

Introduction

Nepal is a landlocked country in South Asia and is bordered by China and India. It is located in the Himalayas and contains eight of the world's ten highest peaks. The government system is a federal parliamentary republic; the chief of state is the president, and the head of government is the prime minister. Nepal has a traditional economic system in which the majority of the population engages in subsistence agriculture, and the allocation of available resources is made on the basis of primitive methods. Nepal is a member of the South Asian Association for Regional Cooperation (SAARC).



Location: Southern Asia

Capital City: Kathmandu (+5:45 GMT)

Chief of State: President Ram Chandra Poudel

Head of Govt.: Prime Minister Khadga Prasad Sharma Oli

Currency: Nepalese rupee (NPR)

Major Languages: <p>Nepali (official) 44.6%, Maithali 11.7%, Bhojpuri 6%, Tharu 5.8%, Tamang 5.1%, Newar 3.2%, Magar 3%, Bajjika 3%, Urdu 2.6%, Avadhi 1.9%, Limbu 1.3%, Gurung 1.2%, other 10.4%, unspecified 0.2%</p>

Primary Religions: <p>Hindu 81.3%, Buddhist 9%, Muslim 4.4%, Kirant 3.1%, Christian 1.4%, other 0.5%, unspecified 0.2%</p>

Calling Code: 977

Voltage: 230

Key Websites

Main Government Page: nepal.gov.np

Commerce Ministry: moics.gov.np

Investment Promotion Agency: ibn.gov.np

Key Economic Facts

Income Level (by per capita GNI):	Low Income
Level of Development:	Developing
GDP, PPP (current international \$):	\$144.34 billion (2022)
GDP growth (annual %):	5.61% (2022)
GDP per capita, PPP (current international \$):	\$4,725.04 (2022)
External debt stocks, total (DOD, current US\$):	\$8,855,972,582.10 (2021)
Manufacturing, value added (% of GDP):	4.86% (2022)
Current account balance (BoP, current US\$):	-\$2.47 billion (2022)
Inflation, consumer prices (annual %):	4.09% (2021)
Labor force, total:	8,700,518 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	11.12% (2022)
Imports of goods and services (current US\$):	\$17.41 billion (2022)
Exports of goods and services (current US\$):	\$2.76 billion (2022)

GDP Composition %



**Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

Rankings

Index	Rank
Corruption Perceptions Index	116 / 178
Global Competitiveness Index	108 / 141
Global Enabling Trade Index	108 / 136
Index of Economic Freedom	142 / 176
International Logistics Performance Index (LPI)	114 / 160
Inward FDI Potential Index	133 / 139
KOF Index of Globalization	172 / 185
Networked Readiness Index (NRI)	118 / 139
Open Budget Index	72 / 114

Risk Assessment (Provided by Coface)

Country rating: C - A very uncertain political and economic outlook and a business environment with many troublesome weaknesses can have a significant impact on corporate payment behavior. Corporate default probability is high.

Business Climate rating: A4 - The business environment is acceptable. Corporate financial information is sometimes neither readily available nor sufficiently reliable. Debt collection is not always efficient and the institutional framework has shortcomings. Intercompany transactions may thus run into appreciable difficulties in the acceptable but occasionally unstable environments rated A4.

Strengths

- Significant expatriate remittances (25% of GDP) from the Gulf States, India and Malaysia which support household consumption, the main growth driver
- Importance of tourism (6.6% of GDP) from India, China, the US and the UK
- A major recipient of regional and international aid, with financial and technical support from India (Nepal is its second-largest recipient) and China
- Considerable potential in terms of hydropower (99% of electricity production)
- External public debt (45% of public debt) largely concessional
- Member of China's Belt and Road Initiative

Weaknesses

- Landlocked, poorly accessible, dependent on Indian ports
- Lack of infrastructure, non-diversified export basket (clothing and agriculture)
- Heavy dependence on the Indian economy through trade, remittances and the pegging of its currency to that of its neighbour
- Dependence on agriculture (21% of GDP, 35% of exports and 61% of employment)
- High private sector debt, with outstanding debt representing 89% of GDP, pervasive tax evasion
- Still one of the least-developed countries (United Nations), exodus of working population
- Weak business climate: high level of corruption (108 out of 180 countries according to Transparency

International), limited integration into the global financial system and poor transmission of monetary policy

- Persistent political instability, hampering the effectiveness of the government
- Territorial disputes with India over the Limpiyadhura, Lipulekh and Kalapani areas
- Vulnerability to climatic hazards (melting of glaciers, flooding, torrential rain, river erosion and drought)

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<https://np.usembassy.gov>