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YEAR IV | VOLUME 3

INDUSTRY STATUS REPORT

BASED ON THE ONLY COMPREHENSIVE QUARTERLY INDUSTRIAL SURVEY OF NEPAL

PRIVATE SECTOR IN INDUSTRIAL DISTRICT

Q3
FY2080/81

JULY 2024

CONFEDERATION OF NEPALESE INDUSTRIES

स्वदेशी
हाम्रो सामान, हाम्रै स्वाभिमान

INDUSTRY STATUS REPORT (PREVIOUS EDITIONS)

Scan the QR code to access digital ISRs

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ACKNOWLEDGMENTS

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Further the team would like to thank Director General Dr. Ghanashyam Ojha for his valuable inputs. Also, many thanks to Moti Marasini for designing the ISRs impeccably.

About Industry Status Report

The Industry Status Report (ISR) provides a comprehensive analysis on the state of various industries in Nepal, leveraging an in-house survey. In Nepal, what explains misdirected policy interventions aimed at private sector growth? The absence of periodically available primary data on Nepali industries is one of the key reasons. Against this backdrop, ISR is produced as an effort to promote evidence-based policy-making. Each quarter, CNI Research Cell conducts an industrial survey and publishes this report to tease out changes across critical variables that either promote or stifle growth in industries.

What does the survey cover?

1	2	3	4	5	6
Business Performance: industry capacity utilization, revenue trends, demand in domestic market and market competition, trade	**Finance:** interest rates, the share of the loan, access to finance	**Skills and Employment:** employment, share of employees that received training	**Industrial Ecosystem:** regulation and industry administration, transportation and infrastructure	**Business Outlook:** confidence in the industrial sector, new investment plans.	**Private Sector in Industrial District (ID)**

Industry Status Report (FY 2080/81, Q3 Edition)

The Industry Status Report (FY 2080/81, Q3 Edition) has the benefit of comparing survey data from four consecutive quarters. The current report covers the third quarter of the fiscal year 2080/81. (i.e Magh to Chaitra 2080). The data was gathered from the survey conducted from 21 April to 25 June 2024.

Apart from presenting the findings of the survey, each ISR covers one theme in depth. The First Edition of FY 2079/80 focused on the CNI Business Assessment Survey. The Second Edition of FY 2079/80 covered the Comparison Study of Rigid Pavement and Flexible Pavement. The Third Edition covered CNI's suggestions on Federal Budget 2080/81. The Fourth Edition covered Nepal Rastra Bank's Unified Directives. The First Edition of Fiscal Year 2080/81 discussed the CNI Business Assessment Survey 2023, a follow-up to the previous year's survey to analyze YoY status. The Second Edition of Fiscal Year 2080/81 covers Suggestions for Policy and Programmes of Fiscal Year 2081/82 presented by CNI to the Government of Nepal. This Third Edition of Fiscal Year 2080/81 covers "Private Sector in Industrial District (ID)".

KEY STATISTICS (FY 2080/81, Q3 EDITION)

Number of surveyed industries:

61 ↓ (Q2 62)

Total employees covered:

14430 ↓ (Q2 14562)

Average employment per company:

237 ↑ (Q2 235)

Average operational capacity utilization:

58.47% ↓ (Q2 62.31%)

Share of loan on working capital:

42.74% ↑ (Q2 40.03%)

Average interest rate on loans:

11.50% ↓ (Q2 11.63%)

Average revenue growth rate:

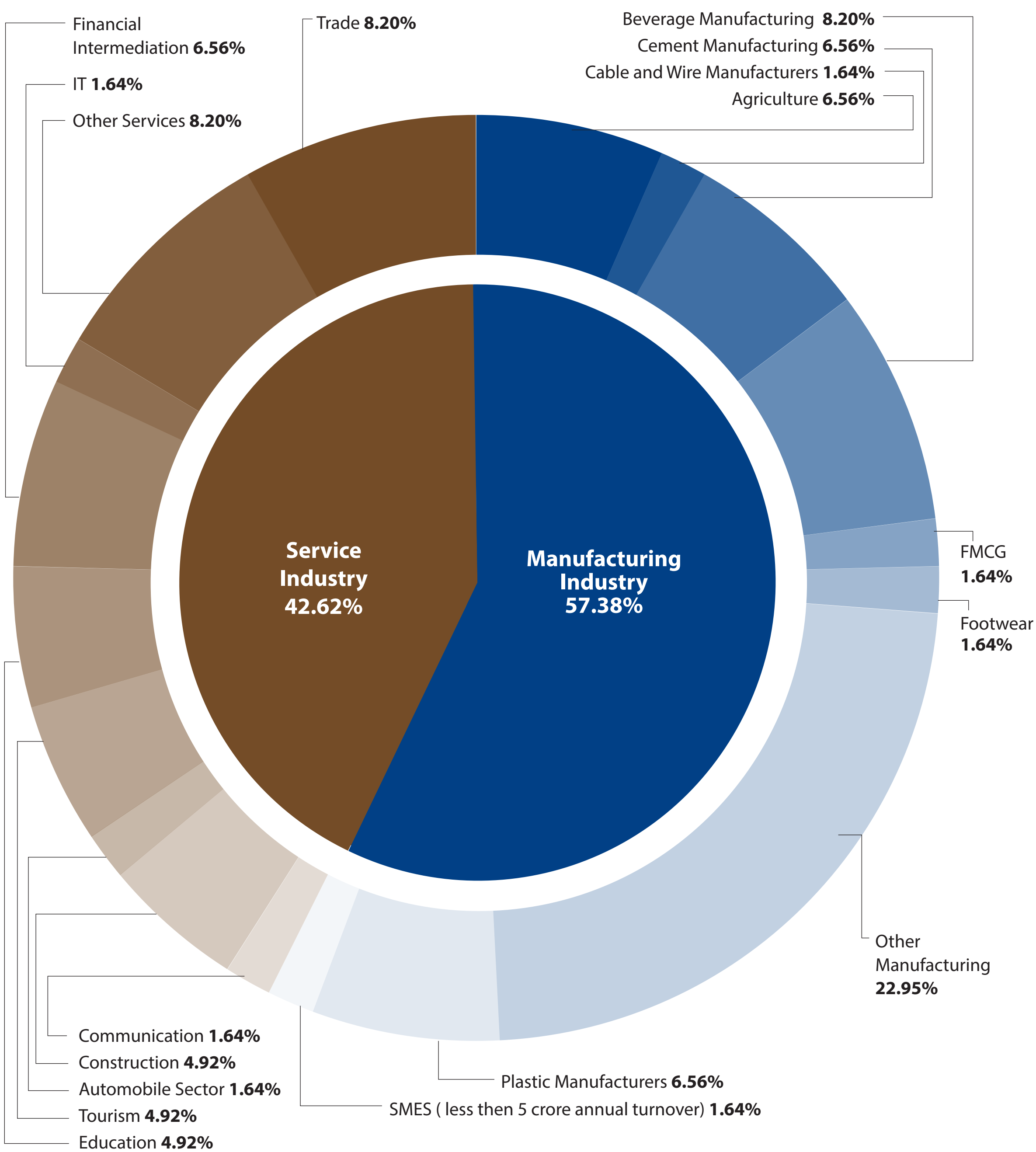
-3.87% ↓ (Q2 -1.87%)

Average share of imported raw materials by the manufacturing industry:

58.47% ↑ (Q2 41.44%)

Note: Q2 in the parenthesis denotes the second quarter of the FY 2080/81

COMPOSITION OF THE INDUSTRIES SURVEYED



METHODOLOGY

The Industrial Status Report (FY 2080/81, Q3 Edition) is based on a quarterly survey of 61 industries.

The respondents are categorised under the Nepal Standard Industrial Classification (NSIC) Code for the purpose of the survey and further aggregated into two distinct industrial sectors: the manufacturing industry, and the service industry. Since most of the agro-based industries in the survey sample were involved in the agro-processing business, they have been subsumed under the manufacturing category.

The sample was drawn from CNI member's network located across Nepal.

Questions are tailored to specific industries. Respondents were asked questions, depending on their respective industries, using a survey platform called KoBoToolbox. The survey questions are available online.

The basic assumption in this report rests on the fact that the respondents have provided correct information.

THE UNIT OF ANALYSIS

The unit of analysis is one industrial establishment.

BUSINESS PERFORMANCE

Periodic performance measurement is a vital part of monitoring the growth and progress of any business. This section summarises the performance of industries within key variables in Q3 2080/81 and compares it with the survey responses from previous quarters.

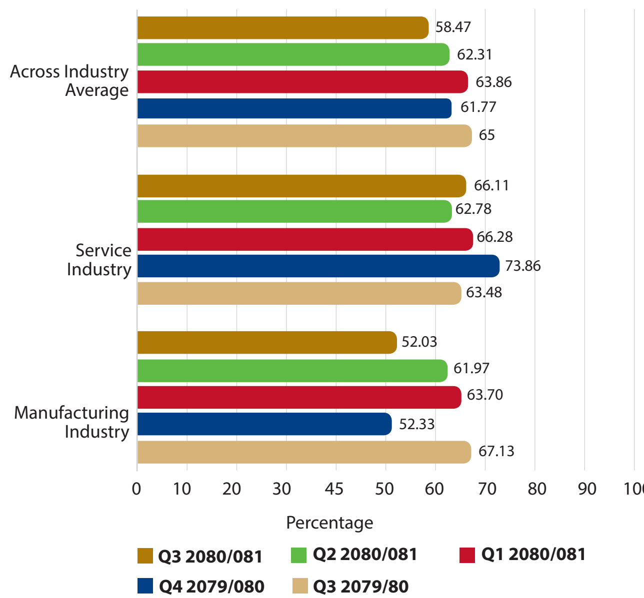
INDUSTRY CAPACITY UTILISATION: 58.47%

KEY INDUSTRY INSIGHT I

On average, the industries were operating at **58.47%** in Q3 80/81 whereas they were operating at 62.31% in Q2 80/81. During Q3 80/81, the service industry was operational at **66.11%**, which has increased from 62.78% in Q2 80/81.

The capacity utilisation of the manufacturing industry in Q3 80/81 remained at 52.03% while it was 61.97% in Q2 80/81.

INDUSTRY CAPACITY UTILIZATION

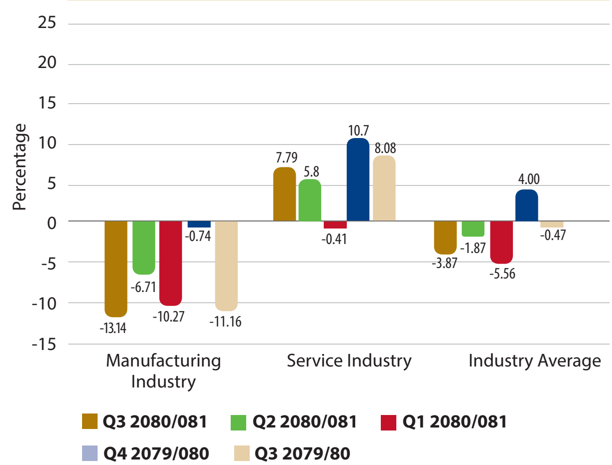


REVENUE TRENDS: REVENUE GROWTH: -3.87%

KEY INDUSTRY INSIGHT II

In Q3 80/81, the across-industry-average revenue growth rate was **-3.87%**, whereas it was -1.87% in Q2 80/81. The revenue growth in the manufacturing sector in Q3 80/81 experienced a decline of **13.14%**. It was -6.71% in Q2 80/81.

REVENUE GROWTH RATE



GROWTH IN MARKET DEMAND -2.64% AND *MARKET COMPETITION 71.43%

(* PERCEPTION-BASED QUESTION)

KEY INDUSTRY INSIGHT III & IV

The survey result shows that the average growth of demand for goods and services was **-2.64%.** The highest recorded growth rate was an impressive 85%, while the largest decline observed was a significant 87%. The demand of manufacturing industries has declined by 13.53%.

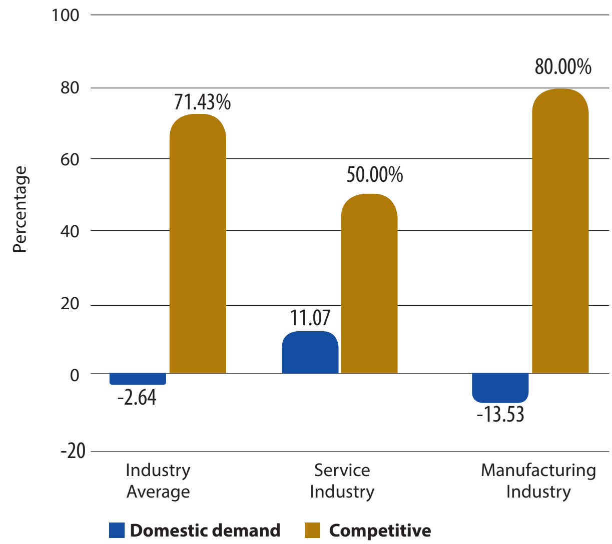
Furthermore, on average **71.43%** of the surveyed industries perceived their goods to be competitive in the market in relation to imported goods, which gives optimism to the domestic industries. The confidence among the domestic businesses regarding their competitiveness and sufficient market demand for domestic products is a critical factor for expanding a broader industrial base in Nepal.

EXPORT: 25%

KEY INDUSTRY INSIGHT V

In Q3 80/81, **25%** of the respondent manufacturing industries successfully exported their goods. Compared to the previous quarter, which recorded an export rate of 27.78%, the export in this quarter has decreased. The average proportion of exports out of their production has decreased from 27.78% in Q2 80/81 to 25% in Q3 80/81. These findings suggest that firms are not engaging in exporting their products, the overall share of exports is experiencing a decline.

DOMESTIC MARKET DEMAND AND COMPETITIVENESS

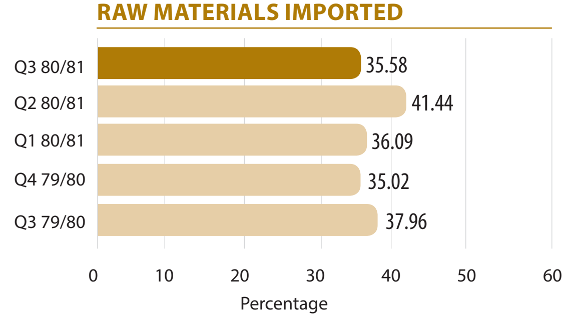


SHARE OF RAW MATERIALS IMPORTED: 35.58%

KEY INDUSTRY INSIGHT VI

The survey results show that manufacturing industries significantly rely on raw materials sourced from global markets. Out of the total raw material required, on average **35.58%** of raw materials was imported from the global market in Q3 80/81. There has been an decrease in imports of raw materials as compared to Q2 80/81 which was 41.44%.

RAW MATERIALS IMPORTED



FINANCE

This section provides insights into the ability of industries to access credit and prevailing interest rates.

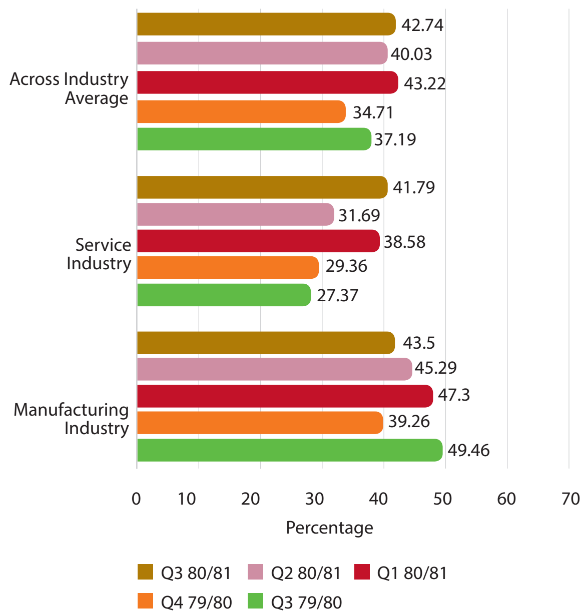
SHARE OF LOAN ON WORKING CAPITAL: 42.74%

KEY INDUSTRY INSIGHT VII

The result of the survey shows that in Q3 80/81, **42.74%** of working capital was met through credit from banks and financial institutions whereas it was 40.03% in Q2 80/81.

The average rate of interest in working capital loan stands at **11.28%** in Q3 80/81 which is a decrease from 11.31% in Q2 80/81.

SHARE OF LOAN ON WORKING CAPITAL



AVERAGE INTEREST RATE: 11.5%

KEY INDUSTRY INSIGHT VIII

In Q3 80/81, the average interest rate on loans was **11.5%** whereas it was 11.63% in Q2 80/81.

In Q3 2080/81, average interest rates on loans for manufacturing industries was **11.71%** while for service industries it was **11.24%.**

INTEREST RATES

	Q3 79/80	Q4 79/80	Q1 80/81	Q2 80/81	Q3 80/81	WCL Interest
Across Industry Average	11.74	12.51	11.49	11.63	11.5	11.28
Service	11.2	12.69	11	11.41	11.24	11.54
Manufacturing	12.41	12.41	11.91	11.77	11.71	11.07

SKILLS AND EMPLOYMENT

This section highlights the trends in employment and skills of the employees in the industries.

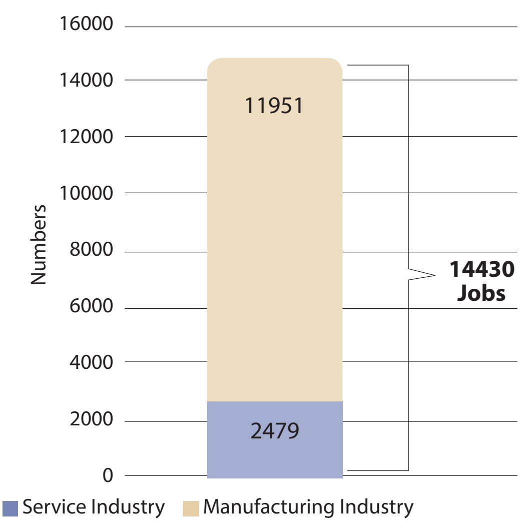
TOTAL EMPLOYMENT: 14430

KEY INDUSTRY INSIGHT IX

The surveyed industries employed **14430** staff in total. On average, an industry establishment employed **237** individuals, with the range being 1-4500. This indicates, on average, CNI member networks comprise large business enterprises. With **11951** employees, the manufacturing industry is the largest employing sector, followed by the service sector with **2479** employees.

Average employment among sectors: The manufacturing industries was at the top with **352** jobs while the service sector right behind with **92** jobs.

EMPLOYMENT IN SURVEYED INDUSTRIES



New Hiring: 310

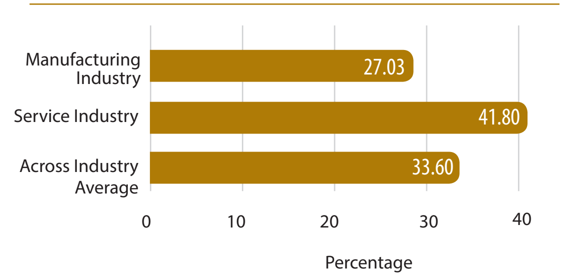
The surveyed industries collectively hired a total of **310** new staff members, while the number of applicants were 3571. This indicates that, on average, about **12** individuals applied for one announced position.

SKILL GAP AND TRAINING: 33.60% RECEIVED TRAINING

KEY INDUSTRY INSIGHT X

The survey result shows that across sectors **33.60%** of the total employees received training during Q3 of FY 80/81. The service industry sector trained around **41.80%** of the total workforce, while the manufacturing industry sector provided training to **27.03%** of its employees.

SHARE OF EMPLOYEE THAT RECEIVED TRAINING



INDUSTRIAL ECOSYSTEM

This section focuses on the various aspects of the regulatory environment, transportation and infrastructure that have a direct bearing on the competitiveness of industries.

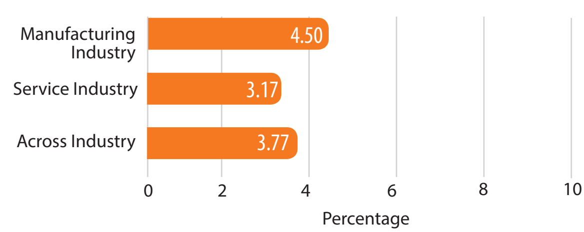
EXPERIENCE WITH GOVERNMENT ONLINE SERVICE

KEY INDUSTRY INSIGHT XI

Although the government has been prioritising digitization of the economy, the survey results reveal that respondents on average were not delighted with the quality of online services provided by various public entities. When asked to rank the quality of services on a scale of 1 to 10 (with 1 being the lowest and 10 being the highest) 11 respondents ranked the service. The average score of respondents was **3.77**. Manufacturing-industry responded with a score of **4.50**, while the service industry with an average score of **3.17**.

Online	Q3 80/81
Manufacturing Industry	4.50
Service Industry	3.17
Across Industry Average	3.77

GOVERNMENT ONLINE SERVICE



CONSTRAINT TO CURRENT OPERATIONS OF BUSINESS

KEY INDUSTRY INSIGHT XII

The surveyed respondents identified that the top three constraints for the business operations in the Q3 of FY 80/81 were Tax Administration, Prevailing Tax Rates, and Political Instability

For the manufacturing and service sector the top issue was political instability.

Constraint to current operations of Business

- Tax Administration
- Prevailing Tax Rates
- Political Instability

UTILITIES

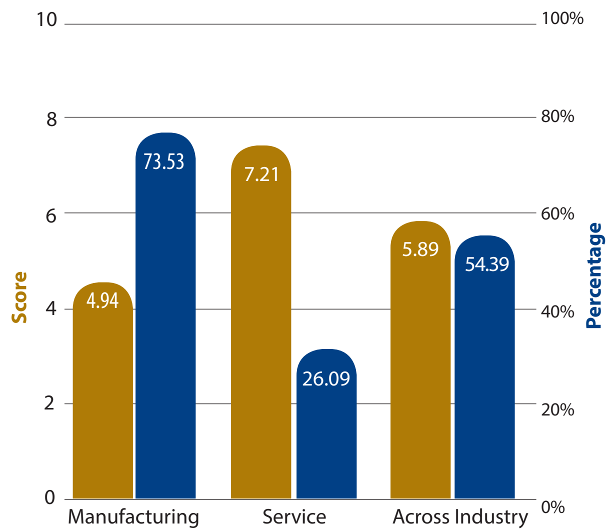
ELECTRICITY: 5.89 OUT OF 10 FOR QUALITY OF ELECTRICITY SUPPLIED

KEY INDUSTRY INSIGHT XIII

The survey result showed **54.39%** of the industries still use generators as the quality of electricity is not reliable. The respondents also mentioned, since the electricity supply provided by NEA is from a common feeder for an area, this reduces the reliability so a separate feeder is essential for commercial purposes. Those manufacturing industries using generators as alternative sources of energy stated there is an additional **12.89%** of cost increase due to the use of generators.

In response to the question that was asked to the respondents to rate the quality of electricity provided in the scale of 1 to 10, with one being the worst and 10 being the best, the average response was **5.89**.

ELECTRICITY QUALITY AND USE OF GENERATOR



MAJOR CHALLENGES

KEY INDUSTRY INSIGHT XIV

Out of the 61 respondents, 45 responded to the question, and they had the option to select up to 3 choices from a total of 11 options regarding major challenges of business. Among the responses, Excess Competition Affecting Price Margins, Low Disposable Income Among Nepali Consumers and Unauthorized goods in the market were the most common responses that respondents wanted to solve.

Major Challenges
Excess Competition Affecting Price Margins
Low Disposable Income Among Nepali Consumers
Unauthorized goods in the market
Consumer Bias for Foreign Goods/Services

Transportation and Logistic Hurdles

The respondents identified major challenges of transportation and logistics as quality of roads, Trucking Syndicate and Arbitrary Prices.

Major Hurdles
Quality of Roads
Truck Syndicate
Arbitrary Prices

BUSINESS OUTLOOK

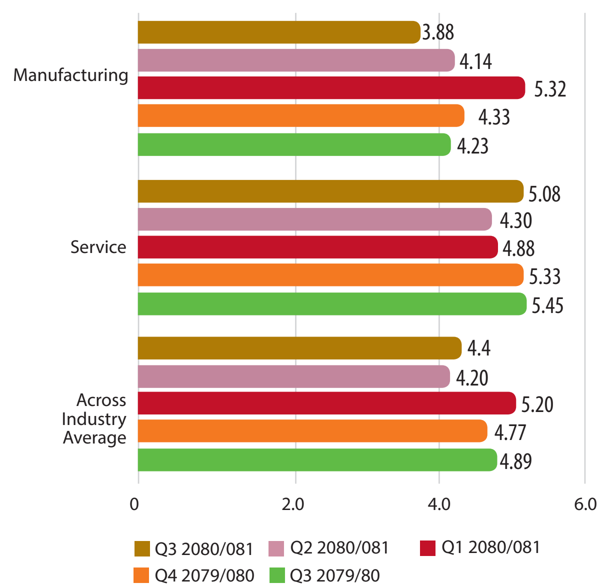
This section presents the confidence level of surveyed industries for their own business and aggregates responses regarding investment plans for the next quarter.

BUSINESS CONFIDENCE: LOW

KEY INDUSTRY INSIGHT XV

On the whole, industrialists are not optimistic that their business is going to perform well for the next 3 months. When asked to rank the favorability (confidence measures) for their business on a scale of 1 to 10 (with 1 being the least favourable and 10 being the most favourable) in terms of revenue and investment opportunities, regulatory environment, access to finance, labour and better utility facilities, the across-industry-average score is **4.4**. The service industry is comparatively less confident as per the survey respondents. This can be a result of the unfavourable macroeconomic situation. Key Indicator XIV does not paint a conducive environment for businesses currently.

HOW FAVORABLE IS REST OF THE FISCAL YEAR FOR YOUR OWN BUSINESS?

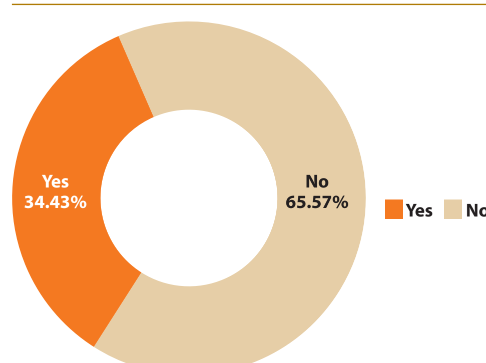


65.57% DO NOT HAVE NEW INVESTMENT PLANS

KEY INDUSTRY INSIGHT XVI

The survey result shows that **65.57%** of respondents do not have any new investments planned for the upcoming quarter. Among respondents from the manufacturing sector, 73.53% do not have any new investment plan. Similarly, among respondents from the service sector 55.56% do not have any plans for new investment. Only **34.43%** of respondents said they have planned for new investment in the upcoming quarter.

NEW INVESTMENT PLANS



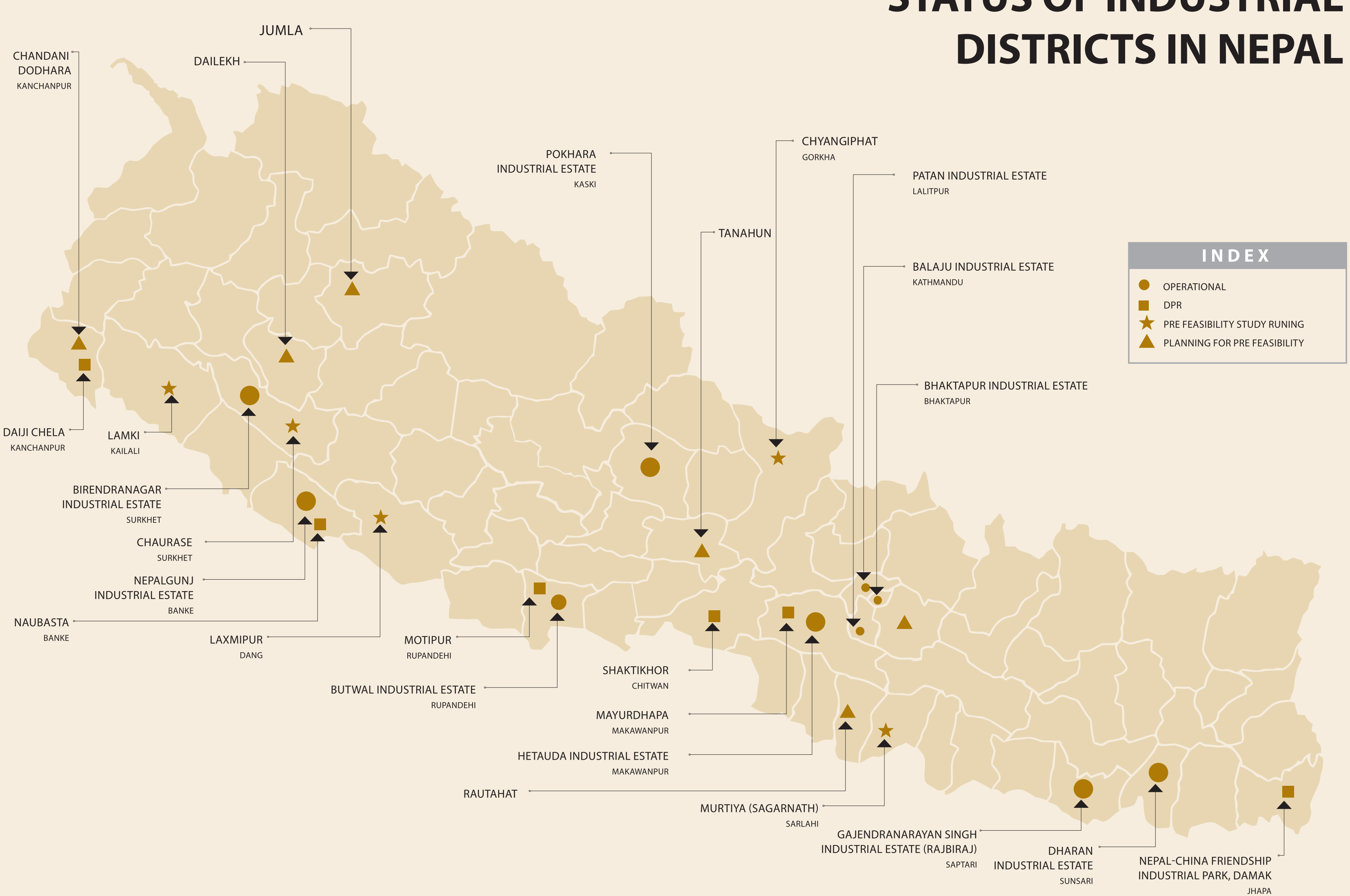
PRIVATE SECTOR IN INDUSTRIAL DISTRICT

BACKGROUND

Economic strength is often built on the firm foundation of industrialization. For Nepal to reach its full potential, fostering a robust industrial sector is essential. However, industrialization in Nepal is currently stagnant, primarily due to lack of industrial infrastructures. A conducive environment which offers key amenities like land, industrial structures, transportation networks, utilities including electricity, water, and sewerage, and ancillary facilities is imperative for fostering industrial growth. An industrial district is the perfect solution. It is an area zoned and equipped for factories and other businesses involved in manufacturing and production. They typically have a concentration of facilities from a specific industry or a mix of related industries, along with supporting businesses. Industrial districts are established with the purpose to provide a space for businesses to operate with necessary infrastructure like transportation, utilities, and waste management. Industrial districts help to foster collaboration among businesses, improve efficiency, and contribute to regional economic development.

In 1960, the United States played a key role in propelling Nepal's industrial development by providing technical and financial assistance to establish the Balaju Industrial Zone. This pioneering zone was the first to provide essential infrastructure for industries, including roads, communication networks, electricity, water supply, sewage systems, and drainage. Following this success, nine more industrial zones were established across Nepal by 1986, bringing these same benefits to various regions of the country. Industrial districts were created across the country by the government for equitable geographic and regional economic development and establish them as catalysts for local investment, promote industries reliant on indigenous labor and raw materials, and drive industrial advancement.

STATUS OF INDUSTRIAL DISTRICTS IN NEPAL



STATUS OF INVESTMENT, EMPLOYMENT & INDUSTRIES IN INDUSTRIAL DISTRICT

Industrial District	Established Year (BS)	Land Area (Ropani)	Investment (in Rs Crore)			Industries				Employment
			Government	Private Sector	Total	In Operation	Under Construction	Closed	Total	
Balaju	2019	670	2715.47	400	3115.47	132	4	2	138	4169
Patan	2020	293	635.25	200	835.25	114	2	0	116	2397
Hetauda	2020	3228	1047.83	502	1549.83	128	9	6	143	4500
Dharan	2029	202	169.29	60.68	229.97	31	2	3	36	980
Pokhara	2031	501	397.48	400	797.48	76	1	1	78	3000
Nepalgunj	2030	233	134.09	91	225.09	35	1	1	37	717
Butwal	2032	434	302.48	300	602.48	64	3	3	70	1458
Bhaktapur	2036	71.28	97.28	60	157.28	36	1	0	37	800
Birendranagar	2038	90	21.66	5	26.66	22	3	1	26	276
Gajendranarayan Singh	2044	299	13.69	12.83	26.52	4	19	2	25	69
Total		**6021.28**	**5534.52**	**2031.51**	**7566.03**	**642**	**45**	**19**	**706**	**18366**

Source: IDML

Disclaimer: The investment refers to the investment made in industries inside the industrial district.

SIGNIFICANCE OF INDUSTRIAL DISTRICT IN INDUSTRIAL DEVELOPMENT AND ECONOMY

Industrial districts act as the dynamic engines propelling industrial development and overall economic growth by aggregating industrial activities, manufacturing and production within delineated geographic regions. Through this strategic clustering, businesses benefit from economies of scale, specialization and a fertile ground for innovation, thereby fostering heightened levels of productivity and output. In terms of job creation, industrial districts play a pivotal role in generating employment opportunities spanning diverse skill sets. From skilled laborers and technicians to engineers, managers and administrative personnel, the spectrum of employment prospects is broad. This diverse landscape within industrial districts triggers a ripple (multiplier) effect, spurring job creation across ancillary sectors such as logistics, services, and retail, amplifying the overall socio-economic impact. In the realm of supply chain management, industrial districts serve as crucibles of efficiency, nurturing intimate connections among suppliers, manufacturers, and distributors. Proximity within these districts yields a myriad of benefits, including the mitigation of transportation costs, shortened lead times, and streamlined inventory levels. Furthermore, this proximal arrangement fosters nimble responses to market exigencies and disruptions, ensuring resilience and adaptability in the face of dynamic market conditions. In the sphere of regional development, industrial districts emerge as catalysts of progress, drawing forth investment fostering a holistic ecosystem of growth and development.

EXISTING CHALLENGES OF INDUSTRIAL DISTRICTS

Although there are 10 Industrial Districts operating in Nepal, the private sector has not been able to rip the benefits. Numerous concerns and challenges confront private enterprises within these Industrial Districts, impeding their ability to thrive and prosper. Among many these are some of the major challenges:

1. **Inadequate Infrastructure:** Inadequate infrastructure, characterized by unreliable power supply, inefficient transportation networks, and limited access to water and sanitation services. These inadequacies hamper production efficiency, inflate operational costs, and curtail the competitive edge of businesses operating within the district.
2. **Regulatory Constraints:** The regulatory environment in Nepal is complex and bureaucratic, posing challenges for businesses in terms of obtaining permits, licenses, and complying with regulatory requirements. Also there is no clear regulatory framework to establish and run industrial district in PPP model. Unclear regulations, inconsistent enforcement, and delays in approvals can hinder business operations and investment in industrial districts.

3. **Lack of Political Commitment:** Absence of political commitment has always been the issue for growth and development in the industrial sector. This is due to political instability in the country. It inspires the frequent change and amendments in policies as well. Political status of the nation is one of the major environments for any business. Political instability creates uncertainties in business.
4. **Access to market:** Nepal's status as a landlocked country poses significant challenges for its industrial districts by limiting access to global markets. The absence of direct sea access results in high transportation costs, reliance on Indian ports, and transit routes that can lead to delays and logistical issues. This dependency increases inventory costs, restricts export and import options, and complicates infrastructure development.
5. **Environmental concerns:** Balancing environmental conservation with industrial growth has always been a challenge. Due to stringent regulatory compliance, it is becoming increasingly difficult to manage this balance. It is essential to preserve Nepal's natural beauty, often giving it higher priority than industrial growth, while still fostering the development of its industries.
6. **Access to finance:** Nepalese industries have limited access to finance and high interest rates which badly hit their performance.

INDUSTRIAL DISTRICTS MANAGEMENT

To streamline and oversee the management of industrial districts, the Government of Nepal (GoN) established Industrial District Management Ltd. (IDML). Currently, IDML manages 703 industries operating within these districts, comprising various manufacturing and service sectors. These industries collectively generate significant employment opportunities, contributing to the nation's economic growth.

IDML provides essential industrial infrastructure, conducts feasibility studies for new industrial districts, and gathers and publishes information on viable projects. They promote industrial districts through research, participation in exhibitions, and facilitating industry involvement. Additionally, IDML studies policy impacts on industries, offers operational advice, and encourages private sector establishment of industrial districts through cooperation and popular participation.

PRIVATE SECTOR IN INDUSTRIAL DISTRICT

CNI advocates for a private sector run Industrial District, envisioning a partnership that fosters collaboration and drives sustainable progress. CNI proposes a Public-Private Partnership (PPP) model, where the Industrial District Management Ltd. (IDML) operates as a collaborative venture between government entities and private sector stakeholders. For this CNI has also submitted a proposal for running Shaktikhor to the GoN in LBOT model. The highlights of the proposal are :

- To establish and maintain the Shaktikhor industrial area under the Lease, Build, Operate, and Transfer (LBOT) model, based on sub-section 2(f) of section 17 of the Public-Private Partnership and Investment Act 2019.
- Aim to establish a Special Purpose Vehicle (SPV) as a joint investment between the Government of Nepal and the private sector.

Investment through Special Purpose Vehicle (SPV):

- CNI proposes establishing an SPV in joint investment with government agencies.
- The SPV will develop, construct, and operate the project.
- A company will be established to invest in the project with various institutional investors participating in its capital.

Organizational structure and process of development and operation of SPV

- The project will be developed, constructed, and operated by the SPV lead by Confederation of Nepalese Industries.
- Joint investment will involve NIFRA, the private sector, institutional investors, and related bodies.
- Shaktikhor Industrial Area Development Company (proposed) will be established under the leadership of the Confederation of Nepalese Industries.
- At present, it is proposed that the proposed company will have the following equity capital including the government, private sector and permanent investors.
    - Government: 20 percent
    - Private sector and real estate investors: 80 percent
- Private sector establishments will be included as investors based on the project's nature.
- Promotional shares, about 10 percent, will be issued to the general public and other investors.

The potential investment partners identified by CNI on project are as follows

1. CNI
2. Federal Government
3. Provincial Government
4. Local Government
5. IDM
6. CIT, PF, SSF
7. NIFRA
8. Chitwan Association of Industries
9. Public

SPECIAL ECONOMIC ZONE (SEZ) AND INDUSTRIAL DISTRICT (ID)

The budget for fiscal year 2079/80 proposed a strategic move to merge the Special Economic Zone (SEZ) and the Institution for Development Management (IDM) into a single, more efficient organization. According to point number 47 of the budget, this merger aims to streamline institutions with overlapping functions and consolidate permanent government structures to enhance operational efficiency. Both SEZ and IDM have overlapping roles in promoting industrial growth and development, which often leads to duplication of efforts and resource allocation. By merging these entities, the government intends to create a unified organization that can better coordinate and manage the functions of economic zones and development initiatives, thereby reducing redundancy, optimizing resource utilization, and fostering a more cohesive approach to industrial and economic development in Nepal.

If the merged entity would enable the pooling of resources, expertise, and networks from both sectors to effectively manage and promote industrial development. This approach could include providing business support services, facilitating access to finance, and creating an enabling business environment. Additionally, private sector involvement would foster a market-driven approach, leveraging insights into market trends and industry dynamics to guide investment decisions and strategic planning.

SOME SUCCESSFUL INDUSTRIAL ESTATES/ DISTRICTS

SRI CITY, INDIA

It hosts more than 210 companies from 28 different nations which helps in attracting more than USD 4 billion in investment and also contributes in export more than 500 million USD till date. It has become successful in providing employment to more than 60000 individuals which includes more than 52 percent involvement of women workforce in India. What sets Sri City apart is its proactive approach to sustainability. The city's commitment is not limited to its own operations but has inspired a ripple effect within its industrial ecosystem. Sri City has not only provided employment opportunities but has also addressed critical gaps in healthcare, education, and skill development, ushering in a wave of positive change. It is also a living example of sustainable urbanization. Sri city has always been the champion in balancing environmental care and development.

Established Date : **2007**
Number of Industries : **220**
Employment : **60,000**
Investment : **USD 4 Billion**
Export : **USD 599 Million**
Development Modality : **Private**

Green initiatives taken by Sri City:

- More than 10% of the industrial area has been developed as green space.
- Installed 8 MW solar power plant, Solar-powered street lights, and solar traffic control systems.
- Electric vehicles to travel within Sri City.
- Garbage collection, segregation and disposal of wastes are done as a part of maintenance.
- Target to plant 10 million trees with nearly 1 million trees planted already.

Mahindra World City

- The Mahindra World Cities in Chennai and Jaipur are already the preferred destination of choice of over 160 companies, providing direct employment to more than 52,876 people and generating cumulative exports of more than 101,375 Cr. as of March 2020.

World class infrastructures: Dedicated Power Substations, Assured Water Supply with Dedicated Lines for Fresh and Recycled Water, Modern Waste Management Networks, 33% Green Spaces, Professional Operations and Maintenance Services, Road and Pedestrian Networks, 24x7 Security for Common Areas, Smart & Sustainable Development, etc.

Incentives provided by Tamil Nadu state government at Mahindra World city

- New Units investing between INR 5 crores and INR 50 crores and employing more than 100 direct workers would be eligible for a capital subsidy of INR 30 lakhs and electricity tax exemption for 2 years from the date of commercial production
- New Units investing between INR 50 crores and INR 100 crores and employing more than 200 direct workers INR would be eligible for a capital subsidy of INR 60 lakhs and electricity tax exemption for 3 years from the date of commercial production
- New Units investing between INR 100 crores and INR 200 crores and employing direct workers would be eligible for capital subsidy of INR 100 lakhs and electricity tax exemption for 4 years from the date of commercial production
- New as well as Expansion Units investing INR 200 crores and above and employing more than 400 direct workers would be eligible for a capital subsidy of INR 1 50 crore and electricity tax exemption for 5 years from the date of commercial production
- No stamp duty levied for land transfer acquired by Government to state agencies or their subsidiaries for promotion of industrial parks
- Stamp duty exemption on lease or purchase of land up to 50 for units with investment in eligible fixed assets of more than INR 5 crores in private industrial parks

Established Date : **2002**
Number of Industries : **160**
Employment : **52,876**
Export : **USD 12 Billion (Approximately)**
Development Modality : **PPP**

SIIDCUL (RUDRAPUR)

Rudrapur is a notable example of a thriving industrial district in the state of Uttarakhand. The State Infrastructure & Industrial Development Corporation of Uttarakhand Ltd. (SIIDCUL), a Government of Uttarakhand enterprise, was established with the primary objective of fostering overall industrial development within the state. SIIDCUL oversees seven integrated industrial clusters, which include:

1. Integrated Industrial Estate, Sitarganj Phase II
2. Integrated Industrial Estate, Kashipur
3. Integrated Industrial Estate, Selaqui (Pharma City)
4. Integrated Industrial Estate, Dehradun (IT Park)
5. Integrated Industrial Estate, Kotdwar (Sigaddi Growth Center)
6. Integrated Industrial Estate, Pantnagar
7. Integrated Industrial Estate, IIE Haridwar

These clusters are strategically developed to support various industries, contributing to the economic growth and industrial landscape of Uttarakhand.

Established Date : **2002**
Number of Industries : **232**
Development Modality : **State Owned**

AMATA CITY INDUSTRIAL ESTATE, THAILAND

- A private industrial estate established in 1989 by Thai entrepreneur Vikrom Kromadit, Amata Corp.
- Amata has grown from a small entity to become an industrial giant
- The mix of high quality services, environmental sustainability and long-term commitment attracts a huge range of investors
- Organizations from over 29 countries, including many Fortune 500 companies.
- Over 1,400 tenants
- More than 300,000 people working
- 40 companies & subsidiaries in the group
- Around 56 billion USD in customers' output contributing to country's GDP

Established Date : **1989**
Number of Industries : **790+**
Employment : **2,00,000**
Development Modality : **Private**

RECOMMENDATIONS FOR SUCCESSFUL INDUSTRIAL DISTRICT ON PPP MODEL

- Government should provide proposed land to the private sector on a long-term lease for the construction, management, storage, and transfer of the industrial district with automatic lease renewal for a second time.
- Provide necessary infrastructure to the site such as roads, transmission lines, and the sewage system.
- Protect industrial products from imported products
- Duty difference between final goods and raw materials.
- Ensure policy stability for a minimum of 10 years.
- Waive Income tax, dividend tax for at least 10 years of operation.
- One stop solution (administrative office) with authority for all government permits and operations.
- Allow the private sector to bring strategic, commercial and managerial partners.
- Guarantee that no local level tax will be imposed.
- Ensure availability of security forces as per need.
- Establish sectoral industrial district for similar products.
- Clear legal framework is required for developing Industrial District in PPP model.

About CNI

The Confederation of Nepalese Industries (CNI) was established by the captains of Nepal's industrial and corporate sector on April 17, 2002. Its core mandate is to help enhance the business environment for the private sector.

It has a membership base consisting of nearly all of the big corporate houses of Nepal, Nepali blue-chip companies, joint venture companies, etc. spread across a wide and diversified spectrum of industries.

About CRC

CNI Research Cell was established due to a dearth of evidence-based research on Nepali industries, especially based on primary data. CNI aspires to be a trusted development partner of the Government of Nepal. The data and research generated by CRC is transparent, unbiased and will be kept confidential. The team comprises Director Mr. Ravi Kumar Prajapati, Senior Officer Ms. Rashmi Poudyal and Executive Mr. Chetman Syangtan.