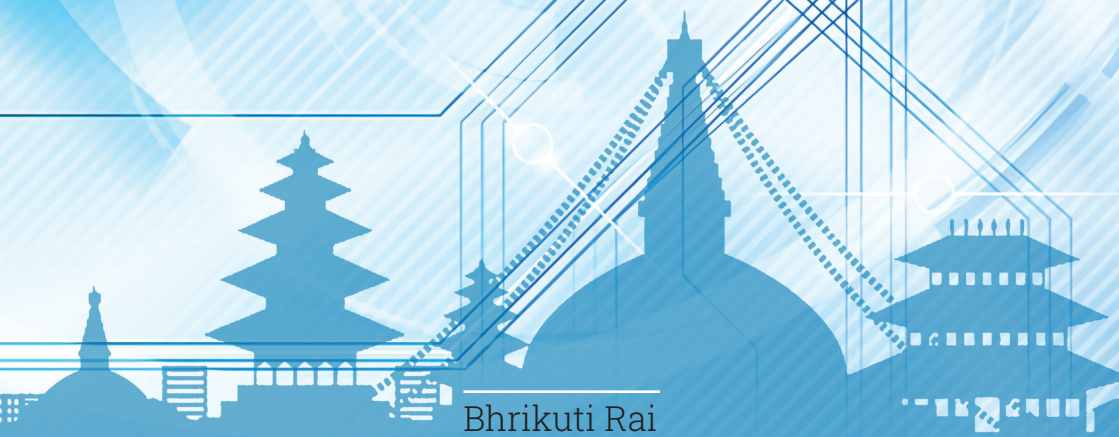
CONNECTED BUT FRAGMENTED:

THE STATE OF INTERNET GOVERNANCE IN NEPAL



Bhrikuti Rai

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PURAK ASIA

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This publication is an occasional paper of Purak Asia. It presents findings from study into the current state of Nepal's internet governance ecosystem. It identifies key actors, their roles in policy making and impact, and interrelations between these actors. This report seeks to understand the various factors and dynamics that influence Nepal's policy making around internet use, shape public dialogue, and identify avenues where stakeholders can make impactful contributions.

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Executive Summary

This study explores the current state of Nepal's internet governance ecosystem. It identifies key actors, their roles in policymaking and impact, and interrelations between these actors. Despite limited legislation and policy framework covering internet governance in Nepal, the unprecedented growth of internet use has led to the organic formation of an ecosystem where different stakeholders have ensured they have a stake in the policies that affect their interests and how the internet is broadly governed. Nonetheless, several key challenges emerge, not least being the lack of coordination between such stakeholders, and the government's positions both on policymaking as well as internet governance. This study thus seeks to understand the various factors and dynamics that influence Nepal's policymaking around internet use, shape public dialogue, and identify avenues where stakeholders can make impactful contributions.

Context

The ecosystem of Internet governance in Nepal is a complex and dynamic network of stakeholders, each with distinct roles and varying degrees of influence on policy-making. Understanding the interplay between these actors is crucial in shaping the future of the internet in Nepal. As internet usage and penetration grows in Nepali society, the role and nature of e-commerce and information technology, how the state, consumers, and businesses interact and/or transact with them, and the state's policy directives with respect to these aspects continue to evolve and grow, a wider study on the subject is essential.

This study begins by mapping key stakeholders in its internet governance ecosystem. It examines their roles, responsibilities, and contributions to the decision-making framework. By analyzing the influence exerted by government bodies, private sector companies, civil society organizations, technical communities, and international organizations, this study aims to uncover the intricacies of policy formation and identifies the structures that influence internet governance in the country. By examining how these forces interact and shape Nepal's national internet policy, this study seeks to map key actors, their roles, and their influence in internet governance policy decisions in Nepal with the help of select case studies around the issue in contemporary Nepal.

Internet governance in Nepal today faces several challenges, including regulatory gaps, infrastructure limitations, and cybersecurity concerns. Further, fragmented regulatory frameworks, limited infrastructure, and unequal internet access also emerge as critical gaps in the current policymaking space. Government authorities also struggle with outdated

policies, inconsistent enforcement, and a lack of coordination among stakeholders, hindering innovation and digital service regulation. Control-oriented regulatory initiatives have raised concerns over digital rights, censorship, and freedom of speech, while weak data protection laws have left users vulnerable to privacy breaches. Further, civil society groups and private sector stakeholders often lack meaningful participation in policy-making. Cybersecurity threats, such as hacking and data breaches, further complicate governance, highlighting the need for a more inclusive, transparent, and adaptive internet governance framework in Nepal.

These issues become particularly relevant against the background of a rapid expansion of internet usage and penetration inside the country in recent years. Nepal's 4G users surpassed 25 million in 2024[1], largely driven by Nepal Telecom (NTC) and Ncell's extensive mobile coverage. According to Nepal Telecommunications Authority[2], there were over 3.1 million fixed broadband internet users, with Worldlink Communications the leading internet service provider with over a million customers. This marks a significant increase in broadband adoption. Most of these users, however, are based in urban areas of Nepal. Geographic disparities in connectivity remain high. Rural areas suffer from slow and unreliable internet due to inadequate infrastructure and high costs of maintenance and usage. According to the Nepal Living Level Survey 2022/23, published by the National Statistics Office, only 39.7 percent of households in Nepal have access to the Internet, with a majority in urban areas[3].

Internet governance requires a complex network of institutions, actors, mechanisms, and rules and regulations[4]. In an ideal scenario, policies around internet governance are framed with the collaboration between various stakeholders such as the government, private sector, donor agencies (in Nepal), civil

society organizations, technical communities, and consumers to formulate policies and make decisions. This ensures diverse participation, greater transparency and accountability from each stakeholder, and a more open, accessible and affordable internet.

Stakeholders in Nepal, however, don't always collaborate efficiently. For instance, introducing a newer generation of fast wireless network technology like 5G internet requires coordinated efforts between the government (to issue frequency licenses to telecom operators, promote fair competition) and non-government stakeholders (to invest in the new technology and introduce it at affordable prices). Regulators need to keep up with technical innovations to ensure policies and guidelines to encourage the private sector to invest in these new technologies and make them accessible to users at competitive prices. But in Nepal, despite the telecom operators' push to introduce 5G, a series of delays in auctioning off 5G frequencies and the issuance of licenses has meant Nepal now lags behind its regional peers in adopting 5G technology in South Asia, and 5G internet has yet to take off in the country[5]. The 2025/26 Budget[6], however, outlined 5G rollout in Nepal's cities in the fiscal year as one of its goals.

Further, according to the International Telecommunication Union (ITU), Nepali people pay nearly three times more for internet access compared to other South Asians, putting Nepal behind India, Sri Lanka and Pakistan in affordability[7]. The study further states that in 2020, Nepalis spent 2.6 percent of their gross annual income to buy internet services, whereas in India, Sri Lanka and Pakistan, the cost was less than 1 percent. 'The Internet Connectivity Index 2021 states that the average monthly fee for internet access in Nepal is around USD 13.8 (approximately NPR 1,600), which is unaffordable for people living below the poverty line.'[8]

Despite the sluggish pace of 5G rollout in Nepal, and the additional costs Nepal already faces as a landlocked country to connect to the global internet by importing bandwidth from Indian companies, internet access has enabled innovations on different fronts. It has greatly increased people's access to information, markets and services. There has also been a greater push within successive governments to digitize public services. In 2021, the government introduced 'Mero Kitta' to digitize land data, which allows users to access services like map printing, plot registration, and field book printing[9]. Users can even ask officials for land valuations and pay their taxes using the platform. This online service at land survey offices across the country is now considered a major milestone in Nepal's land administration, and has contributed to more efficient public service delivery while promoting transparency and good governance in land administration services[10].

However, digitization of government services has not necessarily translated into ease of policymaking and transparent implementation. This study found that policies governing various aspects of internet use – content, data privacy, activities of online intermediaries and internet infrastructure – are heavily led by the government, and are often driven by a handful of people at the highest echelons of decision-making in government agencies. The handful of non-government stakeholders from the private sector and civil society groups who are consulted during the final stages of drafting a policy – usually when policy drafts are open for public consultations – have no clear seat at the decision-making table, and their recommendations are often bypassed or ignored by the government.

Policy Recommendations

All governments play an essential role in safeguarding their citizens' interests, but it is also important to formulate policies governing the internet from a collaborative approach. To foster more transparent policymaking that allows for innovation and expansion of the internet sector in Nepal, this study provides the following recommendations for stakeholders:

1. The government should play a facilitator's role to regulate the internet and not take away people's agency under the guise of protective laws.
2. Non-government stakeholders must build further and more expansive conversations around internet governance and identify clear areas that require policy intervention.
3. Government agencies and businesses need to be proactive about ensuring people's data safety and security to address the existing and future vulnerabilities in systems.
4. The government must incorporate feedback from non-government stakeholders during policymaking and keep a record of the feedback it has incorporated from such stakeholders. Non-government stakeholders have an important role in internet governance, the hallmark of which globally is transparency and collaboration.

Methodology

This study employed a qualitative research approach to analyze the roles and influence of stakeholders in Nepal's internet governance ecosystem. Primary data was collected through interviews with key stakeholders, including government officials (such as the Ministry of Information Communication and Technology, and Ministry of Home Affairs); private sector representatives such as internet service providers and tech companies; the Federation of Computer Association of Nepal; civil society organizations that work in digital rights, think tanks, journalists, and researchers; and academia. Secondary data from policy documents, academic literature and media reports were analyzed to identify the timeline, implementation and outcomes of different policies related to Nepal's internet governance.

Introduction

Internet governance refers to policies, rules, and processes that shape the development, management, and regulation of the Internet. It involves coordinating technical, legal, economic, and social aspects of the Internet to ensure its stable and secure operation while promoting accessibility, fairness, and innovation. This requires coordination between a wide range of stakeholders such as governments, international organizations, private sector companies, civil society groups, and technical communities. According to the Internet Society, a multi-stakeholder, decentralized and collaborative approach to internet governance has been key in the transformation of the internet as a 'trusted platform for innovation and empowerment.'[11] In 2005, the first World Summit on Information Society further defined internet governance as 'the development and application by governments, the private sector and civil society, in their respective roles, of shared principles, norms, rules, decision-making procedures, and programs that shape the evolution and use of the internet.'[12]

Ever since the internet was introduced to Nepal in the early 1990s, the country has witnessed exponential growth in both internet use and bandwidth. The growth of internet use, however, has been fueled by expansion in mobile telephony and internet. As of April 2024, broadband penetration in Nepal is at 144.56 percent, meaning the number of internet subscriptions in the country today is higher than its population[13]. 'With almost 96 per cent of the people accessing the internet through mobile devices, this figure is the result of mobile technology's continued growth over time.' In 2024, Nepal Telecom expanded its fiber internet service to all 77 districts in the country, marking a major milestone in bringing faster internet to remote areas[14]. With more people moving online, there has also been a surge in digital payment systems in Nepal. According to the Payment System Oversight Study 2023/24 released by Nepal Rastra Bank in 2025, digital payments have become one of the most preferred payment methods in the country[15]. Transactions made through QR codes grew by a tremendous 117.03 percent in 2023/24, with a 15 percent corresponding increase in mobile banking users, who now number 24.65 million. This is a far cry from the beginning of the internet in Nepal, when only a select few organizations could access the internet due to prohibitive costs and insufficient infrastructure.

A timeline of internet governance in Nepal

This section presents a historical timeline outlining the evolution of ICT use and governance in Nepal. It highlights key milestones, including policy developments, regulatory frameworks, and technological advancements that have shaped the country's digital landscape. Additionally, it explores existing laws and draft bills related to internet governance, analyzing their implications for Nepal's ICT ecosystem.

1970s – 1990s Early ICT Foundations

The first official use of computers in Nepal can be traced back to the 1970s when a mainframe computer, IBM 1401, was used for the census in 1972. Subsequently, in 1975 an electronic data processing center was established to serve as a hub for data processing and computer training in the country[16]. In 1982, a company called Data Systems International, a Nepal-US joint venture, was established to provide software solutions and BPO services to its overseas clients in other countries, making it the first exporter of IT services in Nepal[17] .

With the liberalization of imports of electronic equipment in the mid-1980s, personal computers became more common by the late 80s and early 90s. In 1992, the Computer Association of Nepal (CAN) was established. The turning point for internet access in Nepal came in 1994, when private sector company Mercantile introduced commercial email service. Before this, the nascent service was limited to the scientific community at Royal Nepal Academy of Science and Technology (RONAST)[18]. Mercantile subscribers at that time were mostly international organizations. Mercantile also acquired the right to distribute the country level .np domain name[19].

1990s – 2000s Policy Beginnings

State policy around internet governance at this nascent time followed the private sector. It was only after Mercantile pushed for commercializing the internet that Nepal began putting together regulatory agencies that subsequently formulated laws and policies. The Ministry of Information and Communication was established in 1992 to expand the information and communication sector in the country. It played a key role in introducing policies related to telecommunications and broadcasting. In its first year, the ministry formulated the National Communication Policy, which paved the way for the liberalization of the telecommunications sector. This

policy encouraged private sector participation in providing telecommunication services.In 1997, Nepal introduced its first Telecommunications Act and Telecommunication Regulations. These laid the foundation for a modern ICT policy in Nepal and established a licensing framework for private ownership and operation of telecommunication services. Before this, all telecommunication services were operated by the government. Within two years, mobile phones were introduced by Nepal Telecom, the state-owned telecommunications company. At that time, it was the only company licensed to operate a landline telephone system as well as the first to obtain a license for operating a wireless phone network. Private ISPs continued to dominate the Internet market till the 21st century. In 2009, two new telecom companies, Ncell (then Spice Nepal Private Limited) and United Telecom Limited entered the Nepali Internet market[20].

In 2000, Nepal introduced its first IT policy, the Information Technology Policy 2057 (2000), the most significant policy addressing information technology at the time. The policy was remarkable because it recognized the importance of developing and integrating information technology into the national economy and governance. In 2003, a High-Level Commission for Information Technology (HLCIT) was established to formulate policies, plans, and strategies for the overall development of the ICT sector. The commission defined IT agenda in Nepal by preparing a draft of an e-governance master plan, commissioning research, and organizing roundtables with stakeholders as well as by establishing tele-centers, standardizing the Nepali font, and preparing the strategic business plan of an IT Park in Kavre[21].

In 2006, HLCIT in collaboration with the Korea IT Industry Promotion Agency (KIPA) formulated the e-Governance Master Plan. The plan proposed 33 projects, out of which eight, including the establishment of an Integrated Data Center, the rollout of a

national ID system, and e-education initiatives, were selected for the first phase of implementation in 2018. The commission was dissolved in 2011 despite protests from the private sector and civil society, who criticized the government for not consulting with them. The government justified the decision saying the commission's work was overlapping with the IT committee[22] under the Minister of Science and Technology.

In 2007, the Electronic Transaction Act was introduced to address concerns around the reliability and security of digital signatures in electronic transactions. It was also aimed at promoting e-commerce and a secure digital economy. However, due to the absence of a comprehensive law regulating online content and platforms, a vaguely worded provision in Section 47 of the Electronic Transaction Act, which says "publication of illegal materials in electronic form shall be liable to punishment with fines not exceeding Rs 100,000 or imprisonment not exceeding five years or both", is routinely used by authorities to arrest people over dissenting social media posts, stifling freedom of expression[23] on social media.

2010s Digital Push & Governance Forums

The IT policy introduced in 2010 aimed to make information technology more accessible to the general public while tapping into the employment potential of the sector. It prioritized private sector participation in research, development, and the expansion of IT services by encouraging foreign investment. The policy included provisions for reduced or eliminated import taxes on IT equipment, establishment of IT parks, Special Economic Zones, and formulating simplified regulations and FDI policies. In 2015, the Information Communication Policy was introduced to establish a regulatory framework to guide and mainstream the use of ICT across all sectors of Nepal's economy, and aimed to lay the foundation for a 'Digital Nepal.'

In 2017, the landmark Nepal Internet Governance Forum (IGF) was held for the first time in Kathmandu. The forum brought together stakeholders from different sectors who formed a steering committee, composed of members from the government, civil society, private sector, academia, media and the technical community. Its aim was to have an active multi stakeholder governance group for policy dialogue on issues of internet governance.

A National ID Management Center was established in 2018 to issue digital identity cards to Nepali citizens by collecting biometric and demographic data. The card has since been made mandatory for social security allowances, income tax payments, and license, company, and passport renewals. As of April 2025, over 6.2 million national id cards have been issued, but there were reports of distribution delays[24] of the cards. In 2018, the center merged with the Central Civil Registration Department to form the Department of National ID and Civil Registration (DoNIDCR) under the Ministry of Home Affairs. In 2019, the Digital Nepal Framework was launched as a strategic plan to utilize digital technologies for economic transformation. Capitalizing on Nepal's growing internet user base, this initiative was to serve as a 'blueprint' for leveraging digital technologies to accelerate national growth by outlining initiatives in key sectors of the economy. The strategic policy document's key objectives were to digitize public services, expand high-speed broadband internet, strengthen cyber laws and collaborate with the private sector and donor agencies for Nepal's digital transformation. But the proposed activities weren't implemented effectively. In 2025, the Office of the Auditor General highlighted severe delays and inefficiencies in the Digital Nepal Framework.[25]

As such, in 2025, the government released Digital Nepal Framework 2.0[26] with new additions such as the expansion of 5G internet, investing in data hosting and cloud infrastructure,

and improving digital skills and capabilities of people working in government agencies, among others. In 2019, the Information Technology (IT) Bill was introduced to replace the 2008 Electronic Transaction Act (ETA). The IT Bill is considered the most comprehensive legislation addressing long-standing concerns regarding IT management in Nepal. The bill covered a wide range of cross-cutting sectors related to information technology, and proposed sweeping changes in areas such as social media regulation, surveillance, e-commerce, and technological innovation. However, the bill was criticized for its control-oriented[27] approach particularly around provisions regarding social media use, and was stalled for almost six years before being broken up into two separate bills – the Social Media Operation, Usage and Regulation Bill[28] and the Information Technology and Cybersecurity Bill – in 2024. These bills are still in discussion at the Parliament.

In 2019, the government also launched the Nagarik App to digitize government services, allowing users to access various public services through a single online platform. The app was introduced as the beginning of a 'new era of Digital Nepal,' aiming to revolutionize how citizens interact with the government. In 2025, the national ID was integrated with the Nagarik App, which currently provides 62 services from 35 different government entities. Over 800,000 users have already downloaded the Nagarik App.

2020s Expansion, Regulation & AI

The National Identity Card and Civil Registration Act was passed in 2022 to establish a legal framework linking individuals' national identification numbers with all government-issued documents, including birth, marriage, and death certificates. In June that same year, Nepal signed a USD 140 million concessional loan agreement with the World Bank for the Digital Nepal Acceleration project (DNA)[29].

In 2023, the government proposed several policies that were intended to address the expanding internet user base, critical vulnerabilities within the system, concerns about the proliferation of ecommerce and social media, and consumer protection. These were the National Cyber Security Policy, the e-Commerce Bill, and directives around social media networks.

The National Cyber Security Policy was endorsed by the cabinet to enhance the security of Nepal's IT infrastructure and digital systems, protecting them from cyber threats. However, the policy's proposal to establish a National Internet Gateway, which would route all Internet traffic in and out of Nepal through a centralized system, faced criticism due to concerns over potential government surveillance[30]. Experts pointed out that it was aimed more at surveilling and controlling people's data rather than boosting trust in the country's IT and digital systems, whose weak security measures have been exposed several times because of data breaches.[31]

The government also introduced an e-Commerce Bill in 2023 to regulate Nepal's growing e-commerce sector, addressing the concerns of various stakeholders, ensuring consumer protection, and preventing unfair competition among online retailers. The bill includes provisions requiring e-commerce platforms to register with the Department of Commerce, Supplies, and Consumer Protection. Nepal's e-commerce sector has grown significantly since the early days of Muncha.com, the country's first online shopping platform launched in 2000. Today, there are multiple e-commerce players active in Nepal, including multinational companies such as Daraz. Better internet connectivity and the popularity of digital payments fueled the growth[32] of this sector. The bill became an act on 2 March 2024, nearly two-and-a-half decades since the launch of Nepal's first online store. E-commerce entrepreneurs welcomed the move but expressed concerns[33] that the law was missing crucial elements

such as regulating unhealthy price competition among online retailers and data privacy.

In 2023, the cabinet passed the Directives on the Operation of Social Networking to regulate social media platforms in Nepal. This was considered important because of the growth of social media users inside the country. Nepal has one of the highest rates[34] of social media users per capita in South Asia, with 43.5 percent of its population active on social media platforms. Increased internet connectivity due to 3G and 4G rollouts, reduced data costs, and the availability of cheaper smartphones have helped fuel the growth of social media in Nepal. Facebook is one of the most popular social media apps in Nepal with a user base growing from 8 million in 2019[35] to over 13 million in 2024[36]. Another popular social media app in Nepal is TikTok, the short form online video platform. Before the 2023 ban on TikTok, there were around 2.2 million TikTok users[37] in Nepal. ISPs say that TikTok accounts for nearly 40 percent of internet bandwidth[38] consumption in Nepal, illustrating the app's wide appeal inside the country.

The 2023 directive also mandated that social media companies operating in Nepal, such as Meta, TikTok, Viber, X, and others, must appoint a representative in the country. Additionally, it prohibited the posting of content that promoted hate speech, defamation, cyberbullying, gambling, and other harmful activities.

In February 2025, the 'Bill on the Operation, Use, and Regulation of Social Media', referred to as the Social Media Act Bill, was introduced in the National Assembly. It required[39] social media platforms to register with the government to operate in Nepal and enforce strict content moderation policies. If the bill is endorsed in its current form, social media platforms will have to pay up to NPR 10 million in fines if they don't comply with the

government conditions while a user disseminating misleading information could be subject to up to five years of imprisonment and a fine of up to NPR 1.5 million. These provisions sparked strong criticism[40] from advocates of press freedom and freedom of expression who argued that the provisions grant the government sweeping powers and could stifle free speech[41].

With the growing global discourse around artificial intelligence (AI), in July 2024, Nepal introduced its first-ever concept paper on AI use. Drawing on examples from other countries about their policies on AI, the paper recommended drafting a national AI policy, preparing a national strategy, and establishing a legal framework for data protection to harness AI's potential for socio-economic development. In February 2025, a draft of the National AI Policy was launched for public consultation. Stakeholders were only given a week to submit their recommendations during the public consultation period, a time frame many criticized[42] as insufficient to wade through a complex and technical document. Stakeholders emphasized greater participation from academia, think tanks, civil society, private sector, technical groups, and other cross-cutting sectors that the AI policy would touch on.

In March 2025, the government amended the Industrial Enterprise Regulation to provide legal recognition to startups as distinct entities to foster innovation. Earlier, it was difficult for local entrepreneurs[43] to obtain the necessary permits to launch new products as Nepali bureaucrats were reluctant to challenge existing guidelines for any product that fell in a gray area that Nepal's laws didn't recognize, like ride-hailing apps. In the absence of clear policies for innovative businesses, many startups were forced to register as 'website development companies'. According to the Global Innovation Index 2022, in terms of innovation capabilities, Nepal ranked 111th out of 132 countries. When it came to government effectiveness in supporting innovation, Nepal's position dropped to 121.

In March 2025, a draft of Digital Nepal Framework 2.0 was released, which aims to modernize Nepal's public services and enhance digital infrastructure with a holistic approach to digital transformation. It aims to build on the past framework which hadn't been implemented effectively[44] due to limited ownership, insufficient coordination across implementing agencies, inadequate funding, and a lack of technical capacity. By prioritizing the role of AI in Nepal's digital transformation in the updated framework, the government aimed to address past challenges like weak implementation and filling technical gaps. The government invited feedback and suggestions from stakeholders, experts, and the public to refine the framework.

Nepal has introduced several policies over the past two decades that sought to align Nepal's digital transformation with its national development goals. These helped lay a foundation for technological advancement but faced mixed success in their implementation. Early policies focused on IT infrastructure and foreign investment, achieving moderate progress in e-governance and IT exports despite bureaucratic delays and infrastructure gaps. The Digital Nepal Framework 2019 marked a significant shift, driving e-governance (Nagarik App), digital payments, and 4G expansion, yet challenges like rural digital exclusion, slow AI adoption, and weak cybersecurity enforcement persist. Recent initiatives like the National Cybersecurity Policy 2023 and legal recognition and regulation of startup enterprises aim to address these gaps, but implementation remains sluggish nonetheless. While Nepal has seen notable successes in mobile banking and IT services, accelerating innovation and investments, improving rural connectivity, strengthening regulatory frameworks, and collaborative engagement with all stakeholders remain critical for holistic digital transformation.

Data privacy and security

There's been a gradual push in the last decade to adopt digital technology and invest in digital solutions in Nepal's public and private sector – from e-governance to e-banking. More Nepalis have embraced digital services because of the benefits they offer, such as increased efficiency, accessibility and convenience. But security measures to ensure user data privacy and safety haven't been as robust. As a result, several data breaches have occurred in recent years.

Incidents of data breaches at startup food delivery company Foodmandu[45] and the ISP Vianet, digital frauds leading to unauthorized withdrawals not just from ordinary people's bank accounts but also from leading fintech company F1Soft's own bank account in Citizens Bank[46], and frequent server breakdowns[47] at Nepal's various government departments, as well as government websites being hacked frequently, illustrate Nepal's growing cybersecurity challenges. These significant challenges are further exacerbated by Nepal's weak legal frameworks, outdated and poorly secured digital infrastructure, and limited public awareness. One such major disruption occurred on 28 January 2023, when more than 400 Nepal government websites went down for hours[48], disrupting services and exposing the vulnerability of the gov.np domain. Server breakdowns have also been regularly reported from the Immigration Department at the international airport, inconveniencing thousands of passengers.

There are also fears that Nepali citizens' personal data could be at even greater risk within this weak digital security framework, especially as the government ramps up enrollment to NID database, which also includes personal and biometric data. In 2021, the government began issuing e-passports making NID enrollment compulsory for anyone applying for a new passport. But government agencies haven't sufficiently addressed the

shortcomings regarding the access and storage of such large volumes of sensitive personal data of Nepali citizens. The National ID project's centralized database, if hacked, could lead to catastrophic privacy violations, especially as concerned government bodies have failed to address privacy concerns[49] over voter data.

Addressing these challenges requires stronger legislation, improved infrastructure, and greater accountability from government and business entities to protect citizens' data in an increasingly digital Nepal.

Stakeholders in Internet Governance in Nepal

The Internet Governance Forum Nepal, one of the first multi-stakeholder forums dedicated to internet governance, hosted its first ever forum in Kathmandu in 2017. The forum brought together stakeholders from different sectors and formed a steering committee composed of members from the government, civil society, private sector, academia, media and the technical community. Its aim was to have an active multi-stakeholder governance group for policy dialogue on issues of internet[50] governance. The forum's recommendation reiterated the importance of transparency in policymaking and more collaboration from the authorities in multi-stakeholder forums.

In the years since, the understanding of internet governance has moved beyond management, coordination, and standard setting of the internet to an evolving and adaptive ecosystem of stakeholders who understand emerging technologies and their usages, and devise policies to address their potential unintended consequences. According to the International Chamber of Commerce[51], internet governance includes 'solving technical issues, setting regulatory frameworks, and policymaking to respond to social, economic, and security matters, as well as questions of trust, standard-setting, accountability, and jurisdiction.'

But responding to a rapidly changing internet, with the potential to reshape entire industries within months, can be challenging. Innovative digital solutions have transformed many sectors, for instance transportation. The introduction of ride-sharing apps in Nepal, which began with Tootle, a locally developed app, in 2017, now includes international companies such as Pathao and inDrive. They have drastically changed how people commute in Kathmandu, which lacks an efficient public transportation system. However, it took the government seven years to officially recognize these apps as ride-hailing businesses. According to a news study[52], government authorities began to bring them under regulations after a 2023 annual study by the Auditor General flagged several issues, including non-payment of taxes and insurance by these companies. The study highlighted that the ride-hailing service inDrive operated 29,300 rides daily in Nepal and had an annual turnover of NPR 2.11 billion, but was 'operating informally'.

In 2023, the government finally amended the Industrial Enterprise Act 2020 to grant these apps legal status. The draft ride-sharing guidelines have proposed vehicle registration, mandatory insurance for passengers, fee regulation and annual

renewal of companies operating these apps as per the regulation of the Ministry of Transport. But enforcement of the guidelines has been sluggish[53].

An efficient implementation of laws would allow new technologies and businesses to flourish, while also ensuring these modes of transportation are safe and accessible to people. This requires coordination between different actors such as the government and the private sector entities leading these new ventures. But that is yet to happen, forcing the ride-sharing apps to continue operating in a legal limbo. Gandaki became the first province to enforce these guidelines[54] in May 2025, but the news was met with protests from traditional public vehicle operators. Subsequently, the province withheld the implementation of the guidelines for a month, after the federal government bowed down to public transport associations and syndicates.

The situation faced by ride-sharing apps in Nepal is an illustration of how digitization of services brought in a new set of challenges and urgently required new policies to better govern and manage the internet. Equally, it also exemplifies how traditional businesses and service operators feel threatened by the rise of internet companies, and will often use their political networks and influence to stifle innovation and operation of internet companies.

Further, an often-misunderstood notion in Nepal is that internet governance is primarily about cybersecurity. While there is a need to strengthen all-round cybersecurity, it is also equally urgent to identify and understand the role of diverse stakeholders who can collaboratively influence policies to improve overall internet governance.

Nepal witnessed a huge spike in internet use over the last decade, most notably following the 2020 lockdown[55]. According to the

2023 Nepal Living Standard Survey by the National Statistics Office, 39.7 percent of Nepali households had access to internet, up from 37.8 percent in the 2021 census[56]. Similarly, internet access through smartphones has increased as well, with more Nepalis now accessing the internet through their phones rather than through a broadband connection.

Despite limited legislation and policy framework covering internet governance in Nepal, the unprecedented growth of internet use has led to the organic formation of an ecosystem where different stakeholders are playing their part to ensure that they have a stake in the policies that affect their interests and how the internet is broadly governed. This is a standard framework for nascent societies that are still evolving to respond to swift technological changes as in the internet.

Nepal has a long tradition of policies being heavily government-led with limited scope for non-government stakeholders consultations and decision making. This approach plagues the country's internet governance landscape as well which doesn't have a robust mechanism for multi-stakeholders' consultations[57].

Further, there is limited information regarding various processes, which impacts how inputs are sought and taken into consideration. While there is theoretical support for a multi-stakeholder approach in policy-making processes, such processes are largely driven by government agencies that aren't always the most transparent of bodies, and are often driven by decisions of a handful of people at the highest echelons of decision-making in government agencies. Most non-government stakeholders and key informants (KIs) said their expert advice and legitimate concerns were not always considered despite having been part of consultation meetings during policy formulation.

Key Actors in the Internet Governance Ecosystem

This section outlines various stakeholders involved in Nepal's internet governance landscape, highlighting their roles and influence in shaping policies, regulations, and the overall digital ecosystem.

1 GOVERNMENT STAKEHOLDERS

1.1 Ministries

The ministries and government agencies under them are the most important in drafting policies and laws to regulate and monitor internet use in Nepal.

1.1A Ministry of Information, Communication, and Technology (MoCIT)

MoCIT oversees the growth of the information and communication sector, including postal services, telecommunications, broadcasting, press, and film. It plays a key role in policy development affecting these areas.

1.1B Department of Information Technology

Established in 2012, the department focuses on IT research, development, and regulation. It plays a key role in formulating policies governing the Internet.

1.1C Ministry of Education, Science, and Technology

This ministry formulates and monitors policies shaping higher education, research, and technological development, playing a crucial role in the country's digital landscape.

1.1D Ministry of Home Affairs (MoHA)

MoHA oversees national security and administrative functions, including digital ID issuance through the National ID Management Center (NIDMC). It also monitors cybercrime cases under the Electronic Transaction Act, impacting digital policing and justice.

Furthermore, all actions on cybercrimes filed under the Electronic Transaction Act are monitored and investigated through Nepal Police which falls under MoHA. As a result, the proliferation of digital content has also transformed the landscape of policing and criminal justice in Nepal, as the Nepal

Police is directly responsible for investigating any crimes related to digital use and governance.

1.1E Office of the Prime Minister

This office includes key advisors and agencies influencing digital governance and cybersecurity policies. The e-Governance Commission, established under the PMO, drives digitization efforts.

1.1F E-Governance Commission

After the launch of the Digital Nepal Framework, the e-Governance Commission was established under the Office of the Prime Minister and Council of Ministers to advance the digitization of government services. On 13 December 2024, the Council of Ministers restructured its leadership, appointing the Chief Secretary as chair instead of the Prime Minister. Additionally, a provision allowing for the appointment of two private-sector board members was removed.

1.2 Regulating Agencies

1.2A Nepal Telecommunications Authority

NTA was established under the Nepal Telecommunications Act 1997 as the country's highest regulatory body for telecommunications. It collaborates with stakeholders in Nepal's internet governance ecosystem, grants licenses, promotes competition, ensures affordable internet access, and resolves disputes between consumers and telecom operators. Its establishment marked Nepal government's first step towards managing the Internet. NTA's responsibility also includes issuing directives to Internet Service Providers (ISPs) to restrict access to websites on government orders, like banning porn websites in 2018[58], and TikTok in 2023[59] .

1.2B Press Council

The Press Council is a statutory body established as a self-regulatory watchdog of the press. It falls under the Ministry of Communication and Information Technology (MoCIT). However, with the growing influence of the internet and the rise of online media platforms, the Council also monitors digital media has increasingly adopted a monitoring role. It has frequently imposed penalties, such as shutting down YouTube channels[60] and recommending authorities to block websites, citing allegations of spreading misinformation and rumors.

1.2C Office of Controller of Certification

The OCC was established under the Electronic Transaction Act to develop a legal framework to facilitate secure online transactions ensuring data integrity and confidentiality.

2 NON-GOVERNMENT STAKEHOLDERS

Several non-government stakeholders, including civil society organizations, think tanks, academia, the private sector, and professional organizations in the ICT sector, play a crucial role in shaping the discourse on Internet governance policies in Nepal.

2.1 Civil Society Organizations

Nepal's vibrant civil society has actively advocated for democratic values, pluralism, and freedom of expression since 1990. However, until recently, most civil society organizations (CSOs) were not actively involved in the digital sphere. One of the first such organizations was the Nepal Chapter of Internet Society, a loose network of ICT professionals formed in 2007[61]. Two years later, it was registered as a non-profit organization pushing for safe internet, user rights and putting the spotlight on policy discussions concerning internet governance in Nepal.

With increased internet use, a myriad of concerns has emerged, from internet safety to digital rights, cyber security, online privacy and holistic policies to address these issues. As a result, a number of CSOs and research organizations have emerged to fill this gap. These organizations focus mainly on raising awareness about digital literacy, reviewing government policies and bills, skill development, knowledge generation, and advocating for a free and open internet. In recent years, their increasing visibility and activities have established them as key stakeholders in Nepal's internet governance landscape. Civil society groups play a crucial role in policy consultations, and their collective efforts have made a significant impact. For instance, in 2023, 30 CSOs focused on digital rights and internet governance policies joined forces to urge the government to reverse its ban on.[62]

They said in a statement that the TikTok ban was a violation of the freedom guaranteed by the Constitution: 'By banning TikTok blanketly, the government's intention appears to be to block a platform of communication and expression, limiting

the opportunities of Nepalese citizens to engage in online conversations, share their views, and participate in the global digital community. Moreover, such a ban appears to adversely affect the economic opportunities of content creators and small and medium enterprises, posing a serious risk to their business stability.'

However, a major challenge for Nepali CSOs in the digital sphere has been access to funding to shape their programs and activities. Their areas of interest and activities are currently influenced by the projects they are able to get funding for, which are in turn shaped by donor agenda. Furthermore, with the emergence of more civil societies in this sector, financial sustainability is a challenge for these organizations. A founding member of a CSO and a KI said they were at the mercy of international donor organizations to secure funding. Further, most CSOs are centered in Kathmandu, meaning local stakeholders and grassroots organizations outside the capital are severely constrained in their activities. Some CSO KIs also outlined the dilemma of whether or not to accept funding from big tech companies, which is part of their corporate social responsibility program, as CSOs primarily scrutinize the same tech companies and platforms. The lack of government funding towards research for CSOs also leaves them heavily reliant on donors. Universities in Nepali are also severely underfunded which doesn't leave them with much to pursue research in the field of ICT.

2.2 Private Sector (Internet Service Providers, Software Developers, Online Payment Services, Hardware Importers and Suppliers, e-commerce and other private sector actors)

Widespread use of the Internet in Nepal today can be attributed to efforts from both the private and public sector. Mercantile, a private company, pioneered the commercialization of the

Internet in the 1990s. Internet use in Nepal then picked up significantly from the mid-2000s when mobile operators NTC (Nepal Telecom) and Ncell (launched as Mero Mobile in 2005), began offering affordable data plans and expanding their network coverage, particularly with the introduction of 4G services. This helped increase mobile internet use (on-the-go connectivity through cellular networks) in Nepal and brought more people online in places where broadband internet, which is provided through wired connections, hadn't yet reached.

Today, there are more than 20 private Internet service providers (ISPs) in Nepal investing in resources and technical expertise to make the Internet more accessible to Nepali households. Additionally, private firms offering cybersecurity services and software solutions as well as fintech companies have also created jobs and contributed to Nepal's economy. Nepal's IT service export industry in particular has grown rapidly[63]. IT service exports in 2022 were valued at approximately USD 515 million, representing a year-on-year growth of 64.2 percent. These exports currently account for 1.4 percent of the country's GDP and 5.5 percent of the foreign exchange reserves. Nepal today has over 106 IT service export companies and 14,728 IT freelancers in software development and technology. More than 50,000 IT-enabled services (ITeS) freelancers are engaged in exporting IT services through various digital platforms.

Despite the tech sector's promising growth, and its contribution to job creation and the GDP, its concerns are only now being heard by policy makers and the government. In January 2025, the government cleared legal hurdles[64] for Nepali IT companies to invest abroad by amending existing laws through an ordinance. This ordinance will enable Nepali IT companies to invest abroad, open their branch offices abroad and bring their earnings back to Nepal.

2.3 Professional organizations

The rise of internet use and digitization of services created a new category of working professionals and businesses. Over the years, people working in different sectors of IT-related business have joined as an umbrella organization. The first such organization was the Computer Association of Nepal (CAN), which was established in 1992 and was at the forefront of leading dialogues and engagements with government and non-governmental stakeholders around internet governance. The association's flagship event, the CAN-Infotech, is an annual exhibition where hardware importers showcased their products. Over the years, CAN-Infotech began including software solutions reflecting the changing nature of Nepal's IT industry.

With the proliferation of commercial internet in the 1990s, CAN saw an urgent need for an IT policy to guide and regulate internet use in Nepal. According to a KI at CAN, CAN was involved in drafting the 2000 IT policy, which has been a guiding document over the years to govern Nepal's digital landscape. 'Commercial internet use was growing in the late 90s, and CAN saw an urgent need for an IT policy to guide and regulate internet use in Nepal, and so we began lobbying for it,' the KI said.

CAN had also been vocal about structural changes required in government agencies to prioritize this sector. This included lobbying for a separate ministry to regulate all the activities regarding information communication technology in Nepal. Eventually, in 2015, MoCIT was established as a standalone ministry to oversee the sector.

Today, CAN has an expansive reach across 74 districts in Nepal, making it easier for its officials to raise awareness and concerns regarding policies and laws around internet governance through stakeholder meetings, and discussion forums. Several other organizations have also emerged, such as Internet Service

Providers Association of Nepal, Nepal Association for Software and IT Services Companies, Fintech Alliance Nepal, E-business Association of Nepal, and South Asian Network Operators Group, as well as distinct committees like ICT Development Committee under broader business umbrella groups like Federation of Nepalese Chambers of Commerce and Industry (FNCCI) to effectively influence policies that impact the private sector.

2.4 Media

Journalists and media outlets play an important role in the internet ecosystem, not just to inform the public about the roll-out of policies concerning internet use, but also to bring to light different stakeholders' issues and concerns to lawmakers. With the increased use of the internet as well as its increased relevance not just to consumers but also to businesses and employees, national media outlets such as Kantipur, Setopati, and Onlinekhabar employ journalists with dedicated beats covering the sector. Media outlets dedicated to tech studying such as Techpana, Techsaathi, Technology Khabar and ICT Samachar have also emerged.

Studying on various facets of internet governance has led to a more vibrant discourse when bills and policies are formulated to govern the Internet. But the discourse around certain policies can also be influenced by the media's relationship with other stakeholders. For instance, banks, online payment systems, e-commerce sites, and ISPs are prominent advertisers on traditional as well as online news outlets. Issues around conflict of interest may arise when they study or choose not to study on issues which involve their advertisers. Nepali media's scrutiny on private businesses have always been less compared to government agencies, primarily because they don't always want their critical studying to affect their business dealings. Such a position seems to have extended to private tech companies as well, who aren't always held accountable when their products undermine user data and privacy.

3 INTERNATIONAL STAKEHOLDERS

3.1 Multinational tech companies

Nepali regulators must deal with the challenges of negotiating with multinational tech companies operating in Nepal[65] as well. In 2023, the government banned TikTok after it failed to register in the country. The year-long ban was reversed in 2024, but the government now intends to bring other multinational social media platforms under its regulatory framework. For instance, the MoCIT has issued multiple deadlines to Meta[66] to register in Nepal, warning of a ban if it fails to do so. But Meta has continued to ignore these warnings so far.

On the other hand, Meta, like many other multinational companies offering digital services in Nepal have been registered with the revenue department since 2023 and paying[67] digital services tax to Nepal government. In 2022, Nepal introduced the Digital Service Tax[68] aimed at foreign companies providing digital services to Nepali consumers and bring them under Nepal's tax system.

Besides popular social media apps, several other foreign companies operate online platforms, software solutions and internet services in Nepal that aren't yet registered with the local authorities.

Multinational Tech Companies Operating in Nepal[69]

Category	Company	Parent Company/Origin	Registration Status in Nepal	Key Services in Nepal
Social Media		Meta (USA)	Registered with MoCIT and Revenue Department	Social networking, ads
		ByteDance (China)	Banned (2023) Ban lifted (2024) Registered with MoCIT and Revenue Department	Short-video platform
	YouTube	Alphabet (USA)	Registered with Revenue Department for tax purpose	Video streaming
		Microsoft (USA)	Registered with Revenue Department for tax purpose	Professional networking
		Rakuten (Japan)	Registered	Free calls, messaging
E-Commerce	Daraz	Alibaba (China)	Registered	Online shopping
Ride-Hailing	pathao	Pathao (Bangladesh)	Registered	Ride-sharing, food delivery
	inDrive	inDrive (USA)	Registered	Ride-sharing
Hardware/ Telecom	HUAWEI	Huawei (China)	Registered	Telecom equipment, smartphones
	SAMSUNG	Samsung (South Korea)	Registered	Electronics

In December 2024, Starlink expressed an interest to launch the satellite-based internet service in Nepal, also the subject of a call between its founder Elon Musk and Prime Minister KP Sharma Oli[70]. No substantial progress has been reported on the issue since then. In May 2025, there were reports of adventure companies facilitating mountain expeditions in Nepal using 'Starlink' internet in high Himalayan base camps, which led Nepal Telecom Authority[71] to issue a public notice to immediately halt such unauthorized operations. The NTA clarified that such actions violated Section 21 of the Telecommunications Act, 1997.

Similarly, Nepal's internet infrastructure has seen significant advancements with the expansion of optical fiber[72] networks and the rollout of 5G trials. Foreign companies play a dominant role in this, creating regulatory challenges. In 2016, China extended its optical fiber network from Lhasa to Nepal via Geelong (Kyirong)-Rasuwgadhi border point and handed it over in August. In 2018, China Telecom and Nepal Telecom completed compatibility works and Nepal was officially connected to the Internet via Chinese networks.

While mobile operators NT and Ncell and ISPs like Worldlink and Vianet have expanded fiber connectivity to urban and semi-urban areas, critical backbone infrastructure still relies on foreign firms like China's Huawei and Finland's Nokia for 4G/5G equipment. The government's push for 5G – piloted by NT and Ncell in 2023 – faces hurdles due to high costs, spectrum allocation delays, and geopolitical pressures, particularly concerns over Huawei's involvement amid US-China tensions. Additionally, Nepal struggles with inconsistent policies on foreign investment, licensing delays, and the lack of a robust legal framework for cybersecurity and data safety, leaving the sector vulnerable to external influence.

3.2 Donor agencies

Donor agencies have a long history of supporting Nepal's development and infrastructure projects. This also includes its telecommunications expansion. In 1959, a Nepal-India Telecommunications project was part of a tripartite agreement between the two countries and the US, with USAID contributing USD 2.9 million to install a 1,000-line telephone system in Kathmandu. Subsequently, US assistance was also vital towards establishing an internal radio communications network made up of 57 stations, with seven area stations, each with five to nine satellites. A remote- control receiver and building were erected in Kathmandu, and over 100 operators and maintenance personnel were trained[73]. In 1969, the World Bank helped Nepal with its Telecommunications Project. Since then, donor agencies have regularly provided technical expertise and infrastructural and financial support towards the country's digital progress.

Some key donors in this sector include Asian Development Bank, The World Bank, Korean International Cooperation Agency (KOICA), USAID, and United Nations Development Program (UNDP). While the share of foreign aid in the national budget has been declining, Nepal continues to rely on development partners for technical expertise and concessional financing for some of its development projects, as well as the long-running efforts to make e-governance widespread. Exposure via field visits and training organized by donor agencies also fill gaps in knowledge and allow transfer of expertise among Nepali bureaucrats as well as IT professionals from Nepal's private sector.

Nepal's development partners have had a key role in supporting the efforts towards digitization of government services since its inception. For instance, in 2007[74] Nepal formulated its first e-Government Master Plan with the support of the Korea IT Industry Promotion Agency, which then led to the establishment of a Government Integrated Data Center, also with the financial

and technical support of the Korean government. KOICA also built the USD 8 million cyber bureau building for Nepal Police in 2023. Similarly, Japan International Cooperation Agency (JICA), has played a key role in strengthening Nepal's e-government systems[75] to modernize Nepal's public service delivery.

Several European countries and institutions have also supported Nepal's digital transformation. The EU has financed digital literacy programs, e-governance initiatives, and rural internet access projects. Germany assisted in cybersecurity capacity-building and IT vocational training, while Switzerland supported digital financial inclusion and mobile banking solutions. The UK's FCDO contributed to Nepal's broadband expansion and policy reforms. British International Investment (BII), the UK Government's development finance institution and impact investor, has also invested NRs 1.08 billion (USD 8.4 million) in local ISP Worldlink[76]. Additionally, Nordic countries have shared best practices in e-government and open-data systems. These collaborations focus on sustainability, inclusivity, and innovation, helping Nepal bridge its digital divide while aligning with global standards.

The World Bank has similarly played a transformative role in Nepal's digital sector through funding, infrastructure development, and policy support to drive connectivity and governance reforms. Initial interventions focused on rural telecommunications,[77] expanding mobile and internet access to underserved regions. By the 2010s, the WB had shifted toward institutional digitization, financing projects like the Nepal Vital Registration to modernize and improve public service delivery at local levels. Its landmark Digital Nepal Acceleration (DNA) Project[78] marked a strategic leap, targeting broadband expansion, cybersecurity, and startup ecosystems. The Bank has also shaped policy through technical assistance, advising on data protection and digital economy frameworks.

4 STATUS AND CHALLENGES OF INTERNET GOVERNANCE IN NEPAL

This section seeks to highlight the status and challenges towards internet governance in Nepal. Internet governance in Nepal faces several challenges including regulatory bottlenecks that hinders innovation and fragmented policies that lack coordination among stakeholders. The government's inconsistent approach – such as arbitrary internet shutdowns and slow adoption of data protection laws – further complicates digital rights and trust. While government initiatives like the Digital Nepal Framework aim to address these gaps, bureaucratic delays slow progress toward effective and equitable internet governance.

Role and influence of the private sector in internet governance

Nepal's private sector has been at the forefront of internet innovation in the country – from introducing the internet for commercial use in the late 1990s to developing online services that have helped expand the market for Nepali goods and services. However, slower developments in critical infrastructure and non-evolution of regulations required for digital transformation have meant Nepali tech companies have been limited in their scope and markets. One such example of Nepal's regulatory ecosystem hindering private sector growth comes from the e-commerce sector.

The Electronic Commerce (e-commerce) Bill to regulate the country's growing online marketplace ecosystem was passed in March 2025, 25 years since the launch of Nepal's first online store, muncha.com. The legislation took four years from the release of a draft bill in 2021. The draft bill was initially met with widespread criticism from stakeholders who said it failed to incorporate their suggestions. Speaking to The Kathmandu Post at the time, Kiran Timsina[79], co-founder of UG Cakes, an online cake delivery service, and Urban Girl, an online fashion store, had said that the draft 'seems to have been prepared in a rush' and didn't reflect their recommendations 'despite multiple discussions having been held while preparing it'. Such concerns

by stakeholders in Nepal's e-commerce sector over the draft bill were reported extensively. There were several public discussions by e-commerce entrepreneurs about shortcomings in the initial draft whose provisions could adversely affect the private sector.

For instance, in the earlier draft, the marketplace was more liable for fines if there was a breach of guarantee[80] and warranty advertised with the goods and services. After a series of discussions with private sector stakeholders, the government amended the provisions in 2022 around intermediaries' liabilities, and the bill was revised to ensure intermediary marketplaces had better screening procedures in place for vendors on their platforms.

Such collective efforts by the private sector resulted in amendments to the initial draft of the e-commerce bill. However, this is not the norm. In most instances, the government holds consultations with the private sector after a policy has been drafted and bylaws have been prepared, and not during the drafting stage. As a KI at the Internet Service Providers Association of Nepal (ISPAN) said, at that stage, stakeholder consultation meetings are done for formality's sake. 'During such consultative meetings, despite us voicing our concerns and inputs, our disagreements are rarely incorporated,' the KI said. 'Nepali bureaucrats take the lead in drafting these bills with limited outside consultations, and once they have ownership over it, they are adamant about not incorporating feedback from other stakeholders.' During one such meeting of the Telecom Act (which was shelved after the government changed in 2024), ISPAN had repeatedly requested that ISPs not be treated and charged the same way as mobile operators, but the draft sent to the cabinet reflected no such changes.

Nepali ISPs have also not been able to pay Indian ISPs that provide internet bandwidth to Nepal. As of February 2025, Nepali

ISPs owed around Rs. 8 billion[81] to Indian upstream providers, including Airtel and Tata, as a result of conflicting decisions by Nepali authorities on taxes owed to the state by the ISPs. The parliamentary Public Accounts Committee ruled that ISPs should be exempted from paying taxes[82] on non-telecommunications components like web service, co-location, hosted service, disaster recovery, managed service, data center, and cloud services, but MoCIT rejected the ruling. The ISPAN KI said that despite clearing their dues with the government, ISPs faced severe difficulties obtaining foreign exchange approvals[83] to pay upstream providers. In response to the MoCIT ruling, ISPAN warned of internet shutdown and boycotted National ICT Day in 2022[84].

On 4 February 2025, Indian ISP Airtel cut internet services to Nepal[85] due to unpaid dues. The disruption was allegedly caused by fiber cuts in Airtel's network in Birgunj and Bhairahawa. Reports suggested the outage was a 'warning from upstream providers about unsettled payments.' This was the second shutdown in two years, with another shutdown reported in May 2023 lasting five hours, with internet restored by Indian ISP Airtel only after Nepal's telecom regulator promised to resolve payment issues. Indian ISPs Airtel and Tata supply 90 percent of Nepal's internet, with Airtel providing 70 percent and Tata 20 percent, and have been reported to have sent multiple notices to Nepalis ISPs to clear their dues.

Further, there are also reports of collusion and cronyism in Nepal's internet governance. According to media reports[86], as well as some private sector KIs, those appointed as IT advisors to the prime minister are the most influential figures in the Nepali internet private sector. These are individuals with backgrounds in technology, most of them linked to private IT firms, and also have networks within the ruling party. In recent years,

such individuals have begun wielding immense power and influence in shaping Nepal's Internet governance policies. One such individual is Prime Minister KP Sharma Oli's IT consultant Asgar Ali, who is also the co-founder of F1 Soft International, which runs the popular payment gateways e-Sewa and FonePay. During Asgar Ali's tenure as an IT advisor during KP Sharma Oli's first stint as prime minister between 2018 and 2021, the Digital Nepal Framework was launched, and work on developing the Nagarik App began.

However, Ali has also repeatedly courted controversies over his alleged role in handing out government contracts to private tech firms of his choice, often without competitive bidding as statutorily required. According to media reports, Ali 'misused power' when it came to awarding contracts to print smart driving licenses, alleging that in 2018, Ali pushed for Malika Incorporate Private Limited, a newly set up firm, to receive the contract to print smart licenses through a cabinet decision. No tender bids were invited before awarding the contract, which also happened to be Malika Incorporated's first-ever contract. According to a high-level government official quoted in the story, Ali also insisted on using a low-tech thermal print technology in place of the advanced laser technology in the printing of smart licenses. In January 2019, four months after the contract was awarded, the Department of Transport Management halted the printing of smart driving licenses after Malika Incorporated failed to meet the required quality standard.

Ali's influence and role in building software and apps[87] for government agencies that collect the personal data of Nepali citizens[88] also came under scrutiny for conflict of interest as he also runs a data analytics company. Media reports allege Ali has access to citizens' data from different departments, including immigration, labor, foreign employment, and the home ministry.

Further, Ali's relatives were hired as consultants to develop the Nagarik App.[89] Originally, the app's data was meant to be used at the National Information Technology Centre, but was transferred to the prime minister's office.

In 2020, media reports[90] alleged Ali's role in blocking a payment gateway system purchased by the government for Rs 250 million to favor his company e-Sewa. In April 2020, Ali was yet again criticized for his alleged role in removing a news story critical of the Oli government from a news website via its developer. News outlet Kathmandu Press accused Shiran Technologies[91], the website developer, of taking down an article regarding the involvement of numerous people in the procurement of medical supplies from China. Shiran Technologies had reportedly acted on 'orders from above'. Asgar Ali is a partner in Shiran's parent company F1Soft.

Ali isn't the only IT advisor to the PM accused of misuse of power and influence. Prakash Rayamajhi, IT expert to Prime Minister Pushpa Kamal Dahal between 2022 and 2024, had allegedly influenced the then government to cancel the national identity card management procedure[92] in favor of his private tech firm Schema Technologies. In April 2023, it was reported that the Dahal-led government canceled the procedure related to inter-system affiliation that was prepared and implemented earlier by the Department of National Id and Civil Registration (DoNIDCR). Schema Technologies, where Rayamajhi was the managing director, was then entrusted to verify the details collected by DoNIDCR.

KIs and private sector stakeholders emphasized that such IT experts with access to power corridors and political networks within the major parties take the lead in public forums about digital governance as well and shape legislation as well as policy

outlook in the sector. However, a KI journalist said that while the private sector had more influence on internet governance policies than other stakeholders, such influence was almost always directed towards their personal gains.

Role and influence of media and social media

The media has a crucial role in disseminating information about laws and policies governing internet use and digital services, acting as a bridge between the government, private sector, and the public. Most discussions around the regulatory framework about internet use and digital governance landscape are jargon-heavy and inaccessible to the general public affected by the same policies. As a result, when policies governing internet use are made open for public feedback, it isn't easy for citizens to understand the implications of proposed rules and laws.

Media coverage of such issues help people understand their digital rights and responsibilities. Investigative reports often expose gaps in enforcement – such as internet shutdowns, censorship, or weak privacy safeguards – sparking public debates and demands for accountability. However, challenges like misinformation, politicized narratives, and limited technical expertise among reporters can distort policy discussions. By fostering transparency and civic engagement, the media empowers people to navigate the evolving digital landscape while advocating for equitable and secure internet governance.

New media outlets like Techpana and ICT Samachar today are specifically dedicated to covering the internet sector. Tech studying in Nepal now extends to consistent studying on how different legislations related to internet governance will affect users and businesses. In addition to studying, they also bring together different stakeholders to discuss related policies.

A KI from one such tech media outlet says such consistent studying by the media on different facets of internet governance, especially from the consumer's perspective, has led to positive changes. Earlier, ISPs would not bother compensating users in case of prolonged internet outage. They would get away with a 'sorry for the inconvenience' message despite the existing NTA compensation policy. Due to prolonged media coverage of the issues, of late, ISPs extend their service contracts by a day as compensation for lost connectivity.

KIs said that critical media coverage about internet governance policies often tends to put off government officials who then try to discredit the media study or the journalist. For instance, when the AI concept paper was discussed in 2024, the media questioned the two-year timeframe to formulate a law governing AI. A tech journalist and KI said ministry officials noted that the 'media only writes negatively' about government policies, and cited similar criticism while studying on the new social media regulations. When a KI journalist quoted a statement issued by an international company that highlighted the difficulties of following the provisions in the social media regulations, the journalist was criticized by government officials for 'taking the foreign company's side instead of the country's side'.

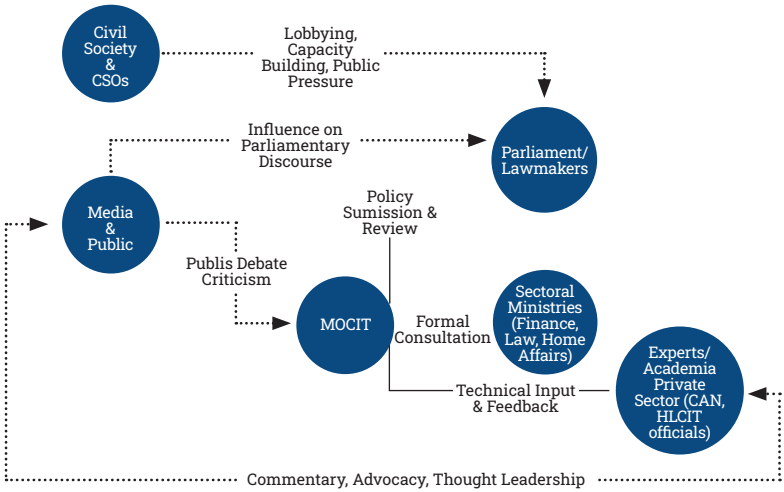
Similarly, non-traditional news outlets like popular social media news pages like Routine of Nepal Banda have garnered a massive audience who go to them for news updates. As of May 2025, Routine of Nepal Banda had over 2 million followers on Instagram and 4.5 million followers on Facebook. Such social media disseminators have begun to play an important role in disseminating information, not just regarding policies related to internet use, but also on other issues.

On the other hand, large corporate media houses are losing audiences and revenues because of the shifting media landscape.

Traditional media houses have also pivoted to the internet and have acquired stakes in the lucrative fintech sector to diversify revenue. In 2017, Kantipur Media Group, the largest media company in Nepal, acquired a stake in F1Soft[93] International, a software development company and the developer of e-Sewa. In 2021, MNS Investments acquired[94] the popular product listing site Hamrobazar. Kantipur's executive director Sambhav Sirohiya is also the CEO of MNS Investments.

Such conflicts of interest affect the current coverage of Nepal's tech landscape. For instance, when F1 Soft's account in Citizens Bank[95] was reported to be 'missing' Rs 35 million in January 2025, Kantipur did not give it as much column space as other papers, giving rise to speculations about conflict of interest as the media house owns a stake in the internet company. Such conflict of interest and non-critical media coverage may further encourage tech companies to be less accountable towards its consumers.

IT Bill 2019 (Policy Process)



Role and influence of different stakeholders during policy formulation

Civil society and internet governance

Nepal has over two dozen civil society organizations focusing on digital rights which are primarily focused on building alliances with journalists, lawyers, women rights activists, Dalit rights activists, and MPs to emphasize the rights and challenges of the digital sphere in Nepal. Organizations like Digital Rights Nepal, Body&Data, Child Safety Net, Freedom Forum, and Centre for Media Research address internet governance-related issues from the perspective of online rights and security.

Body&Data works with consultation groups on the national identity project to ensure that laws and policies that are inaccessible to common people can reach them. The organization is working towards creating a knowledge portal[96] that aggregates all the laws around data security, digital rights and privacy, and also uses that as a tool for capacity building for other organizations.

Similarly, Digital Rights Nepal and Centre for Media Research review and analyze bills related to internet governance and organize discussion programs with different stakeholders to share their findings. The Digital Freedom Coalition works with government agencies in different capacities, lobbying with policy makers as well as building the capacity of MPs in the sector.

Civil society organizations also emphasize digital literacy and capacity building tools that are aimed at younger Nepalis. These organizations hope that working with younger Nepalis on digital literacy will lead to a more critical user base that is aware of their rights and will seek accountability from different stakeholders. Organizations like Body&Data say that such an approach works better for them since they work with limited resources and smaller teams. In order to amplify their work, they work with communities on the ground and pass on skills and domain knowledge to other organizations.

'Fear' of government response

Lawyers, researchers, digital rights activists and IT entrepreneurs repeatedly said it was difficult to assess the impact of any feedback they provided to the government on laws and implementation because there was no formal evidence of the consultations and feedback they provided and what they led to. 'Our suggestions go unheard,' was a common refrain among all non-government stakeholders. The KIs complained about extremely opaque policymaking practices in Nepal and the top-down approach to policymaking.

Non-government actors often 'feared' their interactions with the state. All were aware that the top-down approach to the drafting process gave the government greater power in regulating the internet as well as the spaces critical of the state. Most non-government actors were hesitant in their interactions with the state, and feared that their candor about their concerns ('afno kura rakhna hachkiney') would come back to bite them ('state le satauchha').

Digital rights activists said their critical analysis of government policies meant they were pigeonholed as 'always critical of the government', and lost their access to government offices, ministries and powerful bureaucrats who drafted such policies after voicing their concerns.

5 CASE STUDIES ON INTERNET GOVERNANCE IN NEPAL

The following section provides specific case studies based on recent policy changes and drafting processes related to internet governance in Nepal. They highlight not just policy challenges, but also how different stakeholders collaborate – and also show lack of coordination – while framing policies around new technologies and paradigms in the sector. These are intended to serve as a reference to how legislation on the internet sector is crafted and implemented in Nepal.

Case study 1: IT Bill 2019

Long before the IT Bill was registered in Parliament in 2019, a series of decisions by the government were intended to replace the existing Electronic Transaction Act (ETA) that could not address the changes and challenges of the internet sector which had evolved rapidly. The IT Bill intended to modernize the legal framework for Nepal's digital sector to address the concerns about data privacy, cyber security, regulation of foreign social media websites used in Nepal, and encouraging a transition to a digital economy.

Discussions around the ETA began with a 2017 MoCIT proposal to the PMO for a 'permission in principle' ('saidhantik swikriti') to draft a new bill to regulate and address existing concerns around the IT industry in Nepal. A KI who worked at MoCIT then said the drafting committee was composed mostly of internal experts, who combed through the IT Acts of different countries, the limitations of the existing ETA, action plans formulated by the NTA in the past, as well as consulted international standards in such bills to make provisions accordingly in the Nepali context.

The drafting committee took three months to prepare the initial draft, which was shared with experts from the private sector, academia, as well as retired officials of the now-defunct High-Level Commission for Information Technology (HLCIT). HLCIT was a centralized body formed in 2003[97] under the chair of the

Prime Minister to provide crucial policy and strategic direction to the Nepali IT sector. It was dissolved in 2011. These experts were then invited for a seminar-like discussion where they provided feedback on the draft bill. A KI and former secretary said they had tried to incorporate as much feedback as possible. However, there was no official mechanism to formally incorporate such feedback at that stage, which meant such consultations with external non-government stakeholders were not formally filed. 'We couldn't include all the experts, so we sought suggestions from different associations like CAN and a handful of other experts.'

The bill was then sent to sectoral ministries like the MoHA, Ministry of Finance, and Ministry of Law that had a stake in different provisions of the bill. MoCIT sought written comments from them, but not all sectoral ministries sent back their comments. These inputs were then compiled, after which there was a round of internal discussions at MoCIT.

The draft was then sent to the Ministry of Finance for another round of 'consensus', mostly to approve the resultant costs of the bill. Following the Finance Ministry's approval, it was then sent to the Ministry of Law, which looked into whether or not the draft bill incorporated comments from the public. In the case of the IT Bill, except for a few rounds of consultations with external experts, it wasn't open for public comments before being tabled in Parliament, but it was greenlit by the Ministry of Law nonetheless. The draft was then registered in Parliament, after which the bill was publicly available on the parliament's website.

When the draft IT Bill[98] was tabled in Parliament in 2019, there was an immediate uproar in the media as well as social media about some of the provisions which could restrict digital content, particularly affecting social media, and had provisioned for harsh punishments not just for users but also for intermediaries

Tracing the Journey of the IT Bill 2019

1 Need Recognition (Ministry of Information and Communication Technology – MoCIT)

2 Submit proposal to the Prime Minister's Office

3 Receive approval to initiate drafting

4 Form a Drafting Committee

5 Review existing IT Acts and international standards

6 Prepare Initial Draft

7 Seek feedback from IT experts (private sector, academia, retired officials of the defunct High-Level IT Commission)

8 Incorporate feedback into draft

9 Circulate draft to sectoral ministries for review

10 Collect and consolidate comments from ministries

11 Hold internal discussion at MoCIT

12 Forward draft to the Ministry of Finance for consensus

13 Obtain approval from the Ministry of Finance

14 Forward to the Ministry of Law

15 Legal review by the Ministry of Law

16 Deliberations at the Cabinet Committee

17 Register the draft in Parliament

18 Publish draft on the Parliament website for public access

19 Suggestions, criticisms and concerns from non-government stakeholders and different parliamentary committees

20 Discussions in the parliament

21 Amendments to the bill. Eventually be passed as law if it gathers sufficient votes in the parliament*

Stakeholders

Government: MoCIT, Prime Minister's Office, Ministry of Finance, Ministry of Law, Parliament

Non-Government: IT experts, academia, private sector, lawyers, think tanks and civil society organizations

*However, the bill failed to gather support. It remained stalled for five years before being segmented into the Social Media Operation, Usage and Regulation Bill102 and the Information Technology and Cybersecurity Bill respectively in 2024.

like ISPs. For instance, Section 94 of the bill criminalizes people who post content on social media deemed to be against 'national unity, self-respect, national interest, and relationship between federal units'. Chapter 14 of the bill deals with provisions relating to social networks. Section 94(1) of the Bill imposes restrictions on freedom of opinion and expression on social networks.

The MoCIT KI admitted that the criticism may have arisen because the ministry did not seek public consultations during the drafting process. The aim of the IT bill was to ensure stricter regulatory aspects while also making the industry more business-friendly and attractive to investors. But 'national interest', the KI said, remained the primary consideration. The KI admitted that a bill as widely encompassing as the IT Bill posed several challenges, the greatest being addressing concerns of all stakeholders and not being able to engage sufficiently with them during the drafting process. The KI also noted that drafting a bill as this was an expensive endeavor and the government had not been able to provide the resources and the salary scale that could attract the most qualified people to the ministry, which affected the drafting process.

Criticism around the draft bill brought together the media, civil society organizations, and private sector, who voiced their concerns and suggested amendments to the bill. Stakeholders across the spectrum criticized the government for leaving them out of the consultations during the drafting process[99]. Non-government actors strongly felt that consultations with stakeholders weren't timely or sufficient. KIs complained that their expertise was not being utilized. A cybersecurity expert KI, who specializes in cyber defense, cybersecurity audits and governance, said that asking for expert feedback after the draft of proposed policies and bills had been circulated to the public didn't make sense. The KI said industry standards meant involving experts when the bill was being drafted to get their

insights to shape policy, and not when draft was sent out for public consultations.

The wave of criticism that followed the release of the draft bill allowed for many stakeholders from civil society and the advocacy space to lobby with policy makers in the next phase of discussion and public consultation. A KI who specializes in cyberlaw and media technology and runs a CSO said they held consultation meetings as well as developed capacity building for the MPs, many of whom went on to speak in Parliament about the concerns around the draft bill's positions on digital content and social media platforms. CSOs also organized protests, and gave suggestions to the government through different parliamentary committees. The KI claimed several controversial provisions were rolled back due to these interventions, like social media control and administrative control over platforms, resulting in the bill not being able to move ahead in its original form. Lawmakers had previously submitted amendments to the bill's 90 different provisions[100] including the removal of clauses that criminalized people's interactions on the internet, of which 36 were taken into consideration when the parliamentary Development and Technology Committee passed the IT Bill in 2019. 'This is no small feat,' the committee chair Kalyan Kumari Khadka had said afterwards[101].

However, the bill failed to gather support. It remained stalled for five years before being segmented into the Social Media Operation, Usage and Regulation Bill[102] and the Information Technology and Cybersecurity Bill respectively in 2024.

Case study 2: Bans as a generalized solution

Sweeping technological advancements have reshaped the regulatory environment globally. Regulators have been slow to catch up to technology because legislative processes take time and policymakers don't always have the technical expertise

to understand the rapidly evolving technologies. When they eventually do, regulations that do not curb innovation while also protecting consumers are prioritized.

In Nepal, however, instead of incorporating adaptations to the shifts in technology through appropriate legislation, regulators are quick to enforce blanket bans on platforms and technologies not recognized by existing legislation. Several such instances have been reported in recent years.

Take ride-hailing apps for instance. Nepal's first ride-sharing app, Tootle, was launched in 2017. Ride-hailing apps are mobile applications that allow people to request a ride from a nearby driver through digital platforms. Private vehicle owners can register to be a 'rider' on these platforms and carry passengers when they receive an online request. Other similar apps such as the MNCs Pathao and InDrive gained popularity subsequently in the market. But instead of bringing them under regulation, engaging with new tech and consumer products to ensure users' safety, and addressing larger concerns around public transportation infrastructure, in 2019, Nepal cracked down on ride-sharing apps[103] and put in place a blanket ban. The government was under pressure from public transportation owners and organizations who saw these apps as direct competition. Nepal's Transport Management Act, formulated in 1993, states that no private vehicle can be used for purposes other than what they have been registered for. The government banned ride sharing apps[104] on this ground.

Public pressure led to a reversal in the government decision. Subsequently, in 2024, nearly seven years after the launch of ride-sharing apps in Nepal, the government finally amended existing regulations to give these apps a legal status. In February 2024, the government amended the Industrial Enterprises Act 2020 recognizing ride-hailing businesses as service-oriented,

finally giving them legal status. The government's decision came a few months before the Nepal Investment Summit, and it hoped that its decision to recognize ride-hailing apps would promote Nepal as an investment-friendly country. The draft ride-sharing guidelines have proposed vehicle registration, mandatory insurance for passengers, fee regulations, and annual renewal of companies operating these apps as per the regulations of the Ministry of Transport. More than a year later, Gandaki became the first province to enforce these guidelines in May 2025. However, almost immediately, public transportation operators and cartels went on strike as protest, bringing public transportation to a halt in the country. The provincial government then suspended the guidelines for a month, bowing down to the sustained pressure created by public transport associations and syndicates.

Another most controversial decision around online platforms and internet use came in November 2023. Nepal banned the popular Chinese social media app TikTok after the government raised concerns that the platform was 'disrupting social harmony'. The ban lasted for nearly a year before being lifted in August 2024.

According to a KI at MoCIT, the decision behind the ban came directly from the political leadership. The ban came despite the Ministry of Home Affairs issuing a statement only the previous week about social media platforms like TikTok becoming 'an inseparable part of our personal and social life[105]' following 'positive talks' between the government and representatives of TikTok visiting Kathmandu.

MoCIT was informed that the ban on TikTok was the result of information 'disrupting social harmony' being shared on the platform, and that the platform had not shown an interest in the conditions by the government to set up a formal presence inside the country. The MoCIT team then studied other countries

where similar bans had been applied on the app. The KI said that the impetus behind the ban came from the platform's hesitation to fulfill the government's conditions, as well as its lack of moderation over social media posts that had sparked fears of communal violence in Nepalgunj in October 2023, where a curfew was imposed after an alleged 'defamatory' post by a Hindu youth on the social media[106] angered local Muslims as they celebrated Prophet Muhammad's birthday.

The following weekend, Nepalgunj's Muslim community organized a protest at the CDO's office. Although authorities had denied the Hindu group any permissions to gather, they defied the authorities, which led to a violent clash that left 13 people including three security personnel injured. In order to avoid further escalation, a curfew was imposed in the city for a week.

The MoCIT KI said that TikTok representatives had asked Nepal to reverse the ban several times. The company wrote a letter to NTA on 16 November 2023, and to MoCIT on 6 December 2023 to lift the ban. TikTok also agreed to open a local office and work on digital awareness programs as asked by the government. But the then government led by Prime Minister Pushpa Kamal Dahal remained unconvinced. The MoCIT KI said that the government had not consulted stakeholders before announcing the ban. 'When it comes to shutting things down, the state doesn't really consult anyone,' the KI said.

There were also media reports that the ban on TikTok, a Chinese-owned platform, came about as a result of the broader global geopolitical struggle between the US and China, and India and China. International media also reported on the ban as it came about when discussions around TikTok were ongoing in the US Congress. Dahal's government, however, fell a few months later when his primary coalition partner, the Unified Marxist-Leninist (UML), led by K.P. Sharma Oli withdrew support and

formed a government with the Nepali Congress. The ban was subsequently reversed in August 2024, and TikTok officially registered in Nepal in November 2024.

On 15 December 2024, the Nepal government approved the bill to regulate social media platforms in the country and introduce it in Parliament. According to this bill, online social media platforms with more than 100,000 users will now have to register themselves inside Nepal, failing which the company will be fined NPR 2.5 million. If the company fails to register despite an official intimation and does not follow a takedown notice, it will be further fined NPR 1 million. The bill also targets users who disseminate fake news, indulge in cyber-bullying and cyber-crimes, create fake identities or hacking others' identities, attempt to influence elections, target women, and spread hate speech and posts resulting in social disharmony[107]. Such users will be fined up to NPR 500,000.

There are now fears that the new social media bill will bring government scrutiny and action on other social media platforms as it did with TikTok too. This is despite the MoCIT consulting with experts[108] and stakeholders outside the government, and seeking public comments by sharing the draft of the bill online while the regulations were being formulated.

The MoCIT KI said that concerned stakeholders did not always engage deeply with such efforts by the government and 'complained from outside'. The KI said the ministry didn't hear back from MNC social media platforms like Facebook and X, and those who responded were not positive about the conditions set forth by the government. Furthermore, it was difficult for the ministry to follow up with the companies as most of them did not have offices in Nepal. However, the KI noted that the decision to ban TikTok was primarily political. 'It would have been better if we had chosen a middle ground to negotiate with

TikTok instead of the blanket ban. The app was supporting many small to medium local Nepali businesses. We should have asked the company to come invest in Nepal, set up an office, and work together,' the KI said.

The TikTok ban was also rolled out without consulting key stakeholders like ISPs, illustrating the centralized approach towards internet governance in Nepal. According to the KI from ISPAN, ISPs were neither consulted about the ban on TikTok before the decision, nor were they given a working procedure or timeframe about how they were supposed to enact the ban. The ISPs learnt about the decision through news media only after the cabinet had decided to implement the ban. 'We were told by NTA to close down the app over a phone call. We demanded the request be made in writing or over email,' the KI said. ISPs could not fully limit access to the app as well as the TikTok website as both worked differently. According to KI estimates, ISPs were only able to immediately shut off 70 per cent of the TikTok bandwidth.

A similar situation was reported when the ban was lifted. KIs said ISPs had asked to be part of government negotiations to iron out the technical aspects of when the ban would be lifted and TikTok would be available, and how TikTok would handle local data storage and manage costs. KIs said ISPs had hoped there would be a timeframe of three to six months before the ban would be lifted. 'But we were kept outside the decision-making process,' a KI said.

The ban on TikTok was lifted in August 2024. The company registered in Nepal in November that year with additional conditions. It would 'help promote Nepal's tourism; invest in digital literacy efforts; support to uplift Nepal's public education system; and be mindful of the language used on its platform'[109]. Since then, the company has tried to engage with both[110]

government and non-government stakeholders. It registered in Nepal under the 2023 Directives for Managing the Use of Social Networks. In December, TikTok organized a 'Safety Summit' in partnership with MoCIT, bringing together TikTok users, regulators as well as civil society organizations.

One of the organizations that participated in the Safety Summit was Child Safety Net, which had also been working closely with TikTok on digital safety prior to the ban. Child Safety Net is also TikTok's community partner channel, a mechanism which allows safety and civil society groups to study potentially harmful content and directly engage with TikTok's moderation teams.

A KI from the organization said that wider discussions should have been held before banning TikTok and noted there had been similar abrupt bans in the past like the ban on the gaming app PUBG. 'We need to have robust discussions on how to make these online platforms accountable and not just announce blanket bans on them,' the KI said. 'The government may continue to act the same way and shut down other sites and apps in the future without consultations.'

Non-government stakeholders advocating for freer and a more open internet in Nepal have similar reservations about the social media bill. A legal tech expert who has worked closely with different government agencies on drafting committees for bills related to internet governance said that Nepal's regulatory framework is becoming increasingly regressive. 'Even in a democratic society like ours, the internet is now considered a threat to people in power, and they are actively seeking to control it,' the KI said.

Authorities in Nepal routinely arrest individuals over their social media posts, particularly those that are critical of the

government. Digital Rights Nepal documented at least four incidents in September 2024, where individuals were arrested for their social media posts critical of political leaders. All of them were charged under the Electronic Transaction Act, which came into effect in 2006 and was aimed at authenticating banking transactions and discouraging cybercrime. Authorities used the vaguely worded provisions in Section 47 of the Electronic Transaction Act, which prohibits content that spreads hatred or malice or disrupts public decency to take action against not just journalistic work published online but also social media posts they deemed 'improper'. The Press Council of Nepal has also frequently imposed penalties and shut down YouTube channels[111], citing allegations of spreading misinformation and rumors.

The Act has been used to stifle criticism of political leaders by journalists as well as prominent figures. In April 2020, in the midst of the Covid-19 lockdown, former government secretary Bhim Upadhyaya was arrested for a Facebook post[112] critical of the then Prime Minister KP Oli and his cabinet. That same month, journalist Deepak Pathak was also arrested[113] on charges of defaming Nepal Communist Party's (NCP) then chairman Pushpa Kamal Dahal on social media.

Experts caution that the social media bill with even more stringent penalties – imprisonment of up to five years and fines of up to NPR 1.5 million for 'spreading harmful or deceptive information that could disrupt national sovereignty, territorial integrity, or national interests – could be wielded against those opposed to the government/and political leaders.

Case study 3: National AI Policy 2025

Nepal released its first-ever concept paper on AI in July 2024[114]. The document was designed to lay the foundation for formulating policies and laws to promote and regulate AI

tools to drive innovation and boost public service delivery. The concept paper was released a few months after the Information Technology and Cyber Security Bill 2023 was introduced in the parliament. Section 79 of the bill[115] mentions that AI, machine learning, blockchain, Internet of Things, and other technologies should be used in a dignified, transparent, accountable and safe manner.

The decision to launch an AI policy was also to ensure that regulators could catch up with private sector-led AI development in Nepal. Several startups and companies are already working on AI-driven solutions[116], particularly in speech recognition, automation, and data analytics. Companies like Fusemachines Nepal and Paaila have contributed to AI-driven chatbot development and AI-based automation in financial services.

A technical committee under the MoCIT prepared the concept paper after six months of studying[117] how AI was being developed and used by other countries. The committee comprised Narayan Timilsina, deputy secretary at MoCIT; Pavitra Dangol, information technology director of the Information Technology Department; Baburam Dawadi, associate professor at Institute of Engineering Studies; and Surya Prakash Upadhyay, computer engineer at MoCIT, as member secretary.

The launch of the concept paper was widely covered in the media. Subsequent discussions among wide-ranging stakeholders[118] from civil society, tech companies, and academia emphasized the need for a regulatory framework prioritizing research, innovation, and collaborations. Such discussions[119] highlighted the importance of open, multi-stakeholder dialogue in shaping ethical AI policies. Recommendations included[120] the need for a regulatory framework that balances technological advancement with ethical considerations and the importance of multi-stakeholder dialogue in shaping ethical AI policies.

Less than a year later, on 4 February 2025, the government launched a draft of the National AI Policy[121] for public consultation. The policy identified problems and challenges such as massive investments required in AI research and infrastructure, the lack of skilled human resource in this field, and concerns over data security and privacy. It also highlighted opportunities such as improved public service delivery and increased productivity by harnessing the potential of AI technology. The draft policy's vision was to 'build a prosperous Nepal through the development and inclusive, ethical use of AI', with the mission to 'harness the transformative potential of AI to achieve social and economic prosperity.'

While this significant step to acknowledge the importance of AI and its regulation in Nepal received widespread praise, many stakeholders raised concerns regarding the policy drafting process. For instance, stakeholders were only given a week to submit their recommendations during the public consultation period, a time frame many criticized[122] as insufficient to wade through a complex and technical document. Furthermore, stakeholders also voiced their concerns about transparency in the drafting process – what kind of consultations took place, who the individuals and groups who shaped the policy draft were, etc. These key details weren't disclosed in the draft policy. Similar to their recommendations concerning policies and laws relating to internet governance, stakeholders emphasized greater participation from academia, think tanks, civil society, private sector, technical groups, and other cross-cutting sectors.

6 CONCLUSION

This study, among the first of its kind in Nepal, enquired into the policy framework around internet governance in the country. The unprecedented growth of internet use has led to the organic formation of an ecosystem where different stakeholders are keen on the policies that affect their interests. As this study has shown, several key challenges exist, primarily the lack of coordination between stakeholders and the government's positions both on policymaking as well as internet governance. This study began by mapping key stakeholders in Nepal's internet governance ecosystem and identified the structures influencing internet governance. It then went on to, through selective case studies, describe how the internet landscape in Nepal today is a complex one wherein the government's policy processes can be described as opaque and lacking sufficient inputs from various stakeholders.

It also described how authorities in Nepal viewed the internet and various service providers and often employed blanket bans to crack down on dissent. The research also outlined the regulatory gaps, infrastructure limitations, and cybersecurity concerns in Nepal. Government authorities also struggled with outdated policies, inconsistent enforcement, and a lack of coordination among stakeholders, hindering innovation and digital service regulation. Control-oriented regulatory initiatives raise serious concerns over digital rights, censorship, and freedom of speech, while weak data protection laws have left users vulnerable to privacy breaches. Further, civil society groups and private sector stakeholders often lack meaningful participation in policy-making. Cybersecurity threats, such as hacking and data breaches, further complicate governance, highlighting the need for a more inclusive, transparent, and adaptive internet governance framework in Nepal.

In an ideal scenario, this study argues, policies around internet governance are framed with the collaboration between various

stakeholders. This ensures diverse participation, greater transparency and accountability from each stakeholder, and a more open, accessible and affordable internet. Towards this end, this study makes the following recommendations to both the government and other stakeholders in the internet governance landscape of Nepal.

Recommendations

1. Greater transparency and strengthening collaborative efforts

Currently, limited information is available to stakeholders regarding policy-making processes in Nepal, which impacts how inputs are sought and taken into consideration. This applies to internet governance policies as well. Government agencies did not always consult non-government stakeholders sufficiently while drafting policies and laws, and when they did, it was difficult to measure the impact of such consultations and policy discussions.

The government must incorporate feedback from non-government stakeholders during policymaking, and keep a record of the feedback it has incorporated from such stakeholders. Non-government stakeholders have an important role in internet governance, the hallmark of which is transparency and collaboration globally. As tech regulation is always slow to catch up to tech adoption, the government will miss out on critical areas and issues around tech adoption and practices unless it coordinates with non-government stakeholders in a more transparent manner. Non-government stakeholders must be allowed to voice their critiques without being fearful of government response.

Non-government stakeholders must build further and more expansive conversations around internet governance and identify clear areas that require policy intervention. The private sector, including the media, is also encouraged to frame policy

conversations without inviting charges of conflict of interest. This will require greater coordination and integration between multiple stakeholders, where the strengths of each stakeholder can be leveraged for better policymaking. This would also benefit smaller organizations that are working in specific and niche sectors of the internet, as well as the private sector and the consumers who are an essential part of the internet governance ecosystem.

2. Acknowledging the interdisciplinary and complex nature of internet governance

Policymaking in the internet sphere is currently dominated by stakeholders with existing social and other networks within the government and policymaking establishment. This means that government agencies are selective of the non-government stakeholders they engage with, soliciting inputs from experts and organizations that have been uncritical of the government's policies, sometimes also resulting in conflicts of interest. The government and authorities must recognize such a critical gap in its approach to policymaking, and thus incorporate and engage with a wide range of actors.

While an understanding of policy and law formulation is crucial, a single-minded approach in policymaking can exclude vital interests in the realm of internet governance. This necessitates a wide-ranging and interdisciplinary discussion with stakeholders with expertise in other areas such as academia and businesses closely linked to internet governance. To do so would acknowledge the interdisciplinary and complex nature of internet governance, and the role of non-government stakeholders with expertise in fields other than law and tech, especially when it comes to formulating evidence-based policies around digital rights and social justice.

3. Better communication between government agencies

Effective Internet governance requires partnership and sites of engagement between government agencies. Open dialogue and adequate flow of information between government ministries and departments on proposed laws will lead to a collaborative effort at policymaking. Proposed laws and policies governing the internet will eventually impact the working of adjacent government agencies. Multiple ministries and departments have to collaborate to streamline the regulations as the issues are inter-ministerial as well as interdisciplinary.

Currently, the sector grapples with lack of coordination between government agencies. This is best seen in the uncertainty around the private sector telecom giant Ncell's future in Nepal when the Nepal Telecom Authority refused to renew its license in May 2025. It had requested to pay the NPR 20 billion renewal fee in installments as it had done in the past. But the regulatory agency demanded the renewal fee be paid in full before its license expired on August 31. NTA officials maintained that the telecommunication law didn't recognize payment in installments despite Ncell being offered the option in 2019. Officials at MoCIT initially distanced itself from the situation, saying license renewal was NTA's jurisdiction. After months of back and forth, a cabinet decision allowed Ncell to pay its license renewal fee on an instalment basis, but the government imposed a 10 percent interest rate on the remaining tranches, a new condition that the company hadn't been subjected to earlier. The decision was made on 29 August 2025, just two days before Ncell's license was set to expire.

This episode is only one instance of lack of coordination between government agencies. As mentioned previously, government authorities also do not coordinate with non-government stakeholders, and often allow very little time for

feedback on complex policy drafts and laws. If the landscape of internet governance is to improve in Nepal, coordination between government authorities and various stakeholders respectively must be prioritized.

4. Formulating forward-looking adaptive policies

Multiple stakeholders and KIs believe one of the major constraints in Nepal's internet governance landscape is the government's myopic attitude towards tech and policy. Policy makers lack sufficient foresight to future proof regulations to help them navigate and adapt to changes brought about by emerging technologies. Instead, Nepali policymaking adapts itself to a control-oriented approach, especially when it comes to navigating the fast-evolving internet governance landscape, resorting to blanket bans and greater punitive measures against users. The government should instead play a facilitator's role to regulate the internet for people's greater and safer access, foster innovation and not take away people's agency under the guise of protective laws. Policies should center around protecting consumers and addressing potential unintended consequences of rapidly evolving technology.

5. Find ways for strategic engagement with big tech and donor agencies

Government agencies must also shift towards forward-looking adaptive regulations that arise out of collaborative engagement with a broader set of stakeholders, including multinational tech companies, and international vendors and donor agencies. As a KI from a non-government organization said, 'We need to move beyond the understanding of tech as "black box" and start engaging and learning to negotiate with big tech. Even though we are a smaller market, we are a market nonetheless.' Nepali policy makers should also study how regulators in other countries in the Global South have engaged with non-government and international actors in this realm to formulate policies.

6. Safety and data protection

As more services move online, so does people's data. Government agencies and businesses need to be proactive about ensuring people's data safety and security as history has shown our systems are vulnerable. Several instances of data breach in the recent past shows that neither government agencies nor private businesses in Nepal have processes that secure user data. Regular safety and security audits must be conducted, and the threshold for data security must be raised higher as technology evolves. Government agencies must be active about protecting its citizens from threats both inside and outside the internet ecosystem, and thus need to work collaboratively with stakeholders across the ecosystem to ensure security of data. A step in the right direction is to proactively ensure the safety of data collected for the national identity project before it is fully applied to all government services.

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This publication is an occasional paper of Purak Asia. It presents findings from study into the current state of Nepal's internet governance ecosystem. It identifies key actors, their roles in policy making and impact, and interrelations between these actors. This report seeks to understand the various factors and dynamics that influence Nepal's policy making around internet use, shape public dialogue, and identify avenues where stakeholders can make impactful contributions.

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