

## **Telecommunication policy 1992**

### **1. Background**

In the context that various important infra-structures for economic and social development have been set up and implementing after the restoration of democracy in the country, the need of an appropriate and qualitative (standard) telecommunications services has been started to be felt in every sector of the country. His Majesty's Government has already implemented the National Communications Policy, 2049 (1992) to adopt the policy of liberalization in telecommunications sector for the fulfillment of this need and to develop the telecommunications service as a pre-requisite for development by having the private sector participated in the business of development and expansion of this sector. The Telecommunications Act, 2053 (1996) has already been enforced for the purpose of having the service operated in a fair competitive atmosphere by the telecommunications service operators and service providers in order to speed up the process of development of telecommunications services in Nepal in line with the said Policy.

### **2. Need of the Telecommunications Policy**

The telecommunications service is an essential pre-requisite for the information-oriented technology and its proper application and the telecommunications service has widely been using also in education and other leading social and cultural sectors of the country. As it is expedient to have a timely and transparent policy for the extensiveness of the use of telecommunications and in order to involve the private sector in the rapid development of this sector; this Telecommunications Policy has been prepared in line with the National Communications Policy, 2049 (1992).

### **3. Objective of the Telecommunications Policy**

The main objective of this Policy is to make the various types of high standard and reliable telecommunications services easily available to all in all areas of the Kingdom at a reasonable service charge in a fair competitive atmosphere also with the participation of private sector by implementing the policy of liberalization in the telecommunications sector also in harmony with the concept of economic liberalization and openness adopted by the country, and to develop telecommunications as a main pre-requisite for national development.

### **4. National Telecommunications Policy**

Taking into consideration the extensiveness of the use of telecommunications, the National Telecommunications Policy has been formulated in line with the following matters in order to develop and expand the telecommunications services in a fair competitive atmosphere with the involvement of private sector also to make available the new telecommunications services as well, extremely needed for the development activities of the country, by fulfilling the demand of this service on time as soon as possible in all the areas of the Kingdom :

- 4.1 To make available the telephone service as per the demand and to provide new and recent telecommunications services in accordance with the demand of the market in addition to the basic telephone service.
- 4.2 To make arrangements for making the basic telecommunications services universally accessible to those who do not have separate telephone lines of their own.

- 4.3 To make available the basic telephone services in remote and inaccessible rural areas also of the Kingdom.
- 4.4 To develop the telecommunications as a main pre-requisite of national development with maintaining the regional balance as well.
- 4.5 To involve the private sector as well in the development and operation of telecommunications services in accordance with the liberalization concept adopted by His Majesty's Government.
- 4.6 To have also the private sector participation in order to enable Nepal Telecommunications Corporation, which has the monopoly upto the date in the operation of telecommunications services, to function in a competitive environment by changing the current composition of the Corporation.
- 4.7 To provide quick, fast and qualitative (standard) telecommunications services at a reasonable price by creating an environment of fair competition among the service providers.
- 4.8 To create proper environment in order to interconnect the network of the various service operators among each other.
- 4.9 To give priority to utilize the means and resources available within the country in developing and expanding the service and to take also the vision of producing skilled manpower, mobilizing people's participation and cost recovery.

## **5. Working Policy**

The following working policies have been provided for in order to implement the National Telecommunications Policy in a proper manner and to fulfill the objective set forth in that Policy.

### **5.1 Classification of Telecommunications Services and Provision of License for Providing the Service :**

The telecommunications services will be classified into the following categories and the provision of license for their operation will be made as follows :

- (a) Basic Telephone Service
- (b) Mobile Telephone Service
- (c) Other Value Added Services of Telecommunications

#### **a. Basic Telephone Service:**

1. Local telephone service, domestic telephone service, international telephone service, telex service and domestic and international telegraph services are under the basic telephone service. As Nepal Telecommunications Corporation has been providing at present the above-mentioned services, a license will be granted to Nepal

Telecommunications Corporation for the operation of these services as provided for in the Telecommunications Act.

2. Provision of license will be made to one extra service provider in addition to Nepal Telecommunications Cooperation with the authorization to operate throughout the Kingdom the local telephone service based for the time being on wireless local loop (WLL) technology from among the basic telephone service through the process of bidding having competition among the private sector.
3. The provision of full competition for operating all the telecommunications services including the domestic and international telecommunications services will be made by 2004 A.D.
4. The responsibility to operate at least one public call office (PCO) in each Village Development Committee, where they have provided the service, will be given to basic telecommunications service providers and mobile telephone service operators including Nepal Telecommunications Corporation.

b. Mobile Telephone Service:

In respect of the mobile telecommunications service, two licenses will be granted throughout the Kingdom by making selection through the process of bidding in order to operate the service by adopting the Global Mobile System (GSM). Among the two licenses to be granted in such a manner, one license will be granted to a bidder selected through the process of bidding. Nepal Telecommunications Corporation will be asked to operate the service under the same terms of service.

c. Other Value Added Services of Telecommunications:

His Majesty's Government has already taken decision so as to grant license at any time for the below-mentioned telecommunications services.

1. Internet including e-mail.
2. E-mail.
3. Voice Mail.
4. Fax Mail.
5. VSAT.
6. Audio Conference.
7. Pay Phone.
8. Pre-paid Calling Card.
9. Local Data Communication.
10. Radio Paging.

#### 11. Trunked Mobile.

In cases where it is required to operate new services and the operators desire to operate other new services, such services will be added in the above list as per the situation thereof.

#### 5.2 License Not Required to be Obtained :

Provisions will be made in order to give permission for keeping terminal equipment like telephone set to be installed in a house by having them connected with telecommunications system, for operating public telephone (Public Call Office-PCO) as presently being operated by Nepal Telecommunications Corporation, and for operating the services to be operated for personal use with having them confined within one's own house and compound without being connected with any telecommunications services, the telecommunications services to be operated by His Majesty's Government to the extent only for national security and for the works of His Majesty's Government, and the types of services to be operated by the telecommunications equipment installed within the aircrafts registered in accordance with international conventions, on the conditions that they should be registered with the Authority and the directives to be issued by His Majesty's Government and the Authority from time to time in this regard should be complied with. In addition to the above-mentioned services, His Majesty's Government may on the recommendation of the Authority and by publishing a notification in the Nepal Gazette, specify the types of other services which are not required to obtain license.

#### 5.3 The Number of License to be Granted for the Operation of the Telecommunications Services Determined by His Majesty's Government from time to time by publishing a notification in the Nepal Gazette and the Procedures thereof :

In conformity with the objectives of making available through the service providers the universally accessible service to the general public according to their needs at a reasonable price by creating a fair competitive environment, no limit will be put to the numbers of licenses to be granted for the services falling under the category of other Value Added Services of telecommunications. This license will be granted at any time to all those who have made applications in a proper manner and who are considered to be competent for operating the service. However, the number of licenses for those types of telecommunications services which are to be operated by using radio frequencies will be limited accordingly.

#### 5.4 To Make the Basic Telecommunications Services Universally Accessible :

The following arrangements will be made to make the basic telecommunications services systematic and universally accessible, as required, also to those, who do not have their own separate telephone lines:

##### 1. Operation of the Public Telephone Service (PCO) :

It will be encouraged to further expand the public telephone service being made available in the urban and rural areas by Nepal Telecommunications Corporation at present.

##### 2. Provision of Pay Phone :

Private sector will be encouraged for the operation of Pay Phone Service at important public places in order to make the telecommunications services widely and easily available to general public.

3. The Resale Business of Telephone Call :

For the purpose of making the basic telephone service universally accessible to the general public, the telephone service, made available by the basic telephone service providers, will be permitted to be resold. From this process, people's participation will be obtained in remote and far remote areas and the telecommunications services will be universally accessible.

5.5 Establishment of the Rural Telecommunications Development Fund :

1. At least two telephone lines will be provided in each Village Development Committee in conformity with the policy of making available the basic telecommunications services in all rural areas including the remote and far remote areas of the Kingdom. As it is the responsibility of His Majesty's Government to provide telecommunications services in each Village Development Committee, Nepal Telecommunications Corporation will, in order to fulfill such responsibility, provide the basic telecommunications services in each Village Development Committee by carrying out the 'Special Rural Telecommunications Programme.
2. The private sector will also be engaged to operate telecommunications services in rural areas.
3. A Rural Telecommunications Development Fund (RTDF) will be established under Nepal Telecommunications Authority in order to operate telecommunications services in Village Development Committees. A provision will be made requiring all the service providers, who are operating the telecommunications services by obtaining licenses from Nepal Telecommunications Authority, to deposit an amount to be accrued at the rate of 2% of their total annual income in the Rural Telecommunications Fund in a compulsory manner. The amounts received from His Majesty's Government and other donor agencies will also be deposited in this Fund.
4. The service providers, who have obtained licenses to operate the basic telecommunications services and telephone service, shall have to expend 15% amount of the total sum of money to be invested for the operation of the service in the area where they are going to provide service for the purpose of developing and expanding the telecommunications services in the rural areas of the said area.

5.6 Economic Efficiency:

1. In order to keep the environment of fair competition sustained and make the small telecommunications service providers play a main role in this sector, a policy of preventing big service providers from using one service operated by them as a cross subsidy to other services will be taken. Arrangements will be made to require the telecommunications service providers to maintain separate books and accounts for each service.
2. For the development of telecommunications services in a fair competitive environment, it will be required to fix the service charge based on the cost incurred.

#### 5.7 Creation of Appropriate Environment for Investment (Improved Access to Capital) :

1. In order to mobilize the capital as may be required to be invested in telecommunications sector, a programme will be carried out so as to attract in this sector the investment of the private sector. In this connection, the process of changing the composition of Nepal Telecommunications Corporation will be initiated as well as the provision of licenses to new operators will also be made to operate the service.
2. In operating the telecommunications services, the service providers, of which are required to be selected through bidding, in partnership, the partnership of Nepalese investors will be made mandatory. The share of partnership of Nepalese investors in the services to be so operated shall have to be 20 percent at minimum.

#### 5.8 Participation of Private Sector in Nepal Telecommunications Corporation:

In order to make Nepal Telecommunications Corporation efficient to be able to work in a competitive environment and in order to mobilize the capital as required for the works of service expansion, this Corporation will be converted into a company and participation of the private sector will be increased gradually. From this act, the investment of strategic partners will be increased in Nepal Telecommunications Corporation and the economic condition of the Corporation will be improved.

#### 5.9 The Facility Permitted to be Chosen by the Customers (Customer Choice by Competition):

1. Provision of an alternate service provider will be made in order to make available to the customers the opportunity of selecting the services according to their own choices from among the various telecommunications service providers. However, from the economic point of view, no provision of alternate service provider will generally be made in the rural areas which are specified as fixed for the basic telecommunications service providers.
2. The providers of telecommunications services and mobile service based on WLL shall have to use the network of Nepal Telecommunications Corporation for the domestic trunk and international telecommunications services until 2000 A.D. Provided that,
  - \* Nothing herein will be deemed to bar the operation of service by the operators of telecommunications services and mobile service based on WLL by establishing a fixed link as may be required to connect the network set up by them with each other.
  - \* In cases where Nepal Telecommunications Corporation could not make available the circuit in a required quantity as per the demand made by the providers of telecommunications services or mobile service based on WLL according to their needs or could not provide a qualitative service, a license may be granted to such service provider to establish its own network in order to operate the domestic trunk service.
3. The operators of the telecommunications services based on WLL may provide the international telecommunications services to its customers through its own network from 2001 A.D. and may provide the circuit from its network to other service providers or service users on lease.

4. Nepal Telecommunications Corporation shall have to complete the job of tariff rebalancing by 2004 A.D. on a phase-wise basis and, after the completion of such a job, additional licenses will be granted for international telecommunications services. After the completion of the act of rebalancing the tariffs existing at present, the policy of Price Cap will be adopted in rebalancing the tariffs in future.

#### 5.10 The Provision of Fair Interconnection:

1. It will be permitted to mutually interlink the telecommunications system developed by a person, who has obtained a license, with the telecommunications system developed by a person, who has obtained another license, and to use it. The rate of fee to be fixed for interconnecting with each other in such a manner and the terms and conditions to be determined for such interconnection shall have to be fixed by mutual agreement of the service providers. The rate of the fees to be so levied between the service providers should be based on technology and cost as well as be clear and neutral. Unless the reliable and required information in regard to accounts is available for the charges based on investment, the charges will be determined having considered the tariffs being raised from the customers as a base. In respect of the new operators, the rate of charges based, to the extent possible, on the cost incurred should be determined from the very day of commencement of the service.
2. In order to make available, as soon as possible, the interconnection required to begin the operation of the service to the new operators operating WLL/mobile telephone service, the rules and terms and conditions related thereto will be determined. In case necessary agreement could not be entered into with Nepal Telecommunications Corporation in regard to interconnection within six months from the date of issuance of license to WLL/mobile service operators, the Authority will require to operate the service by fixing the terms and charges for the period pending the conclusion of an agreement between both the parties and its coming into force.
3. All the operators providing the basic telephone services including the mobile telephone and VSAT service to be operated in the rural areas will be permitted to connect their network with Nepal Telecommunications Corporation on the basis of the wholesale price. However, normal charge will be levied on the providers of other additional services of telecommunications including the data service.
4. The business of tariff rebalancing will be initiated in order to protect Nepal Telecommunications Corporation from the compulsion on that Corporation (incumbent operators) of making available the services in the area where it has to bear losses as the competitors would be attracted (by cream skimming) to provide services only in the areas where more benefits could be gained.
5. Provisions will be made so as to make the interconnection charge to be levied by the operators of basic telephone services on the mobile service operators be equal and non-discriminatory as well as to make the charge to be levied by the mobile service operators on the operators of the basic telephone services also be equal and non- discriminatory.

#### 5.11 Provision of Monopoly:

- \* Nepal Telecommunications Corporation will have the monopoly in operating the local telephone service by using cables, provided that this restriction will not be

applied in rural areas. In respect of national and international trunk telephone services, Nepal Telecommunications Corporation will have the monopoly until 2000 A.D. and these services will be made open from 2001 A.D. for competition so as to have them operated through additional providers as per necessity.

- \* Licenses will be granted to one or more than one operator in order to operate telephone services in rural areas. Those operators may provide domestic trunk services and data services between the areas where they have provided services and Kathmandu.
- \* Licenses will be granted to service providers in order to provide the service of Global Mobile Personal Communication by Satellite (GMPCS).

#### 5.12 VSAT Service:

1. The "VSAT" service has been made open with an objective of development and expanding this service by operating through satellite network the data communication service, which is extremely useful for the commercial sector.
  - \* The VSAT users or the operators/providers of network of making available such services by having obtained licenses for the purpose of data communication will not be permitted to provide telephone services.
  - \* The person who provides VSAT service in Nepal by setting up a Hub Station outside Nepal shall be required to obtain a license of VSAT service provider by establishing an office within Nepal.
2. Separate provisions will be made in respect of making available basic telephone services through "VSAT" in remote and far remote rural areas. According to this provision, the "VSAT" service provider who has obtained a license to provide basic telephone services in remote and far remote rural areas will also be permitted to operate data service within the Kingdom and may give on lease to other license-holding service providers for point to point data communication.

#### 5.13 Tariffs Rate Fixation:

The tariffs rate to be imposed on all types of telecommunications services will be fixed by having it based on the cost incurred to the extent possible. Provided that this policy will not be applied to the services to be operated in remote and far remote rural areas (Village Development Committees).

### **6. Amendment to Policy and the Working Policies**

Taking the view of the development of telecommunications services, these Policy and Working Policies have been prepared for upto 2004 A.D. It may be revised and amended in order to make it timely as per the requirement of the development of technology and expansion of services.

### **7. Implementing Agencies**

The following agencies will have the main role in implementing this Policy:-

His Majesty's Government, Ministry of Information and Communications	Policy Formulator/Coordinator
Nepal Telecommunications Authority	Regulator, Promoter and License Provider
Nepal Telecommunications Corporation and other new service providers	Operators of services by obtaining licenses thereof

Nepal Telecommunications Corporation and other new service providers will provide various types of telecommunications services. It shall be the responsibility of the service operator itself to carry out Research and Development under its working area