

THE INDUSTRIAL ENTERPRISES ACT, 2049 (1992)

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AN ACT MADE TO PROVIDE FOR THE INDUSTRIAL DEVELOPMENT

1.	Industrial Enterprises (First amendment) Act, 2054 (1997)	2054/5/6
2.	The Act Amending Some Nepal Acts, 2055 (1998)	2055.10.7
3.	The Act Amending Some Nepal Acts, 2057 ^Σ (1999)	2057.4.26
4.	Income tax Act, 2058 (2000)	2058.12.19
5.	The Act Amending Some Nepal Acts, 2064	2064.5.9
6.	Financial Act, 2065	2065.6.3

Preamble: Whereas, for the overall economic development of the country, it is expedient to make arrangements for fostering industrial enterprises in a competitive manner through the increment in the productivity by making the environment of industrial investment more congenial, straightforward and encouraging,

Be it enacted by Parliament in the twenty first year of the reign of His Majesty King Birendra Bir Bikram Shah Dev.

- Short Title and Commencement :** (1) This Act may be called “ The Industrial Enterprises Act, 1992.
2) It shall come into force immediately .
- Definitions :** In this Act, unless the subject or the context otherwise requires,
 - “Industry” means any industry as referred to in Section 3.
 - “Cottage Industry” means any industry as referred to in Section 4.
 - “Small Industry” means any industry as referred to in Section 5.
 - “Medium Industry” means any industry as referred to in Section 6.
 - “Large Industry” means any industry as referred to in Section 7.

^Σ This act come into force on 1 shrawan 2057

- * (e1) “Export Promotion Industry” means any prescribed industry established with the objective of exporting eighty or more than eighty percent of its product.
- * (e2) “Export Processing Zone” means a zone prescribed by Government of Nepal where an export promotion industry is to be situated.
- (f) “Fixed asset” means movable and immovable properties of any industry as referred to in Section 8.
- (g) “Board” means the Industrial Promotion Board constituted under Section 12.
- (h) “Committee” means the One Window committee constituted under Section 17.
- (i) “Operation Date” means the date from which the concerned industry either starts its commercial production or provides its service.
- (j) “Department” means the Department of Industries or the Department of Cottage and Small Industries or any other department or office as Government of Nepal may, by notification published in the Nepal Gazette, specify,
- (k) “Prescribed” or “As prescribed” means prescribed or as prescribed in rules made under this Act or in an order issued by Government of Nepal by notification published in the Nepal Gazette.

3. Classification of Industries: For the purpose of this Act, industries are classified as follows:

- (a) Manufacturing Industries: Industries which produce goods by utilizing or processing raw materials, semi-processed materials, by products or waste products or any other goods.

* Inserted by the First Amendment

* Inserted by the First Amendment

- (b) Energy-Based Industries: Industries generating energy from water resources, wind, solar, coal, natural oil, gas, bio-gas or any other sources.
- (c) Agro and forest-Based Industries: Business mainly based on agriculture or forest products such as integrated sericulture and silk production, horticulture and fruit processing, animal husbandry, dairy industry, poultry farming, fishery, tea gardening and processing, vegetable seed farming, * mushroom, vegetable farming or vegetable processing, tissue culture, green house, bee-keeping, honey production, rubber farming, floriculture and production, and forestry related business such as leasehold forests, agro-forestry, etc.
- (d) Mineral Industries: Mineral excavation or processing thereof.
- (e) Tourism Industries: Tourist lodging, motel, hotel, restaurant, resort, travel agency, skiing, gliding, water rafting, cable car complex, pony-trekking, hot air ballooning, Para sailing, golf-course, polo, horse-riding, etc.
- (f) Service Industries: Workshop, printing press, consultancy service, ginning and bailing business, cinematography, construction business, public transportation business, photography, hospital, nursing home, educational and training institution, laboratory, air services, cold storage etc.
- (g) Construction Industries: Road, bridge, ropeway, railway, trolley bus, tunnel, flying bridge and industrial, commercial and residential complex construction and operation.

4. **Cottage Industries**: The traditional industries utilizing specific skill or local raw materials and resources, and labour intensive and related with national

* Inserted by the First Amendment

tradition, art and culture as mentioned in Annex I shall be named as cottage industries.

5. **Small Industries:** Industries with a fixed asset of up to an amount of #thirty million rupees shall be named as small industries.
6. **Medium Industries:** Industries with a fixed asset between #thirty million rupees and one hundred million rupees shall be named as medium industries.
7. **Large Industries:** Industries with a fixed asset of #more than one hundred million rupees shall be named as large industries.
8. **Fixed Assets of Industries:** (1) The fixed asset of an industry shall consist of the following movable and immovable assets:-

- (a) land and land improvement (works such as land leveling, filling and fencing),
- (b) physical infrastructures (such as sewerage, internal road),
- (c) Office, factory building, godown, electric distribution, water distribution system and residential buildings,
- (d) Machinery, equipment and tools,
- (e) Means of transportation,
- (f) Electrical equipment and office equipment,
- (g) Furniture, fixture, communication system and equipment.

(2) In addition to the assets referred to in sub-section (1) above, expenses incurred or to be incurred in connection with technical consultancy and supervision prior to the making of investment in any industry or during different stages of construction and which is to be capitalized, pre-investment and pre-operation costs as well as the amount of interest during the

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construction period, which is to be capitalized, shall be considered as the fixed assets of any industry.

9. Permission: (1) Industries other than those as set forth in Annex 2 which may significantly cause adverse effect on the security, public health and the environment shall not be required to obtain permission for their establishment, extension and diversification.

(2) Whoever desires to establish an industry for which a license is required to be obtained by virtue of sub-section (1) shall, for obtaining permission, be required to make an application to the Department in the prescribed form along with the prescribed particulars.

(3) If an application is made pursuant to sub-section (2) above, the Department shall, as per the decision of the Board, grant permission in the prescribed format within thirty days from the date of application. If the Board decides not to grant permission for the establishment of the industry, the Department shall inform the application of such decision.

10. Industry to be Registered: (1) In establishing any industry which requires permission to that effect pursuant to this Act,[@]registration in the Department as prescribed shall be required to be made.

*(1a) In establishing any industry not requiring permission under the Act, an application shall required to be made to the Department for its registration setting out the nature, the classification of the industry, the place where the industry is to be situated, the machinery to be employed by the industry, raw materials, auxiliary raw materials, chemicals, packaging goods and the name of the industrialist.

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(2) Notwithstanding anything contained in [#]Sub-section (1a) above, a Cottage Industry shall be required to get registered within 6 months from the date of operation.

(3) The Department shall, within twenty one days from the date of application for registration pursuant to [#]Sub-section (1), (1a) or (2) above register such industry and issue an industry registration certificate to the applicant as prescribed.

(4) The registration of a Cottage and Small Industry shall be made in the Department of Cottage and Small Industries or any district level office under the Department or any office designated by the Department on its behalf and the registration of a medium and Large Industry shall be made in the Department of Industries or at such office as may be designated by the Department.

11. Matters to be Contained in a License or Registration Certificate: A License or Registration Certificate shall clearly contain matters relating to the facilities and concessions to be enjoyed by the industry and the prescribed terms and condition to be observed by the industry.

12. Constitution of Industrial Promotion Board: 1) Government of Nepal shall constitute an Industrial Promotion Board consisting of the following members:

- | | | |
|-----|---|-----------|
| (a) | The Minister or State Minister for Industries | -Chairman |
| (b) | The Assistant Minister for Industries | -Member |
| (c) | Member (looking after industries), National Planning commission | -Member |
| (d) | The Governor, Nepal Rastra Bank | -Member |
| (e) | The Secretary, Ministry of Industry | -Member |

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- (f) The Secretary, Ministry of Finance -Member
- (g) The Secretary, Ministry of commerce -Member
- (h) The Secretary, Ministry of Tourism -Member
- (i) The Director General, Department of Cottage and Small Industries - Member
- (j) Representative, Federation of Nepal Chamber of Commerce and Industry -Member
- (k) To persons nominated by Government of Nepal, either from among the industry, commerce and tourism sector organizations or from among the persons of high distinction in the same field -Member
- (l) The Director General, Depart of Industries -Member Secretary
- (2) Government of Nepal may, by notification published in the

Nepal Gazette, make necessary alteration or change in the membership of the Board.

(3) The Board may, if it deems necessary, invite any national or foreign expert or consultant at any meeting of the Board to participate therein as an observer.

(4) The procedures relating to the meetings of the Board shall be as determined by the Board.

13. Functions, Duties and Power of the Board: The function, duties and powers of the Board shall be as follows:-

- (a) To render necessary cooperation in formulating and implementing policies, laws and regulations pertaining to the industrialization of the country.
- (b) To give guidelines in attaining the objectives of liberal, open and competitive economic policies pursued by the country so as to make the industrial sector competitive.

- (c) To maintain coordination between the policy level and the implementation level of the industrial policy.
- (d) To cause to follow the ways and means for the prevention of the environmental pollution by putting more emphasis on the avoidance of effects on the environment and the public health.
- (e) To make recommendation to Government of Nepal for the inclusion of any industry in the classification of industries.
- (f) To make recommendation to Government of Nepal to introduce changes in the Areas mentioned in Annex-3 by making evaluation thereof from time to time.
- (g) To give directives to the concerned body after making enquires into the application submitted by any industry complaining that the industry has not received the facilities and concessions to be made available by the committee.
- (h) Other functions, duties and power of the board shall be as prescribed.

14. Change in the Classification and Areas: Government of Nepal may, on the recommendation of the Board and by notification published in the Nepal Gazette, include any industry in the classification of industries or make timely changes in the Areas mentioned in Annex-3.

15. Facilities and Concessions to be Accorded to Industries:

Notwithstanding anything contained in the laws relating to income tax, sales tax, excise duty and customs duties and in any other existing laws, an industry shall be entitled to receive the following facilities and concessions:-

(a)[◇]

[@](b) -----

(c).....[∞]

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(d).....[∞]

(e).....[∞]

[#](f) Any industry, established in any Remote, Undeveloped, and Underdeveloped Areas as enlisted in Annex-3, other than cigarettes, *bidi*, cigar, chewing tobacco, *khaini* industries and industries producing other goods of a similar nature utilizing tobacco as their basic raw material, and industries producing alcohol or beer, shall be granted a rebate of thirty, twenty-five and twenty percent of the income tax respectively and [∞].....thirty-five, twenty-five and fifteen percent of excise duty respectively for a period of ten years from the date of operation.

(g) Fruit based fruit processing and cider and wine industries with a fixed asset of up to two million five hundred thousand rupees established in Mugu, Humla, Jajal, Mustang, Manang, Solukhumbhu, Sankhuwasabha and Taplejung districts shall be entitled to an excise duty and sales tax exemption for a period of ten years, and fruit based alcohol industries shall be entitled to excise duty and sales tax exemption for a period of five years. On completion of such exemption period, Government of Nepal may grant excise duty and sales tax exemption to the fruit based alcohol industries for up to an additional period of three years.

[∞] Deleted by Income Tax Act,2058

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(h) While calculation depreciation on the fixed assets, industries shall be entitled to add on third to the rate or depreciation allowed under the existing income tax laws.

[@](i)

(j).....[∞]

(k) Permission shall be granted for a reduction of up to 50 percent from the taxable income for the investment of an industry on process or equipment, which has the objective of controlling pollution or which may have minimum effect on the environment. Such remission may be deducted on a lumpsum or on an installment basis within a period of three years.

(l)[∞]

(m)[@]

(n) After an industry comes into operation, 10 percent of the gross profit shall be allowed as a deduction against taxable income on account of expenses related with technology, product development and efficiency improvement.

(o).....[×]

(p).....[∞]

(q).....[∞]

(r).....[∞]

(s)[∞]

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[×] Deleted by Amending Some Nepal Acts, 2057

[∞] Deleted by Income Tax Act,2058

(t).....[×]

(u) the customs duty, sales tax, excise duty and premium levied on ^Σpacking materials raw materials and auxiliary raw materials, etc., utilized by any industry in connection with its product during its production shall be reimbursed on the basis of the quantity of the export. Such reimbursement shall be made to the exporter within sixty days after an application to that effect has been duly submitted.

Provided that no reimbursement will be made if an application to that effect is not submitted within one year from the date of export.

[#](v) In cases where any industry sells its products in the Export Promotion House, the customs duties and sales tax levied on the raw materials imported for producing the products so sold as well as the sales tax and excise duty levied on the products so produced shall be reimbursed to the concerned industry on the basis of the quantity of sale and export.

Explanation: For the purposes of this clause, the words “Export Promotion House” mean a company, firm, or co-operative body established as prescribed with the objective of gathering the products of the industries established in Nepal and exporting them to foreign countries.

(w) If any industry sells its product within Nepal in any foreign currency, the excise duty, sales tax and premium levied on such product and customs duty, excise duty and sales tax levied on ^Σ packing materials, the raw materials, auxiliary raw materials, etc. utilized in such product shall be reimbursed. The revenue to be so reimbursed shall be refunded

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^Σ Inserted by the Act Amending Some Nepal Acts, 2064.

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^Σ Inserted by the Act Amending Some Nepal Acts, 2064.

to such industry within sixty days after an application to that effect has been duly submitted.

Provided that no reimbursement will be made if an application to that effect is not submitted within one year from the date of sale.

- ^{#(x)} The customs duties, sales tax, excise duty and premium levied on the production materials of intermediate goods to be utilized for the production of exportable industrial goods, and the sales tax and excise duty levied on the production shall be reimbursed to the concerned industry producing the intermediate goods on the basis of the quantity of export, within sixty days from the date of sale.

Provided that no reimbursement shall be made if an application for the same is not made within one year from the date of export.

- ^{#(y)} No tax, fee or charge of any kind shall be levied on the machine, tool, equipment, machinery and raw material, to employed by an Export Promotion Industry as well as on the products of such industry.

Provided that if for any reason, any product of such industry is required to be sold within the country, tax, fee or charge thereof shall be required to be paid on the basis of the quantity of sale.

- ^{*(z)} An industry will be entitled, for the purpose of the income tax, to deduct the amount of expenses incurred by it for the long-term benefit provided to its workers and employees including housing, life, insurance, health facilities, education and training.

- ^{*(z1)} The rate of customs to be levied on the basic raw materials which are not produced in Nepal and are required for the production of industrial machinery or of any other goods may not be more than the rate of import duty that may be levied on the import of industrial machinery or ready made goods as produced with the use of such raw materials.

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*(z2) If an industry producing intermediate goods sell its products to any other industry producing finished goods, the sales tax and excise duty to be levied on such products will be allowed to be adjusted on the basis of the quantity utilized by the industry producing the finished goods. Provided that such a finished good producing industry shall be required to have been registered for the purpose of sales tax and excise duty.

16. Other Facilities and concessions: The following industries, in addition to the facilities and concessions as set forth in section 15, may be granted further facilities and concessions as below:

- (a) Forest-based industry may be made available any forest on a leasehold basis.
- (b) No royalty shall be imposed if any industry generates electricity for its use.
- (c) Government of Nepal may, by notification published in the Nepal Gazette, grant additional facilities to the Export Promotion Industry^{*} and prescribed industries established in the Export Processing Zone and in the government of non-government industrial estate.
- (d) On the recommendation of and with the decision of the Council of Ministers, and by notification published in the Nepal Gazette, additional facilities may be granted to any National Priority Industry or any industry established in Nepal by the way of invention therein.
- [@](e)
- (f) Double sales tax shall not be levied on the raw materials and products of any industry.

17. Constitution of the One-Window committee: 1) Government of Nepal shall, for the purpose of making available the facilities and concessions to be

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enjoyed by any industry under this Act in time from a single place constitute a One-Window committee consisting of the following:

- (a) The Director General, Department of Industries -Coordinator
- (b) The Director General, Department of Customs -Member
- (c) The Director General, Department of Excise
Duty - Member
- (d) The Director General, Tax Department - Member
- (e) The Director General, Sales Tax Department - Member
- (f) The Director General, Department of ommerce - Member
- (g) The Director General, Nepal Rastra Bank -Member
- (h) Representative, Federation of Nepal Chamber
of Commerce and Industries -Member
- (i) One expert in the field of industry and
commerce as designated by Government of
Nepal or one representative from the Federation -Member
- [⊕](J) The Director General, Department of cottage
and small Industry -Member
- [᳚](k) Representative(Gazeted first class) Ministry of
Tourism and civil Aviation -Member
- [⊕](l) The Deputy General Direcor, Department of
Industries (Facilated Branch) -Member secreatary
- (2) Government of Nepal may, by notification published in the

Nepal Gazette, make alteration or changes in the members of the Committee.

[⊕] Inserted by a notification published in the Nepal Gazette dated 2050.12.2

[᳚] Inserted by a notification published in the Nepal Gazette dated 2050.12.2 and amendment by a notification published in the Nepal Gazette dated 2056.3.11

[⊕] Inserted by a notification published in the Nepal Gazette dated 2050.12.2

(3) The committee may, if it deems necessary, invite any national or foreign expert or consultant to participate in the meeting of the committee as an observer.

(4) The procedures relation to the meeting of the committee shall be as determined by the Committee.

18. Functions, Duties and powers of the Committee: (1) The functions, duties and power of the committee shall be as follows:-

(a) To make necessary decisions for making available the facilities and concessions to be enjoyed by any industry under this Act,

(b) To perform such functions as may be delegated by the Board under its functions, duties and powers.

^{*}(b1) To make recommendations as may be required for making time-bound provisions on making available infrastructural services such as electricity, water, means of telecommunications, land, road and so on required for the industries.

(c) Other functions, duties and powers of the Committee shall be as prescribed.

(2) Any decision made by the Committee in pursuance with clause (a) of sub-section (1) above, shall be required to be implemented by the concerned body.

^{*}(3) The committee may, as required, delegate some of its powers to the sub-committee constituted under sub-section (4):

Provided that the powers specified in clause (b) of sub-section (1) of Section (18) will not be delegated.

^{*}Inserted by the First Amendment

^{*}Inserted by the First Amendment

* (4) The committee may constitute sub-committees as may be required for the transaction of its business and the function, duties and powers of the sub-committees so constituted shall be as fixed by the Committee.

19. Prohibition on the Misuse of Facilities and Concessions: No Misuse of the facilities and concessions to be enjoyed by any industry under this Act shall be allowed.

20. Guarantee of Facilities: (1) An industry which is operated by obtaining permission or by getting registered under the Industrial Enterprises Act, 1981 shall continue to enjoy the time bound facilities and concessions under the Act and with regard to the facilities and concessions for which no time has been fixed, it shall enjoy the facilities and concessions under this Act.

(2) An industry which has been registered or has obtained permission before the commencement of this Act, but which has started its commercial production only after the commencement of this Act shall enjoy the facilities under this Act.

Provided that if the time bound facilities and concessions to be enjoyed under the Industrial Enterprises Act prevailing at the time registration or obtaining permission by such industry are for more than the period as granted by this Act or if the facilities and concession are not to be made available under this Act, nothing shall prevent from enjoying the facilities and concessions under the prevailing Industrial Enterprises Act.

* (3) An industry which has been registered or has obtained permission before the commencement of this sub-section shall be entitled to enjoy such time-bound facilities and concessions as are being enjoyed by it at the time of registration or obtaining permission in accordance with the law and with regard to the facilities and concessions for which no time has been fixed, it shall enjoy the facilities and concessions under this Act.

* Inserted by the First Amendment

- 21. Industries not to be Nationalized:** No Industry shall be nationalized.
- 22. Industrial human Resource:** (1) The human resource required for any industry shall have to be recruited from among Nepali citizens.
- (2) Notwithstanding anything contained in sub-section (1) above, if any industry can not be operated without person living outside his/her own country expatriate human resource, foreign nationals may be appointed in such industry with the prior approval of the Department of Labor for a maximum period of five years. If a person so appointed happens to be a technician of special category but not available within Nepal, such person may, with the approval of the Department of Labor, be appointed for up to an additional period of five years.
- (3) A foreign national who is working in any industry pursuant to Sub-section (2) above and who is from a country wherein convertible foreign currency is in circulation, may repatriate his salaries, allowances, emoluments, etc., in convertible foreign currency in an amount not exceeding seventy five percent of such salaries, allowances and emoluments.
- 23. Duty of Furnish Particulars:** It shall be the duty of the concerned industry to furnish the industry related particulars as prescribed to the concerned department on a regular basis.
- 24. Duty to Inform in case of Closing down of Industry:** If an industry is closed down after fulfilling the formalities as envisaged in the existing laws, information thereof shall have to be provided to the concerned department within seven days from the date of closing down.
- 25. Power of Government of Nepal:** (1) Government of Nepal shall take any of the following actions against any person for establishing any industry without obtaining permission required to be obtained under this Act or for non-compliance with the terms and conditions set forth in the license or certificate of registration or for violating any other provision of this Act:

- [#](a) To impose a fine in an amount not exceeding five hundred thousand rupees,
 - (b) To cancel the registration or permission of the industry,
 - (c) To cause to close down the industry;
- (2) Before taking any action under sub-section (1), the concerned industry shall be given a reasonable time either to submit the explanation or to correct the mistake.

(3) If any industry is not satisfied with the decision made by Government of Nepal under sub-section (1) above, it may file an appeal to an Appellate Court within thirty five days of the notification thereof.

^{*}**25a. Provisions relating to Sick Industries:** (1) If any industry is being operated in loss for a consecutive period of five years and its production level is twenty percent or less than twenty percent of the total production capacity, Government of Nepal may, if it deems necessary, declare it a sick industry by notification published in the Nepal Gazette.

(2) No duty, fee and tax of any kind shall be levied on the machinery imported by any industry as referred to in Sub-section (1) for the extension and diversification of such industry.

26. Delegation of Power: (1) The Board may delegate any or all of its power conferred upon it by this Act or Rules made thereunder to the concerned Department, Office, official Committee, any member of the Board or any other committees or sub-committees constituted by the Board as necessary.

(2) The Department may delegate any or all of its power conferred upon it by this Act or Rules made thereunder to any other department, office or official as necessary.

27. Power to Frame Rules: Government of Nepal may frame necessary Rules to carry out the objectives of this Act.

[#] Amended by the First Amendment

^{*} Inserted by the First Amendment

- 28. Power to Remove Difficulties:** If any difficulty arises in connection with the implementation of this Act, Government of Nepal may issue orders to remove such difficulty by notification published in the Nepal Gazette.
- 29. This Act to Prevail:** Notwithstanding anything contained in the existing laws, the matters stipulated in this Act and rules made thereunder shall be dealt with accordingly.
- 30. Repeal and Savings:** (1) The Industrial Enterprises Act, 1981 is hereby repealed.
- (2) All acts performed or action taken under the Industrial Enterprises Act, 1981 shall be deemed to have been performed or taken under this Act.

(Relating to Section 4)

COTTAGE INDUSTRIES

With the exception of cigarette, bidi, cigar, chewing tobacco, khaini industries and industries producing other goods of a similar nature utilizing tobacco as the basic raw material, alcohol and beer producing industries,* Handloom, Pedalloom, Semi-automatic loom, Warping, Dyeing and printing, Tailoring (Other than Readymade Garments), Knitting, Handknitted Woolen Mat and Blanket (Radi, Pakhi), Woolen Carpet, Pashmina, Wollen Garments, Carpentry, Wooden Artistic product, Cane and Bamboo Works, Natural Fiber Products, Hand Made paper and Goods made up thereof, Gold, Philigiree Products including Silver, Brass, Copper Precious and Semi-Precious Stones, Ornaments, Sculptures and Pottery, Honey, chyuri, Cardamom Processing, Clay or Ceramic Pottery, Leather Cutting and Tanning, Rural Tanning and Leather Goods producing Works, Jute, Sabai Grass, Babio, Choya, Cotton Thread Products, Artistic Products made up of Bones and Horns, Stone Carving, Ceramic Fine Arts, Pauwa, Boutique, Incense Stick (Dhup), Dolls and Toys industries and cottage industries with the fixed asset of up to two hundred thousand rupees.*

Notes:-

1. Unless otherwise mentioned specifically, machines of the above mentioned industries should not employ through electric motors of diesel or petrol or crude oil engine more than a total of five kilowatt. Power looms shall not be included under Cottage Industries.
2. Permission shall be required for the establishment of mechanized woolen spinning and mechanized woolen carpet manufacturing.

* Inserted by the First Amendment

#Annex-2

(Relating to Section 9)

INDUSTRIES REQUIRING PERMISSION

1. Industries producing explosives including arms and ammunition and gunpowder, security printing, bank notes and coin industries.
2. Cigarette, *bidi*, cigar, chewing tobacco, *khaini* industries and industries producing other goods of a similar nature utilizing tobacco as the basic raw material, alcohol and beer producing industries.

Amended by the First Amendment

Annex-3

[Relating to Clauses (f) of Section (13)]

CLASSIFICATION OF AREAS

Remote Area

- | | |
|-----------------|-------------------|
| 1. Darchula | 2. Bajhang |
| 3. Bajura | 4. Humla |
| 5. Jumla | 6. Mugu |
| 7. Kalikot | 8. Dolpa |
| 9. Mustang | 10. Manang |
| 11. Solukhumbu | 12. Sankhuwasabha |
| 13. Khotang | 14. Bhojpur |
| 15. Achham | 16. Dailekh |
| 17. Jajarkot | 18. Rukum |
| 19. Okhaldhunga | 20. Myagdi |
| 21. Terathum | 22. Ramechaap |

Undeveloped Area

- | | |
|-------------------|-------------|
| 1. Taplejung | 2. Rolpa |
| 3. Baitadi | 4. Rasuwa |
| 5. Gulmi | 6. Parbat |
| 7. Dadeldhura | 8. Pyuthan |
| 9. Doti | 10. Salyan |
| 11. Panchathar | 12. Baglung |
| 13. Sindhupalchok | |

Underdeveloped Area

- | | |
|----------------|--------------|
| 1. Kailali | 2. Surkhet |
| 3. Argakhnachi | 4. Palpa |
| 5. Syanja | 6. Dhandding |
| 7. Lamjung | 8. Tanahu |

9. Gorkha

10. Sindhuli

11. Udayapur

12. Dhankuta

13. Ilam

14. Kanchanpur

15. Bardia

16. Dang

17. Nuwakot

18. Kavrepalanchowk

19. Dolakha

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#Annex-4

[Relating to Clause (c) of Section (15)]

NATIONAL PRIORITY INDUSTRIES

1. Agro and Forestry –based Industries.
2. Engineering Industry (Producing Agricultural and Industrial machine).
3. Industry manufacturing Fuel Saving or Pollution Control Devices.
4. Solid Waste Processing Industry.
5. Road, Bridge, Tunnel, Ropeway, Flying Bridge, constructing and Operating Industry, and Trolley Bus and Tram Manufacturing and Operating Industry.
6. Hospital and Nursing Home (Only outside the Kathmandu Valley).
7. Industries Producing Ayurvedic, Homeopathic and other Traditional Medicine, and Industries Producing Crutch, Seat Belt, Wheel chair, Stretcher and Stick and so on to be used in aid of the disabled and orthopedic.
8. Cold Storage installed for the storage of Fruits and Vegetables.

Amended by the First Amendment

Note: Article 18 of Industrial Enterprises (First Amendment) Ordinance, 2054 (1997) is flows :

18. Consequences after the Industrial Enterprises (First Amendment) Ordinance, 1997 becomes ineffective: After the Industrial Enterprises

(First Amendment) Ordinance, 1997 becomes ineffective, unless the contrary appears from its intention, such ineffectiveness:-

- (a) Shall not give rise to any of the matter not existing at time of being the ordinance ineffective.
- (b) Shall not affect any matter that continued to exist or any act duly done or sentence served before by virtue of the Ordinance.
- (c) Shall not affect any right or privilege acquired by virtue of the Ordinance, nor shall it affect any duty or liability accrued therefrom.
- (d) Shall not have any affect on any fine, punishment or confiscation imposed in accordance with the Ordinance.
- (e) Shall not affect any proceeding or means initiated with regard to any of the above mentioned rights, privileges, duties, obligations or punishment and such legal proceeding or means may be initiated, continued or make operative in the same way as if the Ordinance is still in force.