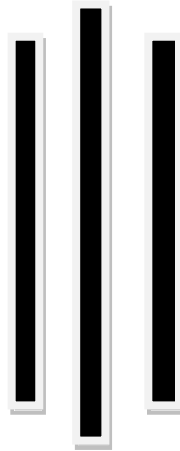


**Bhairahawa Special Economic Zone  
Operation Standard and Procedure  
2014**



Government of Nepal  
Ministry of Industry  
Special Economic Zone Development Committee  
Kathmandu, Nepal

**Bhairahawa Special Economic Zone**  
**Operation Standard and Procedures**  
**2014**

This operational standard and procedure of Bhairahawa Special Economic Zone is prepared and issued under section 4 of Special Economic Zone Development Committee (formation) order 2069 BS (2012 AD) as per provision of section 4 (Kha) for preparation the detail operational manual and standard about the function, duties and rights of the committee.

**Chapter 1**

**Preliminary**

**1. Brief name and Commencement :**

(1) The name of this procedure is “Bhairahawa Special Economic Zone Operation Standard and Procedure 2071”

(2) This procedure will be effective after the approval of Government of Nepal.

Approved as per the decision of Government of Nepal (Cabinet) dated 2071/02/02 B.S. (2014-05-16 A.D.)

**2. Definition:**

Unless the context and content requires otherwise in this procedure:-

- A. “License holder” shall denote the person who has obtained license.
- B. “Chairman” shall denote the chairman of committee
- C. “Executive Director” shall denote the appointed or depicted Executive Director under issued formation order.
- D. “Central Office” shall denote the Office of Special Economic Zone Development Committee.
- E. “Office” shall denote Bhairahawa Special Zone, located at Bhairahawa.
- F. “Formation Order” shall denote the Special Economic Zone Development Committee (formation) order 2069 B.S. (2013 A.D.)
- G. “Land” shall denote the developed lands which are developed to provide at rent to industry owned by or at Central of Bhairahawa Special Economic Zone area.

- H. "Expression of Interest Submitter" shall denote the person who has submitted the Expression of Interest to establish industry within Bhairahawa Special Economic Zone areas.
- I. "Ministry" shall denote the ministry of industry.
- J. "Operational Standard" shall denote the base of selection for establishing industry, concession, privilege and facilities to industry which are established at Zone, or the base of selection for other any doings.
- K. "Misuse" shall denote the facilities concession and privilege with functions which are not done as per approved objectives and conditions.
- L. "Approval letter obtainer" shall denote the person who has obtained the approval letter from Central Office to establish industry within Bhairahawa Special Economic Zone.
- M. "Committee" shall denote Special Economic Zone Development Committee formed under formation order.
- N. "Zone" shall denote Bhairahawa Special Economic Zone.

## **Chapter 2**

### **Provision relating to call the Expression of Interest**

#### **3. Should prepare the Expression of Interest and Proposal :**

Before calling the Expression of Interest and Proposal Central Office should prepare and make ready the following document.

- a) Description of industry.
- b) Brief description of survey of industry or other study report.
- c) The description of lands which are provided to industry within zone.
- d) Details of Expression of Interest and valuation of Proposal.
- e) Direction will be provided to the submitting Expression of Interest and Proposal
- f) The main terms of agreement will be done with Proposal submitter for industry establishment and operation.
- g) Other necessary matters.

#### **4. Should call the Expression of Interest :**

The Central Office should call the Expression of Interest to execute the approved industry under annex-1 through notice at the major News Paper within Nepal and such notice should keep at Website.

- a) Brief description of industry.
- b) The lands which will be provided at lease for the establishment of industry.
- c) Qualification of Expression of Interest submitter.
- d) Process to forward expression interest, last date, time and place.
- e) Expression of Interest opening date, time and place.
- f) Basis of selection of Expression of Interest
- g) Approximate date to take decision at Expression of Interest
- h) Other necessary matters.

#### **5. Should Submit Expression of Interest :**

1. The person who wants to submit Expression of Interest as per rule 4, he/she should state clearly the following matters at that Expression of Interest and should submitted hard copy or through electronic media to Central Office .

- a) Name and Address of Expression of Interest submitter.

- b) Financial and technical status of the person who submitted the expression interest.
- c) Experience in industry run by Built and Operate (BO) modality.
- d) Other the necessary description as prescribed.

2. If the Expression of Interest as per sub rule (1) will be received then Central Office should registered it and the information should provide to the person who has registered/ submitted the Expression of Interest .

**6. While opening the Expression of Interest of Proposal, the avowal should be prepared:**

- (i) Central Office should open the Expression of Interest or Proposal at the presence of attaining authorized representative of Expression of Interest or Proposal submitters at the prescribed date time and place and should perform avowal to do signatures on it. If any remark will be found while opening the Expression of Interest or Proposal those should state at avowal there.
- (ii) As per this procedure if any Expression of Interest or Proposal will be found without rule (Custom) no any further action will be taken for that.

**7. Amendment or time period may extend:**

- (i) If any amendment will be found necessary about any process about the submission of Expression of Interest or Proposal or submission of any description, Central Office may amended with cause.
- (ii) If any amendment has to be done as per sub-rule (1) if the time to submit the Expression of Interest or propose will be less than 30 days time should be provided for submitting those or if the time period of subscription will be found necessary then with cause Central Office may prolong the time period for submitting the Expression of Interest or Proposal. If the time is prolonged at that condition the submitter of Expression of Interest or Proposal may maintain the same document or may take back the previously submitted document and may place new Expression of Interest or Proposal.

## **8. May order to clarify or may order for submit the documents:**

- (i) If any submitter of Expression of Interest or Proposal will ask to clarify about any document or process related to Expression of Interest or Proposal in written form before 15 days of last submission date then Central Office should clarify in that regards within 7 days.
- (ii) If any information clarification under about sub rule (1) has to issued to the person who has submitted the Expression of Interest of Proposal then Central Office should inform about so to the person by which media he/she has submitted the Expression of Interest or Proposal for clarification .
- (iii) If any matter stated at Expression of Interest or Proposal will not be found clear or general document will not be found attached with documents at such case ministry may call for clarification about non clear matters or may inform to submitter to submit the remaining documents.

But while clarification any matter or if submitting any remaining document any matters may not be amended or changed what are at Expression of Interest or Proposal.

## **9. Evaluation Committee for Expression of Interest or Proposal**

1. There will be following Expression of Interest or Proposal evaluation committee at Central Office with following officials for the evaluation and recommendation of Expression of Interest or Proposal.
  - a) Senior Officer of the committee as prescribed by executive director of committee: chairman.
  - b) Specialists relating to industry prescribed by executive Director (2 members).
  - c) Chief of Financial Administration Section of Central Office .....member.
  - d) Legal Officer of committee .....member.
2. Member secretary of the committee will be an Officer as prescribed by Central Office.
3. If necessary at the meeting of evaluation committee, the specialists of concerning areas may be called as observer to attend meeting.
4. The procedure about meeting of evaluation committee and other procedures regarding function will be determined by committee self.

5. As per sub-rule (1) if the Expression of Interest, Proposal will be cancelled or quashed then Proposal submitter may not claim any compensation with Central Office.

## **10. Selection of Expression of Interest Submitter**

1. Central Office selects the person who has submitted the Expression of Interest at the base of technical, financial capacity and experience will be selected. For that the following marks are divided deeming 100 full marks to that propose.
  - a) For technical capacity 40 Marks
  - b) For financial capacity 40 Marks
  - c) For experience 20 Marks
2. The evaluation of technical, financial capacity and experience as per sub rule (1) will be done as per below
  - a) While evaluating the technical capacity of Expression of Interest submitter for the execution of industry whether he/she has any machineries and accessories or human resources or not should consider with energy efficiency technology.
  - b) While evaluating the financial capacity of Expression of Interest submitter person whether he/she has the financial capability for survey, operation, repairing or maintenance capacity of industry, on behalf of company (Expression of Interest submitter) if will have any company whether the assets of the company is sufficient to bear the cost for industry or if any debt has to take at that condition from where the debt will be taken from what process how much the debt will be taken for that proposal should be submitted along with.
  - c) While evaluating the experience of Expression of Interest submitter evaluation should be based on whether he/she has run the industry in build and operate modality or he/she has run the industry that matches with the nature of industry mentioned in annex- 1.
3. The Expression of Interest submitter will be selected according to the evaluation performed under sub rule (2) who will obtain minimum 50 marks at evaluation.

## **11. Letter for recalling the Expression of Interest**

1. While Expression of Interest will call under Rule (4) if the Expression of Interest will not received for available total lands or if the person for Expression of Interest submitter will not fulfilled as per necessity at evaluation under rule 10 , then after completing the process under rule-(4) again the Expression of Interest will call.
2. If will desired then short listed under Sub- (3) of Rule (10) will kept as it is while Expression of Interest is called again.

## **12. Preparation of short list**

1. After selecting the person who has submitted under the Rule 10, short list will be prepared by Central Office.
2. Within 7 days of short list preparation under sub rule (1) the written information will be issued to short listed person.



## Chapter 3

### Provision related to call the Proposal

#### **13. Should prepare the documents related to Proposal :-**

After preparation of short list as per rule 12, Central Office should prepare the following documents with following details to call Proposal with short listed persons.

- a) Office which will receive the documents related to Proposal.
- b) Process of sending the Proposal, last date, time and place.
- c) Proposal opening date, time and place.
- d) Basic of Proposal valuation.
- e) Approximate date for the decision of Proposal.
- f) Other necessary matters.

#### **14. May call the Proposal :-**

After short listing as per rule 12 by Central Office, to execute the industry by express of interest submitter the Proposal may be called through public notice with details as per rule 13.

#### **15. Proposal should be submitted :-**

1. One who wishes to submit Proposal as per rule 14, he/she should state (mention) the following descriptions within prescribed time frame as per published at notice at the firm Annex 2, at Central Office through hard copy or electronic media.
  - a) The product or the service which is wished to produce/prepare by the purposed industry with the details of national and international scenario.
  - b) Management of demand and supply.
  - c) Investing capital and nature of capital (national, foreign, joint venture).
  - d) Feasible market for sales.
  - e) Purposed financial resources of industry.
  - f) Time for breakeven point.
  - g) Process of production and machineries.
  - h) Primary engineering structure of industry.
  - i) Necessary raw material, quantity and sources for industry use i.e. national and foreign.

- j) Supply of human resources to operate industry i.e. national and foreign human resources.
  - k) Primary environmental study report of industry.
  - l) Detail profit statement which will be earned by industry within 30 year period after operation of the industry.
  - m) Time which may take to establish industry.
  - n) Purposed starting date of manufacturing.
  - o) Map of purposed land.
  - p) Area of purposed land.
  - q) Lease period of proposed land of proposed industry.
  - r) Installment amount rate of royalty if any royalty or charge will be proposed.
  - s) Proposed period of agreement.
  - t) Possible risk at the execution /implementation of industry and risk minimizing Proposal.
  - u) Minimum 50 Million should be the fixed capital of purposed industry.
  - v) Necessary power, sources of power and technology of saving the power of purposed industry.
  - w) Other matters as prescribed in time to time by Central Office or Office .
2. Whatever are written at rule (2) if the industry is already surveyed, Central Office may call to the person who is short listed as per rule 12 for the implementation the public notice may published under rule 13 and directly Proposal may call .
  3. One who wished to submit the Proposal as per sub rule 2, within prescribed time period according to published notice he/she should apply at Central Office along with Proposal of project.
  4. While submitting the Proposal under sub rule (2) Proposal submitter may submit one and more alternative Proposal regarding sub rule (1).
  5. After the presentation of the Proposal Central Office should register they and receipt of Proposal should provide to the Proposal submitter.

## **16. Study report should provide free of cost:**

If Proposal submitter will demand the study report which is prepared by committee about industry, the copies of study report should provide free of cost to him/her.

## **17. Provision to call the Proposal of industry which are already surveyed.**

To execute the industry which is already surveyed Central Office may call Proposal paper with those persons who are already short listed as per rule 12 by Central Office. In that condition at the time of calling Proposal or submitting Proposal the provision under Rule (13) (14) and (15) procedure should adopted.

## **18. Detail feasibility study of the industry may be done through talk.**

1. Whatever are written under this procedure for detail feasibilities study of industry which is not done before, he/she may apply for detail feasibility study report at Central Office.
2. If after studying the application registered as per sub rule(1), if will deem proper to provide permission for detail feasibilities study then Central Office will discuss with applicant and may provide him/ her permission for detail feasibility study or committee itself may conduct detail feasibility study.
3. While detail feasibility study of industry as per sub rule (2) will be conducted total cost of study should borne by him/her who conducts the study.
4. As per this rule if the person who has conducts detail feasibility study of the industry under sub rule (2) will not be selected then total cost of feasibility study should borne by the person whose Proposal is approved.
5. The cost as per sub rule (4) will determined by the newly formed committee if necessary as formed by Central Office.

## **19. Industry may conduct through talk**

1. Whatever are written anywhere at this procedure Central Office may order to conduct the industry through talk at the following condition
  - a. If necessary numbers of Expression of Interest or proposal will not be selected or
  - b. If competition will not be possible, or
  - c. If new concept or technology will be included, or

- d. If committee will recommend to select through talk, or
  - e. Due to any cause other procedure is not found proper as per this procedure.
2. As per sub rule (1) if the industry will conduct through talk such person should apply at Central Office with following details
- a. Name and address of applicant,
  - b. If applicant will be a company then name, address, company's incorporation date, organization structure, ownership and main areas of work.
  - c. The name, process and brief details about industry which is wished to execute.
  - d. Output and feasibility report of industry.
  - e. Description of applicant about his/her financial and technical status to conduct industry and details of experience.
  - f. For the execution of industry necessary machines, accessories and man power details of applicant.
  - g. Cause to conduct industry through talk.
3. Application submitted as per sub rule (1) will be checked and if found necessary then Central Office may ask necessary other documents.
4. The received application under sub rule (1) will be checked and if the purposed industry will be found feasible and useful, if applicant will have the financial and technical capacity with experience and if the industry may approve for him/her as per demand, then Central Office has to send the recommendation along with its opinion to committee.
4. After checking the application with documents received as per Sub-Rule (3) committee will recommend that whether the industry should conduct through talk or not will be referred to the Central Office with decision of committee.
5. After the decision of the committee to operate the industry through negotiation under Sub-Rule (4) the Central Office has to submit document related with the industry to the committee for approval.

6.If the documents and papers relating to industry as per sub rule (5) will found proper to conduct then committee will provide approval to conduct the industry as per mutual talk between Proposal submitter and committee.

## **20. Selection of Proposal**

1.After receiving the Proposal according to rule 15 or 19 , Central Office should open the Proposal s and evaluation should be done as per following :

- a. Financial status of Proposal submitter
- b. Technical capacity and experience of proposer submitter.
- c. Working capacity and experience of purposed man power,
- d. Organization structure, execution process and working calendar about industry execution.
- e. Survey technology and engineering design of industry.
- f. Use of local resources and means.
- g. Necessary energy, source of energy and saving technology of energy for industry.
- h. Environment study report of industry and measures to reduce environment degradation.
- i. Financial resources and related plan for the execution of industry.
- j. Other alternate proposal which are submitted to make more feasible and useful to the industry.
- k. Purposed royalty amount to pay to Central Office or the other type of amount and payment time and mode.
- l. Purposed period of agreement.

2.After selecting the Proposal as per sub section (1) the information about selection of Proposal should give to selected proposer submitter through fast media.

## **21.Evaluation of Proposal should do:**

1.For the evaluation of received Proposal at Central Office the following subcommittee will be formed by the committee.

- a. Executive Director or nominated person by him .....Coordinator
- b. Representative –Ministry of Industry.....Member
- c. Representative- Ministry of Commerce and Supply.....Member
- d. Representative- Department of Industry.....Member
- e. Representative- Federation of Industry.....Member
- f. Representative- Nepal Chamber of Commerce .....Member
- g. Two specialists of concern areas.....Member
- h. Office In-charge.....Member Secretary

2.While evaluating the Proposal submitted as per rule 13, if statements as per 15 will not be found sufficient, then Central Officer give direction to submit again after amendment.

3.If the direction to submit the Proposal again under sub rule 13 will be issued then within 7 days such Proposal should be submitted.

4.Before evaluation the Proposal by subcommittee at the base of rule 21, additional base for evaluation may prepare.

But as per part (g) of sub rule (1) the specialist may differ as per the nature of propose.

## **22.May prepare memorandum of understanding**

After selecting the Proposal as per rule 20 or at the base of demanded statement under rule 15, if the execution of the industry will be found satisfactory as per required documents, then Central Office may prepare memorandum of understanding with the proposer of industry.

## **23.Should submit the description of industry**

Within the mentioned time period at memorandum of understanding done under rule 22 and if memorandum of understanding is not done at such case as per the nature of industry not exceeding 3 month period at per prescribed time period by Central Office ,

proposer should submit the following details at Central Office for the execution of industry:

- a. Description of the industry.
  - b. Detail feasibility report of industry.
  - c. Detail engineering design of industry.
  - d. Necessary energy for industry and areas of energy.
  - e. Environment study report of industry.
  - f. If phase wise the industry has to operate then schedule of operation.
  - g. Execution process of industry.
  - h. Necessary national and international raw materials for industry.
  - i. Assessment of expenditure and income of execution period of industry.
  - j. Other alternative proposals which are submitted to make more feasible and useful to the industry.
  - k. Institutional provision of execution of industry.
  - l. If any agreement is done with other person for the execution of industry, details of that.
  - m. Proposed royalty amount which will be paid to Central Office at the time of operating the industry.
  - n. Feasible resources description
  - o. Provision relating to insurance of industry.
  - p. Land where the industry will be executed.
  - q. Financial procedure provisions which will be adopted by proposer for execution the industry.
  - r. Other prescribed descriptions/statement
2. Within the time period according to sub rule (1) if proposer will not be able to produce the document under stated rule and if will apply for the extension by giving suitable reasons of time, then Central Office may give him the time period for not more 3 month.
3. Within the time period as mentioned at sub rule (1) or (2) if the statement or description as per sub rule (1) part (B) and (C) will not be submitted and showing proper cause if application will drop at Central Office then Central Office will

examine the cause mentioned at application of presenter and if found proper then for any special industry Central Office may provide the opportunity to submitted such document after agreement also.



## **Chapter 4**

### **Provision about license**

#### **24. To approve the Proposal :-**

1. Within 150 days of the registration of Proposal and after completing the process written under this procedure, the information of approval or non approval of Proposal will be provided to Proposal presenter.

But, relating to the Proposal as submitted under rule 19, after detail study of feasibility report then Proposal will be evaluated.

2. The Proposal which will be approved as per sub rule (1) will be informed to Proposal presenter and within 7 days approval letter will be issued by Central Office .

3. If proposer will not be satisfied about the decision of Office done under sub-rule (1) then Proposal presenter may appeal within 7 days of information received at Ministry and about such appeal the decision of Ministry will be final

4. The industries which are operating having taken license under prevailing laws may not transfer within special economic zone. Similarly, the used machineries, tools and accessories may not use or handover at special economic zone.

#### **25. Agreement**

1. As per received documents under rule 15 if agreement with proposal submitter has to be done then Central Office will held necessary meeting with proposer and having taken the suggestion of committee agreement will done.

2. Proposal submitter should present the statement/details as per rule 23 within prescribed time period by Central Office . If Proposal submitter can provide details within prescribed time then the agreement performed by Central Office with Proposal submitter will be automatically cancelled.

But for the special type of industry taking at consideration the time frame at the recommendation of Office committee may provide approval for transfer the industry which lies outside the zone.

3. For the same nature industries zoning will be done to place at the same place as per approval.

## **26. Matters to mention at agreements.**

At the agreement the following matters should state clearly.

- a. Description of industry.
- b. Starting execution date and completion date of industry.
- c. Privilege and facilities which will be prescribed to license holder while constructing or operating the industry.
- d. Validity period of license.
- e. Phase wise details of execution of industry and execution chart.
- f. Technical quality and standard of industry.
- g. Description relating to operating of industry
- h. If foreign labors are required, necessary labor permits and labor visa letter.
- i. The details of leased land and terms of lease for industry establishment.
- j. Operating terms of industry.
- k. The statement of raw materials, their sources and quantity which will be used by the industry.
- l. Charge which will be taken with consumer while operating the industry.
- m. Feasible market for export by industry.
- n. Provision of insurance of industry.
- o. The royalty and payment process to deposit at central office.
- p. The condition of cancellation of agreement if either party will not fulfill. It's liabilities while executing the industry.
- q. Rental amount of building, land or services (electricity, water etc.) which is necessary for industry.
- r. Date of establishment and operation of industry.
- s. Quantity of export of production.
- t. If foreign investor, topics of technology transfer.
- u. Percentage of export and sales at inland market.
- v. Other matters as per Proposal .

## **27. License will be provided**

After performing agreement as per rule 25 Central Office will provide license for operation of industry to Proposal submitter.

## **28. License may cancel**

1. If license holder will not start the operation of industry according to agreement or if will work against or contrary to this procedure or agreement, after issuing the notice to license holder, the license may cancel.
2. If license will be cancelled under sub rule (1), the agreement performed with license holder will also be cancelled automatically.

## **29. Period of license and renewal:**

1. As per the nature of industry the validity period of license will not more than 30 years.
2. License holder person if wants to renew the license, he/she should apply before 90 days of end of validity date for renewal at Central Office .
3. If the application will be presented at Office as per sub rule (2) for renewal then having taking renewal charges Rs. 50,000.00 the renewal may be done for 5 years period once.
4. Relating to the other provision of renewal that will be as per agreement done between Office and concerning industry.

## **30. If the time period of Proposal will not be renewed:**

1. If license holder will not renewed the license within prescribed time as per sub rule (1) of rule 29 such license will be automatically canceled.
2. If license holder will perform any work (function) as per below, license may cancel by the Office .
  - a. If industry will not establish and operated within stated period of agreement.
  - b. If not fulfilled the liabilities under chapter-5 .
  - c. If more than prescribed quantity of product of industry is sold at in land market.
  - d. If misused the privileges as received by industry.
  - e. If will be proved that the privilege or facilities are taken by submitting false description.

- f. If industry will be close more than 1 year without proper and efficient causes.
3. Before cancelling the license as per sub rule (2) the chance for clarification will be given to license holder.
4. If the license will be cancelled as per sub rule (1) or (2), it will be deemed that the agreement which was done with license holder will be automatically quashed.
5. If the license will be cancelled as per sub rule (1) or (2), no any compensation money about the investment to the industry may claim from the date of cancellation. From the date of cancellation of approval letter no any type of privilege and facility may obtain.
6. If the license will be found cancelled as per sub rule (1) or (2) within 1 year period of cancelled license, such license holder should manage his/ her immovable assets and should vacate the provided land by license holder.
7. Within the period as provided under sub rule (6), if license holder may not manage his/her immovable assets than such properties will be the property of Special Economic Zone.
8. Before cancelling the license according to sub rule 2, Office may take enquiry or may investigate the necessary matters.

**31. If function will not be as per agreement :**

1. If any license holder will sold 25% above his/her production or service within Nepal's in land market, for such license holder Central Office will recommend for penalty as per principle amount at ministry.
2. If any loss to any one will occurred due to not followed properly the agreement done with Central Office or Office , at such case necessary sub committee will firm and such loss bearer to provide compensation money by license holder recommendation will be done at ministry.
3. If license holder will perform work against agreement except sub rule (1) or (2) , then Office will recommend ministry to panelize up to Rs. 100000.00 or to panelize as per principal amount to license holder.
4. As per those rules before charging any action to license holder about the charge against him necessary proper time for his/her clarification will be provided.

## Chapter 5

### Provision relating to liabilities of license holder

#### **32. Liabilities of license holder:**

The liabilities of the license holder will to follow properly the agreement done with Office , recommendation of Office , direction prevailing Act or rules formed under Act.

#### **33. To export:**

1. License holder should export his/her production or service not less than 75%.
2. Industry may sell at inland market of Nepal the remaining production or service remaining after export as per sub rule (1).
3. If any license holder under sub rule (2) wants to sell his production or service within Nepal at inland market he/she should inform at Office with detail statement.
4. While selling the production or service at inland market according to sub rule (3) the tax, tariff and charge etc. as per prevailing laws at the import of raw materials should pay. While determining the percentage of product or service which may sale at inland market determination will be done as per cargo, bill, invoice, packaging list, purchase order custom related documents and recommendation of Central Office .
5. Whatever are written at above sub rule (1) or (2) at the service of tourism and entertainment industry that will be as per agreement.

#### **34. Land Tax should be paid.**

For the land which is provided by Office to license holder the rental charge should be paid to the Office at the rate of Rs. 150.00 per month per square meter this rate will increased at the rate of 10% per year.

#### **35. Should submit income expenditure annual report:**

Industry should submit the income expenditure annual report according to prevailing laws within 6 month period after the end of each and every fiscal year to the Central Office .

### **36.Drainage :**

1. After doing preliminary treatment of chemically polluted water by industry and after completing the quality prescribed by the Office , then may pour at the main drain.
2. For the management of solid and liquid waste, industry should pay necessary charge to Office as prescribed by the committee.

### **37. Other service charge:**

If industry has to pay any other tariff, revenue etc as per prevailing laws to any other authorities then such tariff, revenue etc should pay by industry self.

### **38. Rental charge and fees:**

- a. Electricity: the charge of electricity should pay at the rate Nepal Electricity Authority to the Office by the industry.
- b. Water: the charge of drinking water and industrial water should pay by the industry at the rate of Nepal Drinking Water Corporation to the Office .

## **Chapter 6**

### **Provision relating to rebate, facilities and privileges**

**39. Rebate, facilities and privileges: Office will provide Financial and rebate, facilities and privileges to the industry establish within zone or will recommend for these or will facilitate to provide such rebate, facilities and privileges.**

- a. Recommendation will be done to provide rebate, facilities and privilege which will be provided as per prevailing laws and composition order.
- b. Rebate, facility and privilege which Office itself can provide will given as per requirement.
- c. To get the rebate under sub rule (1) industry should fill form as per schedule 3, (3), (4),(5),(6) and (7) with concerning description.
- d. If any industry will demand business VISA applicants can fill form as per schedule rate and should submit.
- e. If non tourist VISA per study purpose will demanded by industry, application should submitted as per schedule-9.

**40. Other facilities: the industry which is established within zone will receive following facilities:-**

- a. Bonded warehouse facilities can be utilized as per agreement.
- b. To perform sub contracting among industries within zone.
- c. Depreciation at accelerated rate.
- d. Recommendation letter for import, export as per requirement.
- e. Recommendation letter for origin certificate as per schedule-10.

**41. Facilities will be given equivalent to export:**

Any firm, company or industry which is established under prevailing laws will sell within zone, such sale will deemed as export and at such case if any facility has to provide to that firm, company or industry recommendation will be done to provide such facilities.

#### **42.Land rent:**

The rent of land or building which are taken at lease by the industry will be recommended for rebate at the first year, second year and third year at the rate of 50% 40% and 25% respectively by the Office.

#### **43. Other facilities:**

The following services for the industries within zone will be manage for providing them

- a. Custom Office
- b. Bank
- c. Insurance
- d. Forwarding
- e. Library
- f. Postal Office
- g. Information technology
- h. Dispensary
- i. Child care centre
- j. School
- k. Canteen
- l. Tele communication
- m. Entertainment
- n. Consultancy service for business promotion
- o. Other necessary services.

#### **44. To open account at foreign currency :**

Recommendation will be done for opening the foreign currency account as per prevailing laws to the industries (companies) which are established at zone.



## Chapter 7

### Provision relating to administration and management

#### **45. Will be as per contract:**

1. The facilities, security, working hour, duty, work, leave, medical facility, bonus, insurance, or other welfare provisions for the workers or employees will be according to the contract between industry and workers or employees who work within zone.
2. Whatever are written at sub rule (1) the remuneration and other social security related provision for workers or employees of industry within zone will not be less than as determine by prevailing laws.

#### **46. Complain management committee:**

1. Complain management committee will be formed with following members to hear the complain of workers or employees who are working within zone as a worker or employee at industry.
  - a. Office r level employee of Office of zone.....1
  - b. Representative of related investor within zone.....1
  - c. Representative of worker within zone.....1
2. If the decision of committee formed as per sub rule (1) will not be deemed satisfy, then appeal may be done at Labor Court.

#### **47. No loss making action for industry may not be done:-**

The workers and employees who are working at the industries within zone are prohibited to perform any function which will affect negative to the industry and at the production of industry.

## Chapter -8

### Miscellaneous

#### **48. Should do according to prevailing laws:-**

According to the written rules and regulations of this procedure, if any recommendation will forwarded to ministry, then ministry will perform necessary enquiries and completing the prescribed method/process then will perform according to prevailing laws.

#### **49. Schedule may change:**

Whatever are written at this procedure any where, if Government of Nepal will feel necessary then change may be done at schedules and number of them may deduct or add.

#### **50. Local Tax:-**

If industries within zone has to pay local taxes and other service charge under prevailing laws such taxes and service charges will be managed to collect within zone.

#### **51. Interpretation and provision of opening the hindrances:-**

1. The interpretation of this procedure will be done by committee.
2. If anyone will not satisfy with the interpretation of committee, within 25 days of such interpretation application may submitted at the ministry. The interpretation done by ministry will be final.
3. If any hindrances will occur about interpretation and execution of this procedure, to clear such hindrances committee will recommend to ministry.

### **Schedule-1**

(Types of industry relating to rule 4)

S.No.	Types of industry
1	Food industry and agro based industry
2	Herbal products
3	Leather goods
4	Garments
5	Carpets and woolen production
6	Pashmina and silk
7	Handi paper production
8	Handicraft and ornaments
9	Metallic industry
10	Sports wear
11	Ornaments and precious stones
12	Plastic production
13	Hosiery production
14	Assembled electronic and electrical production
15	Electronic and electrical part production
16	Industry of information technology
17	Drinks

## Schedule – 2

Relating to sub rule (1) of rule 15

Application form to obtain license of industry

The Office In-charge,  
Bhairahawa Special Economic Zone  
Bhairahawa

Rs. 10.00 Postal Stamp
------------------------------

Dear Sir/Madam,

I/we have applied this application to establish the following industry within Bhairahawa Special Economic Zone as per my/our free will. The following written statements are true and correct as per my/our information.

- 1. Type of industry:** Small/Medium/ Big
- 2. Nature of firm or company :** (please tick mark at proper place)
  - a. Government company
  - b. Limited
  - c. Private limited
  - d. Partnership
  - e. Other any.
- 3. Grade of industry:** production oriented/ service / agriculture and forest production / tourism / energy/ minerals / construction.
- 4. The place where the industry will locate**
  - a. Zone : Bhairahawa Special Economic Zone
- 5. Applicants :-**
  - a. Name:
  - b. Permanent
  - c. Phone Number:
  - d. Fax:

e. Email:

f. Citizenship

1. Number of citizenship or passport certificate
2. District from where citizenship certificate is obtained.
3. Date of obtaining the citizenship

**If Company**

1. Registration Certificate
2. PAN, VAT Registration Certificate
3. MOA and Article of Association

**6. Objectives**

Details of Production Service	Annual Capacity	Value	Consumption	
			Country of Consumption	Approximate Percentage

- a. Shift Nos,
- b. Shift Period From.....To.....
- c. If any by products, details and use of by product

**7. Sources of Investment**

- a. Self Investment
- b. Foreign Investment
- c. Debt Investment

## 8. Target of Production

(If necessary separate paper may use)

Year	Quantity (Unit) Not necessary not service oriented	Rupees (At one hundred thousand)	Us \$ (At Thousand)
First Year			
Second Year			
Third Year			
Forth Year			
Fifth Year			

## 9. Target of Export

Year	Quantity (Unit) Not necessary not service oriented	Rupees (At one hundred thousand)	Us \$ (At Thousand)
First Year			
Second Year			
Third Year			
Forth Year			
Fifth Year			

**10. Time which will take for the establishment of industry**

**11. Starting date of production by industry:-**

**12. If any foreign technical assistance will be available then  
correspondent about such or agreement**

Please tick mark at appropriate place.

Foreign technology (Yes) (No)

a. Name of Foreign Company:

b. Terms:

**13.**

S.No.	Description	Rupees (in one hundred thousand)	US \$ (in Thousands)
-------	-------------	----------------------------------	----------------------

- a. Design and drawing charge
- b. Expenses of foreign technician
- c. Royalty at export
- d. Royalty at national sales
- e. Other charge/tariffs
- f. Period of agreement

**Investment**

S.No.	Capital	Rupees (in one hundred thousand)	US \$
A	Total Capital		
B	Issued Capital		
C	Paid up Capital		

**14.**

S.No.	Capital Investor	Rupees	US \$
A	Foreigner		
B	Non Resident Nepalese		
C	Nepali		

**Raw materials (Main and Subsidiary)**

Full Description	Required Annual Quantity	Price	Sources		
			Nepal	India	Other Country

**15. Machine**

Full Description	Price	Sources		
		Nepal	India	Other Country

**16. Necessary Convertible Foreign Currencies for Machineries****17. Investment Area:-****18. Employees, labors**

S.No.	Description	Rupees (in one hundred thousand)	US \$
a.	Building		
b.	Machineries		
	a. Indigenous		
	b. Import CIF		



	Value		
	c. Total (a) (b)		

Expenses	National/ Foreign	Total
	1. Technician	
	2. Administrative/ Managerial	
	Labor	
	1. Skilled	
	2. Semi Skilled	
	3. Non Skilled	
	Total	

**19. Description of area of land which is necessary for the industry:-**

**20. Necessary quantity of water:-**

**21. Pollution related standard and details as produced by the industry.**

- a. Waste water effluent, (daily) quantity
- b. Solid waste, (daily) quantity.
- c. Air pollution

**22. Details of pollution control method:**

- a. How to do treatment of waste water effluent?
- b. Where and how effluent will left?
- c. The quality of effluent will be within 229 of N. Standard or not?
- d. Where and how the solid water disposal will be done?
- e. How to control the air pollution?
  - i. If Chimney, height of Chimney?
  - ii. How to control the air pollution?

- f. Description of used chemicals.
- g. Process of mobilization of hazardous chemicals.

### **Other necessary Documents**

- a) Joint investment agreement if investor person or company will be more than one.
- b) Photocopy of VISA if foreign investors person.
- c) Photocopy of company registration and details of company if investor is company.
- d) If Nepali Investor is person, Photocopy of citizenship certificate.
- e) If investor is company, the decision of Board of Director of concern company.
- f) Copy of Power of Attorney Paper.
- g) Personal bio-data of foreign investor.
- h) Financial credibility certificate issued by the Bank of foreign investor or if subsidiary of established company rating description issued by credit rating agency.
- i) If any opinion of other authority will be necessary, then their copies.

### Schedule -3

(Relating to Sub-rule (C) of Rule 39)

(Application form submitted for the certification of raw materials consumption details)

Date:

To  
The Office In-charge  
Bhairahawa Special Economic Zone  
Bhairahawa

**Subject: Certification of raw materials consumption Details.**

I have filled the following materials consumption details for the following production by my/our industry and for .....purpose. I have requested for certification.

1. Name of industry and place of industry:
2. Main contact person's:
  - a. Address:
  - b. Phone No.:
  - c. Fax:
  - d. Email
3. Correspondent Address:
4. Approved objectives and annual production capacity of industry:

Name of Product	Annual Production	Unit

5. Name of the production demanded to maintain the consumption statement:
6. Process of Production (If Necessary separate page may included)
7. Raw materials consumption details.(per ...kg/liters/meter of other unit)

S.No.	Name	Quantity	Unit

Note: If necessary separate page may included

8. Description of Waste materials:

S.No.	Process steps	Waste materials		
		Quantity	Unit	Process of management *

9. Main machineries within industry

S.No.	Name	Nos.	Production Capacity

10.All the statement at this application are correct, I am ready to bear as per law.

11.Attached documents:

1. Production and raw materials consumption statement of last 2 years period/
2. Statement of product export of last 2 year period.
3. Audit report of last 2 years period

Seal of Industry

Signature of Authority

Name:

---

\*Please mention the various process of production

\*\* Management process shall denote the recycle, sales or managed through other any process. (if necessary separate page may use. )

## **Schedule- 4**

(Relating to Sub-rule (C) of Rule 39)

Application for recommendation of Income Tax Facility

To,

The Office In-charge

Bhairahawa Special Economic Zone

Bhairahawa

**Subject: Demand for Income Tax rebate**

Dear Sir/Madam

I have applied for recommendation of income tax rebate facility because I have established an industry and operating within Bhairahawa Special Economic Zone along with the following documents. I have requested you for recommendation letter as per rule.

**1. Brief description of Industry.**

- a. Name and Address:
- b. Main Contact Person:
- c. Industry registration date:
- d. Objective of Industry.
- e. Industry operation and production starting date.

**2. Fixed Capital and Production Description**

- a. Fixed Capital
- b. Approved Production Capacity

Description of Production	Approved Capacity
Materials/goods	

**3. If income tax was rebated before this, state the description**

Building

Area of Building	Use (Purpose)	Construction Date	Amount

Machineries

Description	Income No.	Import Date	Amount

Others

Other Fixed Assets	Purpose	Purchasing date	Amount

**4. Production Description and Balance Sheet**

The production description of industry operation year and of last 2 years period.

**5. Attached Document**

- a. Authorized profit of industry operation.
- b. Production progress report until.
- c. Production and export description until.
- d. Audit Report, fixed assets statement.
- e. copies of income tax, sales tax, registration certificate.

Signature of industrialist

Name, Surname:

Description:

Date:

Seal of Industry

**Other necessary documents:**

- a) Authorized proof of industry operation.
- b) Production progress report until demanded time.
- c) Audit report (statement of fixed assets) copy of income tax registration certificate.
- d) Inspection report of industry (done by project)

## Schedule – 5

(Relating to sub rule (C) of Rule 39)

Application submitted for income tax rebate facility about re financing.

To,

Mr. Office In-charge

Bhairahawa Special Economic Zone

Bhairahawa

### **Subject: Provide rebate facility about refinance (reinvestment)**

I have established and conducted an industry within Bhairahawa Special Economic Zone and as per prevailing laws; I have applied this for income tax rebate facility about refinancing along with following documents and statements. I request you to recommend as per rule.

#### **1. Brief description of industry:**

- a. Name and address:
- b. Main contact person:
- c. Industry operation date:
- d. Capacity extension / goods added as per objectives.
- e. Starting date of production:

#### **2. Comparative statement of incremented fix capital and production**

##### a) Fixed Capital

Pre Approved Capital Rs.	Capacity expansion incremented fixed capital as per added objectives Rs.	Total Rs.	Amount	Approved Date



b) Approved Production Capacity:

Description of production goods	Pre approved capacity	Added capacity	Total capacity	Approved date of the added objective for capacity extension

**3. Description of reinvestment**

- a. Objective of reinvestment: capacity expansion diversification of production investment at new industry/modernization of technology.
- b. Demanded amount for reinvestment:
- c. Source of investment amount: reserve profit / bank loan / debt by shareholders.
- d. Description of fixed capital about reinvestment

Land

Area of added land	Purpose	Purchasing date	Amount

Building:

Area of added building	Purpose	Purchasing date	Amount

Machinery:

Description	Invoice No.	Date	Amount			
			Price	Custom Charge	Other	Total

Other fixed assets which is added	Purpose	Added date	Amount

**4. Production description:**

Production description of last two years period with pre year of reinvestment.

**5. Attached documents:**

- a. The copies of approval letters which are issued by the Department about reinvestment.
- b. Copy of land lease (if addition investment for land is done)
- c. Statement of construction expenditures / cost
- d. Invoice of machineries and copy of import L/C.
- e. Balance sheet of 1 year before the reinvestment and 2 years after reinvestment.
- f. Production and export statement of last 2 years.
- g. Certified documents of operation date after reinvestment.
- h. Investment source related documents.

Signature of Industrialist  
Name, Surname  
Designation:  
Date:  
Seal of industry

**Other necessary documents:**

- a) Copies of approval letters about capacity extension & adding the objectives issued by project.
- b) Statement of construction expenditure /cost.
- c) Document of operation date after capacity extension and objective added.

## Schedule – 6

(Relating to Sub-Rule (C) of Rule 39)

Form filled up by industry demanding recommendation to take back the custom and value added tax amount.

- |                                                                                                                                                                     |                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Name of industry and address:</p> <p>2. Sold goods and quantity:</p> <p>3. Selling price at foreign currency</p> <p>4. Description of used raw materials:</p> | <p>5. Purchasers name and address:</p> <p>6. Manufacturing period:</p> <p>7. Authority which will certify the earning of foreign currency:</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|

S.N.	Description of sold goods	Quantity	Price	Export A/C No. and Date	Statement of used raw materials	Import L.C.	No. and Date	Quantity	For custom duty refund	Price	Receipt no. paid custom tariffs	Used quantity	Custom duty Rs.	For VAT	AT and Receipt No.	Deposit Amount	Approved Amount	Refund Amount Rs.	Total Refund	

The above written statement is true have not used custom passbook and double claim is not done. Stating this signature is done here.

Name Surname of Industrialist:  
 Post:  
 Signature and Date:  
 Seal of Industry:

**Other Necessary Documents:**

1. Form (as per schedule 5)
2. Industry Registration Certificate and annual production capacity related documents.
3. Purchase order slip or agreement paper.
4. Copies of sales bill.
5. Certified copy issued by bank after having declaring the source of foreign currency as per sales.
6. Certified original copy issued by Inland Revenue Office about deemed export.
7. Relating to original custom declaration form for export and receipt.
8. If imported the raw materials then original import custom declaration form and receipt too.
9. If import is done along with Bank Guarantee Paper, then bank guarantee release letter and bank guarantee import's declaration form of custom.

## Schedule – 7

(Relating to Sub Rule (C) of Rule 39)

Application form for technology transfer

To,  
Bhairahawa Special Economic Zone,  
Bhairahawa, Nepal

Dear Sir,

We are interested to set-up an industry as per the Foreign Investment and Technology transfer Act in Bhairahawa Special Economic Zone. We, therefore, would like to request you with the following details for necessary approval.

### 1. Objectives:

Description of Product/Service	Annual Capacity	Value (US\$)	Market In %	
			Domestic Max. (10%)	Export (Min 90%)

a. No of working days/year:

b. No of Shift/Day:

c. No of working hours/shift:

d. By product (if any):

2. Scale: Small/Medium/Large

3. Legal Status: Private Ltd./Public Ltd.

4. Total Project Cost (In '000) US\$

A. Fixed Assets Investment (In '000)

- |                           |      |
|---------------------------|------|
| 1. Building               | US\$ |
| 2. Plant/Machinery        | US\$ |
| 3. Furniture & Fixture    | US\$ |
| 4. Vehicles               | US\$ |
| 5. Office                 | US\$ |
| 6. Equipment              | US\$ |
| 7. Other Fixed Assets     | US\$ |
| 8. Pre-operative expenses | US\$ |

B. Initial working capital:

5. Source of Finance (In US\$ 000)

A. Local Foreign

B. Long-term Loan

C. Short-term Loan

If part of foreign investment is in the form of machinery and equipment, please specify the amount (.....) and attach the list of equipment.

6. Type of Agreement entered (Please tick mark where applicable)

(a) Technical Assistance

(b) Technical know-how/Licence

(c) Trademark

(d) Management

(e) Marketing

(f) Equity/Loan Investment

D. Other (Please Specify)

7. Annual Payment to foreign party

A. Royalties and fees US\$.....

B. Salaries for foreign personnel US\$.....

C. Others (Please Specify)

US\$.....

**8. Raw Materials:**

Details	Annual	Values	Sources		
			Local	Indian	Third Country

Total annual requirement of convertible foreign exchange for raw materials.....

**9. Machinery & Equipment**

Details	Annual	Values	Sources		
			Local	Indian	Third Country

Total annual requirement of convertible foreign exchange for machinery and equipment.....

**Other Essential Documents:**

- (a) Agreement for exchanging technology.
- (b) Xerox copy of Industry Registration Certificate.
- (c) Photocopy of passport, if any foreign personnel.
- (d) Decision of Board of Director of concerning industry.
- (e) Photocopy of Company Registration Certificate and Company Profile, if it is company.
- (f) Power of Attorney
- (g) Bio-data of foreign investor.



**Schedule – 8**

(Relating to Sub-rule (D) of Rule 39)

Application for Recommendation for Extension of Business Visa

To,  
Bhairahawa Special Economic Zone,  
Bhairahawa, Nepal

Rs. 10.00  
Postal  
Stamp

**Subject: Recommendation for Extension of Business Visa.**

Dear Sir,

Mr./Mrs. .... is the foreign investor of this company. Out of total foreign Investment commitment of US\$..... of Mr./Mrs. .... he/she has made an investment of US\$..... till the date/

The proof of investment made and progress report of the company since last extension of visa is enclosed herewith.

His/her business visa and visa dependence expire as mentioned below. We kindly request you for recommendation for one year/five years extension of business visa for him/them.

**Name Relation Visa expire date**

Company Seal

Years

Faithfully

Enclosed

1. Progress report of the industry.
2. Proof of investment made since last visa extension.

3. Passport and latest visa photocopy
4. Contact Address and Tel. No. of the foreign investor.

Note:

1. Application for Visa Extension should filled at least fifteen days before visa expiry date.
2. Five year business visa may be recommended only after operation of industry and on full foreign investment committee earlier/major portion of committed foreign investment made.

**Other Essential Documents:**

- (a) Evidence of investment in industry.
- (b) Photocopy of passport and last visa.
- (c) Industry Progress Report and Operation Condition.
- (d) Contact Address and Tel. No. of the foreign investor.

**Schedule – 9**

(Relating to Sub-rule (E) of Rule 39)

**Application for Recommendation for non-tourist visa for establishing industry**

To,  
Bhairahawa Special Economic Zone  
Bhairahawa, Nepal

Rs. 10.00  
Postal  
Stamp

**Subject: Recommendation for Non-Tourist Visa for establishing industry**

Dear Sir,

My name is ..... and I am a citizen of ..... holding passport no..... I am interested to setup ..... industry Bhairahawa Special Economic Zone (SEZ) in Nepal on..... % foreign ownership/on a joint venture partnership with Mr. ....

I wish to invest up to US\$..... in the said company

The Proposed industry will manufacture/produce/provide..... and is estimated to cost Rs..... and provide employment to ..... person. The products are expected to be exported to ..... (Countries).

I, therefore, kindly request you to recommend 3 months non-tourist visa to make feasibility study of the abovementioned industry.

Regards,  
Yours faithfully  
Contact Address  
.....  
.....  
Tel. No.:  
E-mail:

**Enclosed:**

1. Brief description about the proposed industry.
2. Citizenship Certificate of Nepalese Promoter.
3. My Bio-Data.
4. Passport and latest visa photocopy.
5. Financial credibility certificate.

**Note:**

1. Application for Visa Extension should be filed at least fifteen days before days before visa expiry date.
2. Further visa extension will be recommended only on presentation of progress report during the last 3 months period.
3. Person holding such non-tourist visa are not allowed to do any other business or work other than proposed study.

**Other Essential Documents:**

- (a) Details of proposed industry.
- (b) Photocopy of Nepalese investor's Citizenship Certificate if industry is going to be established in joint venture with Nepalese investors.
- (c) Bio-Data
- (d) Photocopy of Passport and Last Visa.

## Schedule-10

(Relating to Sub-rule (E) of Rule 40)

### Certificate of Origin

1. Exporter's name, address Tax Registration No. & Place: Firm Registration No.:  Place and Date of Registration			Reference No.: N NCC Certificate of Origin No. CERTIFICATE OF ORIGIN Issued by Special Economic Zone Development Committee  Post Box. No. 19777, Babarmahal, Kathmandu Ph. No. 4220950, 4245215			
2. Consignee's Name, address, country			See notes overleaf			
3. Means of transport and route			4. For Official Use			
5. Marks and numbers of Packages	6. Description of goods	7. Value	8. Quantity	9. Place of Production	10. Number and date of Export License when needed	11. Number and date of invoice
		FOB CIF				

		C & F C & I				
Value in Words:						
<b>12. Declaration by the exporter</b> The undersigned declares that the abovementioned goods have been produced in Nepal and that the details given above are true and correct. Authorized Signature: _____ Seal Full Name: Title: Date:				<b>13. Certification by Issuing Authority</b> It is hereby certified that the abovementioned goods are of Nepalese Origin to the best of our knowledge and belief. Authorized Signature: Full Name: Title: Date:		