

Private Firm Registration Act, 2014 (1958)

Date of authentication

2014-11-2 (13 Feb. 1958)

Date of Publication

2014-11-13 (24 Feb. 1958)

Amendments

1. Private Firm Registration
(First Amendment) Act, 2017
(1961)

Date of Authentication

2018.1.14
(26 April 1961)

Date of Publication

2018.1.16
(28 April
1961)

Date of Authentication and Publication

2. Some Nepal Laws (Amendment and re-
arrangement) Act, 2020 (1964) 2020.11.16
(28 Feb. 1964)
3. Judicial Administration Reform (Fourth
Amendment) Act, 2043 (1986) 2043.7.24
(10 Nov. 1986)
4. Private Firm Registration (Second Amendment)
Act, 2044 (1987) 2044.6.9
(25 Sept. 1987)
5. Administration of Justice Act, 2048 (1991) 2048.2.16
(30 May 1991)
6. Amending Some Nepal Acts to Maintain Gender
Equality Act, 2063 (2006) 2063.7.17
(3 Nov. 2006)
7. Republic Strengthening and Some Nepal laws
Amendment Act, 2066 (2010)¹ 2066.10.7
(21 Jan 2010)

Act Number 20 of the Year 2014 (1958)

An Act made to provide for provisions in order to register private firms

Whereas, it is expedient to provide for provisions on registration of
private firms engaged in trade and industry and other related provisions

¹ This Act came into force on 15 *Jestha* 2065 and "Prasasti" and the word "Kingdom" has been deleted.

there with in order to maintain the convenience and economic interest of general public².

Now, therefore, be it enacted and promulgated by His Majesty King.

1. **Short Title, Extent and Commencement**: (1) This Act may be called "Private Firm Registration Act, 2014 (1958)".
 - (2) This Act shall be extended throughout Nepal.
 - (3) This Act shall come into force immediately.
2. **Definition**: In this Act, unless the subject or context other wise requires;
 - (a) "Private firm" means firm or company or *kothi* constituted by a person³ under any name for exporting of industrial products or import trade.
 - (b) "Export" means an act of exporting goods from Nepal to a foreign country.
 - (c) "Import" means an act of importing goods from a foreign country into Nepal.
 - (d) "Notification" means an order published in Nepal gazette.
 - ⁴(e) "Concerned Department" means Department of Commence in the case of commerce related firm, Department of Cottage and Rural Industry in the case of cottage and rural industry, and Department of Industry for any other industry.
 - (f) "Prescribed" or as "prescribed" means prescribed or as prescribed in the Rules framed under this Act.
3. **Restriction to open a private firm without being registered**: After the commencement of this Act, no person shall operate private firm without being registered by the concerned Department pursuant to this Act.

² Amended by Some Nepal Laws (Amendment and re-arrangement) Act, 2020.

³ Amended by Second Amendment.

⁴ Amended by Second Amendment.

4. **Submission of an application for the registration of a private firm**

and registration: (1) A person who intends to register a private firm may submit an application in the format as prescribed to the concerned Department along with the prescribed fee. Such application shall set out the following particulars;

- (a) The name of the private firm.
- (b) The address of the private firm
- (c) Objectives, functions and the particulars of goods or commodity to be transacted by the private firm.
- ⁵(d) The name and address of the owner, and the name of his/her father, mother and grandfather, grandmother⁶.
- (e) Other particulars prescribed by the Government of Nepal by publishing a Notification in the Nepal gazette.

(2) After the submission of an application pursuant to Sub-section (1) the concerned Department shall hold an inquiry in to the application and if there is a reasonable reason to believe that the particulars set out in the said application are true or if the concerned Department finds reasonable reasons to operate a private firm, it shall register in the register book as prescribed and issue a certificate in such format as prescribed.

⁷(3) Notwithstanding anything contained in Sub-section (2), no more than one private firm related to commerce which has same/similar objectives shall be registered in the name of the same person.

5. **Validity period of the certificate of a private firm and method of**

renewal: The validity period of the certificate of the firm registered under this Act, the method thereof and the fee for renewal shall be as prescribed.

⁵ Amended by Second Amendment.

⁶ Amended by Amending some Nepal Acts to maintain Gender Equality Act, 2063.

⁷ Amended by Second Amendment.

- ⁸6. **Approval is required to change the particulars:** If it is required to make change in any particulars provided to the concerned Department pursuant to Sub-section (1) of Section 4, a notice as prescribed shall be submitted before the concerned Department within prescribed period and the particulars may be changed only after being approved by the concerned Department.
7. **Not to be valid any transaction carried out in the name of a private firm which is not registered under this Act:** No transaction shall be valid which is carried out in the name of a firm which is not registered under this Act.
- ⁹7a. **Concerned Department may seek particulars:** (1) The Department which is concerned with a private firm registered under this Act, may seek the particulars of the accounts of a firm.
- (2) It shall be the duty of the firm to submit the particulars sought pursuant to Sub-section (1) to the concerned Department.
- ¹⁰7b. **The registration of a private firm may be canceled** The concerned Department may cancel the registration of a private firm in the following circumstances;
- (a) If a private firm, which is related with commercial business, fails to effect renewal of the firm within a prescribed period.
- (b) If the owner of a private firm submits an application to the concerned Department for the termination of registration of his/her firm upon setting out reasonable reason.

⁸ Amended by Second Amendment. Inserted By Second Amendment.

⁹ Inserted By Second Amendment.

¹⁰ Inserted by Second Amendment.

- (c) If it is found that a firm has been registered by providing false particulars in contravention of Sub-section (3) of Section 4.
- (d) If a firm fails to submit the particulars sought by the concerned Department pursuant to Section 7a to the concerned department within prescribed period.
- (e) If an industry related private firm closes down operating industry whether providing information thereof to the concerned Department or not.
- (f) If an industry related private firm fails to renew the industry within a prescribed period from the expiry of validity period to renew the firm or fails to submit a written progress report on action to be taken for the construction of factory, purchase of machinery equipment or tools and other acts as may be required in order to establish and operate the industry as per the condition of the licenses despite the firm is renewed.
- (g) If a private firm commits any other act in contravention of this Act or Rules framed hereunder.

(2) Before canceling the registration of a private firm pursuant to Clauses (a), (c), (d), (e), (f) or (g) of Sub-section 1, the concerned Department shall provide a reasonable opportunity to the concerned private firm for submitting a clarification.

(3) If the registration of a private firm is canceled by the concerned Department pursuant to Clauses (a), (c), (d), (f) or (g) of Sub-section (1) any other private firm which carries same/similar objectives shall not be registered in the name of such owner of the firm for a period of one year.

8. **Penalty:** The concerned Department shall have discretionary power to impose a fine from Five Rupees to Fifty Rupees on an owner of a private

firm operated without registration and if the owner again commits the same offence for three times he/she shall be liable to an extra Ten Rupees fine for each time in the original fine imposed on him/her. If such person commits the same act for fourth time, no private firm shall be registered in his/her name in the future

(2) A person who submits false particulars in the course of submitting an application pursuant to Section 4, the concerned Department shall, on its discretion, impose a fine from Twenty Five Rupees to Fifty Rupees on him/her.

(3) A private firm which fails to provide information to be submitted pursuant to Section 6 within the prescribed period, or provides false information shall be liable to a fine from Twenty Five Rupees to Fifty Rupees in the discretion of the concerned Department.

(4) The Government of Nepal may, by publishing a Notification, restrict a private firm which is not registered or renewed pursuant to this Act, and the bank which transacts with such firm to export and import any goods.

¹¹(5) A person who is not satisfied with a penalty imposed by the concerned Department may file an appeal before the Court of Appeal¹².

9. **Power to frame Rules:** The Government of Nepal may frame Rules to carry out the objectives of this Act. The Government of Nepal may provide for the provisions of fine in such Rules for the person who commits an act in contravention of such Rules.
10. **Repeal:** Private Company Act of Wednesday 17 *Chaitra* 2000 is, hereby, repealed.

¹¹ Inserted by Judicial Administration Reform (Fourth Amendment) Act, 2043.

¹² Amended by Administration of Justice Act, 2048

- ¹³11. **To be cancelled previous licenses:** All the licenses issued by the Government of Nepal before the commencement of this Act in connection with the operation of a private firm shall have to be renewed within a period prescribed by the Government of Nepal by publishing a Notification in Nepal gazette and by following the manner as referred to in Section 5. A License which is not renewed within such period shall be cancelled.

NEPAL LAW COMMISSION

¹³ Amended by First Amendment and come into force from the date when the original Act was commenced.