

FDI INFLOWS TO NEPAL: GROWTH, POLICY AND PROSPECTS

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ABSTRACT

Nepal is trying hard to become an attractive destination for FDI in the South Asian region by framing a liberal FDI policy. The present study is an attempt to find the growth and prospects of FDI inflows to Nepal. The study concludes that Nepal has not been able to attain the growth rate of FDI which matches the growth rate of FDI inflows to South Asia during the period of 1990-91-2013-14. During this period South Asian aggregate FDI inflows have registered a growth rate of 24.37 percent whereas the growth rate of FDI inflows to Nepal cannot be calculated due to utter inconsistency of inflows. The FDI inflows to Nepal have picked up only after the year 2007-08. It is surprising to note that during the period 2008-2014 Nepal's CAGR is bombastically high to the tune of 123 percent where as there is negative growth in case of South Asia during that period. It means that it will take some more years when Nepal can come up to the level it desires. Nevertheless, keeping in view the past trends and future projections, Nepal needs to put in place a comprehensive development strategy which includes apart from being wide open to FDI, improving the basic business conditions of the country.

KEY WORDS: FDI inflows, growth, policy and prospects.

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