

Professional Ethics in Engineering

Chapter 4: Legal Aspects and Regulatory Environment of Professional Engineering in Nepal

(8 hours)

- 4.1 Nepal Engineering Council Act
 - 4.2 Labor Law
 - 4.3 Contract Law
 - 4.4 Cyber Law
 - 4.5 Public Procurement Act
 - 4.6 Intellectual Property Right
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 - 4.8 Relationship to foreign firms working in Nepal
- Electricity Act, 2049; Electricity Regulation, 2050**

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August 2017

Updated: August 12, 2017



Legal Aspects and Regulatory Environment

Components of a Legal System

The legal system of a nation includes:

1. acts/laws, court decisions/precedents (*ain, kanun, nirnaya/najir*)
2. rules, regulations, bylaws, directives (*niyam, biniyam, nirdeshika*)
3. treaties, conventions, policies, (*sandhi, prachalan, niti*)
4. formation orders, ordinance, promulgations, (*adesh, adhyadesh, ghoshana*)
5. access to justice, freedom to choose legal advisor,
6. concepts of “innocent until proven guilty”, “equal under law” and
7. implementation aspects, including consistency, of 1 to 6 above.

Nepalese Legal System

- In Nepalese legal system, a person is practically “presumed guilty until proven innocent”. As soon as a person, or an officer, is charged of a crime, he/she is losses his/her official privileges, expected to resign from his/her post or automatically suspended till the case is “closed” by a court of law.
- The Nepalese society normally presumes a person guilty as soon as s/he is charged of a crime. People have very low level of faith on the impartiality of justice/legal system. Many persons found guilty by a court, but with good connection, roam in government offices, while persons with low access to resources waits for years, even decades, for court verdict on cases he/she files.

नेपालको कानून दैवले जानुन् ! सानालाई ऐन ठूलालाई चैन !!

4.1 Nepal Engineering Council Act

- **Regulate professional engineering practices**
- **No. of Chapters: 7, No. of Sections: 38**
- **Chapter 1: Definitions:**
 - d. Engineer: a person who holds at least a Bachelor's Degree in an engineering subject from an academic institution recognized by the council.
 - e. Engineering Profession: the profession to be practiced by the engineers who have acquired the technical knowledge and skill in the subjects
 - g. Registered Engineer: the engineer whose name has been registered in the Registration Book.
- **Chapter 2:**
- **5: Constitution of the Council**
- **Chapter 3:**
- **15.Registration of Name:** The Subject Committee scrutinizes application as per Section 14, and recommends to NEC Board, which decides on registration. If decision is positive, the Registrar registers in the Registration Book.



4.1 Nepal Engineering Council Act

- **Chapter 3: Section 18. Name to be Removed from the registration:**
 - a) mentally unsound,
 - b) property divided among the creditors for failing to pay debts,
 - c) charge of violating the code of conduct passed by 2/3rd majority,
 - d) convicted by a court in a criminal charge involving immoral act,
 - e) registered by fraud or error.

Chapter 4: Section 23. Inspection of Examination:

1) Before or after recognizing the certificate/degree, NEC can inspect examination system of the concerned academic institution.

Section 24: Recognition to be withdrawn

- **Chapter 7: Section 30. Offences and Punishment and Penalties:**
 - 1) Practicing engineering without registration is an offence.
 - 2) The offender of 30-1 is liable to a punishment of up to Rs. 3000 or an imprisonment of up to 3 months or both.
 - 3) Offenders of the Act of other types can be fined up to Rs. 2000.

4.2 Labor Law, 2048 (1992)

- No. of Chapters: 11, No. of Sections: 92

Chapter 1: Preliminary:

- Enterprise: any factory, company, organisation, association, firm, ... established for operating any industry, profession or service, with ten or more workers/employees
- Worker: a person employed on the basis of remuneration, and worker at piece-rate, contract or agreement.
- Minor: a person between 16 and 18 years of age

Labor Law 2073 (parliament approval August 11, 2017) (२७/४/२०७४) has updated provisions.

Chapter 2: Employment and job security

- **4.1:** advertise to select worker and provide an appointment letter
- **4.2:** One year (240 days in 12 months, including public and weekly holidays) probation, permanent appoint letter, inform to Labour Officer
- **4A.1:** No non-Nepalese to be hired, unless skilled technicians not available even after advertising
- **5:** Minor/female: 6 AM-6PM OK; females same as male with mutual consent
- **7:** Contract: only in non-permanent type of work
- **10:** Firing only by following procedure; **15:** compulsory retirement at 55 age, may extend 5 years

Chapter 3: Working Hours

- **18:** 8 hours/day; 48 hours/week, one day holiday/week; Max. 5 hr shift, including ½ hr tiffin break
- **19:** Overtime at 1.5 times rate; no compulsory overtime; max. OT: 4 hrs/day. 20 hrs/week

Chapter 4: Remuneration

- **21:** Agreement below minimum remuneration rate not allowed; **21A:** Grade: ½ day wage
- **25.3:** 3 times penalty for undue deduction in remuneration
- **25.4:** Max. Rs. 1000 penalty if petition filed with malicious intent



4.2 Labor Law, 2048 (1992)

Chapter 5: Health and Safety:

- **27:** Work area to be clean, supply of fresh air, light and proper temperature;
- proper solid waste and noise management,
- prevention of accumulation of dust, fume, vapour;
- no congestion: minimum 15 m³/worker, maximum 4 m height
- Adequate drinking and cleaning/washing water, fire extinguishing
- Separate toilet for male and female; No-smoking zone
- Compulsory health check once a year for hazardous works
- **28:** protection of eyes; **29:** personal protective devices against chemical hazard;
- **30:** safety against fire; fire exit; fire-fighting devices; **31:** Hazardous area to be fenced

Chapter 6: Welfare provisions

- **37:** establishment of a welfare fund; **38:** compensation for injury or death
- **39:** Gratuity, provident fund, Medical expenses; **40:** Leave
- **41:** Provision of quarter; **42:** If 50 or more female workers: provision of children's room, trained nurse, toys, time for female workers to feed suckling babies
- If 50 or more workers: **43:** relaxing room; **44:** canteen

Chapter 7: Special provisions for special enterprise

- **46:** Construction business

Chapter 8: Conduct and Punishment

Chapter 10: Settlement of legal disputes



4.3 Contract Law, 2056 (2000)

- No. of Chapters: 13, No. of Sections: 90
- **Chapter 1:**
- (a) Contract: an agreement enforceable by law concluded between two or more parties for performing or not performing any work.
- (b) Proposal: a proposal presented by one person to another with the intent of obtaining his/her consent to do or not to do any work.
- (c) Consent: the consent given by the person to whom a proposal has been presented in the same meaning of that offer.
- (d) Consideration: the promise made to do or not to do any work in return of doing or not doing of any work mentioned in the proposal.
- **Chapter 2:** Contracting Parties, Proposal and Consent
- **3:** Person competent to conclude contracts
- 16 years and sane; guardian may contract on behalf of incompetent

- **Chapter 3:** Void and Voidable Contracts
- **13:** Void Contract
- **14:** Voidable Contract
- **Chapter 5:**
- **Chapter 6:** Contract relating to Collateral and Deposit
- **Chapter 7:** Contract relating to Sale of Goods
- **Chapter 8:** Contract relating to Agency
- **Chapter 11:** Execution of Contract and Obligation Arising out of the Contract
- **79. Contracts need not executed in the event of fundamental changes in the situation**
- **Chapter 12:** Breach of Contract and Remedies



4.3 Essentials of a valid contract

- **Offer and acceptance:** An offer is a promise made by a party/person to another party/person with an intention of getting approval over his/her promise. A tender submitted by a contractor is considered as offer. The client, after due consideration and evaluation of the offer, provides acceptance of the offer.
- **Mutual intent to enter into contract:** An agreement between two (or more) parties is not automatically a contract. A contract requires the parties' intention to establish a legal relationship. The parties' intention of entering into contract should be clearly reflected in the agreement.
- **Consideration:** All the concerned parties of the contract should get something of value for fulfilling the terms and conditions of the contract.
- **Capacity to contract:** A party (or person) entering into a contract should be of legal age and should be under his/her own control.
- **Lawful purpose:** The objective of a contract must be lawful to be valid.
- **Free consent:** The parties in a contract should have consented freely to enter into the contract. A contract signed under coercion, undue influence, fraud, misrepresentation etc. are invalid.

4.3 Void contracts (Section 13)

4.3.1 Void Contracts:

- a) preventing anyone from engaging in any legal occupation, profession or trade.
- b) restraining legal marriages.
- c) preventing any one from enjoying public facilities.
- d) seeking to prevent the legal rights of any person from being enforced by any government office or court.
- e) concluded in matters, contrary to/prohibited by prevailing laws.
- f) concluded for immoral purpose/against public morality or public interest.
- g) which cannot be performed because the parties thereto do not exactly know about the matter in relation to which it has been concluded.
- h) which is considered impossible to fulfill even at the time the contract is concluded.
- i) which is vague (does not provide reasonable meaning thereof).
- j) concluded by an incompetent person.
- k) concluded with an unlawful consideration or objective.

4.3.2 Voidable Contracts (Section 14)

A contract concluded through:

- a) **coercion**: threatens to withhold property, threatens defamation, takes actions against law
- b) **undue influence**: influence exercised by a person upon another who is under his/her influence, like a ward/ subordinate/sick
- c) **fraud**: knowingly leads the other party to believe untrue issue to be true, withholds or suppresses information
- d) **deceit**: Submission of false particulars, falsifying document

The burden of proof rests on the claimant.

4.4 Cyber Law

- Cyber law provides the legal basis related to the appropriate use of computer and information and communication technology by a person, organization and the government offices.
 - It regulates the computer and other electronic equipment based activities including business (e-commerce) and the government (e-government).
 - Nepal has enacted the **Electronic Transaction Act 2063** and Electronic Transactions Rule, 2064.



Electronic Transaction Act, 2063 (2006)

- To make legal provisions for authentication and regularization of the recognition, validity, integrity and reliability of generation, production, processing, storage, communication and transmission system of electronic records.
- For controlling the unauthorized access of electronic records (violation of the confidentiality) or of making alteration in such records through the illegal manner (violation of the integrity)
- No. of Chapters: 12, No. of Sections: 80, 31 definitions
- **Section 2: Definitions:**
- **2-a:** "Asymmetric Crypto System": a system that creates a secured key-pair consisting of a private key creating a digital signature and a public key to verify the digital signature.
- **2-j:** "Key Pair": a private key in an asymmetric crypto system and of pair of public key, interconnected in a mathematics form with the private key which has a code to verify digital signature by the public key to be created from the private key.
- **2-o:** "Digital Signature": a signature made in any electronic form to be included in the transformation of electronic record by a person having a non-transformed initial electronic record and the public key of signatory by using a type of asymmetric crypto system that may clearly ascertain the following matters:
 - (1) Whether or not transformation of electronic record was created by using a type of private key keeping a logical consistency with the public key of signatory; and
 - (2) Whether or not the initial electronic record has been changed after the transformation of electronic record.



ETA 2063 continued

- **Chapter 2: Provisions Relating to Electronic Record and Digital Signature**
 - 3. Authenticity of Electronic Record:** (1) Any subscriber may, subject to the provisions of this section, authenticate to any electronic record by his/her personal digital signature.
(2) While authenticating the electronic record pursuant to Subsection (1), an act of transforming such electronic record to other electronic record shall be effected by the use of asymmetric crypto system and hash function
 - 4. Legal Recognition of Electronic Record**
 - 5. Legal Recognition of Digital Signature**
- **Chapter 8: Provisions Relating to Network Service**
- **Chapter 9: Offence Relating To Computer (Cyber Crime)**
 - **44.** To Pirate, Destroy or Alter computer source code
 - 45.** Unauthorized Access in Computer Materials
 - 46.** Damage to any Computer and Information System
 - 47.** Publication of illegal materials in electronic form
 - 48.** Confidentiality to Divulge
 - 49.** To inform False statement
 - 50.** Submission or Display of False License or Certificates
 - 51.** Non-submission of Prescribed Statements or Documents
 - 52.** To commit computer fraud
- **Chapter 10: Provisions Relating to Information Technology Tribunal**
- **Chapter 11: Provisions Relating to Information Technology Appellate Tribunal**



4.5 Public Procurement Act, 2063

- **Systematic, fair, transparent and optimum use of public resources in procurement of goods and services by public entities**
- **No. of Chapters: 10; No. of Sections: 76**
- **2-a:** “Procurement”: acquisition of any goods, consultancy services or other services or carrying out or causing to be carried out any construction works, by a public entity pursuant to this Act.
- **3:** All procurement by any public entity should follow this act, else the procurement will be invalid.
Chapter 2: Responsibility for Procurement and Procurement Method
- **4:** Description of Goods, Construction Works and Services to be Prepared
- **5:** Cost Estimate to be Prepared
- **6:** Procurement Plan to be Prepared
- **8:** Procurement Method to be Selected
- **Chapter 3:** Bid
- **12:** Prequalification to be Determined
- **13:** Bidding Documents to be Prepared
- **14:** Invitation to Bids
- **Chapter 4:** Consultancy Services
- **30:** Short List to be Prepared by Soliciting Expression of Interest Openly:
31 & 32: Soliciting and opening proposals
- **33:** Evaluation of Technical Proposal
- **34 & 35:** opening and evaluation of Financial Proposal



4.5 Public Procurement Act

- Chapter 5: **Other Provision Relating to Procurement**
- **40 & 41:** provisions related to sealed quotation and direct procurement
- Chapter 6: Provision Relating to Review of Procurement Proceedings or Decision
- Chapter 7: Provision Relating to Procurement contract
- **54:** Variation Order
- 55:** Price Adjustment in Procurement Contract
- 56:** Provision Concerning Extension of Contract Period
- 58:** Mechanism for Dispute Settlement
- 60:** Public Notice of Procurement Contract:

- Chapter 8: **Provision Relating to Conduct**
- **61 & 62:** Conduct of official and bidder
- Chapter 9: **Provision Relating to Monitoring of Procurement Activities**
- Chapter 10: Miscellaneous
 - **66:** Provision Concerning Procurement to be Made in Special Circumstances
 - **67:** Procurement Process under this Act not to be Applied
 - **68:** All records are to be in written form
 - **69:** Procurement Transaction May be Carried Out Through Electronic Communications Means
 - **70:** Legal Documents to be kept in Website



4.6 Intellectual property right (patent, design and trademark, copyright)

The creations of human mind are considered as intellectual property. It covers patents, designs, trademarks and copy right; the legal rights given to the creators of such properties are called intellectual property rights. The World Intellectual Property Organization has listed the following as intellectual property.

- Literary, artistic and scientific works
- Performances of performing artists, phonograms, and broadcasts
- Inventions in all fields of human endeavor
- Scientific discoveries
- Industrial designs
- Trademarks, service marks, and commercial names and designations
- Protection against unfair competition, and
- All other rights resulting from intellectual activities in industrial, scientific, literary or artistic fields

The laws related to intellectual property rights in Nepal are:

- (a) Patent, Design and Trademark Act 2022 (1965), amended in 1987 and
- (b) Copyright Act 2059 (2002).



Patent

- **Patent:** As per the PDT Act 2022, the patent can be issued to any useful invention based on new principle or formula, or any new way or method of construction, operation or transmission related to substance or a body of substance.
- A patent should be duly registered, by submitting all the required documents, to have the patent right. Once registered, the right over the patent is protected for 7 years (plus two extensions, each of 7 years). The patent right is transferrable. The registered patent should not be used or copied without obtaining specific written permission from the patent holder, until the patent duration expires, within the jurisdiction of the patent provider. The law breaker can be fined up to Rs. 500000 and confiscation of the related items, and up to Rs. 250000 for committing an attempt of an offence.

A patent right cannot be granted if:

- The patent is already registered in another person's name
- The patent was not invented by the applicant and the right to patent has also not been received from the inventor
- The patent is likely to produce adverse effects on health, conduct and morality of the citizen or on national interest
- The patent is against the existing law



Design

- **Design:** The PDT Act 2022 has defined design as a feature, pattern or shape of a substance made by following any means.
- The design should be registered to have design right. A registered design should be used by someone else only with specific written permission of the design right holder, until the design right duration expires (5 years plus two extensions, each of 5 years).

The breach of the design right constitutes a fine of up to Rs. 50000 and confiscation of the related items.

The design right cannot be issued if

- (a) the design was already registered by someone else, and
- (b) the design is likely to have adverse impact on the conduct or morality of a person or institution or on national interest.
- (c) The patent is against the existing law



Trademark

Trademark: The PDT Act 2022 has defined trademark as the use of any word, sign or picture or a combination of them by a firm, company or person to distinguish the product or services from those of others.

The trademark should be registered to have trademark right. A registered trademark, or its close imitation, should not be used by someone else. The right over a trademark can be protected forever subject to renewal (7 years in each renewal).

The trademark will not be registered if

- (a) the trademark has already been registered by someone else and
- (b) the registration will have adverse impact on the conduct or morality of a person or institution or on national interest.

The breach of the trademark right constitutes a fine of up to Rs. 100000 and confiscation of the related items.



Copyright

As per the Copy Right Act 2059, the copy right can be provided to the author of the works that are related to the following.

- Book, pamphlet, article, and research paper
- Drama, opera, dumb-show and similar works prepared for show
- Musical works with or without words
- Audiovisual works
- Architectural design
- Painting, sculpture, wood carving, lithography and architecture related other works
- Photographic works
- Works related to applied art
- Excerpt, maps, plan, three dimensional works related to geography, topography, and scientific writing and articles
- Computer program



- The description or the explanations of the ideas, religion, news, concept, formula, law, court decisions, administrative decisions, folk songs, folk stories, proverbs & general statistics, even if they are included in any works, cannot be copy righted.
- Specific registration is not required to have copy right.
- There are two types of rights granted under the Copy Right Act: Economic and Moral. Moreover, the Act has granted rights to performers, producers of phonograms and to broadcasting institutions. The copy right is effective up to 50 years after the death of the author (or creator) of the copy righted materials.

The copy righted materials can be used without permission in the following circumstances.

- a) A portion of the work for personal use, as long as it does not hamper the economic right of the copy right holder.
 - b) For public cause or academic purpose, portion of a published materials may be used with proper citation of the source, provided that the use does not directly benefit (economically) the user of the copy righted materials.
 - c) Libraries and archives can reproduce the works for general purpose.
- Depending on the degree of infringement of the copy righted material, the penalty can range from Rs. 10,000 to Rs. 100000 or imprisonment up to six months or both for the first offense. The penalty doubles for the second offense. Besides, the offender shall be liable for compensation of the damages caused by his/her act.

Copy Right, Patent, Design and Trademark Comparison

SN	Particular	Copy Right	Patent	Design	Trademark
1	Subject Matter/ Coverage	Rights related to work authorship/ literary work, artistic work: music, book, movies, painting, photos	Rights related to new inventions/theory/ principles, process, formula	Rights related to shape, pattern, color of commodities, product	Rights related to word, symbol, picture, figure or combination of all these to recognize goods or products
2	Validity	a) Life time + 50 years b) 50 years from death of last surviving author c) For anonymous or pseudonym work: 50 years from first date of publication d) For applied art & photograph: 25 years from preparation of such work e) 50 years for posthumous publication	7 years and two times renewable (21 years maximum)	5 years and two times renewable (15 years maximum)	7 years and indefinite period as long as timely renewed
3	Infringement	Person other than owner comes up with same work, there is no infringement; can be copied and used without permission for academic, public welfare purpose, with source cited	Confers statutory monopoly that prevents anyone other than patent holder from making, using or selling	Confers statutory monopoly that prevents anyone other than design holder from making, using or selling	Confers statutory monopoly that prevents anyone other than trademark holder from making, using or selling
4	Punishment on infringement	a) 10,000 to 100,000 or 6 months imprisonment, or both + confiscation b) 20,000 to 200,000 or one year imprisonment or both + confiscation	Rs. 250,000 to 500,000 + confiscation of product	Up to R. 50,000 + confiscation of product	Up to Rs. 100,000 + confiscation of product
5	Start of protection	As soon as work is created (registration is optional)	From patent application registration date	From design application registration date	From trademark application registration date
6	Requirement	Original	Novel/non-obvious, useful	New and different	New and different
7	Application, registration and renew fee		Rs. 100; 1000; 300	Rs. 100; 700; 200	Rs. 100; 400; 150
8	Governing Act	Copy Right Act 2059	PDTA 2022	PDTA 2022	PDTA 2022

4.7 Company Registration Procedures

- Application with following documents:
 - Filled application form, format as per Annex 1
 - Two copies of Prabandha Patra (Article of Association), and Niyamawali (Article of Memorandum)
 - Citizenship certificates of all the founder shareholders
 - In case of a public company, a copy of the agreement made among the founder members before the establishment of the company.
 - In case of a private company, a copy of the mutual agreement (if any).

(Additional documents needed for foreigner registering a company.)

Other considerations:

- Max 101 founders in private company; minimum 7 founders in public company
- Prabandha Patra and Niyamawali to be in Nepali
- Each founder should sign on each page of Prabandha Patra and Niyamawali
- Last page should have
 - full name, full signature, address, number of share of each founder,
 - full name, full signature, address of witness (one witness per founder)
 - full name, full signature, registration number of legal-professional or chartered accountant preparing the document, and date of document preparation
- The OCR checks the documents and if found OK, notifies the applicant(s) to pay registration fee and collect certificate. If the Registered Capital is up to Rs. 5000, the charge can be paid at the OCR; else required fee to be deposited in NRB or other authorized banks in 'RAJASWA' account number 1-1-05-10. Two copies of the voucher to be submitted in the OCR's A/C section, and then presented in the registration section. After this, the company registration certificate (according to the index 5) and one copy of each (approved and signed by CRO Officer) of the 'PRABHANDA PATRA' and the 'NIYAMAWALI' presented by the founders are provided to the founders.
- Only electronic registration, from Baisakh 2074, as per first amendment in 2074



4.8 Relationship to foreign firms working in Nepal

- Hundreds of foreign firms are working in Nepal, directly or indirectly, as INGO, banks, industry, management consultants, engineers in consulting companies, software, outsourcing, ...
- Directly related acts: Foreign Investments and Technology Transfer Act,1992; Foreign Exchange (Regulation) Act,1963; Immigration Act
- Foreign Investment and One Window Policy
- Foreign Investment Policy, 2015 aims to:
 - Attract foreign investment in energy efficient/non-polluting industries by granting additional facilities.
 - Establish SEZ or export promotion zones.
 - Promote Nepalese products in int'l market and protect intellectual property of such products.
 - Transfer of technology within a specified period of time.
 - Develop legal basis for technology transfer in industries where foreign investment is restricted.
 - Include supply of equipment under the 'lease financing' model, investment in bonds and debentures, and investment through secondary market within the purview of foreign investment.
 - Technology transfer via – assignment, user's licensing, sharing of technical know-how and franchising.
 - Institutional investors to invest through the secondary market (portfolio investment).
 - Form Foreign Investment Promotion Board to facilitate establishment of foreign investment based industries
 - Form SOP to simplify the process of foreign investment.
 - Limit customs tariff on machinery imported for foreign investment in kind to 4%.
 - Avoid double taxation with additional countries.
 - Rights to use immovable property in relation to HEP and infrastructure projects under the BOT model remain with the investor for the duration of the related BOT agreement.
 - Facilitate repatriation of amount remaining after liquidation of the company by the foreign investor.
 - Enable parties to determine the mode and venue of dispute resolution procedure in case of industries having over USD10 million as investment.

Foreign Investment under the law of Nepal

1. Foreign Investment: Investment made by a foreign investor in any industry in form of:
 - a) investment in equity,
 - b) reinvestment of earning derived from existing investment,
 - c) investment made in form of loan or loan facilities
 - d) transfer of technology,
 - e) lease finance,
 - f) opening a branch to carry out business.
2. Transfer of technology: transfer of technology under an agreement between foreign investor and an industry on the following matters:
 - a. use of any intellectual property rights of foreign origin,
 - b. acquiring any foreign technical consultancy and management,
 - c. acquiring foreign market service.
3. Foreign Investor:
individual, firm, company, foreign government or international agency

Rights, Guarantees and security of FDI

- Fair and equitable treatment: No discriminatory treatment in all time,
- Most-favoured nation treatment: transfer of funds, incorporation of a company, FDI approval etc.
- National treatment: management, operation, protection, incentives etc.,
- Guarantee against expropriation: no nationalization, (Industrial Enterprises Act,sec.21)
- Nepal is a party to MIGA that protects political risks of FDI,
- An industry established under FDI in Nepal is entitled to the incentives awarded to other industries, (FITTA,sec.2(a),
- Guarantee for repatriation of FDI, (sec.5(2) FITTA)
- Nepal is a party to BITs/BIPPAs concluded with some countries that protects FDI of the country concerned.

Resolution of investment disputes involving foreign forms

- Investment disputes are contractual matters under Nepal law,
- Disputes between a foreign investor and Nepali investor or concerned industry shall be settled by mutual consultation in the presence of DOI, (sec.7,FITTA)
- If disputes could not be settled in that manner it shall be settled by arbitration under UNCITRAL Arbitration Rules, (sec.7(2) FITTA)
- Disputes in regard to foreign investment exceeding NRs.500 million, may be settled by any manner as the parties design,(Parties are free to decide the manner for dispute resolution), (sec.7(4),FITTA)
- Nepal is a party to New york Convention on Recognition and Enforcement of Foreign Arbitral Award(1958),
- Arbitration Act,1999 is based on Model UNCITRAL Commercial Arbitration Act (1985)
- Nepal is also a party to the International Centre for Settlement of Investment Disputes (ICSID) Convention (1969)

Potential Questions

- How does Nepal Engineering Council regulate professional engineering practices in Nepal?
- Discuss the process of registration of an engineer at NEC and conditions for cancellation of registration.
- What are the employment and job security provisions for the workers, as per the Labor Act of Nepal?
- What are the health and safety provisions for the workers, as per the Labor Act of Nepal?
- What are the welfare provisions for the workers, as per the Labor Act of Nepal?
- Discuss the essential elements of a valid contract.
- What are the differences between a void and a voidable contract?
- What are the basic objectives of the Electronic Transaction Act of Nepal?
- What type of activities are considered to be an offence of the Electronic Transaction Act of Nepal?
- What is the basic objective of the Public Procurement Act of Nepal?
- What are the basic provisions in procurement of consultancy services by a public entity in Nepal?
- Discuss the importance of the intellectual property right in the development of science and technology of a society.
- Compare and contrast copy right, patent right, design right and trademark right, as per the laws of Nepal.
- Discuss the process of a private company registration in Nepal, including the types of documents required.
- What are the objectives of Foreign Investment Policy 2015 of Nepal?
- What are the rights, guarantees and securities provided to FDI in Nepal?
- What is the reason for the Nepalese government trying to attract foreign direct investment in Nepal?