

Nepal to open telecom sector wider to foreigners

Nepal's telecom sector, that currently has three foreign operators including Indian joint venture United Telecom Ltd (UTL), is to be opened further with a global tender expected in the coming months.

Telecom regulatory body Nepal Telecommunication Authority (NTA) has recommended allowing a fifth telecom service provider on a commercial basis to provide basic telephone services in the mid and far-west regions, among the most under-developed regions in Nepal, said NTA chairperson Dinesh Sharma.

The recommendation has been sent to the cabinet and a gazette notification after the cabinet approves it is expected next week.

'Within a day or two of the gazette notification, we will float a global tender for the new project,' Sharma told IANS.

In addition, the government will also ask for bids by telecom operators for a \$2.5 million World Bank-funded project for remote mountainous areas.

Currently, besides the state-owned Nepal Telecom, that runs both basic and mobile phone services, there are three foreign operators in the market.

UTL, a joint venture between India's MTNL, VSNL, and Telecommunications Consultants India Ltd (TCIL) as well as Nepali company Nepal Venture Pvt Ltd, was the first private player to enter Nepal's telecom sector when it was licensed to start land phone services using the CDMA (code division multiple access) technology in 2003.

It was followed by Spice Nepal, a Nepali-Kazakh venture that operates mobile phone services, and STM Telecom Sanchar, a JV between US, Thailand and Nepal, that was awarded a World Bank-funded project to provide rural telecom services in eastern Nepal through PCOs.

Though the government this year decided to upgrade STM's licence and allow it to provide basic telephone services in all rural areas in Nepal as well as international long distance calls, Sharma says there is still a high demand for phone lines, especially in the mid and far west.

In the first phase, the new commercial project entails providing basic telephone services in 273 villages in the mid-west in 15 months as well as building the infrastructure for providing service to 50 percent of the remaining area in the region.

In the second phase, the new licence holder will be expected to do the same in the far west in 15 months.

Once it completes the job satisfactorily within the stipulated time, it will be allowed to operate throughout Nepal.

The second project is part of the World Bank-funded Telecom Sector Reform Project.

As a sequel to the contract given to STM, the government will now look for an agency to provide basic telephone services in remote areas, mostly in the north.

It is expected that the new projects will attract Indian players. In the past, TCIL had also contested for the rural telecom service project that went to STM.

What would whet a foreign player's appetite even more and spell more competition for those already in the market is NTA's efforts to follow the Indian example and aim at a unified licence regime in near future.

It will mean that upon obtaining a licence, anyone can offer any kind of services. UTL can extend to GSM services and Spice Nepal can begin offering landlines.

Sharma says the unified licence regime will also scrap the current licence and renewal fees and operate on a profit-sharing basis with NTA.

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