

IT Policy

As a developing country, Nepal has availed of the opportunity to rapidly develop various sectors such as education, health, agriculture, tourism, trade, among others, using information technology. The extensive application of this technology will engender economic consolidation, development of democratic norms and values, proportional distribution of economic resources, and the means and enhancement of public awareness, thereby raising living standards and, most importantly, contribute significantly to poverty alleviation. The establishment of a vibrant information technology will mitigate some of the disadvantages Nepal faces on account of its geographical conditions. In the coming years, globally, there will be a significant difference between the economic conditions of countries with developed information technology and that of countries lagging behind in this field. The persistence of such disparities between countries will be difficult to accept even by the developed countries. It is very possible that the international community will extend its support to developing countries in the development of information technology. Such assistance will certainly be significant for the national development of a least developed country like Nepal. Hence, an information technology policy is required to develop information technology in the shortest time possible for the sake of the national economy.

Objectives

The information technology policy shall be developed to attain the following objectives.

1. To make information technology accessible to the general public and increase employment through this means.
2. To build a knowledge-based society.
3. To establish knowledge-based industries.

Strategies

The information technology strategies adopted to accomplish the above-mentioned objectives of rapid development and expansion of information technology in a fair and competitive environment shall be the following:

1. The government will act as a promoter, facilitator, and regulator.
2. Carry on research, develop and expand information technology with a high priority to participation of the private sector.
3. Prepare capable manpower with the involvement of both public and private sectors for sustainable development and expansion of information technology.
4. Encourage native and foreign investment for the development of information technology and infrastructure pertaining to information technology.
5. Place Nepal on the global map through information technology.
6. Legalise and promote e-commerce.
7. Assist in e-governance by using information technology.
8. Utilise information technology in the development of rural areas.
9. Promote information technology industries.
10. Create a healthy, competitive environment for information technology service providers and provide them speedy and qualitative service at a reasonable cost.
11. Include computer education in curriculum from the school level.
12. Enhance professional efficiency through the use of information technology.
13. Expand the information technology network to the rural areas.

14. Establish Nepal in the international market in information technology.
15. Increase export of services related to information technology (software and hardware) to 10 billion rupees within the next five years.

Information Technology Policy

The policies to be pursued for the implementation of the above-mentioned strategies shall be as follows:

1. To declare information technology sector a prioritised sector.
2. To follow a single-door system for the development of information technology.
3. To prioritise research and development of information technology.
4. To create a conducive environment that will attract investment in the private sector, keeping in view the private sector's role in the development of information technology.
5. To provide Internet facilities to all Village Development Committees of the country in phases.
6. To render assistance to educational institutions and encourage native and foreign training as a necessity of fulfilling the requirement of qualified manpower in various fields pertaining to information technology.
7. To computerise the records of each governmental office and build websites for them for the flow of information.
8. To increase the use of computers in the private sector.
9. To develop a physical and virtual information technology park in various places with the private sector's participation for the development of information technology.
10. To use information technology to promote e-commerce, e-education, e-health, among others, and to transfer technology in rural areas.
11. To establish a National Information Technology Centre.
12. To establish a national level fund by mobilising the resources obtained from Government of Nepal, donor agencies, and private sectors so as to contribute to research and development of information technology and other activities pertaining to it.
13. To establish venture capital funds with the joint participation of public and private sectors.
14. To include computer education in the curriculum from the school level and broaden its scope.
15. To establish Nepal in the global market through the use of information technology.
16. To draft necessary laws that provide legal sanctions to the use of information technology.
17. To gradually use information technology in all types of governmental activities and provide legal sanctions to its uses in such activities.

Action Plan

The following action plan shall be carried out to implement the national information technology policy and fulfil its objectives

1. Participation of private sector in infrastructure development:

There may be up to a hundred percent foreign investment in areas such as information technology park, research and development, technology transfer, and human resource development.

2. Infrastructure development

The following arrangements shall be made for information infrastructure development.

- 2.1. An info-super highway and north-south info-highway shall be built taking into account the rapidity of information flow, changes brought about by the means of information flow, and the gradual development of multimedia service. Nepal shall be linked with other parts of the world

through a broadband information network.

2.2. An IT park shall be established in Banepa in Kavrepalanchok District.

2.3. Any company interested in establishing an industry within the park shall be charged only 1% customs duty for the import of equipment related to the industry for up to five years.

2.4. An Internet node shall be established in all development regions by fiscal year 2058/059 (2001/2002) and in district headquarters by fiscal year 2060/61 (2003/2004) with participation of the private sector in order to make Internet available throughout the Kingdom. In making telephone contact with such a node, the telephone charge shall be levied on a local-call basis; and telephone contact with a nearby node within the development region shall be deemed to be a local call, so long as the node in that district is not established. The use of the Internet shall be gradually extended to rural areas as well. The charge for telephone calls to be used for the Internet shall be gradually reduced.

2.5. Telecommunications and electricity services shall be provided to the entrepreneurs involved in information technology sector as per their demand.

3. Human Resource Development

3.1. Necessary facilities shall be supplied to the universities in the country and graduate- and postgraduate-level classes of international standard in computer science and computer engineering subjects shall be offered.

3.2. A long-term programme with a slogan "computer education to all by 2010 A.D." shall be formulated and computer education shall be taught as an optional subject in some public secondary schools from the coming academic year and shall be made a compulsory subject in phases.

3.3. IT shall be used to improve the quality of education.

3.4. The private sector shall be encouraged to prepare medium-level manpower required for the information technology sector. Assistance shall be provided to the private sector to set up institutions for teaching, research, and development of information technology in each development region.

3.5. The knowledge of computer shall be made compulsory to all newly-recruited teachers in phases so as to introduce computer education in schools; and computer education shall also be provided to all in-service teachers in phases through distant education.

3.6. Emphasis shall be given to providing computer education from the school level. Internet facility shall be made available free of cost to universities and public schools for four hours a day within the next five years to provide computer education in a systematic way.

3.7. Nepal Government shall provide scholarships to public and private sector technicians for higher study in information technology.

3.8. Necessary scholarships shall be given to poor and deserving (diligent) students from remote areas to pursue higher studies in information technology.

4. Dissemination of Information Technology.

The following measures shall be pursued for the extensive dissemination of information technology.

4.1. The education institutions and hospitals in the areas where telecommunications and electricity services are available shall be encouraged to use IT services. Even in places where electricity service is not available, the development of information technology through solar power system shall be encouraged.

- 4.2. The distant learning system shall be introduced through the Internet and Intranet as well as through radio and television. Networking systems like school-net, research-net,commerce-net and multilingual computing shall be developed.
- 4.3. A three-year programme shall be formulated and launched to extend the use of computer in governmental offices. All ministries, departments and offices shall be linked to the Internet; and other agencies shall also be encouraged to be linked through the Internet.
- 4.4. Websites for all ministries and departments and district offices shall be created within one year. Necessary legal provisions shall be made to reduce the movement of papers by using information technology in all kinds of governmental activities in a phased manner.
- 4.5. An action plan shall be devised and introduced to include computer as a subject for the examination of a specific level/class and be required to sit for a written examination during recruitment. Provisions shall be made for basic computer training to be a condition for the promotion of employees.
- 4.6. Content shall be prepared to enhance materials with Nepali materials on the Internet to promote Nepalese arts and culture and to develop rural areas.
- 4.7. A public awareness-enhancing campaign on the utility of information technology shall be launched extensively through the electronic media.
- 4.8. An information officer shall be placed in each ministry a phased manner.
- 4.9. In view of the present development of information technology, provisions shall be made to open voice-mail (communication) to talk point-to-point for one's own business without a link to the public switched telephone network.

5. Promotion of E -commerce and so forth E-business, tele-medicine, tele-processing, distant learning, among others, shall be promoted as follows:

- 5.1. Necessary arrangements shall be made to encourage e-commerce.
- 5.2. Necessary legal infrastructure shall be created for the promotion of telemedicine, distant learning, tele-processing, and e-commerce.
- 5.3. Intellectual property right shall be protected through the formulation of necessary laws related to the development of information technology.
- 5.4. Provisions shall be made for the export of software information technology services through IT in the following ways.
 - (a) The person or organisation concerned has to submit certified duplicate copies of the documents on agreements relating to export.
 - (b) Invoice or bill of exportation made under the agreements referred to in clause (a) has to be submitted to the Nepal Rastra Bank.
 - (c) The Nepal Rastra Bank has to validate foreign currency obtained on the basis of such documents.

6. Facilities

The following facilities shall be provided for the development of the information technology sector:

- 6.1. One percent (1%) customs duty shall be levied on hardware, software and all kinds of computer spare parts imported by training institutions related to information technology, albeit on the recommendation of the National Information Technology Centre on the basis of services rendered and the achievements of such institutions.
- 6.2. As software development services based on software are operated twenty-four hours, such

services shall be declared essential services to guarantee regular production by employees working in the companies related to such services, and arrangements shall be made accordingly.

6.3. A venture capital fund shall be established by utilising capital market with the joint investment of His Majesty's Government and the private sector. His Majesty's Government shall make an investment of 100 million rupees initially for such a fund.

6.4. Domestic preference shall be given in accordance with the prevailing law on computers, spare parts and software produced within the country.

6.5. Software may be directly depreciated for the purposes of income tax, whereas equipment relating to information technology may be allowed an accelerated depreciation for two years.

6.6. In cases when an investment has been made in foreign currency either as a loan or share capital required to build and operate infrastructure, the investor shall be allowed to repatriate the principal and interest of the loan and dividends in accordance with the prevailing laws.

6.7. The foreign currency earned from exporting information technology software and services shall be granted facilities that are on par with facilities provided to other export-oriented industries earning foreign currency.

6.8. An information technology development fund shall be established to create public awareness about information technology, assist rural networking, develop information technology with market management, generate the required manpower for this sector, and to make social services easily available where such technology is used. Arrangements shall be made for financial contributions toward this fund from His Majesty's Government, the private sector, donor agencies, and others. The National Information Technology Centre (NITC) shall operate this fund. A feasibility study shall be carried out to manage additional financial resources for the establishment of this information technology fund.

6.9. Export of software shall be subjected to an additional service charge of 0.5 % for the information technology fund, in addition to prevailing customs duties. The amount obtained from that charge shall be deposited in the fund referred to in clause 6.8.

6.10. As Nepali nationals working abroad can play an important role in the technology transfer and market promotion in this sector, they shall be encouraged to invest their foreign currency earnings in this sector.

7. Institutional Provision

7.1 The National Information Technology Development Council consisting of the following members, shall be constituted under the chairmanship of the Rt. Honourable Prime Minister.

| S. N | Name & Designation | Designation in the Council |
|-------------|---|-----------------------------------|
| a | Rt. Honourable Prime Minister | Chairman |
| b | Honourable Minister, Ministry of Science and Technology | Member |
| c | Honourable Minister, Ministry of Information and Communication | Member |
| d | Honourable Vice-chairman, National Planning Commission | Member |
| e | Honourable Member, National Planning Commission (Information Technology Sector) | Member |
| f | Secretary, Ministry of Finance | Member |
| g | Secretary, Ministry of Industries, Commerce and Supplies | Member |

| | | |
|---|--|------------------|
| h | Secretary, Ministry of Law, Justice and Parliamentary Affairs | Member |
| i | Secretary, Ministry of Water Resources | Member |
| j | Secretary, Ministry of Science and Technology | Member |
| k | Secretary, Ministry of Education and Sports | Member |
| l | Secretary, Ministry of Information and Communications | Member |
| m | Computer specialist representative, University/ RONAST (three persons) | Member |
| n | Chairman, Computer Association of Nepal | Member |
| o | President, Federation of Nepalese Chamber of Commerce and Industries | Member |
| p | Persons involved in Information Technology in Private Sector (three persons) | Member |
| q | Chairman, Telecommunications Authority | Member |
| r | Executive Director, NITC | Member Secretary |

7.2. The National Information Technology Council shall review and revise information technology policy, appraise annual progress, and solve problems that may arise and carry out such other activities as it may deem necessary for the development and expansion of the information technology sector.

7.3. A National Information Technology Co-ordination Committee

as mentioned below, shall be constituted to carry out research on and develop information technology, develop manpower required for this sector and a curriculum for information technology, improve the quality of computer training operated by the private sector, ascertain the norms and monitor these and co-ordinate such activities of establishing relations with foreign educational institutions.

| S. N | Name & Designation | Designation in the Council |
|-------------|--|-----------------------------------|
| a | Honourable Minister, Ministry of Science and Technology | Chairman |
| b | Honourable Member, National Planning Commission (looking after the concerned sector) | Member |
| c | Two vice-chancellors of universities | Member |
| d | Secretary, Ministry of Finance | Member |
| e | Secretary, Ministry of Industries, Commerce and Supplies | Member |
| f | Secretary, Ministry of Science and Technology | Member |
| g | Secretary, Ministry of Education and Sports | Member |
| h | Secretary, Ministry of Information and Communication | Member |
| i | Two Information Technologist | Member |
| j | Representative, Computer Association of Nepal | Member |

| | | |
|---|---|---------------------|
| k | Representative, Federation of Nepalese Chamber of Commerce and Industries | Member |
| l | Executive Director, NITC | Member Secretary |

7.4 National Information Technology Centre

This Centre shall be set up under the Ministry of Science and Technology. Its regional and district-level offices shall be established as necessary. It shall carry out the following functions:

- (a) Act as a data bank of information and assist in computerisation of records at governmental offices and in developing and expanding the contents,
- (b) Act as the Secretariat of the National Information Technology Development Council and the National Information Technology Co-ordination Committee; to implement, or cause to be implemented, the policy and plan on information science and information technology, to monitor and supervise the same and to regularise the activities carried out by the private sector and submit reports to the council on these activities,
- (c) Render assistance in all kinds of computer services of His Majesty's Government. Similarly, render assistance in designing, updating, and operating websites of all bodies of His Majesty's Government, and collect all types of data at the national level and serve as a database,
- (d) Act as a regulator for the healthy development of information technology,
- (e) Arrange for coding and standardisation required to bring about uniformity with respect to information technology, and implement and monitor it.

7.5 Information technology Park Development Committee

This committee shall be a separate body under the Ministry of Science and Technology. It shall manage and co-ordinate parks to be built in various places in the country and co-ordinate the building and execution of info-cities and info-villages.

8. Legal Provisions:

Necessary laws shall be enacted to regulate transactions to be carried out through information technology, as well as other necessary arrangements pertaining to this technology, and to protect intellectual property right.

9. Amendment to the Policy

This policy may be reviewed and amended every two years in conformity with technological development and expansion of services as a result of rapid developments in the information technology sector. Nonetheless, at the suggestion of various sectors, it may be appraised and amended if necessary even prior to it.