



GON Introduces 'Automatic Route' for Foreign Direct Investment in 102 businesses across 7 sectors

Ministry of Industry, Commerce and Supplies has officially launched an Automatic Route system for Foreign Direct Investment (FDI), significantly streamlining the approval process across dozens of industrial sectors.

Key Highlights:

Under the new system, foreign investors in designated sectors no longer need prior DOI approval.

They can now register directly with the Company Registrar's Office and simply notify the Department of Industry eliminating lengthy bureaucratic process.

The government has also removed the upper investment ceiling under the Automatic Route (previously capped at NPR 500 million), while retaining the minimum threshold of NPR 20 million. Notably, IT-based industries are exempt from the minimum limit entirely, opening the door to small foreign investments and startups.

The previous notification from October 2023 (2080 BS) has been repealed and replaced by this new gazette notice.

Sectors Now Covered Under the Automatic Route:

a) **Energy** – 4 types of businesses including, renewables, biogas, biomass.

- b) **Agriculture & Forest-Based Industries** – 13 types of businesses including, food processing, tea, coffee, rubber, timber, paper
- c) **Infrastructure** – 8 types of businesses including, convention centers, export processing zones, cargo complexes, film cities
- d) **Tourism** – 4 types of businesses including, hotels, resorts, healing centers, water parks
- e) **IT & Technology** – 9 types of businesses including, software, data centers, cloud computing, BPO/KPO, web services
- f) **Service Industries** – 23 types of businesses including, hospitals, sports facilities, construction, logistics
- g) **Manufacturing** – 41 types of businesses including textiles, electronics, cement, vehicles, FMCG, and more.

<http://rajpatra.dop.gov.np/welcome/book/?ref=26228>

PKF Comments:

The move is expected to boost Nepal's investment climate, attract foreign capital and technology, accelerate industrial development, and generate employment making business registration faster, paperless, and more transparent.

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