

# Information Technology Policy

## Vision

"To place Nepal on the global map of information technology within the next five years."

## Background

The world's least developed countries including Nepal have availed themselves of the opportunity to rapidly develop education, health, agriculture, tourism, trade and various other sectors using information technology (IT). The extensive application of this technology will engender economic consolidation, development of democratic norms and values, proportional distribution of economic resources and enhancement of public awareness, thereby raising living standards and eventually contribute significantly to poverty alleviation. It is the information technology, which will turn out to be a strong infrastructure for mitigating Nepal's geographical adversities. In the coming years, globally, there will be a significant difference in the economic conditions of the countries developed in the field of information technology and of the countries lagging behind in this field. The persistence of such disparities may not be congenial even for the developed countries. In this context, there is a greater possibility that the international community will extend its support to developing countries in the promotion of information technology. Such assistance will certainly play a vital role in the national development of a least developed country like Nepal. Hence, it has become essential to formulate a policy at the earliest for developing information technology with a view to boosting up national economy.

## Objectives

The information technology policy shall be formulated to achieve the following objectives:

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

## Strategies

The following information technology strategies shall be adopted to accomplish the above-mentioned objectives through rapid development and extension of information technology in a fair and competitive manner.

- The government shall act as a promoter, facilitator and regulator.
- High priority shall be accorded to research, development and extension of information technology with participation of private sectors.
- Competent manpower shall be developed with the participation of both the public and the private sectors for the sustainable development and extension of information technology.
- Domestic and foreign investment shall be encouraged for the development of information technology and the related infrastructures.
- Nepal shall be placed on the global map of information technology.
- E-commerce shall be promoted with legal provisions.
- Information technology shall be used to assist e-governance.
- Information technology shall be applied for rural development.

- Information technology industry shall be promoted.
- Speedy and qualitative service shall be made available at a reasonable cost by creating a healthy and competitive atmosphere among information technology service providers.
- Computer education shall be incorporated in academic curriculum starting from the school level.
- Professional efficiency shall be enhanced through the use of information technology.
- Information technology network shall be extended to rural areas.
- Nepal shall be placed on the international market through information technology.
- Export of services related to information technology (software and hardware) shall be increased to 10 billion rupees within the next five years.

## Information Technology Policy

The following policies shall be followed up for the implementation of the aforesaid strategies:

- To declare information technology sector a priority sector,
- To adopt one window system for the development of information technology,
- To prioritise research and development in the field of information technology,
- To create an atmosphere conducive to attracting investment in the private sector, keeping in view the private sector's role in the development of information technology,
- To provide Internet facilities gradually to all Village Development Committees of the country,
- To assist educational institutions and encourage domestic and foreign training to fulfill the requirement of appropriate manpower at various levels pertaining to information technology,
- To computerise the system in all government offices and build their websites for the flow of information,
- To encourage the use of computers in private sectors,
- To develop physical and virtual information technology parks at various places with private sector's participation in the development of information technology,
- To use information technology to promote e-commerce, e-ducation, e-health among others, and to transfer technology to rural areas.
- To establish a National Information Technology Centre,
- To establish a fund at the national level by mobilising resources from Government of Nepal, donor agencies and private sectors so as to promote research and development of information technology and other related activities,
- To establish a venture capital fund with joint participation of public and private sectors,
- To include computer education in the curriculum starting from the school level and broaden its scope,
- To establish Nepal in the global market through the use of information technology,
- To enact necessary laws for providing legal sanctions to the use of information technology,
- To use information technology gradually in all government activities and provide legal sanctions to them.

## Action Plan:

The following action plan shall be adopted to implement the national information technology policy and fulfill its objectives:

- **Participation of private sectors in infrastructure development:**

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

- **Infrastructure development:**

The following arrangements shall be made for development of infrastructure related to information technology

- a. An info-super highway and north-south info-highway shall be built taking into account the rapidity of information flow, changes introduced through information flow and the gradual development of multimedia service. Nepal shall be linked with other parts of the world through a broadband information network.
- b. An IT park shall be established at Banepa in Kabhrepalanchok District. Such IT Parks shall be established also elsewhere as required with private sector's participation.
- c. Any company interested in establishing an industry within the park shall be levied only 1% customs duty in importing IT related equipments for the next five years.
- d. Internet nodes 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 facility available throughout the Kingdom. In making telephone contact with such nodes, the telephone charge shall be levied on par with local calls; 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.
- e. Telecommunications and electricity services shall be provided to the entrepreneurs involved in information technology sector as per their need.

- **Human Resource Development:**

The following measures shall be adopted to develop skilled manpower:

- a. Necessary facilities shall be provided to the universities in the country and graduate and postgraduate-level classes of international standard shall be offered in computer science and computer engineering subjects.
- b. A long-term programme with a slogan "Computer education to all by 2010 A.D." shall be formulated and computer education shall be offered as an optional subject in some public secondary schools from the coming academic year and shall be made a compulsory subject in phases.
- c. IT shall be used to improve the quality of education.
- d. Private sector shall be encouraged to prepare middle-level manpower required for the information technology sector. Assistance shall be provided to the private sector to set up institutions for education, research and development in the field of information technology in each development region.
- e. Computer knowledge shall gradually be made compulsory to all newly-recruited teachers so as to introduce computer education in schools; and computer education shall also be provided to all in-service teachers in phases using various means including distant education.

- f. Emphasis shall be given to provide 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.
  - g. Government of Nepal shall provide scholarships to public and private sector technologists for higher study in information technology.
  - h. Necessary scholarships shall be provided to poor and meritorious students from remote areas to pursue higher studies in information technology.
- **Dissemination of Information Technology:**  
The following measures shall be followed up for the extensive dissemination of information technology:
    - a. Educational institutions and hospitals in the areas where telecommunication and electricity services are already available shall be encouraged to use IT enabled services. Even in places where electricity service is not available, the development of information technology through solar power system shall be encouraged.
    - b. Distant learning system shall be introduced through the Internet and Intranet apart from radio and television. Networking systems like school-net, research-net, commerce-net and multilingual computing shall be developed.
    - c. A three-year programme shall be formulated and launched to extend the use of computer in government 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.
    - d. Websites for all ministries, departments and district offices shall be created within one year. Necessary legal provisions shall be made to reduce the use of papers by using information technology in all kinds of government activities in a phased manner.
    - e. An action plan shall be devised and introduced to include computer education as a subject for the examination of a specified rank and make it obligatory for the applicants taking a written examination during recruitment. Provisions shall also be made for prescribing basic computer training as a requirement for the promotion of employees.
    - f. Content shall be prepared to enhance Nepali materials on the Internet to preserve Nepali arts and culture as well as to develop rural areas.
    - g. A public awareness-enhancing campaign on the utility of information technology shall be launched extensively through the electronic media.
    - h. Provision shall be made for an information officer in each ministry in a phased manner.
    - i. In view of the present development of information technology, provisions shall be made to open voice-mail to talk point-to-point for one's own business without a link to the public switched telephone network.
- **Promotion of E-commerce, etc.:**  
E-business, tele-medicine, tele-processing, distant learning, and the like shall be promoted as follows:
    - i. Necessary arrangements shall be made to encourage e-commerce.
    - ii. Necessary legal infrastructure shall be created for the promotion of tele-medicine, distant learning, tele-processing and e-commerce.

- iii. Intellectual property right shall be protected through the formulation of necessary laws in relation to the development of information technology.
- iv. Provisions shall be made for the export of software and IT-enabled services through IT in the following ways:
  - a. The person or organisation concerned shall submit certified copies of the documents on agreements relating to export to the Nepal Rastra Bank.
  - b. Invoice or bill of exportation made under the agreements referred to in clause (a) shall be submitted to the Nepal Rastra Bank.
  - c. The Bank shall validate foreign currency earned on the basis of such documents.

- **Facilities:**

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

- . 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.
- a. As software development and 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.
- b. A venture capital fund shall be established by utilising capital market with the joint investment of His Majesty's Government and private sector. His Majesty's Government shall make an investment of 100 million rupees initially for such a fund.
- c. Domestic preference shall be given in accordance with the prevailing law on computers, spare-parts and software produced within the country.
- d. Software may be directly depreciated for the purposes of income tax, whereas equipment relating to information technology may be allowed an accelerated depreciation in two years.
- e. In case 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 amount and interest of the loan and dividends in accordance with the prevailing laws.
- f. The foreign currency earned from exporting information technology software and services shall be granted facilities on par with facilities provided to other export-oriented industries earning foreign currency.
- g. 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 required manpower for this sector and make social services easily accessible where such technology is used. Arrangements shall be made for financial contributions towards this fund from His Majesty's Government, private sector, donor agencies and others. The National Information Technology Centre (NITC) shall operate this fund. A feasibility study shall be carried out to mobilise additional financial resources by establishing information technology bond.
- h. Export of software shall be subjected to an additional service charge of 0.5 % for the information technology fund, in addition to customs duties. The amount obtained from that charge shall be deposited in the fund referred to in clause 6.6.8.

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

## Institutional Provisions

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

- a. Rt. Honourable Prime Minister  
Chairman
- b. Honourable Minister, Ministry of Science and Technology  
Vice-chairman
- c. Honourable Minister, Ministry of Information and Communications  
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 Law, Justice and Parliamentary Affairs  
Member
- h. Secretary, Ministry of Water Resources  
Member
- i. Secretary, Ministry of Science and Technology  
Member
- j. Secretary, Ministry of Education and Sports  
Member
- k. Secretary, Ministry of Information and Communications  
Member
- l. Computer specialist representatives, University/ RONAST (three persons)  
Members

m. Chairman, Computer Association of Nepal  
Member

n. President, Federation of Nepalese Chamber of Commerce and Industries  
Member