

# Paper Factory Project



Government of Nepal  
**Investment Board Nepal**



## Background

This project aims to harness the nation's agricultural resources to strengthen its economy through the local production of paper and paper products. Utilizing non-wood fibers such as banana, rice, and wheat straw—abundantly available from local districts like Chitwan, Jhapa, Morang, and Kailali—this initiative seeks to reduce Nepal's reliance on costly imports, which reached NPR 23.4 billion in 2021, with NPR 15.6 billion from India alone. By focusing on sustainable production methods, including the use of renewable and recyclable materials and a chemical pulping process, the factory is set to minimize environmental impact. This approach not only supports forest conservation but also incorporates advanced technology like the Fourdrinier machine for high-quality paper output. Furthermore, the project is positioned to create significant employment opportunities, stimulate local economies, and potentially position Nepal as an exporter in the international paper market. Through innovative use of local agricultural waste, this project represents a strategic investment in Nepal's economic and environmental future.



**Sector**  
Manufacturing

### Salient Features

- **Raw Materials:** Utilizes banana and rice residue non-wood fibers.
- **Eco-Friendly Approach:** Reduces wood dependency, conserves forests.
- **Pulping Process:** Efficient chemical pulping uses less energy.
- **Chemicals Used:** Sodium hydroxide, sodium sulfide for lignin removal.
- **Bleaching Process:** Uses eco-friendly chemicals like hydrogen peroxide.
- **Paper Machine:** Employs Fourdrinier machine for continuous high quality paper production.
- **Environmental Control:** Includes wastewater treatment and air pollution systems to treat effluents.
- **Quality Product:** Produces high-quality paper for diverse applications.

### Project Rationale

- Significantly cuts high costs associated with paper imports.
- Capitalizes on readily available non-wood fibers in Nepal.
- Promotes the use of renewable, recyclable materials for paper production.
- Boosts local economies through enhanced use of agricultural by-products
- Focuses on manufacturing high-quality paper suitable for export.
- Implements eco-friendly processes to minimize ecological footprint.
- Contributes to the reduction of the country's trade deficit

## Project Outcomes



Strengthen local industries and reduce paper import dependency



Enhances utilization of sustainable resources



Additional revenue streams for farmers



Employment Generation



Implementation of eco-friendly production processes



High quality paper production for international markets

## Project Components



Raw Materials Storage and Handling Facilities



Pulping Equipment (Digesters, Refiners and Screens)



Bleaching Equipment



Paper Machine



Drying and Finishing Equipment (Rollers, Cutters, Packagers)



Power Supply and Utilities



Waste Management Facilities



Quality Control Laboratory



Administrative and Office Facilities



Transportation and Logistics Infrastructures

## Project Implementation Modality



Public Private Partnership (PPP)

## Project Implementation Timeline



Project Ideation



Desk Study



Pre-feasibility Study



Feasibility Study



Solicitation



Project Development

## Additional Information

In the fiscal year 2019/2020, Nepal produced a remarkable 376,411 tons of paper yet still imported an additional 104,902 metric tons valued at approximately NPR 10.7 billion. By harnessing locally available resources, Nepal stands poised to significantly narrow this production-consumption gap, simultaneously creating hundreds of jobs and tackling the rising trade deficit.

## Relevant Agencies

- Investment Board Nepal (IBN)
- Ministry of Physical Infrastructure and Transport (MoPIT)
- Ministry of Industry, Commerce and Supplies (MoICS)
- Provincial and Local Government

## About the Agency

### The Investment Board Nepal (IBN)

IBN is a high-level government body chaired by the Right Honorable Prime Minister, that serves as a facilitator for both domestic and foreign investments in Nepal. Its primary objective is to create an investment-friendly environment by mobilizing and managing domestic as well as foreign investments to promote investment across different sectors through a transparent and efficient process. Being guided by the Long-term Vision (2043), the 15<sup>th</sup> Plan, international commitments such as Sustainable Development Goals and other subsequent policies of the Government of Nepal, IBN has been developing credible and bankable projects to garner investment.

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