in the Nepal Gazette.
- (2) The concerned body shall implement a decision made by the One stop Service Centre under this section.
- (3) Provisions relating to the operation, management of the One stop Service Centre and the services, facilities and concessions to be provided by the Centre and procedures shall be as prescribed.

Chapter-7

Provisions Relating to Sick Industries

39. Identification of sick industries: (1) If an industry which has been in operation for a minimum of five years after the date of commencement of its commercial production or transaction, and in a capacity that is thirty percent or less of its installed capacity for the last three consecutive years because of a circumstance beyond control but not because of its intentional default or managerial weakness is being operated in loss for the three consecutive years, the Government of Nepal may declare such an industry as a sick industry on the basis of such criteria and on the pursuance of such procedures as prescribed.

(2) If it appears from the scheme or project proposal submitted by an industry in a state of closure upon being sick under subsection (1) and study carried out by the Ministry that the industry may revive its operation if certain exemption, facility or concession is provided to it, the Government of Nepal may provide such exemption, facility or concession as prescribed for a certain period for the rehabilitation, reconstruction and management of such an industry.

(3) If a cooperative makes a proposal, with the consent of the investor, for the operation of any industry declared sick by the Government of Nepal under subsection (1), the industry may be caused to be operated through such a cooperative subject to the prescribed terms, having regard to, *inter alia*, the capacity of the cooperative, appropriateness and feasibility.

40. Classification of sick industries: The industries identified under section 39 may be classified into fully sick, sick and oriented to be sick industries on the basis of such criteria as prescribed, and such necessary provisions as prescribed may be made for the management of such industries.

41. Facilities, concessions and exemptions related to sick industries: Notwithstanding anything contained in the prevailing laws, the Government of Nepal may grant exemption in full or in part on duty, fee or tax on any machinery, tools, or equipment to be imported by an industry identified as a sick industry under Section 39 or classified under Section 40 for its expansion, re-structuring or diversification.

42. Institutional provision relating to sick industries:(1) The Government of Nepal may form a committee including experts in the concerned field to make suggestions for the identification, classification, rehabilitation, restructuring and management of sick industries under this Chapter.

(2) The structure, functions, duties and powers of the committee formed under subsection (1) shall be as prescribed.

Chapter-8

Provisions Relating to Punishment and Appeal

43. Punishment: (1) If any person operates an industry without registration under section 3, the industry registration body may require immediate closure of the industry and impose the following fine:

- (a) five thousand rupees, if it is a micro-industry;
- (b) twenty five thousand rupees, if it is a cottage and small industry;
- (c) fifty thousand rupees, if it is a medium industry;
- (d) one hundred thousand rupees, if it is a large industry.

(2) If an industry acts contrary to its objective, the Ministry may, on the recommendation of the industry registration body, impose the following fine on the industry:

- (a) a fine not exceeding two thousand rupees, if it is a micro-enterprise;
- (b) a fine of fifty thousand rupees, if it is a cottage and small industry;
- (c) a fine not exceeding one hundred thousand rupees, if it is a medium industry;
- (d) a fine not exceeding five hundred thousand rupees, if it is a large industry.

(3) If an industry fails to give information on the commencement of its operation or commercial production or transaction within the period specified under section 9, the Ministry

shall, upon the recommendation of the industry registration body, impose the following fine on the industry:

- (a) a fine not exceeding two thousand rupees for every six months, if it is a micro-industry;
 - (b) a fine of ten thousand rupees for every six months, if it is a cottage and small industry;
 - (c) a fine not exceeding twenty-five thousand rupees for every six months, if it is a medium or large industry.
- (4) If an industry shifts its location without obtaining approval under section 11 or increases its capital, enhances its capacity or add or changes its objective without obtaining approval under section 12, the Ministry may, on the recommendation of the industry registration body, impose the following fine on the industry:
- (a) a fine not exceeding five thousand rupees, if it is a micro-industry;
 - (b) a fine of twenty-five thousand to fifty thousand rupees, if it is a cottage and small industry;
 - (c) a fine of one hundred thousand to three hundred thousand rupees, if it is a medium or large industry;
 - (d) hundred percent additional fine in addition to the fine imposable under clause (b) or (c) if it is an industry requiring permission under section 8.
- (5) If an industry fails to provide the prescribed information under section 13 within the specified period, the industry registration body may impose the following fine on the industry:

- (a) a fine of one thousand rupees, if it is a micro-enterprise;
 - (b) a fine of five thousand rupees, if it is a cottage and small industry;
 - (c) a fine of ten thousand rupees, if it is a medium industry;
 - (d) a fine of twenty-five thousand rupees, if it is a large industry.
- (6) If an industry does an act contrary to section 36, the Ministry may, on the recommendation of the industry registration body, withhold any time any incentive, exemption, facility or concession provided to the industry, recover the amount equal to such incentive, exemption, facility or concession or impose a fine equal to that amount.
- (7) If an industry does not perform the corporate social responsibility under section 54, the Ministry may, on the recommendation of the industry registration body, impose a fine to be set by one point five percent of the yearly net profits of the industry. The Ministry shall impose an additional fine at the rate of zero point five percent of the yearly net profits for each year on an industry which does not perform such responsibility for a period exceeding one fiscal year.
- (8) If an industry fails to comply with any terms to be complied with under this Act or the rules framed hereunder or any direction given by the Ministry upon recommendation of the industry registration body, from time to time, the industry registration body may impose the following fine on the industry:
- (a) a fine not exceeding five thousand rupees, if it is a micro-enterprise;
 - (b) a fine of fifty thousand to one hundred fifty thousand rupees, if it is a cottage and small industry;

- (c) a fine of one hundred fifty thousand to three hundred thousand rupees, if it is a medium industry;
 - (d) a fine of two hundred fifty thousand to three hundred thousand rupees, if it is a large industry.
- (9) The Ministry may, on recommendation of the industry registration body, impose the following fine on an industry which does any act contrary to this Act or the rules framed here under, other than that set forth in this section:
- (a) a fine not exceeding fifteen thousand rupees, if it is a micro-enterprise;
 - (b) a fine of fifteen thousand to thirty thousand rupees, if it is a cottage and small industry;
 - (c) a fine of thirty thousand to fifty thousand rupees, if it is a medium industry;
 - (d) a fine of fifty thousand to one hundred thousand rupees, if it is a large industry.
- (10) When imposing a fine under this section, additional fine of fifty percent of the fine imposable under this section shall be imposed on an industry requiring permission under section 8.
- (11) Notwithstanding anything contained in this section, provisions on imposition of fine on and taking action on any of the industries to be registered and regulated by the Province and Local Level shall be as determined by the concerned Provincial or Local law.

44. To be recovered as government due: The amount of fine imposed under this Act shall be recovered as a government due under the prevailing law.
45. Opportunity to be heard: When imposing punishment on an industry under this chapter, the industry shall be afforded an opportunity to be heard.
46. Provisions relating to appeal: (1) If not satisfied with an order of punishment made under this Chapter, appeal may be made to the High Court within thirty-five days after the date of notice of the punishment.
- (2) Appeal may be made to the concerned District Court in the case of a decision made by the Local Level industry registration body and to the concerned High Court in the case of punishment imposed by the Provincial industry registration body or by the Department.

Chapter-9

Miscellaneous

47. Provisions relating to Special Economic Zone: Provisions relating to an economic zone, inland economic zone, export promotion zone, export processing zone, special economic zone, special commercial zone, tourism or any other zone, for the performance of industrial activities extensively shall be as provided in the prevailing laws.
48. Provisions relating to Nepal business forum: (1) The Government of Nepal may form a Nepal business forum including representation of the private sector with the objective of promoting regular dialogues

and collaboration between the public and private sectors on matters of effective implementation of policies and laws related to industry business, and coordination and facilitation, identifying difficulties, obstructions and problems that may arise in the operation of industry business and promotion of investments and making required suggestions and recommendations to the Government of Nepal, assisting the implementation and monitoring of such recommendations, and providing an institutional basis for regular, result-oriented and transparent dialogue between the public and private sectors.

(2) Provisions relating to the formation, structure, functions, duties and powers of the Nepal business forum and other provisions shall be as prescribed.

49. Industrial human resource: (1) Human resource required for an industry shall be fulfilled from Nepali citizens.

(2) Notwithstanding anything contained in subsection (1), if such human resource with any specific skill or competency required for an industry is not available from Nepali citizens in spite of the publication of an advertisement in a newspaper of national circulation or for a senior level management post, the industry may, on the recommendation of the Department under subsection (3), appoint a foreign citizen for a maximum of five years by obtaining labour permit under the prevailing labour law.

(3) When making a recommendation for the purpose of subsection (2), the industry registration body shall ascertain that the

industry has made an effort to fulfil the human resource with the specific skill or competency as demanded from Nepali citizens, the human resource with such skill or competency is required for the industry and such human resource is not available in Nepal and recommend to the Department of Labour for labour permit.

(4) If a foreign citizen appointed under subsection (2) is a technical person of specialized skill and such human resource cannot be available in Nepal, such human resource may be re-appointed for an additional period not exceeding two years by obtaining permit under subsection (3).

(5) If a foreign citizen is appointed to any industry under subsection (2), he or she may repatriate seventy percent of the remuneration received by him or her in foreign currency from Nepal.

(6) No labour engaged in an industry may carry out any kind of activity causing an obstruction or hindrance in the operation or production of the industry. The labours engaged in the industry shall put their demands before the management peacefully in fulfilment of the procedures determined by the prevailing labour law and shall resolve through mutual understanding.

(7) Individual or collective disputes arising between the labours engaged in an industry and the industry are settled under the prevailing labour law.

(8) If an industry is closed because of any kind of activities causing obstruction or hindrance in the operation and production of the industry on the part of its labours, the concerned industry or

enterprise shall not be bound to provide remuneration to the labours and employees who so close the industry or do not work, for the period during which work is not so done.

50. Production through contract: (1) Any industry which is in operation upon registration under the prevailing law may produce any part of its production or such subsidiary goods or services as required for the industry, except its main production, by making a contract or sub-contract with another industry.

(2) If an industry produces goods or services in a certain quantity on the basis of a contract or sub-contract under subsection (1) by fulfilling such criteria as prescribed for an export industry, such incentives, exemptions, facilities and concessions as prescribed may also be provided to such an industry.

(3) Other provisions relating to production upon a contract or sub-contract shall be as prescribed.

51. Industry and investment promotion fund: (1) The Government of Nepal establishes an industry and investment promotion fund, for the promotion and protection of industrial investment in the country.

(2) The following amounts are credited to the fund under subsection (1):

(a) amount received from the Government of Nepal;

(b) amount received from any native person or organization;

(c) returns of investments from or amounts in the micro, cottage and small enterprise development fund, micro, cottage and small industry loan disbursement fund, technology development fund, female

entrepreneurship development fund, venture capital fund, sick industry rehabilitation, restructuring and management fund and industrial investment protection and promotion fund existing at the time to commencement of this Act;

- (d) amount of bilateral or multilateral grant or assistance received from any foreign government, international organization;

Provided that prior to obtaining a grant or assistance from a foreign country, international organization, approval of the Government of Nepal, Ministry of Finance shall be obtained.

- (3) The amount of the fund under subsection (1) may be spent in the following acts:
 - (a) development of micro-industries, cottage and small industries;
 - (b) development of technology;
 - (c) industrial promotion;
 - (d) rehabilitation, re-institutionalization and management of sick industries;
 - (e) development of women entrepreneurship.
- (4) When spending the amount of the fund in the acts under subsection (3), investment and expenses shall be made subject to the approved annual programme of the fund.
- (5) Other provisions relating to the operation and management of the fund shall be as prescribed.

52. Provincial industrial and investment promotion fund: (1) A Province may establish a Provincial industrial and investment promotion fund for promotion and protection of industrial investment in the Province.

(2) The fund to be established under subsection (1) shall be operated and managed under the Provincial law.

(3) The amount of the fund under subsection (1) may be spent in the acts mentioned in sub-section (3) of section 51.

53. Facilities not to be provided in duplication: (1) When providing services, facilities or concessions to any industry under this Act or the prevailing law, the Government of Nepal or Provincial Government shall not provide any service, facility or concession in duplication.

(2) The Government of Nepal shall give information of the services, facilities or concessions provided to any industry under this Act to the concerned Ministry or body of the Province in which the industry is located, and the Provincial Government shall provide information of the services, facilities or concessions provided by it to any industry under the Provincial law to the Department.

54. Provisions relating to corporate social responsibility: (1) A medium or large industry or cottage or small industry with annual turnover of more than one hundred fifty million rupees shall set aside at least one percent of its annual net profits in each fiscal year for the purpose of performing the corporate social responsibility.

(2) The amount set aside under subsection (1) shall be spent in such areas as prescribed, upon making annual plans and programmes.

(3) An industry shall submit details on the programmes completed in each fiscal year under subsection (2) and amounts spent in such programmes to the concerned industry registration body within six months after the end of the fiscal year.

(4) The amount set aside for the corporate social responsibility under subsection (1) may be deducted as expenses for the purpose of income tax.

55. Power to declare industrial village, industrial cluster, industrial zone, special economic zone or industrial corridor: (1) The Government of Nepal may, by publishing a notice in the Nepal Gazette, and upon setting criteria, declare any part or place of the country with ample potentialities and opportunities for industrial development as an industrial village, industrial cluster, industrial zone, special economic zone or industrial corridor.

(2) The services, facilities and concessions to which other industries are entitled under this Act and the prevailing laws shall be provided to the industrial village, industrial cluster, industrial zone, special economic zone or industrial corridor declared under subsection (1).

56. Prohibition on making building or settlement: (1) No residential or other building of any type or settlement may be made within such area of, and distance from, an industrial village, industrial zone and special economic zone to be established after the commencement of this Act as specified by the Government of Nepal by publishing a notice in the Nepal Gazette.

(2) In prevention of making a residential building or other building or settlement in a private land of any person situated within the area and distance specified under subsection (1) results in a loss, damage, the Government of Nepal shall provide a reasonable compensation to the concerned person within such time-limit and by fulfilling such procedures as prescribed.

57. Electronic means may be used: The industry registration body may make necessary provisions for performing such functions relating to administration of industries as prescribed under this Act through electronic means, in accordance with the prevailing law relating to electronic transactions, to make such functions simple and easy.
58. Provisions relating to automatic approval process may be made: (1) The Government of Nepal may execute services ranging from the registration to dissolution of and matters including the type of industries, nature of industries and threshold of investments in accordance with this Act and other prevailing laws through the automatic route to make the procedures relating to the administration of industries simple, easy and predictable.
- (2) Other provisions relating to the procedures for automatic approval under subsection (1) shall be as prescribed.
59. Power of attorney may be given: (1) An industry or person who has ownership on the industry may give a power of attorney to another person to perform any or all of the acts, actions required to be performed by that person.

(2) In order to perform act in accordance with a power of attorney given under subsection (1), such power of attorney shall be notarized and provided to the industry registration body. The industry registration body may, if it so considers necessary, inspect the original of such a power of attorney.

60. Special provisions relating to extension of time-limit or re-registration: (1) An industry which was registered under the prevailing law at the time of commencement of this Act and could not commence its operation, commercial production or transaction because of the expiration of the time-limit for the commencement of the operation, commercial production or transaction of the industry or an industry which has expired the time-limit upon being unable to commence its operation, commercial production or transaction even within the previously extended time-limit may, for one time, make an application to the industry registration body for the extension of the time-limit within three months after the commencement of this Act.

(2) If, upon examining the application received under subsection (1), the industry registration body sees a reasonable reason for extending the time-limit, it may extend the time-limit by collecting the following delay fee and fulfilling the procedures under this Act:

- (a) at the rate of five thousand rupees per year in the case of a micro-industries;
- (b) at the rate of fifteen thousand rupees per year in the case of a cottage and small industry;

- (c) at the rate of fifty thousand rupees per year in the case of a medium industry;
- (d) at the rate of one hundred thousand rupees per year in the case of a large industry.
- (3) Notice of a decision on the extension of the time-limit of any industry under subsection (2) shall be given to the concerned applicant within seven working days after the decision.
61. Power of Local Level to perform functions relating to administration of industries: The Local Level may perform functions relating to the registration, administration and regulation of micro-enterprises, and cottage and small industries with the fixed capital not exceeding the amount as specified in the Provincial law, as provided in the Federal and Provincial laws.
62. Application may be made: If any decision or function required to be made or performed is not made or performed within the specified period under this Act, except for matters falling under jurisdiction of the Board, Province and Local Level, the aggrieved party may make application to the Ministry.
63. Delegation of powers: (1) The Board may, as required, delegate some of the powers conferred on it under this Act or the rules framed hereunder to the Secretary of the Ministry, Director General of the Department or a gazette officer employee of the Government of Nepal or the Provincial Government or Local Level.

(2) The Department may, as required, delegate some of the powers conferred on it under this Act or the rules framed under this Act to any gazetted officer employee of the Government of Nepal.

64. Power to remove difficulties: If there arises any difficulty or obstacle in the implementation of this Act, the Government of Nepal may remove such a difficulty or obstacle by publishing a notice in the Nepal Gazette.
65. Power to make alteration in the Schedule: The Government of Nepal may, by a notification in the Nepal gazette, make necessary alteration, addition or deletion or revision in the Schedule.
66. This Act to prevail: The matters contained herein shall be governed by this Act and the other matters by the prevailing law.
67. Power to make rules: The Government of Nepal may frame necessary rules for the implementation of this Act.
68. Power to make and enforce Directives, Procedures or Standards: (1) The Government of Nepal may, subject to this Act and the rules framed hereunder, make and enforce necessary Directives, Procedures or Standards on the following matters, to make the functions relating to the administration of industries easy and simple:
- (a) registration and regulation of industries;
 - (b) promotion of domestic products;
 - (c) incentives, exemptions, facilities or concessions to be provided to industries;
 - (d) sick industries;

- (e) industrial zones, industrial corridors, industrial clusters and industrial villages;
 - (f) operation and management of the fund;
 - (g) application of electronic means to the delivery of services;
 - (h) automated process for investment approval;
 - (i) modus operandi of the Nepal business forum;
 - (j) operation of the one stop service centre;
 - (k) corporate social responsibility.
- (2) Notwithstanding anything contained in sub-section (1), the Ministry may make and enforce necessary standard operating procedures on, inter alia, the process for electronic delivery of services.

69. Repeal and saving: (1) The Industrial Enterprises Act, 2073(2016)is hereby repealed.

(2) All acts and actions performed under the Industrial Enterprises Act, 2073 (2016...) shall be deemed to be performed under this Act.

Schedule-1

(Relating to Section 8)

Industries Requiring Permission

1. Industries producing arms, ammunition, gunpowder or explosives;
2. Security printing, bank notes and coin industries;
3. Industries producing cigarette, bidi, cigar, chewing tobacco and other goods utilizing tobacco as the basic raw materials, and electronic cigarettes;
4. Microbrewery, beer, alcohol, or alcoholic substances producing industries;
5. Stone, ballast, sand excavation, processing industries;
6. Industries producing radio communication equipment;
7. Industries like excavation of precious minerals and petroleum products;
8. Liquefied petroleum gas (L.P.G) refiling industries;
9. All kinds of industries producing drone products or providing services through drone;
10. Other industries requiring permission under the prevalent laws.

Schedule-2

(Relating to clause (b) of subsection (1) of Section 17)

Cottage Industries

1. Handloom, pedal-loom, semi-automatic loom, wrapping, dyeing and printing, tailoring (other than readymade garments) and knitting with traditional technology;
2. Hand knitted woollen and silk mats and blankets (*Radi, Pakhi*), carpets, pashmina, garments, hand-made paper and goods made thereof;
3. Goods based on traditional skill;
4. Traditional sculpturing;
5. Hand-made utensils made from metals such as copper, *Pittal, Dhalout*, brass and German silver, and handicrafts;
6. Hand-made utensils and traditional tools of domestic use made from iron such as knives, *Chulesi, Khukuri*, sickle, *Kuto, Kodalo*;
7. Hand-made gold or silver ornaments, goods, utensils (precious, semi-precious, and inclusive of those with ordinary stones);
8. Industries cutting precious, semi-precious and ordinary stones available domestically cutting, rural tanning/hand-made leather goods;
9. Industries based on natural fibres such as zute, sabia grass, Choya, Babiyo, cotton thread, allo;
10. Stone arts (stone carved goods);
11. Paubha, thanka art and other traditionalchitrakala;
12. Masks and putali and dolls reflecting traditional culture;

13. Different kinds of handicraft goods reflecting traditional culture, musical instruments and art;
14. Wood, bone and horn, clay , rock, and mineral artistic goods, ceramics and clay pots;
16. Hand printed brick industries.

Ministry of Industry, Trade and Commerce

Schedule-3

(Relating to clause (a) of subsection (2) of Section 17)

Energy-Based Industries

1. Industries generating energy from water resources, wind, solar power, coal, natural oil and fuel or gas, biomass or other sources, industries manufacturing machines/equipment to be used for the generation of such energy;
2. Electricity transmission lines;
3. Electricity distribution system;
4. Energy based on bio-gas;
5. Electric energy to be produced as a co-production of the sugar industry;
6. Energy potentiality study.

Ministry of Indu.

Schedule-4

(Relating to clause (c) of subsection (2) of Section 17)

Industries Based on Agriculture and Forest Products

1. Fruits farming or fruits processing;
2. Production, processing and storage of food products;
3. Animal husbandry, birds farming (including ostrich), animal breeding, challa kadne business, and production and processing of meat;
4. Industries producing milk and processing of dairy products;
5. Fishery, production, processing and packaging of *fry*;
6. Industries producing animal feed from agro-products as the primary raw materials;
7. Silk farming and processing;
8. Tea garden, tea processing;
9. Coffee farming and coffee processing;
10. Herbs farming, herbs processing;
11. Production of vegetable seeds;
12. Vegetable farming, vegetable processing;
13. Establishment and operation of green-houses;
14. Bee keeping (bee breeding, honey production and processing);
15. Floriculture, flower processing (making of garland, decoration, making bouquet, including production of seeds);
16. Nursery business, establishment, protection and management of botanical gardens, inclusive of tissue culture;
17. Rubber farming, preliminary processing and operation of rubber;
18. Operation and management of cold stores, agriculture markets;
19. Establishment and management of a community, leasehold, partnership, private forest and agriculture forest, and other non-timber forest products;
20. Commercial farming and processing of cash crops (such as sugarcane, cotton (kapas), sanpat, sajiwan, sweet sargam, stevia...., tobacco, zute,

alaichi, keshar, oil seed. Mashala cultivation, dalahan, etc. and production of their seeds);

21. Bet, bamboo farming, bet, bamboo and other natural fibre products;
22. Processing of seeds;
23. Wood industries including saw-mills and furniture;
24. Wood industries such as parqueting, seasoning, treatment plant, ply wood, composite, board;
25. Industries based on other non-timber forest products including paper and resin;
26. Industries producing mushroom, tissue culture (producing plants through new technology), agroforest;
27. Cotton farming, production and processing of cotton and cotton seeds.

Ministry of Industry, Trade and

Schedule-5

(Relating to clause (e) of subsection 2 of Section 17)

Infrastructure Industries

1. Road, bridge, tunnel;
2. Ropeway, railway, tram, trolley bus, monorail and sliding car;
3. Runway/airport;
4. Industrial structure and infrastructure complex;
5. Assembly conference centre;
6. Water supply and distribution;
7. Irrigation infrastructure;
8. Sports complex, stadium;
9. Motor vehicle parking, parking house;
10. Export processing zone;
11. Special economic zone;
12. Cargo complex;
13. Polluted water purification industries (waste water treatment plant);
14. Telephone tower, optical fibre network, satellite, satellite broadcasting centre;
15. Housing and residential building;
16. Building film city, building film studio;
17. Business complex;
18. Private warehouse;

19. Construction, management and operation infrastructure for installation of pipelines for fuel and gas supply;

20. Construction, management and operation infrastructure for energy house and energy transmission line.Schedule-6

(Relating to clause (f) of subsection (2) of Section 17)

Tourism Industries

1. Tourist housing, motel, hotel, resort, bar and restaurant;
2. Travel agency, tour operator, healing centre, casino, massage, spa;
3. Adventurous tourism, trekking, skiing, paragliding, water rafting, hot air ballooning, cannoning, parasailing, horse riding, elephant riding, bungee jumping, expedition, zip flyer, ultra light, sky walking, sky diving, and similar other adventurous games;
4. Cable car construction and operation industries;
5. Golf course, polo, pony trekking, trekking, cycling;
6. Rural tourism, home stay and ecological tourism, agricultural tourism;
7. Cultural, religious, assembly, conference and sports tourism;
8. Fun park, water park;
9. Wildlife reserve;
10. Museum.

Schedule-7

(Relating to clause (g) of subsection (2) of Section 17)

Industries Based on Information Technology, Communication Technology and Information Dissemination Technology

Part (A)

Informational Technology Industries:

- (1) Technology park;
- (2) IT park;
- (3) Biotech park;
- (4) Software development;
- (5) Computer and related services;
- (6) Data processing;
- (7) Cyber café;
- (8) Digital mapping;
- (9) Business process outsourcing (B.P.O), knowledge process outsourcing (K.P.O);
- (10) Data centre, data mining, cloud computing;
- (11) Digital signature certifying agency;
- (12) Web portal, web designing service, web hosting, online classified advertising service.

Part (B)

Informational Technology- Based Industries:

- (1) Internet service provider (ISP);
- (2) Telephone, mobile phone, mobile satellite phone operator service;
- (3) Teleport service;
- (4) Establishment and operation of satellite, establishment of satellite broadcasting center, VSAT service;
- (5) Broadband infrastructure, telecom tower, optical network, satellite network;
- (6) Social networking, online message, video call, conference.

Part (C)

Dissemination Technology-Based Industries:

- (1) FM radio, digital radio service;
- (2) Digital land surface television, satellite television, cable television;
- (3) IP television, online service;
- (4) Digital cable television, network, direct to home (DTH) satellite service, MMDS network, digital television (DTTV) network;
- (5) Recording studio, broadcasting studio;
- (6) Print media industries, audio-visual material production industries, advertisement production industries;
- (7) Production of motion pictures or documentaries.

Schedule-8

(Relating to clause (h) of subsection (2) of Section 17)

Service Industries

1. Mechanical Workshop;
2. Printing and printing related services;
3. Professional research and development, management, engineering and design, legal, accounting, audit, teaching training, educational and technical consultancy services;
4. Joining and welding business;
5. Exhibition services;
6. Cultural and recreational business;
7. Construction business;
8. Public transport business;
9. Photography;
10. Hospitals;
11. Establishment of nursing homes, clinics, polyclinics, rehabilitation homes, physiotherapy clinics, *Ayurvedic* and other alternative hospitals;
12. Operation of physical training, meditation (*Yog-Dhyan*) and exercise centres;
13. Teaching and training centres;
14. Library, archive and museum services;
15. Labs;
16. Air transportation services;
17. Sports services, swimming pools;
18. Operation of cold storage;
19. House wiring, electrical fitting and maintenance;
20. Solid wastes collection and sanitation, recycling of solid wastes;
21. Business on purchase and sale of houses and land, upon land development;

22. Hiring, maintenance and operation of construction related heavy equipment;
23. Veterinary services;
24. Battery recharging;
25. Health check-up services (such as X-ray, CT scan, MRI and ultra sound) and health check-up laboratory;
26. Already built infrastructures operation businesses (such as, businesses operating services like conference buildings, water supply, pipelines related to supply of fuel gas, warehouse and storage, airports, bus parks, stadiums, sports complexes, ropeways, roads, irrigations, electricity transmission, power houses, railway services, cargo complexes, Inland Container depots (ICD));
27. beatng, grinding and crushing and packaging of foods;
28. Clothing and yarn dyeing, sizing and printing on clothes (except when it is done by a weaving industry for its own purpose);
29. Transport and cargo business or service;
30. Customs agent service;
31. Packaging and refiling services (inclusive of LPG gas refiling and vehicle gas refiling stations);
32. Courier services;
33. Dry cleaning business;
34. Beauty parlour;
35. Interior decoration;
36. Security service providing business;
37. Publication service;
38. Advertising service;
39. Advertisement development service;
40. Mass communication service;
41. Production and broadcasting of programmes and documentary telefilms made for television broadcasting;
42. Soil testing service;
43. Water purification, transport and distribution service;

44. Health clubs;
45. Operation of zoological, geological, biotech parks;
46. Business incubation service;
47. Trading business complex operation;
48. Foreign employment service;
49. Cinema halls (inclusive of multiplex);
50. Theatres (inclusive of multiplex);
51. Sewing, knitting (inclusive of boutiques);
52. Electricity survey;
53. Mining study and research;
54. Research and development service;
55. Sanitation service;
56. Wholesale and retail business service;
57. E-commerce, industry, business providing services to the public by using electronic medium (online or software or apps or other similar kind of medium);
58. Leasing machinery, equipment;
59. Service businesses, such as, purification or processing cut to length sheet, photo film slitting, photo, paper slitting, tissue paper slitting, ball bearing assembly and repacking finished goods after importing such goods in bulk, involving nominal processing or procedure;
60. Clothes and yarn dyeing, yarn sizing, and printing on clothes (except when it is done by a weaving industry for its own purpose);
61. Commercial veterinary services;
62. Service apartment;
63. Food court, catering, mobile food stalls;
64. Equipment repair and installation, ready mix concrete, export house, technology and innovation centre and office space with facilities services.

Schedule-9

(Relating to Section 19)

Industries of National Priority

1. Cottage industries;
2. Energy-based industries;
3. Agriculture and forest product-based industries;
4. Infrastructure industries;
5. Export industries;
6. Adventurous tourism with infrastructures, rural tourism; ecological tourism, golf course, polo, pony trekking, trekking tourism, rafting, assembly, conference tourism, sports tourism, religious tourism, cultural tourism, fun park construction and operation, wildlife reserve;
7. Mine and mineral industries, petroleum and natural gas and fuel exploration and production;
8. Industries producing clinkers and cement using domestic limestones, pulps and paper, sugar, chemical fertilizer (except mixture), organic fertilizer, related to shoes, sandals, thread manufacturing, livestock farming, aquaculture, poultry farming, bee keeping, floriculture, preliminary processing of rubber based on local raw materials and manufacturing of rubber products, milk powder, drugs manufacturing, recycling of solid wastes and scraps, industries manufacturing fuel saving equipment, industries manufacturing instruments and equipment to be used by persons with disabilities, industries manufacturing agricultural machines,

equipment and industrial machineries, industries manufacturing electrical motor vehicles, industries manufacturing medicines battling snakebite, industries manufacturing artificial eye lens;

9. Hospitals, nursing homes, veterinary hospitals and clinics, health check-up services, health laboratories, bio research centres and educational and training institutes established outside the Kathmandu valley, areas of Municipal Corporation, and areas of Sub-Municipal Corporations in the Terai area;
10. Information technology industries;
11. Industries established inside the industrial area, special economic zone and industrial village established and operated by the private sector;
12. Industries manufacturing such high price low weight/volume goods as specified by the Government of Nepal by publishing a notice in the Nepal Gazette after making required standards and identifying such goods;
13. Industries producing the goods or services determined by the Nepal Trade Integration Strategy approved by the Government of Nepal;
14. Production of motion pictures.

Schedule-10

Classification of Districts on the Basis of Industrial Development

(Relating to clause (c) of subsection (2) of section 24)

(a) Least Developed Area

- | | |
|----------------|-----------------|
| 1. Darchula | 2. Baitadi |
| 3. Bajhang | 4. Bajura |
| 5. Achham | 6. Doti |
| 7. Mugu | 8. Dolpa |
| 9. Humla | 10. Jumla |
| 11. Kalikot | 12. Jajarkot |
| 13. Rolpa | 14. East Rukum |
| 15. West Rukum | 16. Mustang |
| 17. Manag | 18. Solukhumbu |
| 19. Khotang | 20. Okhaldhunga |
| 21. Taplejung | 22. Bhojpur |
| 23. Panchthar | |

(b) Undeveloped Area:

- | | |
|---------------|------------|
| 1. Dadeldhura | 2. Pyuthan |
| 3. Myagdi | 4. Dailekh |
| 5. Parbat | 6. Lamjung |

- | | |
|-------------------|-------------------|
| 7. Salyan | 8. Gulmi |
| 9. Baglung | 10. Gorkha |
| 11. Dolakha | 12. Ramechhap |
| 13. Sindhuli | 14. Sindhupalchok |
| 15. Rasuwa | 16. Dhankuta |
| 17. Samkhuwasabha | 18. Tehrathum |

(c) Under developed Area:

- | | |
|--------------------|---------------|
| 1. Kanchanpur | 2. Kailali |
| 3. Bardiya | 4. Daang |
| 5. Surkhet | 6. Palpa |
| 7. Arghakhanchi | 8. Syangja |
| 9. Kapilbastu | 10. Tahanun |
| 11. Nuwakot | 12. Dhading |
| 13. Kavrepalanchok | 14. Rautahat |
| 15. Sarlahi | 16. Mahottari |
| 17. Siraha | 18. Saptari |
| 19. Udayapur | 20. Ilam |