



# HEALTH



GOVERNMENT OF NEPAL  
INVESTMENT BOARD NEPAL

APRIL 2024

# 1. OVERVIEW

The health sector was expected to grow by 6.5% in 2023/2024, and contribution to GDP was expected to reach 1.9%. The Human Resource for Health: National Strategy 2021 projected the need for around 136,840 health professionals by 2025 and 165,780 by 2030.

According to the National Health Account, 2023, 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), equivalent to 5.3% and 5.8% of GDP; and per capita THE 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. In 2023/24 the share of the budget of the health sector was 5.8% or about USD 772 million.

## Key indicators



**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



**No. of public hospitals**  
(Department of Health 2021/2022)

192



**Primary Health Care Centres (PHCC)**  
(Department of Health, 2021/2022)

188



**Health posts**  
(Department of Health, 2021/2022)

3,775



**Non-public health institutions**  
(Department of Health, 2021/2022)

2,155



**Population utilising OPD services**

84%



**No. of diagnostic tests**  
(Economic Survey, 2021/22)

134,594



**No. of health personnel**  
(Economic Survey, 2022/23)

102,507



**Employment share of the government sector**

(Human Resource for Health Country Profile 2013)

61%



**Employment share of the private sector**

(Human Resource for Health Country Profile 2013)

39%



**Per capita health care spending**

(World Bank macrotrend data 2023)

58<sub>US\$</sub>



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

5.8%



**Contribution of the private sector in CHE**

(Nepal Private Sector Engagement Assessment Report 2020, USAID)

69.7%



**Contribution of the government sector in CHE**

(Nepal Private Sector Engagement Assessment Report 2020, USAID)

17.5%



**No. of patients admitted in public hospitals**  
(HMIS 2020/21)

380,715

33%



**No. of patients admitted in private hospitals**

(HMIS 2020/21)

765,837

67%



**Expenditure at private hospitals**

(National Health Account, 2019/20)

NPR 25.4 billion

(US\$ 0.2 billion)



**Expenditure at private hospitals out of CHE**  
(2019/20)

12.6%



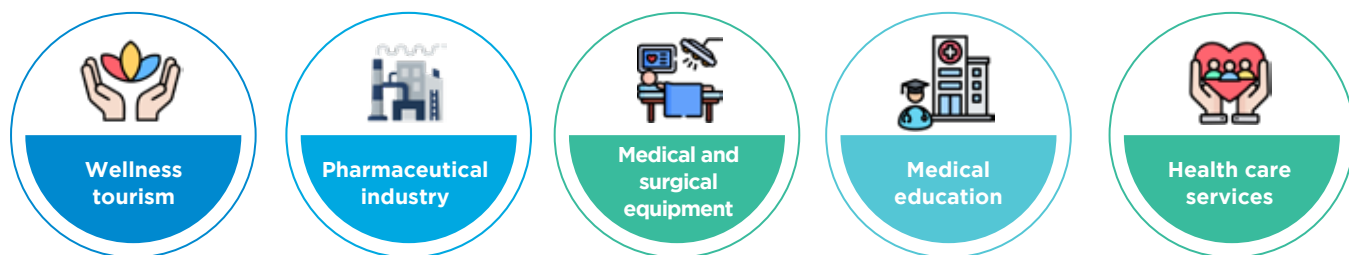
**Expenditure at government hospitals out of CHE**  
(2019/20)

9.9%



## 2. INVESTMENT OPPORTUNITIES

### Five key areas of investment



### Wellness tourism

#### Comparative advantages



Nepal is a tourist destination with unrivalled natural resources



Healing through nature, the key theme of wellness tourism is possible in Nepal



Wide range of topographic and climatic diversity



Availability of clean energy: hydroelectricity, solar, etc.



Home of the teleological pilgrimages like Lumbini and Pashupatinath, and amalgamation of Hinduism and Buddhism. This can bring medical tourists from India, China and almost all East Asian countries



Birthplace of Lord Buddha and a place of meditation and spirituality



Strategic location between India and China, and open border access with India



Home to ancient time-tested alternative medicine traditions like Ayurveda, Yoga, Naturopathy



Inflow of international patients without an institutionalised effort



Nepali spas blend the best of the east and west for optimal results



Healing effects of the Himalayas with spiritualism



Almost 7,000 species of higher plants are found in Nepal, of which 5% are endemic and 10% are medicinal and aromatic plants that are used for the commercial production of herbal medicine (Subedi, 2010)



Nepal is estimated to have 400,000 traditional healers (Khanal and Tetsuo 2012)

S. No.	Comparative advantage	Data
1	Tourists visiting Nepal for wellness and recuperation	<b>More than 120 countries</b>
2	Forest types available in the tropical and alpine zones	<b>75</b>
3	Ayurvedic health centres that can be developed into wellness centres	<b>75</b>
4	Star hotels that can be developed into wellness centres	<b>173</b>
5	Central ayurvedic hospital that can be developed into wellness centre	<b>1</b>
6	Provincial hospital that can be developed into the wellness centre	<b>1</b>
7	No of ayurvedic health workers including specialists, doctors, Kaviraj and others (The Economic Survey 2023/24)	<b>4,810</b> (2023)



## Pharmaceutical industry



Nepal's domestic production meets only 45% of demand for medicines



The net output of the pharmaceutical industry was over USD 113 million, and net value addition was over USD 42 million in 2019/20



The Global Burden of Disease Report 2019 suggests that the average life expectancy at birth of a Nepali has reached 71.1 years from 58.4 in 1990. The healthy life expectancy is 61.5 years. The added years of life are usually not the healthy ones and will demand medical support



The total expenditure on pharmaceuticals and medical goods was NPR 80.8 billion in 2019/20



There are 78 pharmaceutical companies in Nepal



Medicine imports have been increasing in Nepal; in 2021/22 the country spent NPR 7.6 billion (USD 52 million) on imports



The pharmaceutical industry directly employs around 15,000, and indirectly provided jobs to over 200,000 people in 2017



Nepal imports 80% of the raw material for medicines from India and 10% from China. The import bill for raw material in FY 2021/22 was NPR 9 billion (USD 67 million) (Subedi, 2022)



## Medical and surgical equipments



Nepal's trade deficit is 92.17 million USD (in 2022)



Opportunity to tap the domestic requirement in syringes, needles, instruments and appliances



Export potential for contact lenses



## Medical education

The human resource gap in the medical sector is estimated to reach 89,918 by 2030 when the minimum projected need will be 301,895.

A state-of-art university hospital is therefore always a viable investment. Nepal can offer world class education at competitive costs compared to

neighbouring countries. Further, even at the existing production capacity, Nepal offers more than 2,000 seats for foreign students in B.A. programmes in medicine, including MBBS. In 2023/24 Nepal had allocated 2023 seats for the B.A. programme, including 557 for MBBS.

S.N.	Comparative advantage	Data
1	No. of existing human resources (2021/22) including all kinds of specialists, and non-specialists (Nepal Medical Education Commission 2021/22)	256,597
2	Total employment in the health sector (Nepal Medical Education Commission 2021/22)	211,977
3	Required no. of human resources in the health sector (2021/22) (Nepal Medical Education Commission 2021/22)	275,203
4	Current HR gap (Nepal Medical Education Commission 2021/22)	63,226
5	Diploma or paramedical courses offered by CTEVT (2022)	12,102
6	Bachelor's level students taking permission for pursuing medical education abroad (2023/24) (Self-paid)	899
7	Master's level students taking permission for pursuing medical education abroad (2023/24) (self-paid)	296
8	Total no. of students selected for scholarships abroad (both B.A. and M.A. levels)	17



## Health care services

Among the other health expenses, the second largest expenditure is the current health expenditure (CHE) in curative services, the first being pharmaceuticals and medical goods. The percentage of 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).

### Why invest in health care services?



**Increasing number of patients:** The number of patients visiting hospitals has been increasing every year



**Ageing population:** There were 2.97 million elderly in Nepal according to the 2021 census, a 38.2% increase compared to the 2011



**Increasing per capita expenditure on health:** According to the World Bank, per capita health care spending reached USD 58 in 2020 from USD 49 in 2017



**Increasing out-of-pocket expenditure in health:** Nepal's purchasing power parity has increased from 13.2 Local Currency Unit (LCU) per international dollar in 2003 to 34.2 LCU in 2022



**Global Burden of Disease Index:** NCDs accounted for the highest expenditure for the diseases/health condition categories, which were 30.1% and 31.8% of CHE, in the FYs 2018/19 and 2019/20 (MoHP, NHA, 2020)



**Patient outflows:** As per the official record, 8,774 Nepalis went to foreign countries by air to seek medical treatment in 2009 (MoTCA, GoN 2010)



**Inflow of medical tourists:** Nepali hospitals in the Terai region attract a substantial number of Indian patients seeking eye care, gynaecological, paediatric and ear, nose, and throat (ENT) treatment (SAWTEE 2008)



**Cost effective quality treatment:** SAWTEE (2008) said health services in Nepal were cheaper compared to those in the Indian border towns 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 (Sharma and Sapkota, 2011)

## 3. SUPPORT SYSTEM

### Policy and strategy



**Trade Policy 2015:** “Service sectors such as tourism, education and health and information technology will be developed and promoted as the special thrust area”



**National Health Policy 2019:** Articulates the need of large investments in the national healthcare system by attracting private sector, including FDI, and promoting medical tourism and alternative medicine such as ayurveda and naturopathy



**Foreign Investment and Technology Transfer Act 2019:** No restriction to FDI in health sector; offers investment friendly environment to attract foreign capital as well as technology



**Nepal Trade Integration Strategy 2023:** Has identified health services as one of the 19 sectors with export potential

### Regulatory agencies and their roles

Regulatory Body	Roles
<b>Department of Health Services (DoHS)</b>	<ul style="list-style-type: none"> <li>Inspects and approves facility plans, staffing arrangements, medical protocols, and compliance with safety and quality assurance of health service providers</li> <li>Sets standards of care, monitors service delivery, conducts inspections</li> <li>Issues licenses to private healthcare facilities, including hospitals, clinics, and diagnostic centers</li> </ul>
<b>Nepal Medical Council</b>	Issues licenses for health professionals
<b>Department of Drug Administration</b>	Issues licenses for medicines
<b>Medical Education Commission</b>	<ul style="list-style-type: none"> <li>Accreditation and regulation</li> <li>Curriculum development</li> <li>Licensing and certification</li> <li>Quality assurance</li> </ul>
<b>National Public Health Laboratory</b>	<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</li> </ul>
<b>Department of Ayurveda and Alternative Medicine</b>	<ul style="list-style-type: none"> <li>Regulates practice of Ayurveda, traditional medicine and alternative healthcare modalities</li> <li>Issues licenses, permits, and certifications to practitioners and healthcare facilities</li> </ul>

Scan for full sectoral profile, including the data sources.





For this document



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