



# SECTORAL PROFILE HEALTH



GOVERNMENT OF NEPAL  
INVESTMENT BOARD NEPAL

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# HEALTH



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# 1. OVERVIEW

The Constitution of Nepal guarantees the right to health as a fundamental right. It is, therefore, mandatory for the State to ensure basic health care for citizens both during normal times and during emergencies (Article 35). However, the country's healthcare system remains to be developed for being able to provide health care services to the 30 million people, which also makes it a potential investment option for the private sector. In addition to the large national population, there also are opportunities to cater to the floating population, including people from neighbouring countries and tourists.

Systematic health care services in Nepal began in the 17<sup>th</sup> century following the establishment of Singhadurbar Baidhyakhana, which provided *Ayurvedic* treatments, and modern health care began with the establishment of Bir Hospital in 1889.

Nepal first Health Policy of 1991 recognised the importance of private investment in health care in line with the overall thrust on economic liberalisation. The National Health Policy 2019 has articulated the need for large investment in the healthcare system, engaging private investments, including FDI, and promoting medical tourism in areas of comparative advantages such as alternative medicine, wellness, yoga, meditation, Ayurveda and naturopathy, alongside modern state-of-art health services. Section 6.6. of the policy states that "Collaboration and partner-

ships among governmental, non-governmental and the private sector shall be promoted, regulated and managed in the health sector and private internal and external investments in health education, services and research shall be encouraged and protected". The strategy for the same says health tourism will be promoted by developing specialised and super-specialised health services in partnership with private and foreign investors. The policy adds that the pharmaceutical industry will be promoted to the extent of exporting quality medicine, while fulfilling the domestic demand. According to industry estimates, the existing industries fulfil about 45% of the domestic demand. Similarly, the policy also emphasises the development and promotion of alternative medicine practices such as yoga, Ayurveda, herbal medicines, wellness tourism, panchakarma (naturopathy), Unani and homeopathy in collaboration with the private sector.

The contribution of the health sector to GDP was 1.8 percent in 2021/2022; this was a year when the health sector had grown by 7%. The health sector is expected to grow by 6.5% in 2023/2024, and the contribution to GDP to increase to 1.9%. The sector's contribution to GDP has averaged at around 1.6% over the past 10 years with average growth of 6.2%.

According to the Office of the Company Registrar, in September 2022 there were 16,111 private companies in the



## Contribution of the health sector to GDP

(Economic Survey 2021/2022)

1.8%



## No. of private companies in the health sector

(Office of the Company Registrar, 2022)

16,111

**Table 1: Health service coverage fact sheet fiscal year 2076/77 – 2078/79 (2019/20 2021/22)**

Programme indicators	FY 2076/77 (2019/20)	2077/78 (2020/21)	2078/79 (2021/22)
Per cent of population utilising emergency services at hospitals	8	6.9	10.1
Per cent of population utilising inpatient services at hospitals	4.5	3.8	10.1
Bed occupancy rate	41	35	46.6
Average length of stay at hospital (days)	3	3	3.5

Note: \* Updated after National Joint Annual Review

Source: Annual Report of Department of Health Services, 2078/79(2021/2022)



### Population utilising OPD services

# 84%

health sector. According to the Annual Report of the Department of Health, in 2021/2022 the health care services were provided through 192 hospitals, 188 Primary Health Care Centres (PHCC), 3,775 Health Posts (HP) in the public sector, and 2,155 non-public health institutions. The percentage of population utilising OPD services has increased from 84% in 2019/20 to 92% in 2021/22. Similarly, people seeking utilising other health care services have been increasing.

In 2021/22, about 1.5 million people were admitted in hospitals, which was an increase over 1.1 million the previous year. The inpatient hospital death rate was 1.08%. The number of emergency visits was 2.9 million, up from about 1.8 million in the previous year.



### No. of diagnostic tests

(Economic Survey,  
2021/22)

# 134,594

National External Quality Assessment Scheme (NEQAS), one of the oldest programs related to quality service, has been in operation through the National Public Health Laboratory (NPHL) since 1987. There are over 600 labs enrolled in NEQAS, including 400 private laboratories. The total number of diagnostic tests conducted in 2021/22 was 1,34,594.<sup>1</sup>

According to the Economic Survey, the government institutions employed 102,507 health personnel in 2022/23, an increase over 97,449 in the previous year. As per the Human Resource for Health Country Profile report 2013, the government provided 61% of health services jobs while the private sector provided 39%.

Health care spending has been increasing in Nepal. According to World Bank macrotrend data 2023, per capita health care spending had reached USD 58 in 2020 up from USD 49 in 2017. The total Health Expenditure (THE), which is the sum of Current Health Expenditure (CHE) and capital expenditure, was estimated at NPR 183.8 billion (USD 1.6 billion) and NPR 223.43 billion (USD 1.9 billion) (5.3% and 5.8% of GDP, respectively); and the per capita total health expenditure was estimated at NPR 6,188.4 (USD 54.7) and NPR 7418.8 (USD 63.6) in FYs 2018/19 and 2019/20, respectively.<sup>2</sup> The health sector had 5.8% share of the annual government budget in the FY 2023/24. The amount is approximately USD 772 million. The budget for the sector has fluctuated between the lowest of 3.6% in 2017/18 to the highest of 7.4 % in 2021/22 over the past 10 years.

<sup>1</sup> Economic Survey 2021/22

<sup>2</sup> National Health Account, 2023



Pharmaceuticals is one sub-sector of health with high potential for investment. According to ESCAP's Asia Pacific Trade and Investment Trends Report 2022/2023, pharmaceuticals, attracted USD 36 billion Foreign Direct Investment (FDI) in the Asia Pacific Region. Nepal's demand for medicines remains to be met by internal production. According to Association of Pharmaceuticals Producers of Nepal (APPON) only 45% of the domestic market is supplied by domestic production. The remaining medicines are imported mainly from India. According to the National Industrial Survey (CBS), there are 78 pharmaceutical companies in Nepal. These companies employ 8,211 persons (direct employment for 7,929 persons) and had a net output of over USD 113 million and net value addition of over USD 42 million US\$ in 2019/20.

## Global market and trends in medical tourism

- The global medical tourism market is expected to reach USD 54,201.88 million by 2027.
- It has been expanding with a compound annual growth rate of 11.23% between 2022-2027.
- Of the total number of patients, 56% seek better treatment, 22% are looking for affordable cost, 18% are searching for treatment not available in their countries, and 10% do not want to wait for long for treatment.<sup>3</sup>
- Costa Rica, India, Israel, Malaysia, Mexico, Singapore, South Korea, Taiwan, Thailand, Turkey, and the United States are some of the top medical tourist destinations.
- Taking US costs as benchmark, one can save up to 20-30% in Brazil, 45-

65% in Costa Rica, 65-90% in India, 65-80% in Malaysia, 40-65% in Mexico, 25-40% in Singapore, 30-45% in South Korea: 30-45%, 40-55% in Taiwan, 50-75% in Thailand, and 50-65% in Turkey for world class medical services.

- The US-based Joint Commission launched its international affiliate agency in 1999, the Joint Commission International (JCI). JCI sets the standards for the top medical services.
- More than 950 hospitals and clinical departments around the world have been awarded JCI accreditation and that number is growing by about 20% per year.<sup>4</sup>
- The most promising country for medical tourism recently has been India, where the number of foreign patients has been growing by an annual average of about 25%.
- More than two million people visit Thailand each year for medical treatment.
- More than 9% of the GDP in Thailand is attributable to medical tourism.
- Every year, an estimated seven million people travel to Europe for medical care.<sup>5</sup>
- Turkish Airlines launched a programme in October 2022 offering weekly medical tours from the United States costing cost USD 5,000.
- In April 2022 the Government of India listed 10 airports - Delhi, Mumbai, Chennai, Bengaluru, Kolkata, Visakhapatnam, Kochi, Ahmedabad, Hyderabad, and Guwahati - with special desks, a multilingual portal, and simplified visa process for international passengers visiting for medical purposes.



### No. of health personnel

(Economic Survey, 2022/23)

102,507



### Health sector's share of annual budget (2023/24)

5.8%

<sup>3</sup> Source: Dr Raza Siddique, Arab Health Daily Dose 2023, Jan, 1

<sup>4</sup> Source: Webpage <https://www.patientsbeyondborders.com/about>, Patient Beyond Borders, 2021

<sup>5</sup> Source: <https://medigence.com/blog/top-medical-tourism-destinations-in-the-world/> Nov 15, 2022

- In April 2022, the Government of India also planned to launch a particular category of AYUSH visas for tourists visiting India for medical treatment or tourism in traditional medicine. This initiative is a part of the government's "Heal in India" campaign to promote medical tourism in India.

### Private sector involvement in Nepal's health sector

According to Nepal Private Sector Engagement Assessment Report 2020 (USAID) the contribution of the private sector in current health expenditure is 69.7%, with government expenditure limited to 17.5%. Total number of patients admitted in public hospitals in 2020/21 was 380,715 (33%) against 765,837 (67%) admitted in private hospitals (HMIS 2020/21). According to the national health accounts, expenditure at private hospitals in FY 2019/20 was

NPR 25.4 billion (USD 0.2 billion). Similarly, the CHE expenditure at private hospitals was 12.6%, and it was 9.9% for government hospitals in FY 2019/20.

Out of the total expenditure in health care services, the net amount of private health care providers was NPR 15,446 million (USD 116 million) and that of private specialised hospitals was NPR 6,461 million (USD 48 million) for FY 2019/20. This demonstrates the overwhelming involvement of the private sector in the health sector. There are already several world class private hospitals in Nepal, most of them in Kathmandu. These include the Kathmandu Valley-based Nepal Medicity Hospital, Norvic International Hospital, Grande Hospital, Bayodha Hospital, and HAMS Hospital. According to Association of Private Health Institutions Nepal (APHIN), there are 196 private hospitals across Nepal.

## 2. INVESTMENT OPPORTUNITIES

### Health subsectors

There are three sub-sectors in health care. According to the United Nations Conference on Trade and Development, investments in the health sector usually refer to that made in three sub-categories (UNCTAD, 2021).

#### a. Manufacturing component

This includes the production of medical goods and devices, biotechnology and the manufacturing of medical equipment and pharmaceutical products (including final drugs and the raw materials used to make them).

#### b. Infrastructure component

This includes the construction of medical facilities such as hospitals, health centres, and medical research centres, etc.

#### c. Services component

This includes the provision and export of medical services, research and development in fields such as medical technology and medicine, and medical tourism.

- According to ESCAP's Asia Pacific Trade and Investment Trends Report 2022/2023, investment in the healthcare sector plummeted by 45% in 2020/ 2021 owing to the COVID-19 pandemic, and the decline continued, registering 34% in the first three months of 2022. This was caused by the dismantling of the supply chain following the change of priority.
- Between 2008 and 2021, greenfield investment in the health sector fluctuated considerably, falling by 28% between 2008 and 2012 and then increasing by 97% to USD 24 billion by 2021.
- Greenfield FDI in the health sector in Asia and the Pacific was 49% lower in 2021 compared to 2008. However, the year 2022 was better, with an increase of 78% in the first quarter, compared to the same period in 2021.
- Between 2008-2021 investment in different health subsectors in Asia and the Pacific region was as follows:
  - **Pharmaceutical** subsector attracted USD 36 billion,
  - **Medical devices segment** received USD 20 billion,
  - **Biotechnology** received USD 17 billion,
  - **Healthcare** received USD 10.8 billion.
- FDI flows through cross-border merger and acquisitions (M&As) have been increasing since the early 2000s, with the total value of projects increasing from USD 2 billion to USD 10.6 billion between 2001 to 2020.
- Most M&A deals in the region took place in the pharmaceutical subsector – close to 2,500 between 2010 and 2020. This was followed by the healthcare subsector and then biotechnology.<sup>6</sup>

### Key areas of investment

A few studies suggest that there is tremendous untapped potential for investment in healthcare, particularly in medical tourism services based on health and wellness, manufacturing, particularly

<sup>6</sup> Source: Asia Pacific Trade and Investment Trends Report 2022/2023, ESCAP

pharmaceuticals, and medical education in Nepal.

Nepal has the potential to offer world-class lifestyle tourism services or what Stolley and Watson (2012) call “pampering services”. These include spas, massage, yoga, anti-aging treatments, meditation, weight loss, stress reduction, ayurveda, naturopathy, etc. Khanal and Tetsuo (2019) have argued that health tourism could be an important and growing sector even though it remained to be researched extensively. They emphasised the need to promote wellness tourism, which had been increasing globally. Further, in manufacturing, there is an unmet domestic demand that remains to be filled in medicines, both Ayurvedic – with raw materials sourced in Nepal -- and modern. Another potential area for investment is medical education. Nepal already receives some students from the region, and this can be expanded by adding more teaching-learning capacity.

## Wellness tourism

The global market for medical tourism has witnessed the contestation of the definitions and implications of the terms like, wellness tourism (Nahrstedt, 2004; Smith & Kelly, 2006; Steiner & Reisinger, 2006), health tourism (Douglas, 2001; Hall, 2003) health care tourism (Goodrich & Goodrich, 1991; Henderson, 2003), well-being tourism (Inside Story, 2007), holistic tourism (Smith, 2003; Smith & Kelly, 2006), medical tourism (Connell, 2006) and spa tourism (Puczko & Basharov, 2006) (cited in Khanal and Tetsuo, 2012). These terms are often used interchangeably but with different meanings. According to Khanal and Tetsuo, medical tourism is an umbrella term for both “health tourism” and “wellness tourism”. Health tourism is based on the western style of modern treatment while wellness

tourism is based on the Oriental tradition of healing through nature and spiritualism. Nepal can be one of the best destinations in the world for wellness or lifestyle tourism.

## Why wellness tourism in Nepal?

- Gifted by nature, one of the top tourism destinations in the world,
- Healing through nature, a key theme of wellness tourism, is compatible with our natural environment,
- Wide range of topographic and climatic diversity,
- Availability of clean energy,
- The Himalayas with spiritual and healing effects on patients,
- Home to ancient time-tested traditions and long history of alternative treatments,
- Birthplace of Lord Buddha and other spiritual leaders like guru Gorakhanath, Khaptad Swami, etc.
- Ample options for recuperation and rejuvenation activities,
- Spiritual dimensions of healing with teleological pilgrimages like Lumbini, Pashupatinath, and several others,
- An amalgamation of Hinduism and Buddhism which is a great advantage to attract medical tourist from India, China, and other East Asian countries,
- Strategic location between India and China, with open border with India,
- Steady inflow of international patients without an institutionalised promotional effort,
- Nepali spas provide a blend of western and eastern methodologies, with best result,
- People from more than 120 countries including the United States, Canada, United Kingdom, Germany, and Russia visit various ayurveda, meditation and yoga centres, and hotels and resorts with spa in Nepal (Khanal and Tetsuo, 2012).
- A tremendous resource for commercial production of herbal medicines

**Table 2: Nepal's readiness for medical tourism (enabling conditions)**

S.N	Reasons for the global rise of medical tourism	Nepal's current situation
1.	Cost	Cost effective compared to the nearest competitors like India.
2.	Long waiting lists	Timely treatment available in private hospitals
3.	Declining cost of global transportation	Affordable air services available from almost all major origin countries
4.	Internet revolution	Adequate access of internet services available
5.	Maturity of baby boom generation	Baby boom generation has been aging in Nepal with numbers increasing owing to longer life expectancy.
6.	Demand for cosmetic surgery	Not developed well, however, initiatives are already underway.
7.	Ability to pay	The ability to pay in Nepal has increased with the growth of the middle class and urban population.
8.	Vacation /Free time	One of the best locations for vacation and leisure with ample options of recuperation.
9.	Quality care	Quality care insured.
10.	Unavailability of treatment facility	Almost all major trending treatments in the world are available.
11.	Insurance policy	Recent extension of insurance scheme across the country.
12.	Government health policy	Investment-friendly health policy.
13	Connectivity	Recent extension of two international airports, and one more is planned.
14	Involvement of private sector in health services	Overwhelming presence of private sector.
15.	Growing number of medical tourism companies (MTC) or medical tourism facilitators	No presence of MTC.
16.	Word-of-mouth recommendation	Word-of-mouth recommendation applies.
17.	Duration of stay and high spending	Stay could be extended.
18.	Evergreen activity	Could be an all-season activity in Nepal.

- since over 7,000 species of higher plants are found in Nepal, of which 5% are endemic and 10% are medicinal and aromatic plants (Subedi, 2010),
- 75 forests types ranging from dense tropical forests to alpine vegetation that covers over 50% of the total geographical area of the country forms the land resource base for the provision of medicinal and aromatic plants (Subedi, 2010),
  - 73.82% of ayurvedic medicines found in Nepali market are foreign products and the rest are Nepali (Adhikari and Regmi, 2008). Nepal needs significant investment in herbal medicine

- manufacturing,
- Almost all 173 starred hotels can be transformed to wellness centres with minimum investment,
  - Alternatively, 75 ayurvedic health centres, one central ayurvedic hospital and a provincial hospital across the country can be developed into wellness centres,
  - As of 2023 there were 4,810 Ayurvedic health workers including specialists, doctors, Kaviraj and others (Economic Survey 2023/24).
  - It is estimated that there are 4,00,000 traditional healers in Nepal (Khanal and Tetsuo 2012).

**Table 3: Medicine import trend in Nepal**

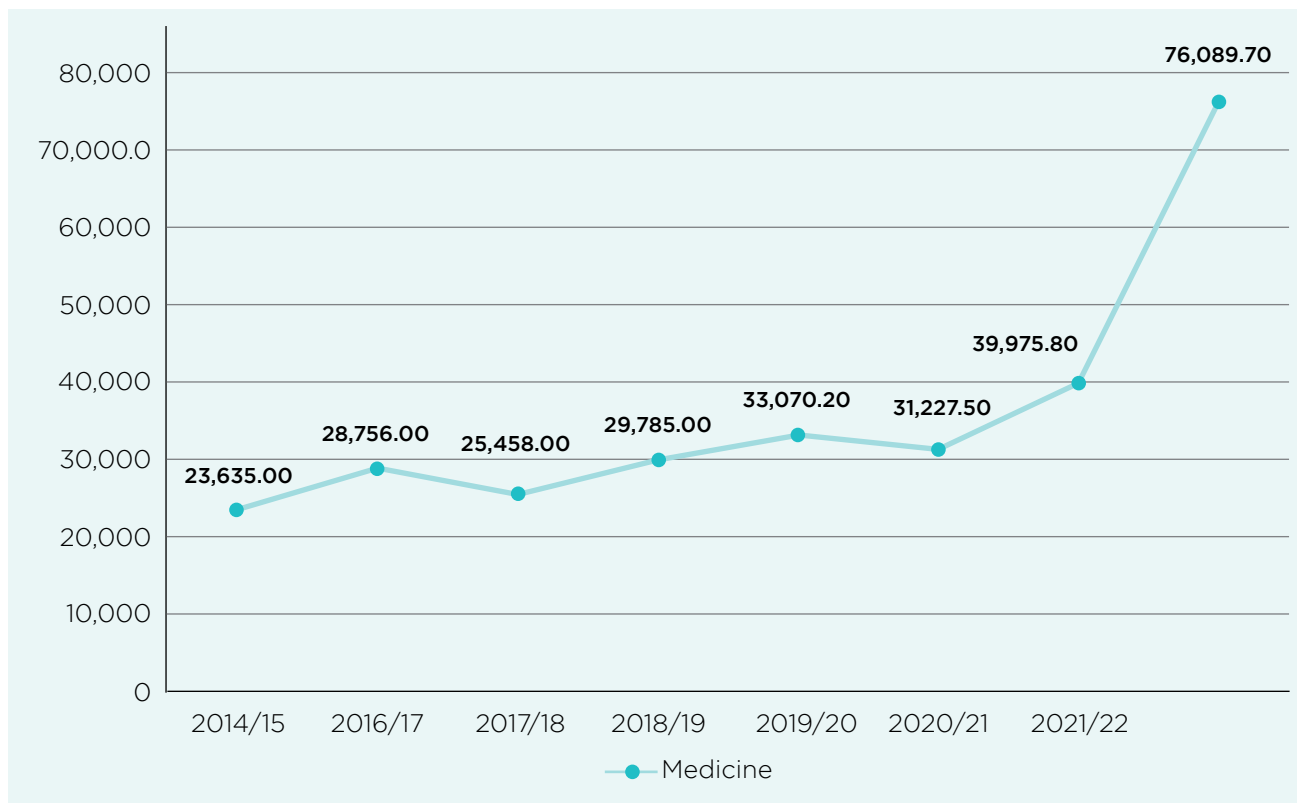
Amount in NRs. Million

Particulars	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 <sup>P</sup>	2021/22 <sup>P</sup>
Medicine	23,635.0	28,756.0	25,458.0	29,785.5	33,070.2	31,227.5	39,975.8	76,089.7

Source: Macro Economic Indicators NRB 2022

**Figure 1: Medicine import trend in Nepal**

Amount in NRs. Million



## Pharmaceutical industry

As ESCAP's Asia Pacific Trade and Investment Trends Report 2022/2023 suggests, the pharmaceutical industry attracts the largest FDI in the Asia Pacific region. Nepal offers high potential for investing in pharmaceuticals for two major reasons. First, the domestic production of medicines meets only 45% of Nepal's demand with enough room for adding new products. The second reason is the increasing numbers of patients every year, which adds to the demand for medicines. Moreover, the Global Burden of Disease Report 2019

suggests that the average life expectancy at birth of a Nepali has reached 71.1 years, which was 58.4 in 1990. The healthy life expectancy is 61.5 years. According to the report, the added years of life are usually not always the healthy ones. According to the National Industrial Survey (CBS), there are 78 pharmaceutical companies in Nepal. They have directly employed 7,929. AP-PON claimed that Nepali pharmaceutical companies were directly employing around 15,000 and indirectly more than 200,000 persons in 2017. The industry had a net output of more than USD 113

### India: Import of pharmaceutical products and medical equipment

S. N	Description	Total import in 2022
1.	Pharmaceutical products	2,730,439
2.	Medical equipment	11,340,606

(USD in thousand)

### Bangladesh: Import of pharmaceutical products and medical equipment

S. N	Description	Total import in 2015
1.	Pharmaceutical products	186,777
2.	Medical equipment	400,349

(USD in thousand)

### Nepal: Trade in pharmaceutical products and medical equipment

S. N	Description	Total export
1.	Pharmaceutical exports	13,160 in 2022
2.	Pharmaceutical exports to India	11,455 in 2022
3.	Medical equipment exports	1,972 in 2021
4.	Medical equipment exports to India	469 in 2021

UN Comtrade, Data, accessed December 2023

(USD in thousand)

million and net value addition of more than USD 42 million in 2019/20.

#### Investment in pharmaceuticals

An analysis of expenditure of healthcare activities at different levels of health services reveals that the largest proportion, of CHE – 39.4% and 37.4% -- in FYs 2018/19 and 2019/20 was on pharmaceuticals and medical goods. Similarly, the total expenditure on pharmaceuticals and medical goods in 2019/20 was NPR 80.8 billion.<sup>7</sup> Medicine imports to Nepal have been increasing every year. In 2021/22 Nepal imported medicines worth NPR 7.6 billion (USD 52 million). Further, Nepal imports 80% of raw material for medicines from India and 10% from China; the import value for the raw material in FY 2021/22 was NPR 9 billion or a little over USD 67 million (Subedi, 2022). Thus, net spending on raw material and medicine imports stood at around USD119 million.

National Drug Policy 1995 is investor friendly. Section 4.5b of the policy states that both public and private entrepreneurs would be encouraged to establish pharmaceutical industries to produce 80% of essential drug formulations in-country in 10 years.

### Medical and surgical equipment

- Nepal's trade deficit is about USD 92,168 (in 2022).
- There is a tremendous opportunity to tap the domestic requirement in syringes, needles, instruments and appliances.
- Besides, there is a high demand for medical and surgical equipment in the neighboring markets as well.
- Since Nepali contact lens has global standard and could be produced in reasonable and competitive price, it has high export potential.

<sup>7</sup> Nepal National Health Accounts 2018/19 and 2019/20

Table 4: Assessment and projection of Nepal's health human resources (HR)

S.N.	Code	Classification of occupation	Production till 2077/78	Employed in 2077/78	Gap between required and employed in 2077/78	Required in 2077/78	Projection of 2082/83	Projection of 2087/88	Annual average growth rate (%)	Structure of working HR (%)	Structure of required HR (%)
1	2211	Medical Officer (MBBS)	17708	12396	2904	15300	16025	16784	3.08	5.85	5.56
2	2212	Specialist Physician Consultant (master's degree)	8762	8291	5779	14070	14737	15435	6.41	3.91	5.11
3	2221	Nursing Professionals (Masters)	140	133	242	375	393	411	11.95	0.06	0.14
4	2222	Nursing Assistant Professionals	1528	1452	698	2150	2252	2359	4.97	0.68	0.78
5	2222	Nursing and Midwifery Allied Professionals (+2)	110155	77316	2925	80242	84043	88024	1.31	36.47	29.16
6	2231	Professionals who provide traditional and alternative medicine (+2, bachelor's degree)	237	225	1674	1891	1989	2083	2492	0.11	0.69
7	2231	Traditional and Assistive Medical Technicians (+2)	1462	1389	542	1931	2022	2118	4.31	0.66	0.70
8	2261	Other allied health professionals (master's degree)	1455	1382	1068	2450	2566	2688	6.88	0.65	0.89
9	2262	Other allied health assistant professionals (bachelor's degree)	18116	17211	3892	21103	22103	23150	3.01	8.12	7.67
10	3251	Other allied health assistant professionals (+2, Training)	31594	58514	36326	94841	99334	104039	5.92	27.60	34.46
11	3252	Unranked office assistants, cleaners, drivers etc.	35440	33668	7174	40842	42777	44804	2.90	15.88	14.84
		<b>Total</b>	<b>256597</b>	<b>211977</b>	<b>63226</b>	<b>275203</b>	<b>288240</b>	<b>301895</b>	<b>3.60</b>	<b>100.00</b>	<b>100.00</b>
12	3253	Female Community Health Volunteer	51416	51416	584	52000	54463	57043	1.04		

Source: Health Sector Human Resource Projection in Nepal (2079-2087), Nepal Medical Education Commission based on 2021/22



**Table 5: Approved medical education seats in Nepal (2021-2023)**

S. N	Level	2021	2022	2023
1.	Bachelor's Degree	8251	8560	7659
2.	Master's Degree	1567	1718	1684
3.	Above Master's Degree		83	109
	<b>Total</b>	<b>9818</b>	<b>10361</b>	<b>9452</b>

### Market size for pharmaceutical products and medical equipment

Nepal is close to very large markets for pharmaceutical products and medical equipment. Both India and Bangladesh have large populations that can be served by producing good quality medicines and medical equipment. Even though both countries have their own pharmaceutical productions, they also import these products from other countries.

### Medical education

Nepal's human resources in the health sector is far below the minimum ratios set by the WHO's Global Strategy on Human Resources for Health: Workforce 2030. Therefore, there is a need for human resource development both for employment in-country and to meet the demand for qualified professionals globally. Nepal has various institutions providing medical education, but this has not stopped students from heading to countries like Bangladesh, China, and India for studying medicine.

#### Human resource requirement (2021-2030)

Nepal's National Strategy on Health-related Human Resource has made the following projection for human resources required considering different hospitals and specialised services that need to be provided in the country. According to the WHO Global Strategy 2030, the ratio of health professionals (Physicians, nurses,

and midwives) per 1000 population must be 4.45. Nepal lags far behind this ratio. Nepal Medical Education Commission has projected the demand for health professionals until 2023, based data for 2021/22. The table on page 10 depicts the projected human resources gap.

According to the projection, the total human resources, both specialist and non-specialists, in 2021/22 was 256,597. The gap between those required and those employed was 63,226. This gap was projected to reach 89,918 by 2030 when the minimum need projected would be 301,895. Table 4 shows student admissions (total number of approved seats) for the bachelor's, master's, and higher degrees in health (Excluding diplomas and paramedical courses)

The number of students who sought permission for pursuing medical education abroad (B.A. and M.A) in 2023/24 was 1,195 (B.A. 899 and M.A 296). Only 17 of these students had scholarships. On average, the total cost for a B.A. level (MBBS) student in Bangladesh and China is about USD 45,000 excluding living expenses. This aggregates to around USD 40 million the 900 students pay for their education. Similarly, the market size for this level of education in Nepal is about USD 625 million. (The calculation is based on USD 33000 x 1895 approved seats per year, the minimum rate approved by Medical Education Commission).

**Table 6: The hospital visit trend for the past six years**

S. N	Year	Emergency Visits	OPD Visits	Admitted
1	2016/17 (73/74)	1,765,350	25,736,082	1,322,816
2	2017/18 (74/75)	2,047,412	27,059,694	1,241,941
3	2018/19 (75/76)	2,126,908	28,862,867	1,333,892
4	2019/20 (76/77)	2,379,816	29,263,941	1,212,294
5	2020/21 (77/78)	2,086,959	26,843,366	1,146,552
6	2021/22 (78/79)	2,938,849	33,063,292	1,548,336

Source: DoH Annual Reports (2016/17 to 2021/22)

A state-of-art university hospital is therefore a viable investment option in Nepal, where the low cost is also an important factor. Nepal can offer world class education at competitive costs compared to neighbouring countries. For example, the highest salary of a medical university professor in Nepal is around USD 22,000 (NPR 3,000,000)<sup>8</sup>. The highest government-paid salary of a medical university professor at the All-India Institute of Medical Sciences is around USD 45,000 (INR 3,800,000).<sup>9</sup>

Further, even at the existing capacity, Nepal offers more than 2,000 seats for foreign students in the bachelor programmes in medicine, including MBBS. Nepal had allocated 2,023 seats for the bachelor's programme, including 557 MBBS seats, according to the annual report of Medical Education Commission. According to an informal study, it is estimated that a typical foreign MBBS student spends around USD 75,000, including living expenses, in Nepal for the overall study cycle. This would add up to around USD 41 million for the approved MBBS seats.

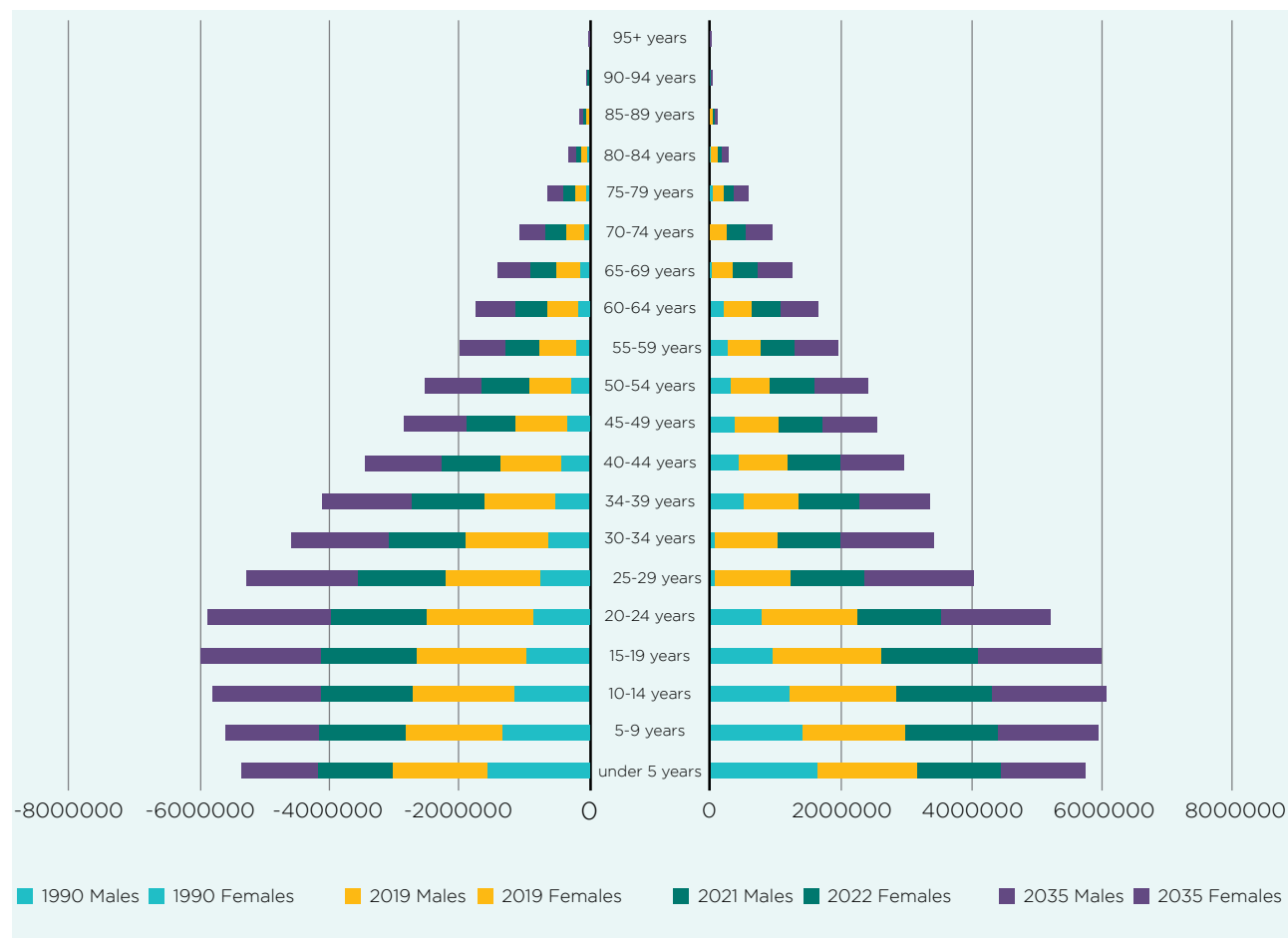
### Health care services

A number of reasons justify investment in health care services in Nepal. Among other health expenses, the second larg-

est expenditure in health is curative services, the first being pharmaceuticals and medical goods. The share curative care services has increased from 29.8% of CHE in FY 2019/20 to 33.4% of CHE in FY 2019/20 (Nepal National Health Accounts 2018/19 and 2019/20). This expense is explained by the increasing demand for healthcare services owing to a larger aging population, higher per capita expenses in healthcare, increasing out-of-pocket expenditure (OPE), and higher deaths caused by non-communicable diseases (NCD) with shifting trend of the burden of disease index and increasing life expectancy adding more unhealthy years to the lifespan of an average Nepali. Establishing world class health services in Nepal can contribute towards lowering the number of Nepalis who travel abroad for treatment, and to tapping into the medical tourism market by providing quality treatment, including super-speciality services, at competitive rates for people from other countries. Government policies encourage private investment, including FDI, in healthcare, and has supportive schemes like nationally supported health insurance. The health administration is also decentralised and managed by 753 sub-national governments. The following reasons make a case for increasing investment in healthcare:

<sup>8</sup> Source: worldsalaries.com.

<sup>9</sup> Source: ambitionbox.com

**Figure 2: Population by age**

**Table 7: Population aged 60 years and above by sex**

Population by Age	2021			2035		
	Male	Female	Total	Male	Female	Total
60+	1,443,907	1,533,411	2,977,318	1,886,003	1,971,492	3,857,495

### Increasing number of patients

The hospital visits have increased every year, except for 2020/21 – the COVID years. Table 6 displays the hospital visit trend for the past six years, suggesting that the numbers will continue to increase.

### Ageing population

The size of the ageing population has been increasing in Nepal. According to the 2021 census, there are 2.97 million elderly people in Nepal, a 38.2% increase compared to 2011. The proportion of the elderly in

the population has reached 10.21%. During 2011 to 2021, Nepal's average population growth rate was 0.92% and the population growth rate of the elderly population was 3.29% (Chalise, 2023). A growth in the ageing population would mean a rise in demand for healthcare services.

### Increasing per capita expenditure in health

According to macrotrend data 2023, health care spending has been increasing in Nepal. According to the World

Bank, the per capita health care spending reached USD 58 in 2020, up from USD 49 in 2017. The per capita spending is higher in Nepal compared to Bangladesh and Pakistan.

### **Increasing out-of-pocket expenditure in health**

Overall, the out-of-pocket expenditure on health care increased from 42.5 % in 2006 to 54.5 % in 2020.<sup>10</sup> Further, private expenditure on health as share of total expenditure has reached 63.3%.<sup>11</sup> Similarly, Nepal's purchasing power parity has increased over the years. It was 13.2 LCU (Local Currency Unit) per international dollar in 2003 which reached 34.2 LCU in 2022. There are two implications of these figures; first shows that people are compelled to spend primarily on healthcare services owing to the urgency, and second that the strength of an average Nepali's spending has increased.

### **Global burden of disease index**

The Global Burden Disease (GBD) 2019 study reports that Nepal's life expectancy at birth has reached 71.1 years, which is an increase of 12.7 years since 1990. However, these added years are not necessarily healthy. The healthy life expectancy in Nepal is 61.5 years, which is an increase of 11.1 years from 1990. Further, 71.1% of deaths in Nepal were due to non-communicable diseases (NCDs) in 2019, a massive increase over 31.3% in 1990 (UNICEF Nepal 2023). NCDs accounted for the highest expenditure for the diseases/health conditions, which were 30.1% and 31.8% of CHE, in 2018/19 and 2019/20 (MoHP, NHA, 2020). This indicates that the burden of NCDs will increase in the days to come.

### **Patient outflows**

Official records show that 8,774 Nepalis went to foreign countries by air for medical treatment in 2009 (MoT-CA, GoN 2010). The number of patients seeking medical treatment in the official record of India for 2018 was 11,429.<sup>12</sup> There are no records of Nepalis who go to Indian health institutions to seek treatment over land. In 2018, Ashok Bajpai, the Managing Director of Indraprastha Apollo Hospitals, India told a Nepali newspaper that the company's hospital in New Delhi received 500 patients per month from Nepal or about 6,000 patients per year. Of these patients, 20% had visited for oncology services. The cost of treatment of cancer is high compared to other ailments and that indicates the money that could be retained in Nepal through high quality services.

### **Medical tourist inflow**

According to an article in the Global Press Journal, around 200,000 patients visited Nepal for eye surgeries in 2016. The number is as high as 1.5 million in terms of general eye treatments sought (June 2023). Nepali hospitals close to the Nepal-India border also attract Indian patients seeking gynaecological, paediatric and ear, nose, and throat (ENT) treatment (SAWTEE 2008). This is a commercially untapped market for health services.

### **Cost effective quality treatment**

One major reason why people travel for treatment globally is to seek low-cost quality healthcare. SAWTEE (2008) said health services in Nepal were cheaper compared to those in the bordering Indi-

<sup>10</sup> World Bank 2023

<sup>11</sup> World Data Atlas, 2023

<sup>12</sup> Government of India Ministry of Tourism, 2022

**Table 8: Comparison of treatment cost**

Procedures	US (\$)	India (\$)	Nepal* (\$)
Heart bypass	144,000	5,200	2255.63 <sup>14</sup>
Angioplasty	57,000	3,300	675.39 <sup>15</sup>
Heart valve replacement	170,000	5,500	2251.32 <sup>16</sup>
Hip replacement	50,000	7,000	3751.78 <sup>17</sup>
Knee replacement	50,000	6,200	2243.50 <sup>18</sup>
Dental implant	2,800	1,000	750.34 <sup>19</sup>
Lap band	30,000	3,000	1500.88 <sup>20</sup>
Rhinoplasty	8,000	4,000	3001.75 <sup>21</sup>
Hysterectomy	15,000	2,500	525.31 <sup>22</sup>
Gastric bypass	32,972	5,000	3752.19 <sup>23</sup>
Liposuction	9,000	2,800	1500.88 <sup>24</sup>
Lasik (both eyes)	4,400	500	\$750.44 <sup>25</sup>
Cornea (both eyes)	N/A	N/A	\$97.56 <sup>26</sup>
Retina	N/A	850	\$180.11 <sup>27</sup>
IVF treatment	N/A	3,250	\$2551.49 <sup>28</sup>

Source: Prices for the U.S. and India have been extracted from [www.medicalindiatourism.com](http://www.medicalindiatourism.com) (MediConnect)

an markets at least for two reasons: i) the exchange rate of Nepali currency vis-à-vis the Indian rupee, and ii) lower travel, waiting and treatment time for receiving health services.<sup>13</sup> Healthcare facilities available in private as well as government hospitals in Nepal are of world class even though none of the hospitals have been accredited by the JCI. The cost of treatment of some major ailments like heart bypass, hip replacement, dental implant, gastric bypass, and IVF treatment are much lower in Nepal compared to India and other countries.

## Achievements in health care

This section discusses some of the achievements Nepal has made in health care (Table 7).

### ■ Kidney and liver transplantation:

The Shahid Dharmabhakta National Transplant Centre (SDNTC) (Human Organ Transplant Centre, HOTC) pioneered kidney and liver transplants and the know-how has been extended to other parts of the country. The average cost of renal transplant

<sup>13</sup> Sharma and Sapkota, 2011

<sup>14</sup> FB page of Medicity Hospital, 2018

<sup>15</sup> Sahid Gangalal National Heart Centre

<sup>16</sup> The Himalayan Times, 2017

<sup>17</sup> The Kathmandu Post, Aug 16, 2023

<sup>18</sup> FB page of Star Hospital, 2019

<sup>19</sup> Denta life Oral Concern, website: dentalife.com.np

<sup>20</sup> The Kathmandu Post, 2016

<sup>21</sup> Surgery-costs.com

<sup>22</sup> Pristyn Care

<sup>23</sup> SurgerySurgeon.com

<sup>24</sup> Medicos

<sup>25</sup> Eye Health Nepal

<sup>26</sup> Nepal in Data

<sup>27</sup> Nepal in Data

<sup>28</sup> Surrogate Mother Nepal

is up to USD 25,000 in neighbouring countries; the service is free for Nepali citizens. Likewise, the cost of liver transplant abroad is as high as USD 150,000 while it costs about USD 20,000 for citizens in Nepal.

- **Dual organ transplant:** The KIST Medical College and Teaching Hospital carried out a successful dual organ transplant – a liver and a kidney transplant – in a single patient (33-year-old female) on 9 October 2023.
- **Global impact in eye care:** The Tilganga Eye Hospital (TEH) has been a WHO Collaborating Centre for Ophthalmology since June 2019. Joining over 800 such centres in over 80 WHO member states, TEH is the second institute in Nepal to receive this designation after SAARC Tuberculosis and HIV/AIDS Centre.
- **World Class Laboratory Services:** National Public Health Laboratory (NPHL) has been assessed and accredited in accordance with ISO 15189:2012 in clinical chemistry, immunology, serology, haematology, and molecular testing since 2020.
- **State-of-the-art Endovascular Treatment:** Upendra Devkota Memo-

rial National Institute of Neurological and Allied Sciences introduced the first state-of-the-art Bi-Plane Cath Lab in 2020 and has revolutionised the treatment of strokes, aneurysms, and arteriovenous malformations. As a stroke ready hospital, it offers mechanical thrombectomy, which is considered the gold standard in the treatment for ischemic stroke worldwide. It has served over 200 patients so far alongside the endovascular treatment of over 250 cases of cerebral aneurysms at the Bi-Plane Cath Lab, setting new standards for care in the country.  
Source: MoHP Progress Report 2023

## Nepal's readiness for medical tourism

Table 9 demonstrates investment climate in the health sector juxtaposed against the top global reasons for the rise of medical tourism. References to the global growth have been taken from Stolley and Watson (2012), and Connell (2013).

## Types of medical tourists

The following table depicts the different types of medical tourists and those that would be suitable for Nepal. The categories are based on the types of medical tourists based on Stolley and Watson (2012), and Connell (2013).

**Table 9: Types of medical tourists**

S.N.	Types of Patients	Suitable for Nepal
1	Patient without good insurance: Patients with inadequate coverage of health or no insurance.	✓
2	Patient with fatal disease: Patients with life threatening disease and no hope in their country.	Yet to be adequate
3	Accidental tourist: These are vacation travellers who may also seek treatment.	✓
4	Traveller: They are real travellers who love traveling as well as medical care	✓
5	Luxury seeking patients: They are elite patients seeking both luxury and treatment.	✓
6	Diasporic patients: They are diasporic medical tourists seeking treatment where they are.	✓
7	Health-conscious patients: These are tourists who choose destinations with wellness tourism.	✓
8	Wealthy patients: These are people seeking high-class medical care at high end hospitals.	Initiatives have begun
9	Poor patients: Tourists on budgets seeking lowest prices	✓
10	Informed patients: These are the patients with plethora of understanding about medical care.	✓

## Demand forecast in health care services

This section analyses past trends to forecast the likely scenario ahead. The values of prices are assumed based on the constant prices at the point of calculations. The section reveals how the health care demand will increase with the increase in the demand of medicines, number of patients, the growing population, increasing aging population, per capita expenditure in health and increasing out-of-pocket expenditure.

Analysing past data, a positive correlation between yearly time series and respective units has been found using Karl Pearson’s coefficient. Assuming a linear relationship, values up to FY 2034/2035 have been projected using simple linear regression.

Linear Regression Formula:  $y=mx+b$

Where:

- y is the predicted value (units),
- x is the independent variable (time),
- m is the slope of the regression line,
- b is the y-intercept.

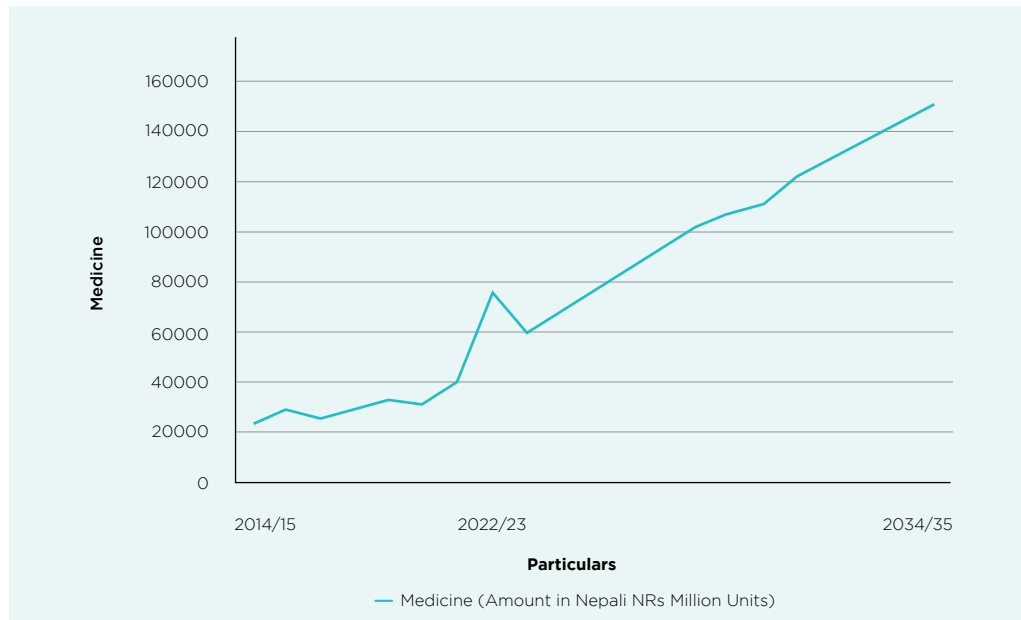
The correlation coefficient (Pearson’s) has been calculated as follows:

$$r = \frac{\text{Covariance of time and respective unit}}{\sqrt{\text{Variance of time} \times \text{Variance of respective unit}}}$$

### Medicine

Based on the past trend of medicine imports and assuming the current imports will prevail; the demand of import will rise to NPR 150,622 million by 2034/35. This is the demand for medicines for domestic use only (For details: See: Annex-1).

**Figure 3: Trend of medicine import in Nepal**



**Table 10: Medical equipment exports from Nepal**

Year	Export amount in US Dollars (Thousand Units)	Past or forecasted
2011	1317	Past
2012	737	Past
2013	1270	Past
2014	869	Past
2015	2695	Past
2016	1019	Past
2017	737	Past
2018	912	Past
2019	2450	Past
2020	1444	Past
2021	1972	Past
2022	671	Past
2023	1512	Forecasted
2024	1538	Forecasted
2025	1564	Forecasted
2026	1590	Forecasted
2027	1616	Forecasted
2028	1643	Forecasted
2029	1669	Forecasted
2030	1695	Forecasted
2031	1721	Forecasted
2032	1748	Forecasted
2033	1774	Forecasted
2034	1800	Forecasted
2035	1826	Forecasted

Source: UN COMTRADE Data accessed in Dec 2023

### Pharmaceutical exports from Nepal

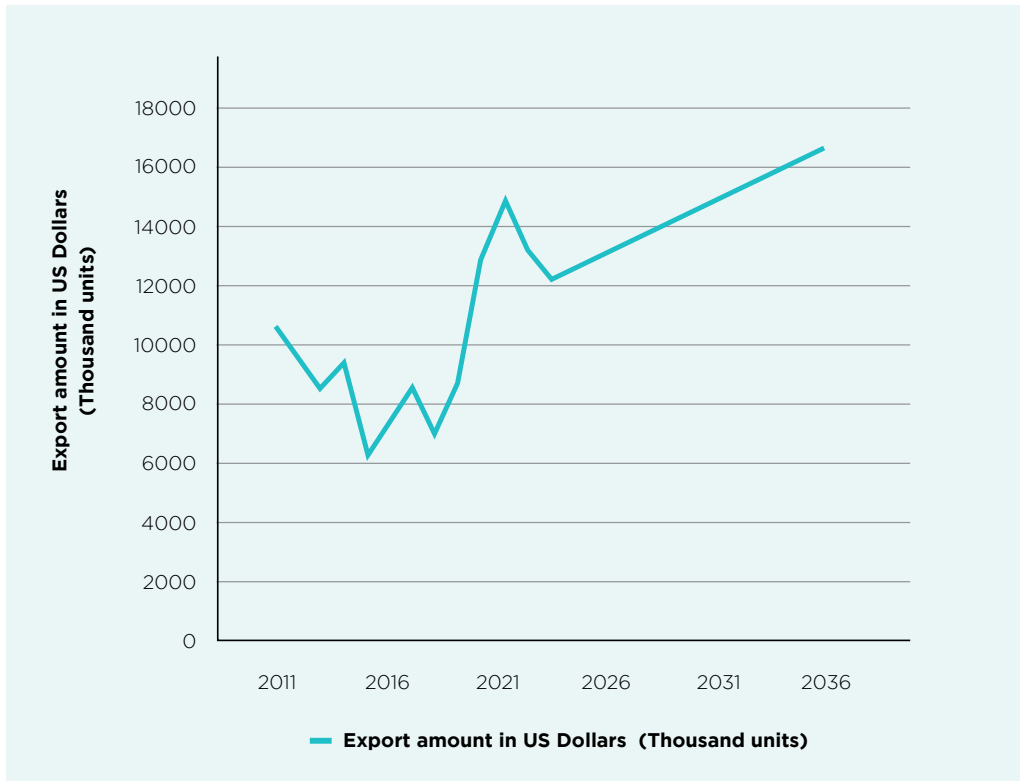
These tables and figures in this section show the trend of health sector products and services from Nepal between 2011 to 2022. Though the size of exports is insignificant the fact that it is taking place is significant (See: Annex-1).

### Projected hospital visits

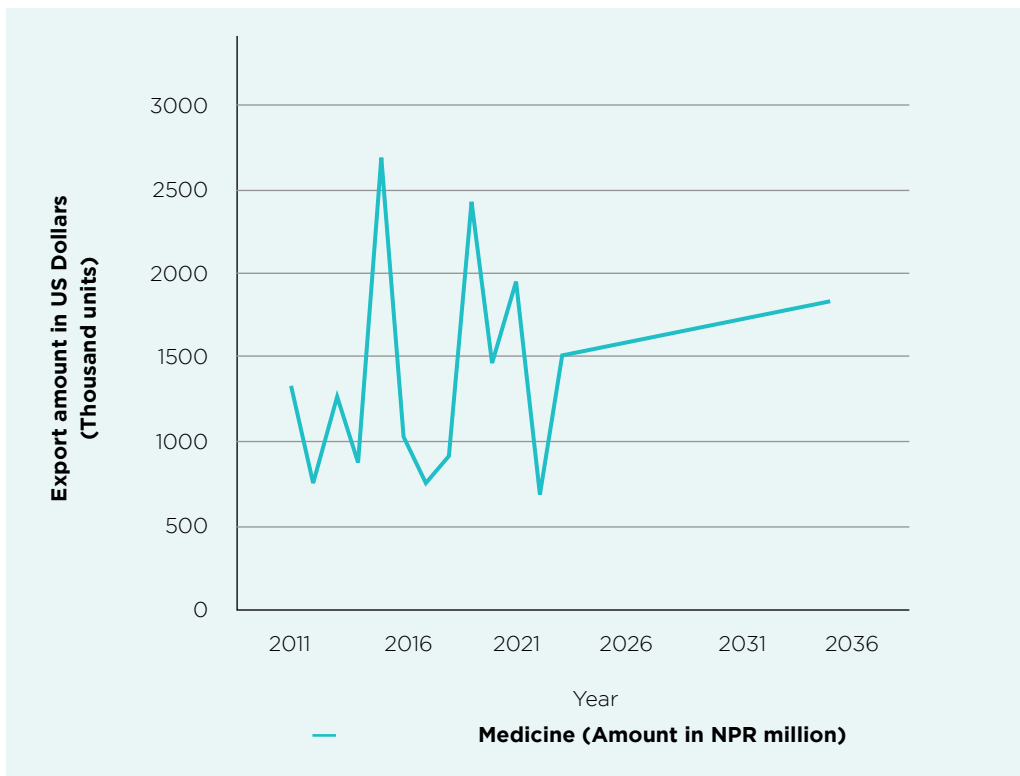
Based on the past data on hospital visits by people seeking treatment and the assumption that same situation will prevail, the health care service demand will rise to 5,234,438, 45,922,730 and 1,959,079 visits for emergencies, out-patient treatments, and in-patients, respectively, by 2034/35. Table 11 projects hospital visits until 2034/35.



**Figure 4: Trend of pharmaceutical products export from Nepal**



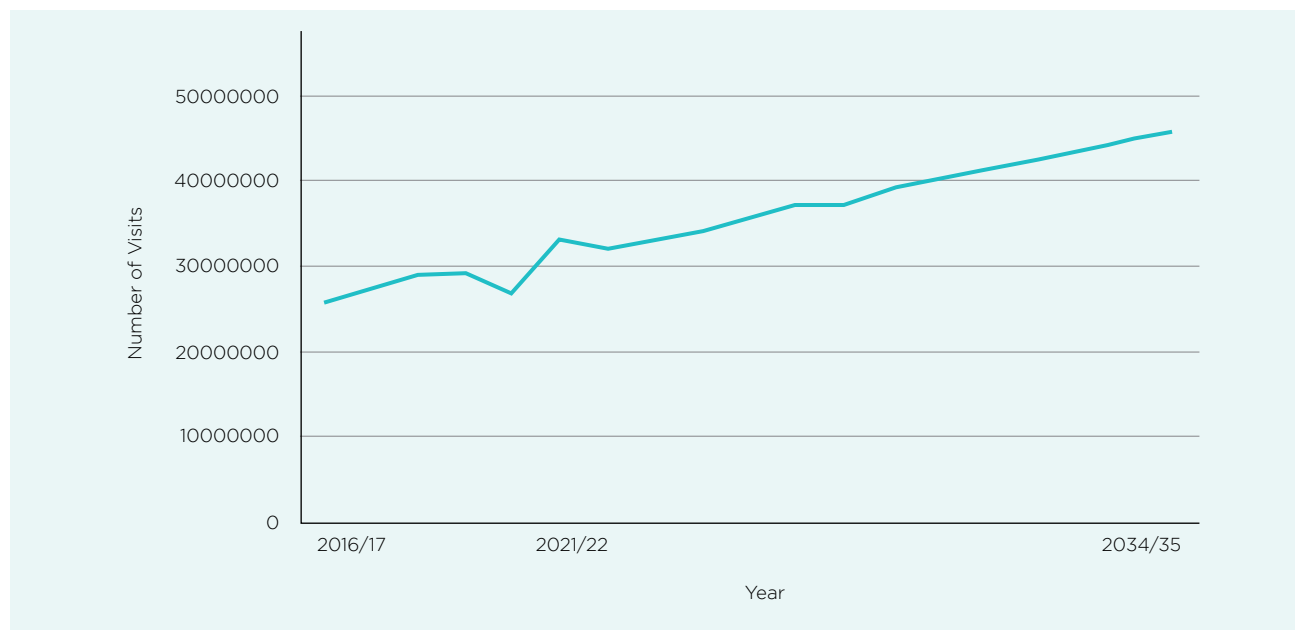
**Figure 5: Trend of medical equipment export from Nepal**



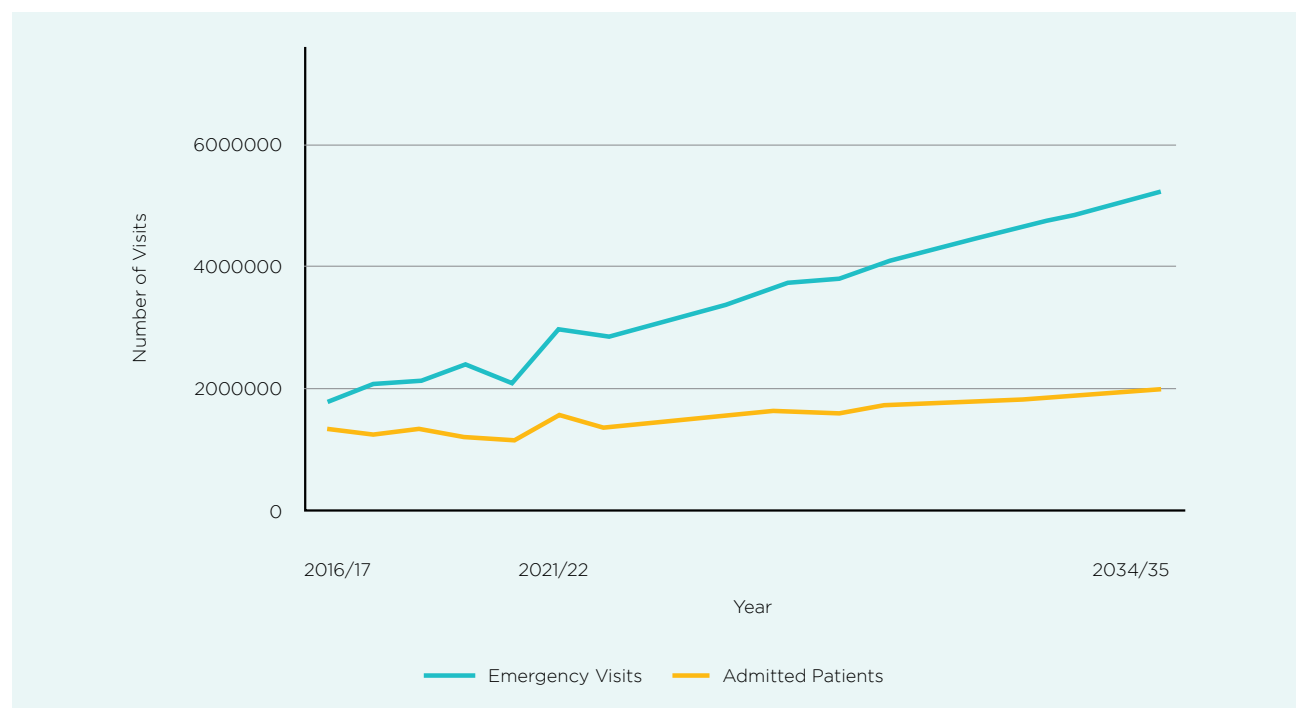
**Table 11: Projected hospital visits in Nepal**

Year	Emergency Visits	OPD Visits	Admitted Patients	Past or Forecasted
2016/17	1765350	25736082	1322816	Past
2017/18	2047412	27059694	1241941	Past
2018/19	2126908	28862867	1333892	Past
2019/20	2379816	29263941	1212294	Past
2020/21	2086959	26843366	1146552	Past
2021/22	2938849	33063292	1548336	Past
2022/23	2848120.1	32110354.3	1372955.3	Forecasted
2023/24	3019328	33077319.2	1432594.6	Forecasted
2024/25	3238553.5	34119999.3	1478832.1	Forecasted
2025/26	3451944.2	35615966.7	1566804.4	Forecasted
2026/27	3720150.4	37271725.3	1619584.7	Forecasted
2027/28	3796544.7	37469944.5	1601587.3	Forecasted
2028/29	4051571.5	39031931.8	1691270	Forecasted
2029/30	4256688.5	40245680.2	1736554.4	Forecasted
2030/31	4449170.6	41399993.2	1780173.3	Forecasted
2031/32	4639422.3	42446272.1	1816739.3	Forecasted
2032/33	4828193.4	43531920.7	1864333.1	Forecasted
2033/34	5048359.6	44858345.2	1921818.5	Forecasted
2034/35	5234438.3	45922730.6	1959079.2	Forecasted

Source: DoH Annual Reports (2016/17 to 2021/22)

**Figure 6: Trend of OPD visits in Nepal**

**Figure 7: Trend of emergency visits and admitted patients in Nepal**



### Projected population growth

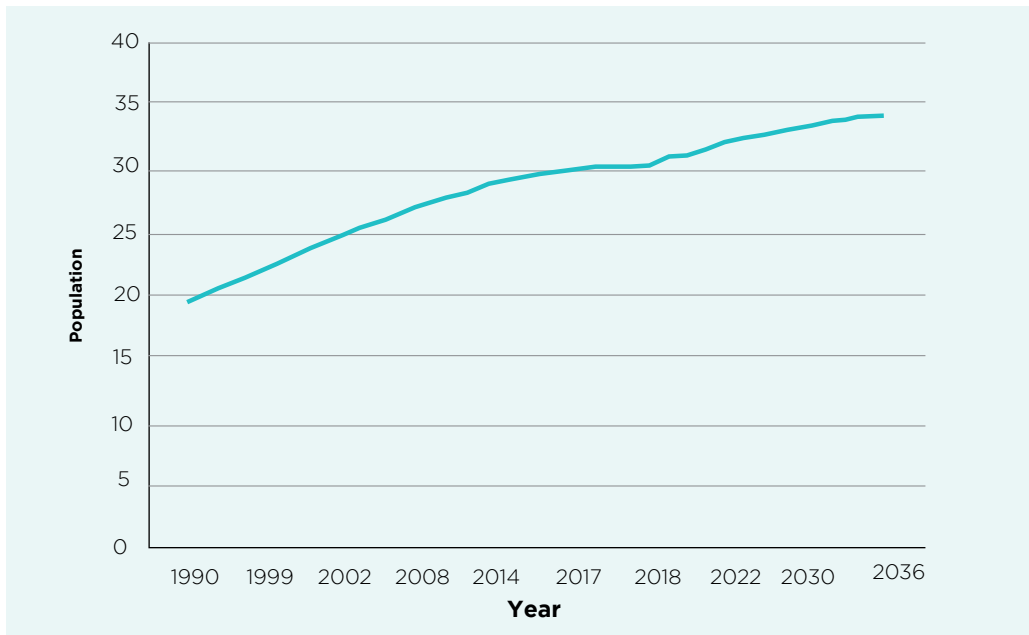
Based on the past trend of population growth and with the assumption that the current situation will prevail, Nepal's population will reach 34.3 million by 2034/35. This population will have corresponding demand on healthcare services.

**Table 12: Projected population growth**

Year	Population	Past	Year	Population	Forecasted
1990	19.4	Past	2018	30.3	Forecasted
1996	22	Past	2024	32.1	Forecasted
2002	24.7	Past	2030	33.4	Forecasted
2008	27	Past	2036	34.3	Forecasted
2014	28.9	Past			
2017	29.9	Past			

Source: <https://www.healthdata.org/researchanalysis/health-by-location/profiles/nepal> (IHME)

**Figure 8: Population trend of Nepal**

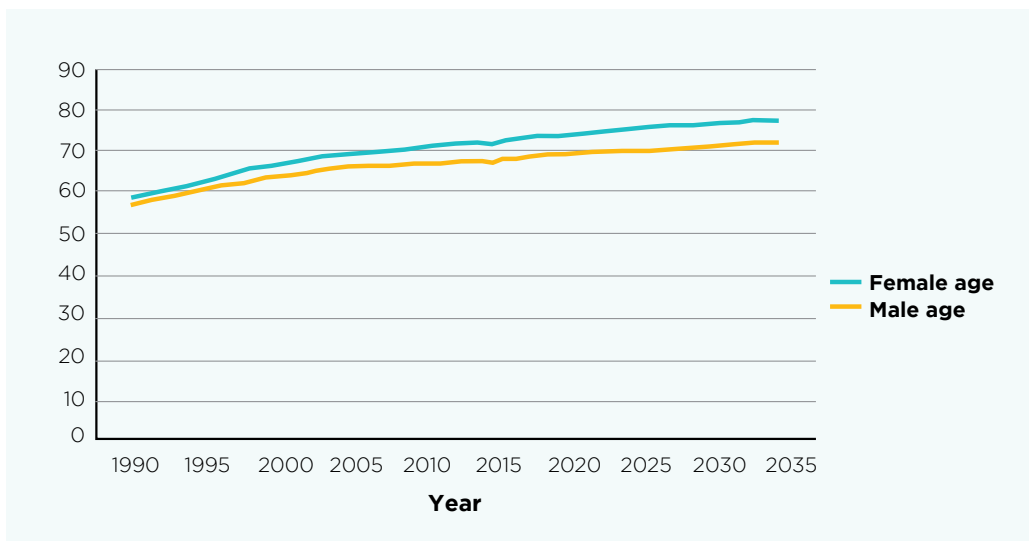


**Projected life expectancy and the ageing population**

Based on the increasing life span trend and the assumption that the current situation of life span extension will prevail, the life expectancy of an average

Nepali will reach nearly 77 years by 2034/35. The added years will put extra burdens on the healthcare system suggesting the demand for multiple health care facilities (See: Annex-1).

**Figure 9: How long will people live?**



Source: <https://www.healthdata.org/researchanalysis/health-by-location/profiles/nepal> (IHME)

### Average spending capacity

Based on the past trend of increasing out of pocket spending and the assumption that the spending will prevail,

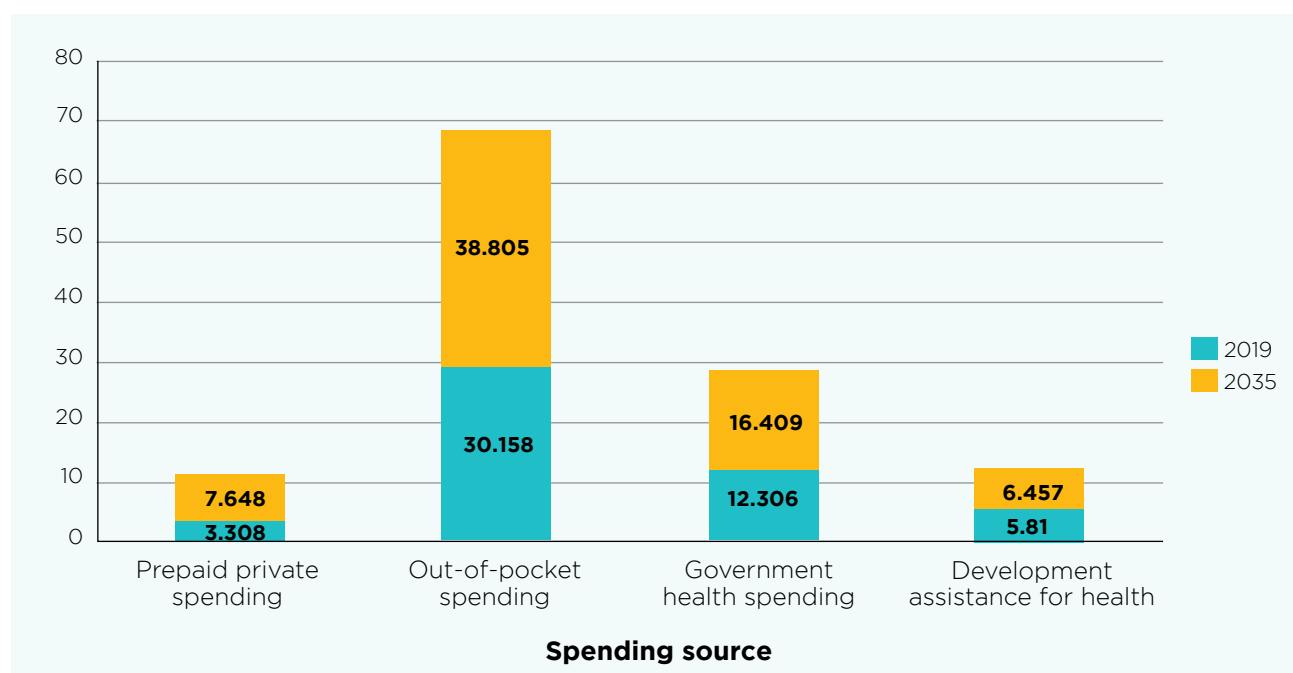
the out-of-pocket expenditure of an average Nepali will increase to 38.8 % by 2034/35.

**Table 13: Projected health spending out of total spending (%)**

Spending source	Prepaid private spending	Out-of-pocket spending	Government health spending	Development assistance for health
2019	3.308	30.158	12.306	5.81
2035	7.648	38.805	16.409	6.457

Source: <https://www.healthdata.org/researchanalysis/health-by-location/profiles/nepal> (IHME)

**Figure 10: Trend of expense**



### Trend of per capita expenditure on health

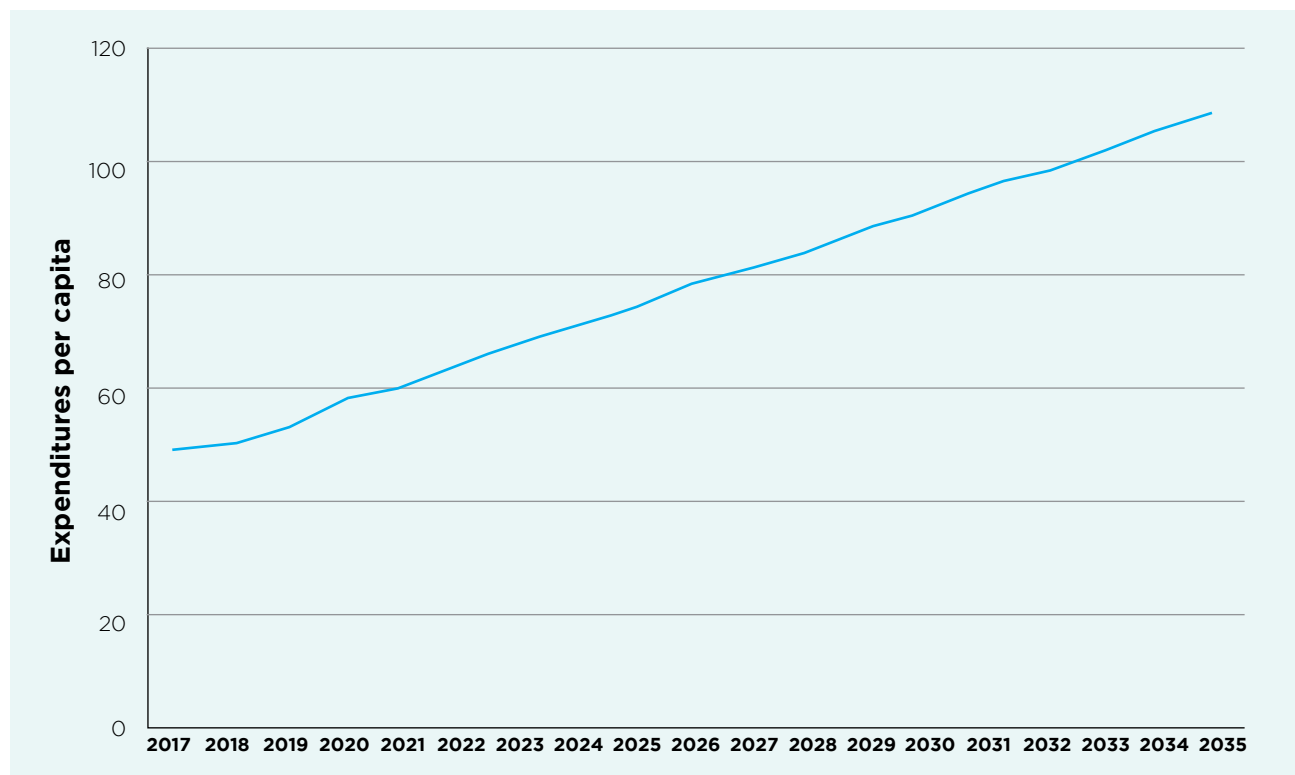
Based on the past trend of increasing per capita expenditure on health and the assumption that the expend-

iture will prevail, the expenditure of an average Nepali will reach USD 108 by 2034/35. This is an indication of the type of demand there will be for healthcare.

**Table 14: Projected per capita expenditure on health**

Year	Expenditures per capita (US Dollars)	Year	Expenditures per capita (US Dollars)
2017	49	2027	81
2018	50	2028	84
2019	53	2029	88
2020	58	2030	91
2021	60	2031	95
2022	64	2032	98
2023	68	2033	101
2024	71	2034	105
2025	74	2035	108
2026	78		

Source: macrotrend.info

**Figure 14: Trend of expenditure of health per capita of Nepal**

## 3. SUPPORT SYSTEM

The National Health Policy 2019 has prepared a favourable environment for private investment. The private sector is heavily invested in the health sector in Nepal, which still holds potential for attracting substantial FDI. Following is a brief overview of investor-friendly laws and regulations in Nepal.

### Nepal's doing business ranking

Doing Business Report 2022 published by The World Bank Group provides insights on how Nepal compares with the rest of the world for doing business. This ranking is based on factors like starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Nepal ranked 94<sup>th</sup> among 190 countries in 2022.

Nepal stands third in the South Asia after India and Bhutan. It lies ahead of only Philippines in overall ranking among the medical tourist destinations. Philippines has the 95<sup>th</sup> rank. Some competitive advantages in Nepal include getting credit, trading across borders, starting a business, registering properties, and protecting minority investors. Even though Nepal has a comparatively good position in the South Asia region it faces tough competition with the top and emerging medical tourism destinations in Asia. The following chart summarises Nepal's position among South Asian countries in the Doing Business report:

### Nepal's competitiveness

The 2020 global competitiveness index report by World Economic Forum ranks Nepal in different indicators, mentioned below among 141<sup>st</sup> member

**Table 15: South Asia in the Doing Business Report (selected indicators)**

Economy	Global Rank	Rank within group	Starting a business	Dealing with construction permits	Getting electricity	Registering property	Getting credit	Protecting minority investors	Paying taxes	Trading across borders	Enforcing contracts	Resolving insolvency
Bangladesh	168	168	131	135	176	184	119	72	151	176	189	154
Nepal	94	94	135	107	135	97	37	79	175	60	151	87
Bhutan	89	89	103	91	78	53	94	111	15	30	29	168
India	63	63	136	27	22	154	25	13	115	68	163	52
Maldives	147	147	74	63	149	176	144	147	119	157	124	141
Pakistan	108	108	72	112	123	151	119	28	161	111	156	58
Sri Lanka	99	99	85	66	89	138	132	28	142	96	164	94
Afghanistan	173	173	52	183	173	186	104	140	178	177	181	76

economies compared. This competitiveness index is used by investors to make investment decisions. The report uses 12 key pillars and associated indicators.

The 12 pillars include institutions, infrastructure, ICT adoption, microeconomic stability, health, skills, product market, labour market, financial system, market size, business dynamism and innovation capability. Despite obvious disadvantages of being a small least developed economy, Nepal surpasses the scores on some indicators with countries like India. These areas are security, social capital, budget transparency, freedom of press, electricity, ICT adoption, health, future workforce, future of workforce, skills of future workforce, trade openness, worker's rights, internal labour mobility, domestic credit to private sector, stability, and administrative requirements. These indicators are significant for enhancing the business environment. In a nutshell, the report shows that:

- Nepal surpasses not only India, but even Philippines and Malaysia.
- Nepal has a strong position in the following indicators:
  - general security,
  - social capital and future workforce,
  - skills of future workforce,
  - trade openness and worker's rights,
  - internal labour mobility and domestic credit to private sector,

- stability and administrative requirements
- budget transparency and freedom of press,
- electricity, ICT adoption and health services

## Why invest in Nepal?

- Nepal is strategically located between two of the largest and rapidly growing economies; the two countries have a total population of over 2.6 billion.
- Nepal has 31,052,990 people (December 2023)<sup>29</sup> or is the 49<sup>th</sup> largest country in terms of demographic volume among 193 countries.
- Young country with 61.96% people in the working age (15-59 years) (CBS 2021). This becomes 65% when working age is 15-64 years as per international practice.
- Nepal allows foreign investors 100% ownership of a company in many sectors, facilitates repatriation of capital and profits, has provisions for on-arrival tourist visas and rules for business visas have been eased. Nepal has bilateral investment protection and double tax avoidance treaties. It has Bilateral Investment Promotion and Protection Agreements with India, Finland, Germany, Mauritius, U.K., and France, and Double Taxation Avoidance Agreements with Austria, Bangladesh, China, India, Korea, Mauritius, Norway, Pakistan, Qatar, Sri Lanka, and Thailand.
- Nepal has the lowest tax rates in South Asia. The comparatively high ROI in Nepal results from abundance of natural resources and availability of clean energy, tax incentives and holidays for specific sectors, income tax concessions on profit from exports, and 1% income tax on income earned in foreign currency from Business Process Outsourcing (BPO),

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Nepal reimburses customs, excise duties, and VAT levied on raw materials and auxiliary raw materials of export-oriented industries; there is duty free access for products from Nepal in India, such facility is available for about 8,000 products in China.

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## Relevant laws, policies and regulations

- National Health Policy, 2019.
- Nepal Health Sector Strategic Plan, (2023-2030).
- National Health Financing Strategy, (2023-2033).
- National Healthcare Quality Assurance Framework, 2022
- Integrated Health Information Management System Roadmap, 2022.
- Universal Health Coverage: Strategic Framework, 2021.
- Geriatric Health Service Strategy, 2021.
- Public Health Service Regulation, 2020.
- Nepal Human Resource for Health Strategy, 2020/21.
- National eHealth strategy, 2017.
- Health Insurance Act, 2017.
- Disaster Risk Reduction National Strategic Plan of Action, 2018.
- Public Health Service Act, 2018.
- Nepal Health Service Act, 1997.
- Nepal Nursing Council Act, 1996.
- Nepal Medical Council Act, 1963.
- Nepal Pharmacy Council Act, 2000
- Nepal Drug Act, 1978.
- Public-Private Partnership and Investment Act, 2019.

- Industrial Enterprises Act, 2020.
- Foreign Investment Policy, 2015.
- Foreign Investment and Technology Transfer Act, 2019 (FITTA).
- Nepal Rastra Bank Foreign Investment and Foreign Loan Management Bylaw, 2021 (Second Amendment).

### Health insurance

The Government of Nepal has implemented its health insurance scheme at all 749 local government jurisdictions of 77 districts (MoHP Progress Report 2022/23). The insurance programme assists people to pay for medical services and provides investors the assurance of receiving payments for services. The insurance scheme can be extended to include international insurers.

### Investor-friendly health policy

The National Health Policy 2019 has clearly articulated the need to incorporate private investment, including FDI, for providing quality healthcare services. The policy commits to both encourage and protect private investment in the health sector. The major features of other relevant policies and strategy are mentioned in the table.

**Table 16: Features of relevant policies**

S.N	Policies and strategy	Features
1.	Trade Policy 2015	<ul style="list-style-type: none"> <li>• Has articulated that “service sectors such as tourism, education and health and information technology will be developed and promoted as the special thrust area”.</li> <li>• Aims to enhance the access of goods, services, and intellectual property to regional and world markets.</li> </ul>
2.	National Health Policy 2019	<ul style="list-style-type: none"> <li>• Articulates the need of large investments in the national healthcare system involving private sector, FDI, and promoting medical tourism and alternative medicine such as ayurveda and naturopathy.</li> </ul>
3.	Nepal Trade Integration Strategy 2023	<ul style="list-style-type: none"> <li>• Has identified health services as one of the 19 sectors having export potential.</li> <li>• Has recognised the fact that health services are a fast-growing business worldwide, Nepal has potential to export health services in the longer term.</li> <li>• Aims to increase the country’s trade-to-GDP ratio to 55% by 2026 from 43.81% in 2021.</li> <li>• Targets goods and services exports to represent 20% of Nepal’s GDP, from 6.3% in the base year 2021-2022. (website: South Asia Subregional Cooperation SASEC)</li> </ul>

S.N	Policies and strategy	Features
4.	Double Taxation Avoidance Agreements	<ul style="list-style-type: none"> <li>Aims to avoid simultaneous taxation for the same income in multiple jurisdictions with India, Norway, Thailand, Sri Lanka, Mauritius, Austria, China, Qatar, Bangladesh, Korea, and Pakistan</li> </ul>
5.	Bilateral Investment Protection and Pro-motion Agreements	<ul style="list-style-type: none"> <li>Agreements between Nepal and Finland, France, Germany, Mauritius, U.K., and India; it opens opportunities to invest, and aims to promote, protect, and encourage investments.</li> </ul>

### International trade agreement provisions

There are several bilateral, regional and multilateral trading arrangements favourable to Nepal's health related trade. Features of those arrangements are highlighted in the following table.

S.N	Policies and strategy	Features
1.	Nepal-India Trade and Transit Treaty	<ul style="list-style-type: none"> <li>Provides Nepal a duty free, quota free access to India's market.</li> </ul>
2.	Market Access to China	<ul style="list-style-type: none"> <li>China has allowed duty free access to around 8000 products.</li> </ul>
3.	South Asian Free Trade Area 2006	<ul style="list-style-type: none"> <li>Aims in enhancing higher level of economic and trade cooperation by removing barriers to cross-border flow of goods.</li> </ul>
4.	SAARC Agreement on Trade in Services 2012 (SATIS)	<ul style="list-style-type: none"> <li>Aims to enhance trade in services among the member states in a mutually beneficial and equitable manner establishing ground for liberalizing and promoting trade in the region.</li> </ul>
5.	Nepal's membership in Multilateral Investment Guarantee Agency (MIGA)	<ul style="list-style-type: none"> <li>Aims to assures foreign investors against non-commercial risks, like currency transfer, breach of contract, war, and civil disturbances.</li> </ul>
6.	South Asia Subregional Economic Cooperation (SASEC)	<ul style="list-style-type: none"> <li>Aims to collaborate among Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka in a project-based partnership.</li> <li>Aims to promote regional prosperity, improve economic opportunities, and build a better quality of life for the people of the subregion.</li> <li>Health sector was included in SASEC's operational priorities in 2022.</li> </ul>
7.	GATS of WTO	<ul style="list-style-type: none"> <li>Nepal was first least-developed country (LDC) member of the WTO by accession on 23 April 2004.</li> <li>More liberal country among SAARC members</li> <li>Nepal has made horizontal commitments to keep the first three modes of service supply generally unrestricted.</li> <li>Sector-specific commitments have been made only for hospital services.</li> <li>No major limitations in this sub-sector except in market access in Mode 3 where foreign services providers must be incorporated in Nepal with a maximum foreign equity capital of 51%.</li> <li>In addition, medical experts can work with the permission of Nepal Medical Council for a maximum period of one year.</li> </ul>

## Regulatory agencies and their respective roles

Regulatory body	Roles
Department of Health Services (DoHS)	<ul style="list-style-type: none"> <li>• Inspects and approves detailed documentation, including facility plans, staffing arrangements, medical protocols, and compliance with safety and quality assurance of health service providers</li> <li>• Sets standards of care, monitoring service delivery, conducting inspections, and addressing quality-related issues</li> <li>• Issues licenses to private healthcare facilities, including hospitals, clinics, and diagnostic centers</li> </ul>
Nepal Medical Council	<ul style="list-style-type: none"> <li>• The investor must ensure that the health professionals they employ are licensed and registered</li> </ul>
Department of Drug Administration	<ul style="list-style-type: none"> <li>• Must obtain a drug license demonstrating compliance with pharmaceutical regulations.</li> </ul>
Medical Education Commission	<ul style="list-style-type: none"> <li>• Regulation and monitoring the following aspects of medical education: <ul style="list-style-type: none"> <li>• Accreditation and regulation</li> <li>• Curriculum development</li> <li>• Licensing and certification</li> <li>• Quality assurance</li> <li>• Professional development programs</li> <li>• Research and innovation</li> <li>• Ethical standards and professionalism</li> <li>• Capacity building and training</li> </ul> </li> </ul>
National Public Health Laboratory (NPHL)	<ul style="list-style-type: none"> <li>• Maintains standards for laboratory testing procedures, equipment, and reagents</li> <li>• Ensures the quality and reliability of diagnostic tests through proficiency testing, external quality assessment programmes, and adherence to international guidelines.</li> </ul>
Department of Ayurveda and Alternative Medicine	<ul style="list-style-type: none"> <li>• Regulates the practice of Ayurveda, traditional medicine, and alternative healthcare modalities to ensure compliance with established standards of safety, efficacy, and quality</li> <li>• Issues licenses, permits, and certifications to practitioners and healthcare facilities</li> </ul>



# ANNEX 1: TABLES

## Trend of medicine import in Nepal

Particulars	Medicine (Amount in NPR million)	Past	Particulars	Medicine (Amount in NPR million)	Forecasted
2014/15	23635	Past	2022/23	59778.7	Forecasted
2015/16	28756	Past	2023/24	67252.3	Forecasted
2016/17	25458	Past	2024/25	76419	Forecasted
2017/18	29785.5	Past	2025/26	84866.6	Forecasted
2018/19	33070.2	Past	2026/27	93623.4	Forecasted
2019/20	31227.5	Past	2027/28	102030.2	Forecasted
2020/21	39975.8	Past	2028/29	107494.4	Forecasted
2021/22	76089.7	Past	2029/30	111229.2	Forecasted
			2030/31	122495	Forecasted
			2031/32	129803.4	Forecasted
			2032/33	136715.5	Forecasted
			2033/34	143655.7	Forecasted
			2034/35	150622.6	Forecasted

Source: Macro Economic Indicators NRB 2022

## Trend of pharmaceutical products export from Nepal

Year	Export amount in US Dollars (Thousand units)	Past	Year	Export amount in US Dollars (Thousand Units)	Forecasted
2011	10650	Past	2023	12171	Forecasted
2012	9515	Past	2024	12547	Forecasted
2013	8488	Past	2025	12923	Forecasted
2014	9386	Past	2026	13299	Forecasted
2015	6174	Past	2027	13675	Forecasted
2016	7262	Past	2028	14052	Forecasted
2017	8599	Past	2029	14428	Forecasted
2018	6896	Past	2030	14804	Forecasted
2019	8705	Past	2031	15180	Forecasted
2020	12932	Past	2032	15556	Forecasted
2021	14935	Past	2033	15933	Forecasted
2022	13160	Past	2034	16309	Forecasted
			2035	16685	Forecasted

UN COMTRADE Data accessed in Dec 2023

### Increasing life expectancy and ageing population

Year	Females age	Males age	Past	Year	Females age	Males age	Forecasted
1990	59	57.7	Past	2018	73.9	69.3	Forecasted
1991	59.7	58.4	Past	2019	74.1	69.5	Forecasted
1992	60.5	59.3	Past	2020	74.4	69.7	Forecasted
1993	61.1	59.7	Past	2021	74.7	69.9	Forecasted
1994	62.1	60.6	Past	2022	74.9	70.1	Forecasted
1995	62.9	61.2	Past	2023	75.2	70.4	Forecasted
1996	63.8	61.8	Past	2024	75.5	70.6	Forecasted
1997	64.8	62.5	Past	2025	75.7	70.7	Forecasted
1998	65.6	63.1	Past	2026	75.9	70.9	Forecasted
1999	66.4	63.8	Past	2027	76.2	71.1	Forecasted
2000	67.2	64.4	Past	2028	76.4	71.3	Forecasted
2001	67.9	65	Past	2029	76.7	71.5	Forecasted
2002	68.2	64.9	Past	2030	76.9	71.7	Forecasted
2003	68.9	65.8	Past	2031	77.1	71.9	Forecasted
2004	69.3	65.9	Past	2032	77.3	72	Forecasted
2005	69.7	66.3	Past	2033	77.5	72.2	Forecasted
2006	70.1	66.6	Past	2034	77.7	72.4	Forecasted
2007	70.4	66.8	Past	2035	77.9	72.6	Forecasted
2008	70.7	66.9	Past				
2009	71	67.1	Past				
2010	71.3	67.3	Past				
2011	71.6	67.4	Past				
2012	71.9	67.6	Past				
2013	72.2	67.8	Past				
2014	72.5	68	Past				
2015	72.1	67.3	Past				
2016	73	68.5	Past				
2017	73.3	68.7	Past				

Source: <https://www.healthdata.org/research-analysis/health-by-location/profiles/nepal> (IHME)





For this document



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