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 Pushpa Kamal Dahal
Currency: Nepalese rupee (NPR)

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 %**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP%</td>
<td>21</td>
<td>52</td>
<td>12</td>
<td>5</td>
</tr>
</tbody>
</table>

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

**Rankings**

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

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:** B - The business environment is mediocre. The availability and the reliability of corporate financial information vary widely. Debt collection can sometimes be difficult. The institutional framework has a few troublesome weaknesses. Intercompany transactions run appreciable risks in the unstable, largely inefficient environments rated B.

**Strengths**

- Expatriate remittance flows (23% of GDP) support household consumption, the main driver of growth
- Strong agricultural sector (26% of GDP in 2021 and 80% of employment)
- Financial and technical support from India and China
- Recipient of vast sums of regional aid (in particular from the Asian Development Bank) and international aid

**Weaknesses**

- Landlocked, poor accessibility, dependence on Indian ports
- Lack of infrastructure, electricity and fuel shortages, undiversified export basket (clothing and agriculture)
- Heavy dependence on the Indian economy through imports (65% of total imports), exports (57% of total exports) and a currency peg

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