

# INDIAN AND CHINESE INVESTMENT IN NEPAL

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# INDIAN INVESTMENT IN NEPAL



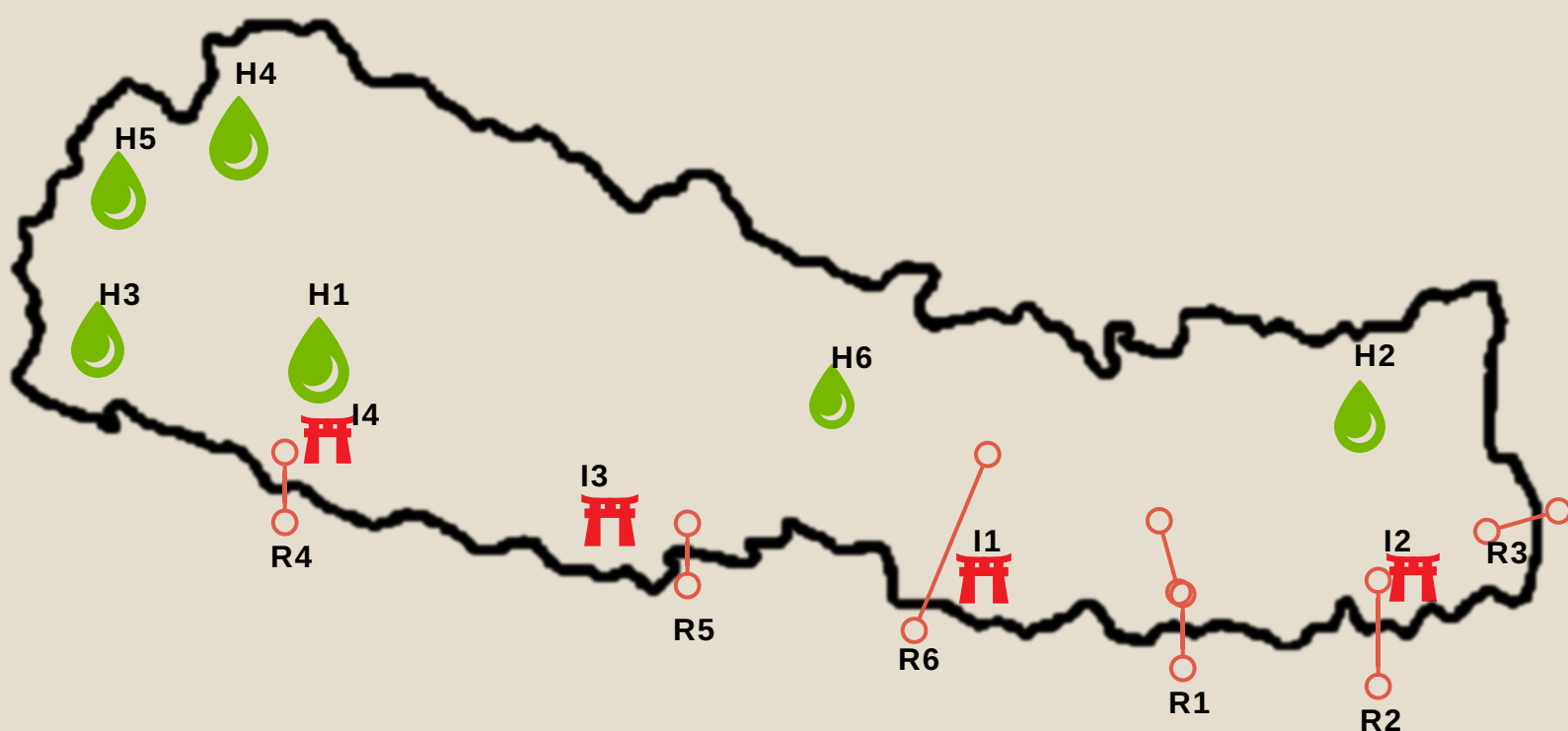
## RAILWAY

- R1 - Jayanagar - Janakpur - Bardibas - Bijalpura
- R2 - Jogbani - Biratnagar
- R3 - Japlaiguri - Kakarbhatta
- R4 - Nepalganj road - Nepalganj
- R5 - Nautanwa - Bhairahawa
- R6 - Raxaul - Kathmandu



## HYDROPOWER

- H1 - Upper Karnali (900MW)
- H2 - Arun 3 (900MW)
- H3 - Pancheshwar Multipurpose Project (3240MW)
- H4 - Rupali Gad Re-regulating Dam (240MW)
- H5 - Poornagiri Re-regulating Dam (1000MW)
- H6 - Upper Marsyangdi (600MW)



## INTEGRATED CHECK POST

- I1 - Raxaul - Briganj
- I2 - Jogbani - Biratnagar
- I3 - Sunauli - Bhairahawa
- I4 - Nepalganj road - Nepalganj

### DEVELOPER/INVESTMENT SIZE/LOCATION/PPP MODEL/DATE OF COMMENCEMENT- EXPECTED DATE OF COMPLETION

- H1-GMR UPPER KARNALI HYDROPOWER LIMITED/NA/SURKHET, ACHHAM and DAILEKH DISTRICTS/BOOT/2014-22
- H2-SJVN ARUN-3 POWER DEVELOPMENT COMPANY/1.4 BILLION USD/SANKHUWASABHA DISTRICT/BOOT/2014-23
- H3-BI-NATIONAL/Rs. 1500 Crs/DARCHULA,BAITADI,DADELDHURA DISTRICTS/NA/1996(REACTIVATED IN 2009)-INPROGRESS
- H4-BI-NATIONAL
- H5-BI-NATIONAL
- H6-GMR ENERGY/NA/LAMJUNG & MANANG DISTRICTS/BOOT/DPR & EIA COMPLETE
- I1-NEPAL INTERMODAL TRANSPORT DEVELOPMENT BOARD/NA/NA/GON/2005-18
- I2-GOVT. OF INDIA/RS 1.31 BILLION/NA/NA/2005-'18
- I3 & I4 - PROCEDURES UNDERWAY
- R1-GOVT. OF INDIA/NA/NA/2010-20(Total 71 km stretch)
- R2-GOVT. OF INDIA/NA/NA/2010-18(Total 17.65 Km stretch)
- R3,R4,R5 - SURVEY WORK IN PROGRESS
- R6 - SURVEY TO BE CARRIED OUT

# CHINESE INVESTMENT IN NEPAL



## CROSS BORDER TRANSMISSION LINE

T1 - Kerung-Rasuwegadhi-Galchhi



## HYDROPOWER

H1 - Upper Madi  
H2 - Upper Trishuli  
H3 - Upper Marshyangdi



## AIRPORT

A1 - Pokhara International Airport



## INFRASTRUCTURE

I1 - Lumbini Project  
I2 - China-Nepal Eco Industrial Park



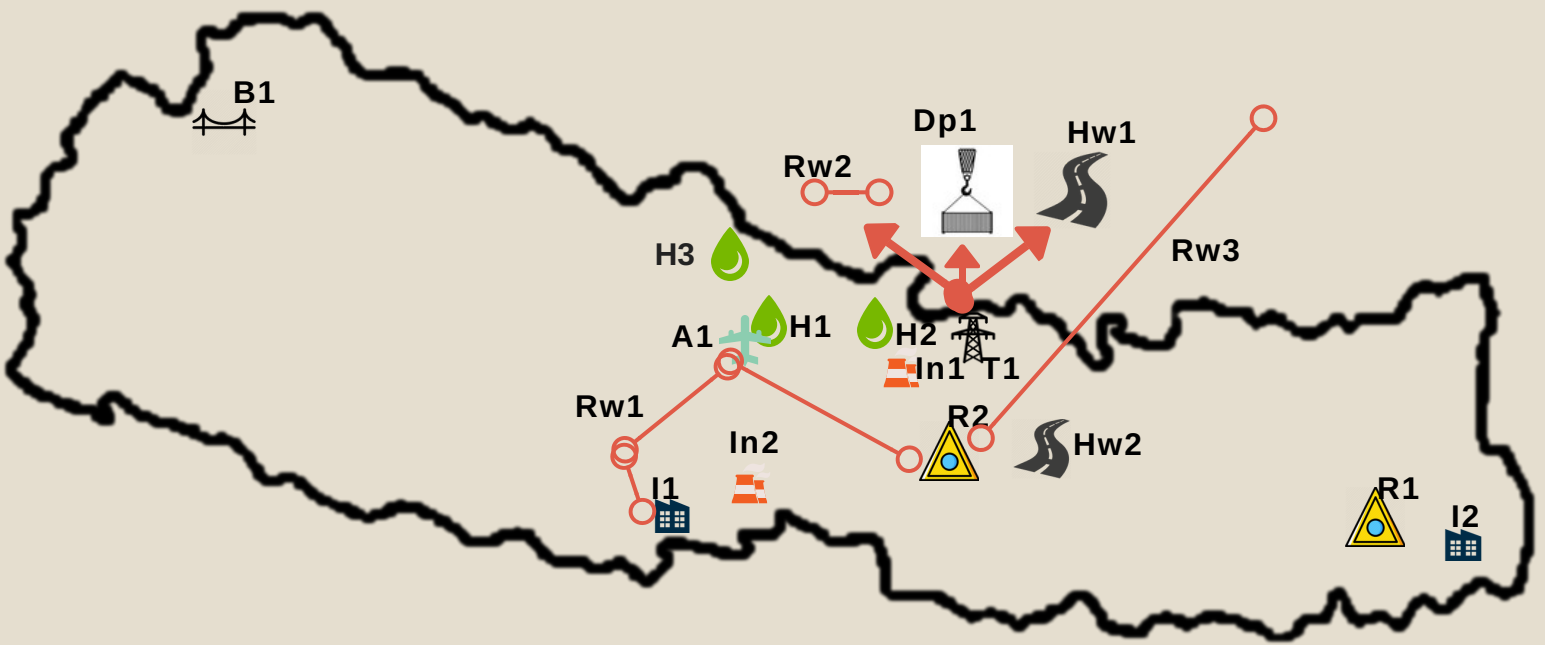
## DRY PORT

Dp1 - Rasuwagadhi Dry Port



## INDUSTRIES

In1 - Investment in Cement Industry by Huaxin Cement  
In2 - Investment in Cement Industry by Hongshi Holdings Group



## HIGHWAY

Hw1 - Restoration of Syabrubesi-Rasuwegadhi Highway  
Hw2 - Restoration of Araniko Highway



## RAILWAY

Rw1 - Kerung-Kathmandu-Pokhara-Lumbini railway Network  
Rw2 - Kathmandu-Rasuwegadhi Railway Line  
Rw3 - Cross-Border railway line between Kathmandu and Lhasa



## ROAD

R1 - Kimanthanka-Khadbari-Dhankuta Road  
R2 - Kathmandu Ring Road Improvement Project



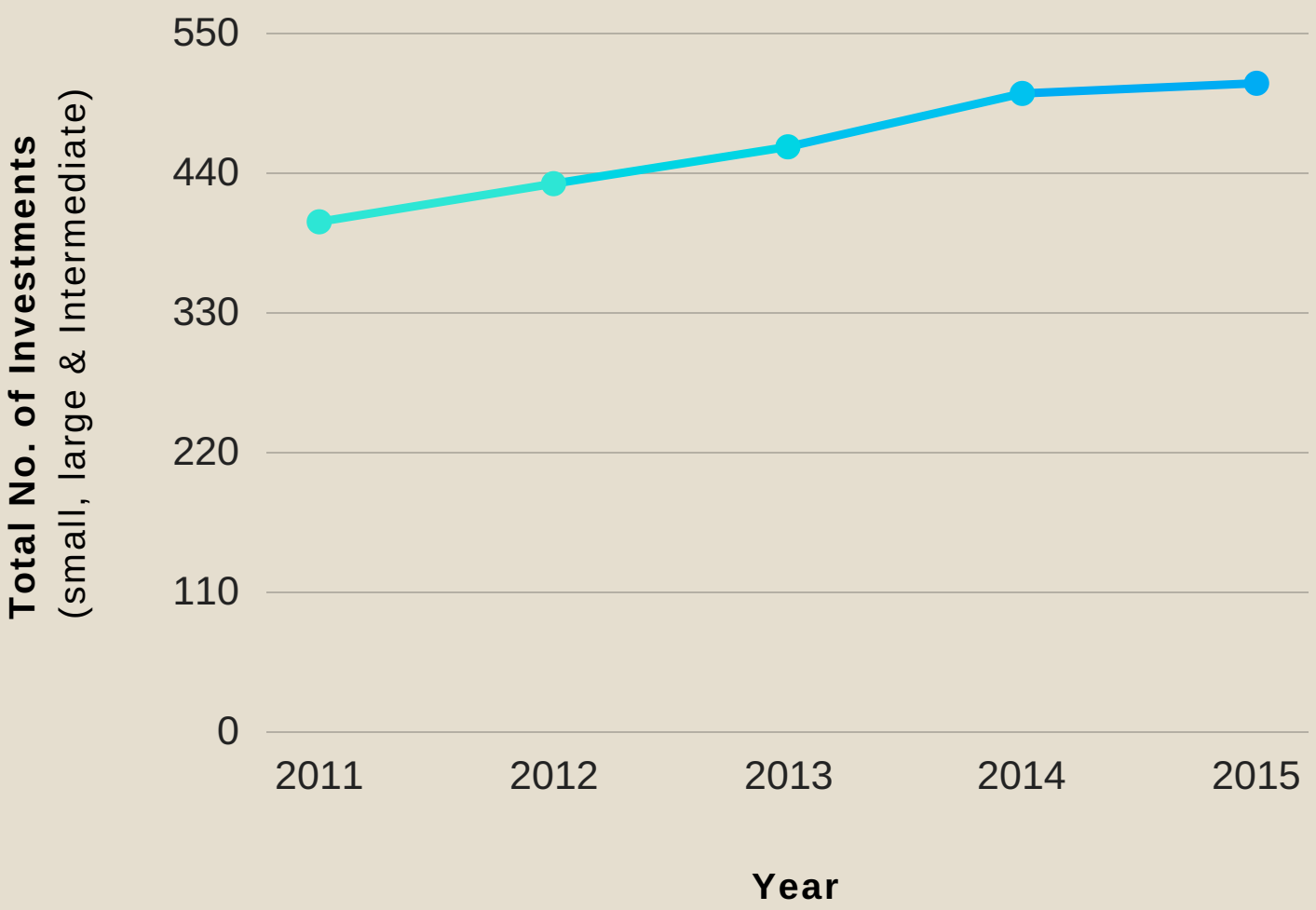
## BRIDGE

B1 - Construction of bridge over Karnali river at Hilsa

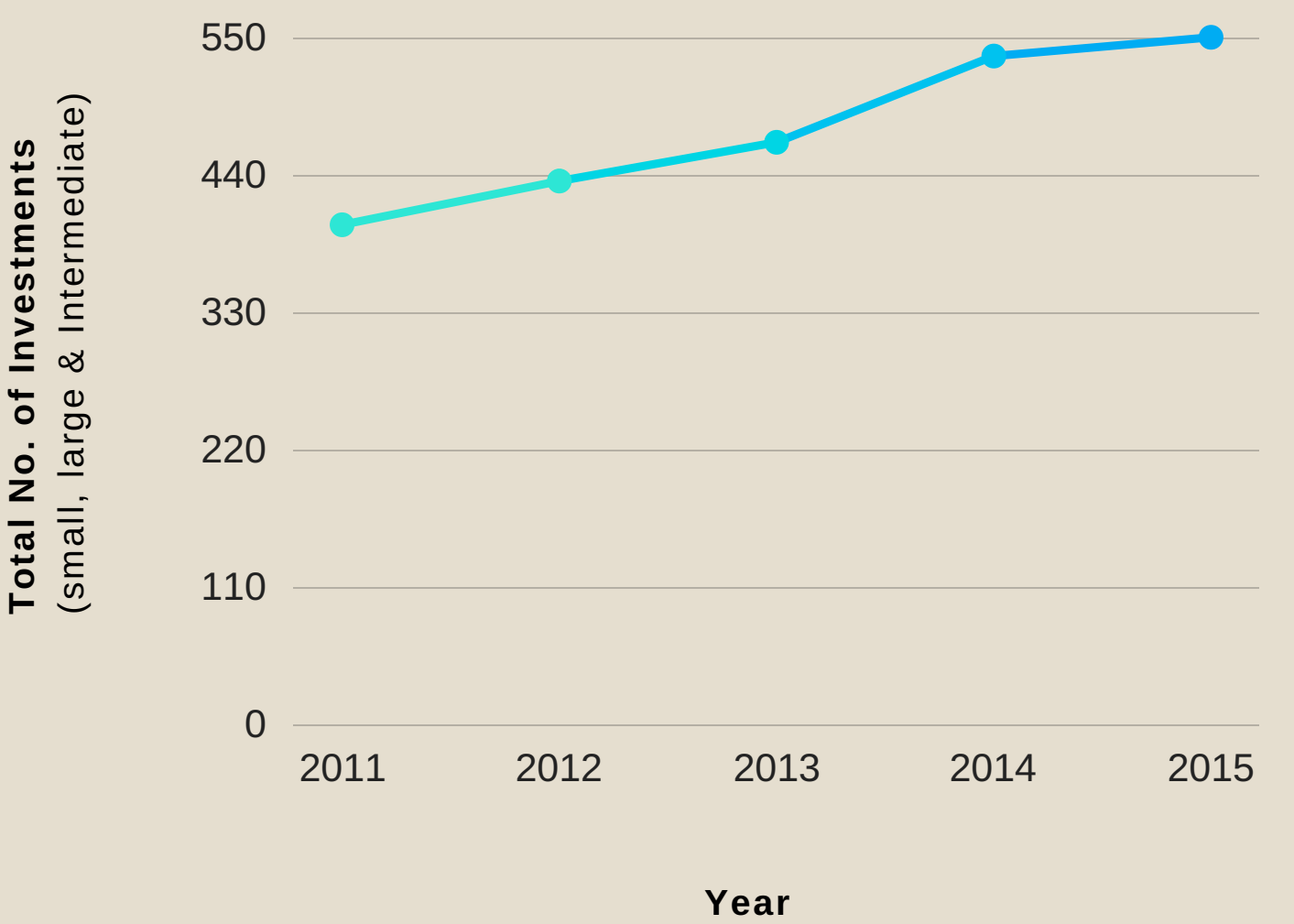
### Total Investment/Status

H1-NRS.6.6 billion (80% owned by Chinese Company)/Completed  
H2-Concessional loan of \$114.7 million/About 70% completed  
H3- NRS. 16 billion (90% owned by Chinese Company)/Completed  
I1-3 billion USD/Completed  
I2-Rs 333 billion/In Progress  
In1-140 million USD/In Progress  
In2-359.2 million USD (Chinese company owns a 70% stake in the joint venture)/In Progress  
T1-Initial feasibility report submitted to China  
Dp1-NA/Ongoing  
Hw1-NA/Ongoing (Total 18 km stretch)  
Hw2-Npr 760 Million/Completed (Total 114 km stretch)  
R1-NA/Ongoing  
R2-Npr 5 billion/Ongoing(expected to complete by July 2018)  
B1-NA/NA  
Rw1-NA/Ground survey completed  
Rw2-NA/Preliminary feasibility study ongoing

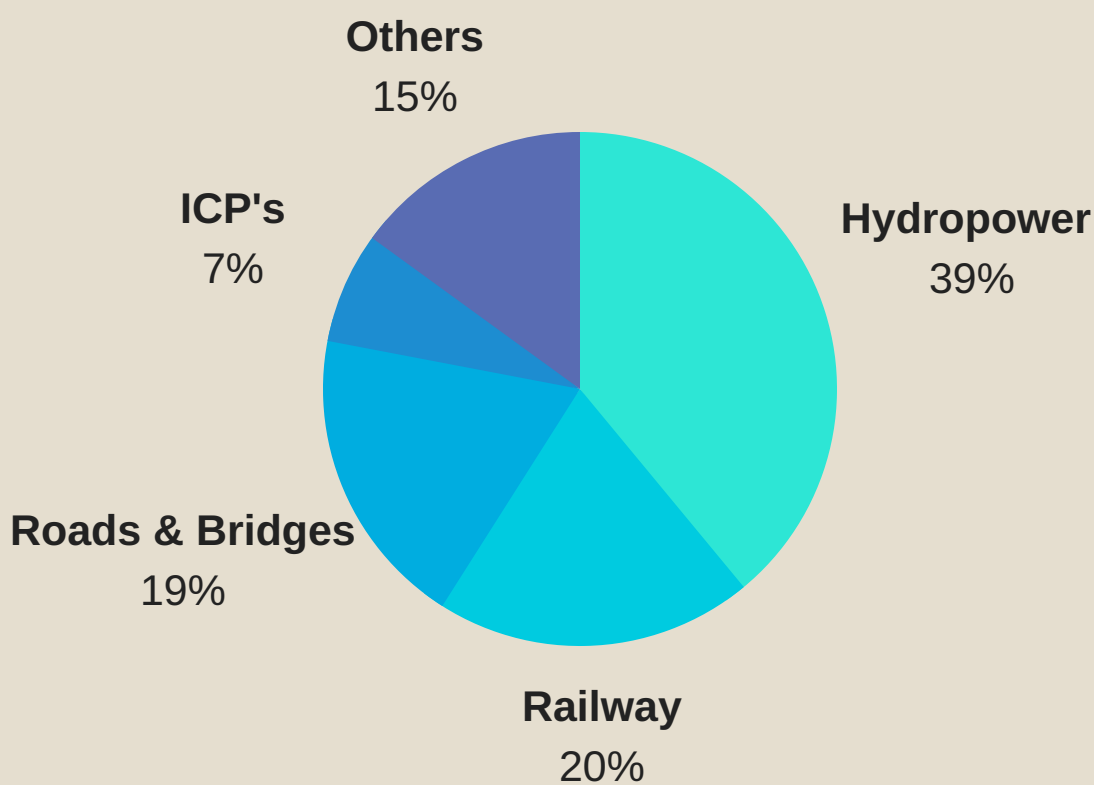
### Indian Investment in Nepal (2011 - 2015)



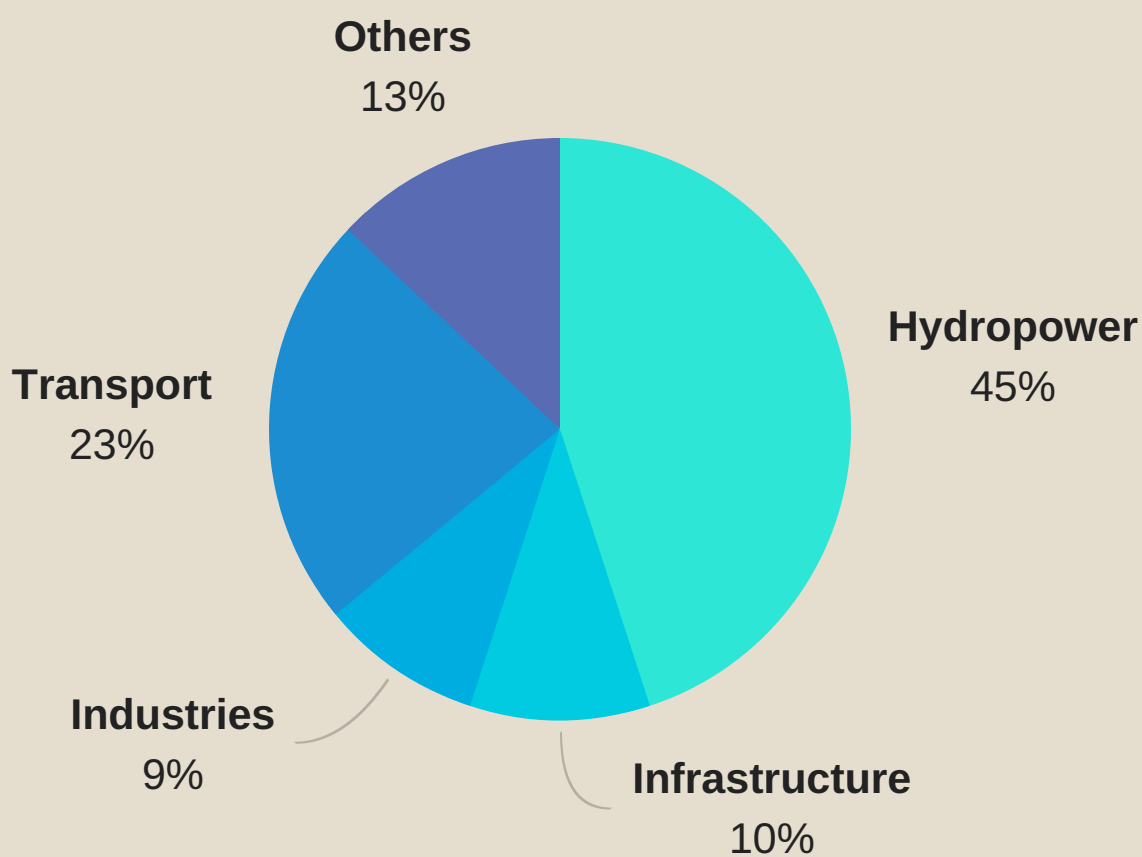
### Chinese Investment in Nepal (2011 - 2015)



### Indian Investment in Nepal: Sectoral Representation



### Chinese Investment in Nepal: Sectoral Representation



# SUMMARY

Today India and China are two of the significant emerging economies in the world and Nepal lies in between the two, trying to balance its relation with the giants who are often in sporadic face-offs. The geopolitical location of Nepal has played a vital role in attracting the investments from the two giants in various sectors.

India, to begin with, is one of the prodigious investing partner of Nepal and has invested in various sectors like education, health, telecommunication, roads & bridges, electrification projects, drinking water projects, integrated check posts, cross border railway links, flood control & river training, culture, training of GoN officials in India, cooperation in security and hydropower projects.

The recent corresponding state visit of the head of the government of Nepal and India Prime Minister KP Sharma Oli and PM Narendra Modi respectively has shed the light on the progress on the new area of cooperation including agriculture farm modernization and inland waterways.

Both the countries reached an understanding on the early finalization of the Detailed Project Report (DPR) of Pancheshwar Multipurpose Project. Trade, transit and rail services, treaties and agreements will also be reviewed and the much hyped Arun-3 Hydropower Project was inaugurated by the two leaders.

The Indian Government also released a grant of Rs 180.74 million for river training work. This was the 13th installment given to Nepal since 2008 making a total of Rs 4.68 billion till now. But even after such efforts there are no improvements to be seen regarding river works which is a different story altogether. To sum up, the southern neighbor seems more fascinated than ever to strengthen the economic tie with Nepal maneuvering the neighborhood first policy of PM Narendra Modi with which Nepal can benefit if Nepal could exploit the opportunities.

On the other hand, China who is now the top overseas investor in Asia is showing its increasing interest in its neighborhood Nepal. It has invested in areas such as roads & bridges, railway, renewable energy, tourism, education & cultural cooperation, dry port, airport, Industries & SEZs, agriculture, transmission line and hydropower.

China accounted for nearly 60 percent of foreign direct investment in Nepal in the first half of the fiscal year 2017 with USD 79.26 million whereas India with only USD 36.63 million. As Nepal has signed the Memorandum of Understanding with china on the BRI initiative and the investment pledge from China is already booming. The upcoming state visit of PM KP Oli to China may give thrust to the economic tie of Nepal and China.

Nevertheless, PM Oli is adamant about maintaining equal and harmonious relation with both the giants because he understands the importance of peaceful co-existence and the cost of not maintaining one which Nepal has suffered not long ago. Nepal lies in such a location where it is geographically bound hence, it needs to carefully formulate its foreign policies without aggravating both the neighbors.

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