

# **STATE OF DIGITAL RIGHTS AND SAFETY IN NEPAL 2024**

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Digital Rights Nepal  
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# 1. Introduction

In 2024, the digital landscape of Nepal has been marked by both remarkable progress and contentious debates, bringing digital rights into sharp focus within national conversations. This year witnessed a dynamic blend of advancements in technology, digital governance, and emerging challenges that attracted attention not only within Nepal but also internationally. In this review, Digital Rights Nepal (DRN) reflects on the key developments and controversies that shaped the digital realm, analyzing critical issues within distinct thematic areas. These include the general policy environment as well as specific thematic area like online freedom of expression, privacy and data protection, and cybersecurity—topics that have taken center stage as the nation grapples with the opportunities and risks of the digital age.

## 2. Key Development

### a. Priority to ICT and Digitalization

The Government of Nepal has prioritized digitization and adoption of Information and Communication Technologies (ICT) in its FY 2081/82 plans, focusing on governance and public service delivery. Key initiatives include implementing automated systems for investment approval, integrating national information systems, establishing a market information system for agricultural data, and launching campaigns for startups and innovation. Other priorities are expanding broadband, introducing satellite-based internet, drafting e-governance and data protection laws, enhancing digital literacy, and integrating IT into election management.

The FY 2081/82 budget allocates Rs 7.25 billion to ICT, with plans to expand broadband to schools and health facilities, construct IT parks, promote locally developed software, and strengthen digital sovereignty. The Government of Nepal has declared 2024-25-2033/34 as the "IT Decade," aiming to transform the country into an ICT hub by exporting Rs 3 trillion worth of ICT services over the next ten years, creating 500,000 direct jobs and 1,000,000 indirect jobs in the IT sector. Additional measures include mandatory national ID cards for accessing public services, promoting digital payments, and developing e-commerce. The government aims to create jobs, foster innovation, and ensure inclusive ICT access. However, effective execution, transparency, and governance are critical to realizing these ambitious goals and bridging Nepal's digital divide.

### b. Expansion of Internet Penetration and Digital Infrastructure

In 2024, Nepal witnessed significant advancements in internet and digital infrastructure, though challenges persisted. Nepal Telecom (NT) expanded its fiber internet service to all 77 districts in the country,<sup>1</sup> marking a major milestone in bringing faster internet to remote regions. NTA's Telecommunication Indicator Report stated that Nepal has 99.38% internet penetration.<sup>2</sup> However, the Nepal Living Standard Survey (NLSS) 2022/23 report published in 2024 reveals persistent challenges in bridging the digital divide.<sup>3</sup> The NLSS highlights significant digital disparities in Nepal. Only 9.5% of households below the poverty line have internet access, with overall internet penetration at 39.7%, a slight rise from 37.8% in 2021. Urban areas, especially Kathmandu Valley (79.3%), have better connectivity compared to rural areas (17.4%). Regional gaps are stark, with 59.8% of households in Bagmati province having internet access, compared to only 14% in Karnali. This digital divide is further exacerbated by floods and landslides, which have severely disrupted connectivity in several regions, including Solukhumbu and Surkhet.<sup>4</sup>

Meanwhile, the country made strides in digital governance in the judiciary with the Supreme Court launching an online case filing system, and the Special Court planning to broadcast hearings live and allow online testimonies. The government has introduced national identity numbers (NIN) for birth registration to streamline citizen identification.<sup>5</sup> The push for digitalization also extended to the local level, with municipalities like Kankai,<sup>6</sup> Changunarayan<sup>7</sup> and Dhulikhel<sup>8</sup> leading the way by implementing innovative digital services, such as digital address systems and smart city services.

<sup>1</sup> <https://www.techpana.com>

<sup>2</sup> [https://nta.gov.np/uploads/contents/MIS\\_Poush%202081.pdf](https://nta.gov.np/uploads/contents/MIS_Poush%202081.pdf)

<sup>3</sup> <https://ekantipur.com/>

<sup>4</sup> <https://technologykhabar.com/2024/08/17/175174/>, <https://technologykhabar.com/2024/08/19/175417/>,

<sup>5</sup> <https://technologykhabar.com/2024/08/25/175961/>

<sup>6</sup> [kankai-municipality-became-first-local-level-to-have-digital-address-plate-with-google-plus-code-in-every-home](https://www.techchangunarayan-municipality-implements-drone-based-metric-house-number-system)

<sup>7</sup> <https://www.techchangunarayan-municipality-implements-drone-based-metric-house-number-system>

<sup>8</sup> <https://technologykhabar.com/2024/03/28/164352/>

<sup>9</sup> <https://nagariknews.nagariknetwork.com/social-affairs/1454747-1731634445.html>

<sup>10</sup> <https://nagariknews.nagariknetwork.com/social-affairs/1454747-1731634445.html>

<sup>11</sup> <https://technologykhabar.com/2024/07/16/171875/>

<sup>12</sup> <https://technologykhabar.com/2024/07/16/171875/>

<sup>13</sup> <https://www.onlinekhabar.com>

<sup>14</sup> <https://www.onlinekhabar.com>

<sup>15</sup> [https://nta.gov.np/uploads/contents/MIS%20Report\\_2081%20Ashadh.pdf](https://nta.gov.np/uploads/contents/MIS%20Report_2081%20Ashadh.pdf)

<sup>16</sup> <https://www.onlinekhabar.com>



Despite these advances, challenges in the rollout of 5G and the establishment of a fully functional National Cyber Security Center highlighted the growing pains of Nepal's digital transformation. The slow progress of 5G deployment<sup>9</sup>, hampered by equipment delays and technical hurdles, reflected the gaps in infrastructure readiness. The National Cyber Security Center, though a significant step toward securing the country's digital future, faced difficulties in terms of staffing, legal foundation, and resources.<sup>10</sup>

The government also introduced new regulations impacting digital services. From 16 July 2024, the government imposed Value Added Tax (VAT) on clearing services, including those provided by Nepal Clearing House Limited (NCHL) and other payment service providers.<sup>11</sup> This change, introduced through the Finance Act of 2081, removed clearing services from the VAT-exempt list, leading to an additional 13% tax on transaction fees, which customers are now required to pay. Additionally, the Supreme Court upheld the VAT imposition on digital payment services<sup>12</sup>, dismissing a petition that sought to reverse the decision, which resulted in increased fees for digital payment platforms like Fonepay, e-Sewa, Khalti, and Connect IPS.

Meanwhile, Starlink, Elon Musk's satellite internet company, has been pushing for a favorable legal environment to launch its service in Nepal.<sup>13</sup> Claiming the existing telecommunications laws restrictive, Starlink is seeking to operate in Nepal as a trading company. The government has shown interest in reviewing the legal options for Starlink to enter the market,<sup>14</sup> which may enhance internet access in remote areas of the country.

In terms of user growth, Nepal's 4G users surpassed 22.2 million, with mobile broadband holding a 76.23% market share. This growth was largely driven by Nepal Telecom (NTC) and Ncell's extensive coverage.<sup>15</sup> Additionally, Nepal has over 2.8 million fiber broadband users, with a 42.03% penetration rate, marking a significant increase in broadband adoption.

The government has expanded the functionality of the 'Nagarik App,' incorporating additional public services such as traffic rule violation records, driving license integration, no-objection letters for foreign studies, police reports, foreign labor permits, etc., to enhance citizen accessibility.<sup>16</sup> On a larger scale, after the failure of the Digital Nepal Acceleration (DNA) project, the government, in collaboration with the World Bank, launched the Digital Star project, a \$60 million initiative aimed at advancing the Digital Nepal Framework. This project will focus on enhancing cybersecurity infrastructure, policy making, digital literacy, and professional training.<sup>17</sup>

In the telecommunications sector, a long-standing legal battle between United Telecom Limited (UTL) and Nepal Telecommunication Authority (NTA) was resolved when the Supreme Court dismissed all writs filed by UTL. This ruling cleared the way for the implementation of the Information Highway project, which had been stalled for seven years due to legal disputes. With the dismissal of these writs, NTA can now reclaim its funds and proceed with the project, a significant step toward expanding Nepal's telecommunications infrastructure.<sup>18</sup>

Finally, National Information Technology Centre (NITC) integrated into the Department of Information Technology (DoIT), following the Council of Ministers' approval.<sup>19</sup> This restructuring aims to streamline operations and improve the management of human resources within the government's digital initiatives.

### **c. Policy Landscape: Increased Control-Oriented Regulatory Initiatives**

The policy landscape in Nepal throughout 2024 was marked by significant advancements and challenges in legislation, regulation, and governance. The Ministry of Communication and Information Technology (MoCIT) spearheaded multiple initiatives, including the Social Network Operation, Usage and Regulation Bill, 2080, Information Technology and Cyber Security Bill, 2080, AI concept note, and many more.

MoCIT released the draft Social Media Operation, Usage and Regulation Bill, 2080<sup>20</sup> for public consultation on 27 December 2023, which faced criticism for overbroad provisions limiting online freedom of expression. The Bill proposed by the Government of Nepal raised concerns about its potential impact on freedom of expression, online privacy, and platform accountability. The bill included overly restrictive content regulations, such as prohibiting vague and broad categories of speech (e.g., offensive or misleading content), criminalizing anonymous identities, and penalizing routine online activities like liking or sharing posts prohibited on this bill. It mandated social media platform registration, grants the government wide discretion for content removal without judicial oversight,

<sup>17</sup> <https://ictsamachar.com/news>

<sup>18</sup> <https://www.techpana.com/>

<sup>19</sup> <https://technologykhabar.com/2024/02/15/161398/>

<sup>20</sup> <https://digitalrightsnepal.org/report>

<sup>21</sup> <https://technologykhabar.com/2024/01/14/159235/>

<sup>22</sup> <https://nepaltonline.com/2025/01/136308/>

<sup>23</sup> <https://myrepublica.nagariknetwork.com/news>

<sup>24</sup> <https://mocit.gov.np/content/12663/12663-nepal/>



and imposes disproportionate penalties. These provisions risk excessive censorship, abuse of power, and a chilling effect on online communication. Various Organizations, including DRN expressed concerns highlighting issues such as privacy violations, vague criminal provisions, and concerns about executive overreach over drafted bills.<sup>21</sup>

The government pushed forward with the bill with minor changes following a Supreme Court decision on writs challenging government decision to ban TikTok in November 2023, mandating the government to implement regulations for social media. The bill has been approved by the Council of Ministers to table in Parliament for further deliberation.<sup>22</sup>

Information Technology and Cybersecurity Bill, 2024<sup>23</sup>, introduced by the Government of Nepal, aims to enhance cybersecurity and regulate IT practices, covering areas like electronic services, critical infrastructure, and cybersecurity service providers. It includes progressive provisions like promoting the delivery of public services through electronic means, enhancing the protection of critical information infrastructure, and requiring annual security audits for critical sectors.

However, several provisions raise concerns about freedom of expression, privacy, and data protection. Vague and broad restrictions on online behavior and expressions risk violating international laws, specifically ICCPR, while privacy rights are threatened by clauses permitting arbitrary access to electronic devices without judicial oversight. Intermediary liability provisions risk over-censorship and suppressing free expression, and data protection measures fall short compared to global standards like GDPR. The lack of a clear definition of "critical information infrastructure" also risks arbitrary application. The bill is still under MOCIT consideration.

The government of Nepal has released a concept paper on Artificial Intelligence (AI)<sup>24</sup>, developed by a technical committee formed by the government in February 2024. The paper emphasizes the need for clear policies, laws, and procedures for AI development, use, and regulation, addressing issues like cybersecurity, data protection, and privacy. It recommends the creation of a national AI policy, strategy, and data protection framework, along with aligning AI policies to international standards. The paper also highlights the importance of research, investment, and collaboration to ensure transparency and accountability, and advocates for the application of AI in sectors such as health, finance, education, and agriculture, with a focus on smart cities, health services, and transportation.

National Assembly (NA) unanimously agreed to send the Media Council Bill 2081<sup>25</sup> to the Legislation Management Committee for detailed deliberation. The proposal, presented by Minister Rekha Sharma, was endorsed with comments. Media Council Bill 2024 seeks to amend and unify media laws to create an autonomous Media Council aimed at promoting self-regulation, maintaining ethical standards, and fostering accountability in journalism. It introduces provisions for online media, compensation for harm, and adoption of self-regulation guidelines by media. However, the Bill faces several concerns regarding the independence and autonomy of the Council, its alignment with federalism, and executive dominance. Importantly, the Bill acknowledges the inclusion of online media within the definition of media, which is a significant step forward in recognizing the growing role of digital platforms in shaping public discourse. The Bill introduces provisions to regulate online media, which had been excluded in the previous Press Council Act.

The cabinet has provided conceptual approval for drafting the Electronic Good Governance Commission Bill,<sup>26</sup> aiming to establish a system of good governance and reduce corruption. This initiative, announced on 8 February 2024, aligns with the then Prime Minister Pushpa Kamal Dahal 'Prachanda's' government's common minimum program. In parallel, MoCIT initiated a feasibility study for an International Internet Gateway to address bandwidth quality and pricing disparities.<sup>27</sup> However, contentious provisions, such as restricting bandwidth imports and increasing government control over regulatory bodies raised concerns about transparency and market competition. The government has not yet released the report to the public

The year also saw significant regulatory changes regarding virtual currencies, with stringent amendments to the Money Laundering (Prevention) Act, which prohibit their use and trade, reinforcing the government's commitment to combating money laundering<sup>28</sup>. In terms of startup policies, amendments to the Industrial Enterprises Act<sup>29</sup> formally recognized startups as distinct entities, fostering innovation and entrepreneurship. The endorsement of the National Startup Enterprise Policy, 2080<sup>30</sup>, further highlighted efforts to enhance financial access and skill development for emerging businesses.

<sup>25</sup> <https://na.parliament.gov.np/np/bills/xcr5Q9ZJ>

<sup>26</sup> <https://www.techpana.com/2024/145513/e-governance-policy-in-nepal>

<sup>27</sup> <https://technologykhabar.com/2024/03/06/162996/>

<sup>28</sup> <https://technologykhabar.com/2024/04/12/165498/>

<sup>29</sup> <https://technologykhabar.com/2024/04/24/166160/>

<sup>30</sup> <https://technologykhabar.com/2024/05/03/166920/>

<sup>31</sup> <https://ekantipur.com/en>

<sup>32</sup> <https://myrepublica.nagariknetwork.com/>



The government’s decision to mandate the use of national identity cards for receiving public services, including social security allowances, SIM cards, company registration, effective from July 16, 2024, in 28 districts in the first phase, sparked mixed responses.<sup>31</sup> A Supreme Court interim order had temporarily halted the implementation, responding to a writ petition that highlighted delays in issuing ID cards and the risk of depriving vulnerable groups of their entitlements.<sup>32</sup> However, On January 19, 2025, the Supreme Court dismissed the writ petition challenging the government's decision to make the National Identity Card (NIC) mandatory for accessing public services, including social security allowances, SIM cards, and company registration. This ruling paved the way for the full implementation of the NIC requirement across the country.

Key Bills, Policies, and Laws Relating to Digital Rights Considered in 2024

| Law/Policy   | Key Provisions  | Status  |
|--|---|---|
| Social Network Operation, Usage, and Regulation Bill, 2080 | Limits online freedom of expression, criminalizes anonymous identities, mandates platform registration, and imposes disproportionate penalties. | Approved by the Council of Ministers, the bill is set to be presented before the federal parliament (21 January 2025) |
| Information Technology and Cybersecurity Bill,             | Enhances cybersecurity, regulates IT practices, introduces intermediary liability, and mandates annual audits for critical infrastructure.      | Under MoCIT consideration   |
| Media Council Bill, 2081                                   | Promotes self-regulation, includes online media provisions, but raises concerns over government influence and the autonomy of the council.      | Sent to the Committee for Legislation Management  |
| Artificial Intelligence (AI) Concept Paper                 | Emphasizes AI policy development, data protection, and transparency; advocates for applying AI in health, education, and other sectors.         | Concept paper released  |
| Electronic Good Governance Commission Bill                 | Aims to establish good governance and reduce corruption through electronic systems.   | Conceptual Approval by the Council of Ministers   |
| National Identity Card Mandate                             | Requires NIC for public services, raising concerns over exclusion and implementation delays.  | Supreme Court approved for full implementation  |
| Amendments to Money Laundering (Prevention) Act            | Prohibits the use and trade of virtual currencies.  | Amendments introduced   |
| National Startup Enterprise Policy, 2080                   | Recognizes startups, fosters innovation, and improves financial access.   | Endorsed  |

<sup>33</sup> <https://myrepublman-arrested-for-creating-fear-by-displaying-weapons-on-social-media/>,  
<sup>34</sup> <https://bizmandu.com/print/news/20240918165607.html>  
<sup>35</sup> <https://www.setopati.com/politics/326495>, <https://nayapatrikadaily.com/news-details/148892/2024-09-04>,  
<https://nayapatrikadaily.com/news-details/148478/2024-08-29>,  
<sup>36</sup> <https://bizmandu.com/print/news/20240918165607.html>,  
<https://thehimalayantimes.com/nepal/press-council-takes-action-against-nine-youtube-channels>,  
<sup>37</sup> [sidha-kura-found-guilty-of-contempt-of-court-jail-sentences-for-publisher-and-editor](https://www.setopati.com/politics/333059), <https://www.setopati.com/politics/333059>,  
<sup>38</sup> <https://kathmandupost.com/national/2024/08/23/nepal-lifts-its-ban-on-tiktok>  
<sup>39</sup> [supreme-courts-order-to-frame-social-media-regulation-laws](https://www.setopati.com/politics/333059)  
<sup>40</sup> [governments-attempt-to-institutionalize-content-filtering, home-ministry-warns-of-legal-action-against-hateful-misleading-social-media-content](https://www.setopati.com/social/342978),  
<https://www.setopati.com/social/342978>,  
<sup>41</sup> <http://rajpatra.dop.gov.np/welcome/book/?ref=25444>  
<sup>42</sup> <https://www.bbc.com/nepali/articles/cm27v09r54ro>  
<sup>43</sup> <https://www.setopati.com/social/342978>  
<sup>44</sup> <https://english.khabarhub.com/2024/22/421052/>  
<sup>45</sup> <https://www.civicus.org/documents/nepal-october-2024.pdf>  
<sup>46</sup> <https://technologykhabar.com/2025/01/06/188440/>  
<sup>47</sup> <https://technologykhabar.com/2024/01/23/159833/>  
<sup>48</sup> <https://kathmandupost.com/national/2024/01/01/government-s-main-server-faces-cyberattacks>  
<sup>49</sup> <https://www.onlinekhabar.com/2024/12/1593514/>  
<sup>50</sup> [national-vigilance-center-website-hacked-data-lost](https://www.onlinekhabar.com/2024/12/1593514/)



## d. Online Freedom of Expression

In 2024, Nepal grappled with a challenging landscape of online freedom of expression, marked by legal actions, regulatory developments, and debates over digital rights. Prosecutions under the Electronic Transactions Act (ETA) persisted, targeting individuals for social media activities deemed defamatory or disruptive to public peace.<sup>33</sup> High-profile cases included the arrest of medical practitioner Durga Prasain<sup>34</sup> and several youths for criticizing political leaders or posting controversial content online.<sup>35</sup> These actions raised concerns about the chilling effect on free speech and allegations of the ETA being misused to suppress dissent and stifle government accountability.

The Press Council Nepal (PCN) extended its regulatory oversight, scrutinizing YouTube channels and online media for allegedly spreading misinformation and unethical content.<sup>36</sup> However, its jurisdiction over non-journalistic content fueled debates about overreach. Judicial scrutiny of press freedom intensified, notably in the Sidhakura controversy,<sup>37</sup> where the publisher and editor of the Kathmandu-based news website and YouTube channel, Sidhakura.com, were convicted for contempt of court. The Supreme Court found that they had aired baseless content in April 2024, which claimed that media house chairpersons had met with judges to dismiss corruption cases. The Court imposed jail sentences on the publisher and editor, concluding that they had failed to verify the content's authenticity, thus defaming the judiciary.

On August 22, 2024 the government lifted a nine-month ban on TikTok,<sup>38</sup> which was initially imposed on November 13, 2023 for allegedly disrupting social harmony. While the decision was welcomed, the lack of transparency around the conditions for lifting the ban drew concerns. Additionally, the Supreme Court on September 26, 2024 directed the government to formulate a law regulating social media platforms while deciding on writ petitions challenging the TikTok ban.<sup>39</sup>

Nepal's government has intensified efforts to regulate social media platforms, raising legal and ethical questions.<sup>40</sup> The Ministry of Communications and Information Technology implemented the Directives on Managing the Use of Social Media, 080, after publishing on Nepal Gazzate on 27 November 2023<sup>41</sup>, mandating platforms like Facebook, TikTok, and Instagram to set up local offices, appoint grievance officers, and moderate content in Nepali and other languages to curb harmful posts. The directive also mandates social media platforms to be enlisted under the Social Media Management Unit to operate in Nepal. It provides a three-month period for social media platforms that were operating before the implementation of this directive to enlist within the unit. Only a few platforms, including TikTok, Viber, and LinkedIn, have enlisted, while other giant tech companies like Meta and X (formerly Twitter) have not.<sup>42</sup>

Similarly, the Ministry of Home Affairs warned against social media misuse, threatening legal action against posts disrupting social harmony. The Nepal Police Cyber Bureau has also increased social media surveillance<sup>43</sup>, targeting posts critical of political leaders and content inciting religious or communal discord, with arrests under the Electronic Transactions Act. These actions have drawn criticism from civil society and experts, who argue that vague guidelines and overreach risk undermining free expression and privacy. The situation underscores the urgent need for clear, balanced digital laws that protect citizens' rights while addressing public safety and order.

Despite these measures, incidents of racially motivated attacks were reported online, particularly on platforms like Facebook and TikTok. For instance, social media videos targeting the Janakpur Bolts supporters were rife with derogatory, sexist, and racist slurs.<sup>44</sup>

International reports, including CIVICUS report<sup>45</sup> highlighted the concerns about the state of civic space in the country. The reports documented government actions such as excessive force during protests, censorship of media, and reprisals against activists, resulting in Nepal's civic space being classified as

## e. Online Privacy and Data Protection

This year, online privacy and data protection emerged as significant concerns, especially regarding the integration of the National Identity (NID) system for accessing various public services, such as passport issuance, opening bank accounts, and receiving social security allowances. The government is considering using the software and biometric data from the National Identity Card and Registration Department to enable online applications and streamline these services. While the initiative aims to simplify processes and reduce redundant data collection, it faces substantial legal challenges. Existing laws prohibit repurposing data collected for one specific purpose and restrict third-party access to personal information. This raises concerns about the potential for non-compliance, unauthorized access, and the misuse of citizens' sensitive data.

<sup>51</sup> malware-attack-on-department-of-passport-system

<sup>52</sup> tu-website-hacked

<sup>53</sup> government-data-center-faces-high-risk-with-zero-budget

<sup>54</sup> [https://digitalrightsnepal.org/wp-content/uploads/2024/08/Cybersecurity-Policy\\_Advocacy\\_Brief\\_En.pdf](https://digitalrightsnepal.org/wp-content/uploads/2024/08/Cybersecurity-Policy_Advocacy_Brief_En.pdf)



In September 2024, the Supreme Court directed Nepal Telecom to prevent unauthorized access to personal information, emphasizing the right to privacy, personal freedom, and dignity. The verdict follows concerns raised over the procurement of a new “billing” system, which could potentially grant suppliers access to sensitive customer data. The court ruled that unauthorized access to personal information would violate fundamental constitutional rights, threatening citizens’ privacy and national security.<sup>46</sup>

In a related development, the Department of Transport Management, following an appeal by a law student under the Right to Information Act,<sup>47</sup> rectified its practice of publishing personal data such as citizenship numbers in driving test results. The department admitted this breach of privacy laws and committed to upgrading its software to prevent future violations.

## f. Cyber Security and Attacks

The year 2024 was a challenging one for Nepal’s cybersecurity landscape, marked by persistent cyberattacks, government negligence, and systemic vulnerabilities that severely disrupted critical public services. The year began with high-profile incidents, such as Distributed Denial of Service (DDoS) attacks targeting government servers<sup>48</sup>, and ended with local government websites, including municipalities and rural municipalities, grappling with recurring cyberattacks<sup>49</sup>. These breaches in the local governments disrupted administrative operations and left essential services such as public notices, advertisements, and social security systems in limbo.

Major incidents throughout the year highlights the severity of the cybersecurity situation in Nepal. The National Vigilance Center’s website was hacked, resulting in the loss of five months’ worth of property details registration data<sup>50</sup>. Similarly, the Passport Department suffered a malware attack that crippled its application system, causing significant delays in passport-related services.<sup>51</sup> Additional breaches of the teacher personnel records system and Tribhuvan University’s online exam platform<sup>52</sup> exposed glaring inadequacies in Nepal’s cybersecurity measures. Compounding these issues, negligence in renewing critical licenses caused over half a dozen ministry websites to go offline, while funding shortages jeopardized operations at the Integrated Data Management Center and Disaster Recovery Centre (DRC), further destabilizing the nation’s digital infrastructure.<sup>53</sup>

Despite adopting a National Cybersecurity Policy in 2023<sup>54</sup>, Nepal’s ranking in the Global Cybersecurity Index fell to 100th<sup>55</sup>, reflecting limited progress in securing its digital environment. This decline underscores inefficiencies in the government’s efforts to strengthen cybersecurity measures and infrastructure.

## g. Surveillance and Censorship

Nepal is experiencing a rapid expansion of surveillance technologies, including the installation of AI-enabled CCTV cameras, Automatic Number Plate Recognition Systems (ANPRS), Facial Recognition Systems (FRS), and GPS tracking systems in public spaces and vehicles.<sup>56</sup> For example, Kathmandu Metropolitan City has deployed over 1,300 cameras in collaboration with Nepal Police,<sup>57</sup> while Bharatpur plans to install 418 high-capacity cameras with ANPRS capabilities.<sup>58</sup> These systems aim to enhance safety by monitoring vehicle movements, tracking individuals, and detecting violations such as lane breaches and unauthorized parking.

Similarly, the government has mandated GPS and CCTV installations in public transportation to prevent incidents like the Simaltal tragedy.<sup>59</sup> However, the absence of robust legal frameworks governing the collection, use, and storage of such data raises significant privacy concerns. Critics argue that without proper oversight, these measures could facilitate state surveillance and infringe on constitutional rights to privacy and freedom of expression.

Further controversies surround media surveillance. The Ministry of Home Affairs on March 2024 retracted a directive that empowered Chief District Officers to monitor online and print media following backlash from civil society and media organizations. The directive was initially intended to increase oversight of media content, but it raised concerns about press freedom and the potential for government overreach. The retraction came after widespread criticism from journalists, civil rights groups, and international bodies, who warned that such actions could stifle free<sup>60</sup>

<sup>55</sup> <https://www.techpana.com/2024/148015/>

<sup>56</sup> <https://technologykhabar.com/2024/01/05/158586/>

<sup>57</sup> <https://technologykhabar.com/2024/01/05/158586/>

<sup>58</sup> <https://technologykhabar.com/2024/08/13/174725/>

<sup>59</sup> <https://www.setopati.com/politics/336736>

<sup>60</sup> <https://www.setopati.com/politics/325366>

<sup>61</sup> <https://www.setopati.com/politics/333059>, Kathmandu post

<sup>62</sup> <https://fnjnepal.org/en/press/684>

<sup>63</sup> <https://kathmandupost.com/>

<sup>64</sup> <https://kathmandupost.com/money/2024/05/03/internet-disruption>



In the "Sidha Kura" dark file case, concerns over potential censorship were raised following actions taken by the Supreme Court and the Press Council Nepal (PCN). The PCN labeled the content fake, demanding its removal and an explanation. The Supreme Court launched a contempt case, ordering "Sidha Kura" to provide evidence and remove the content, which was subsequently complied with.<sup>61</sup> The court also prohibited other media outlets from republishing the content and ordered an investigation. Journalist associations, including the Federation of Nepali Journalists (FNJ), criticized the directive as unconstitutional, citing press freedom protections under Article 19 and opposing prior censorship or premature criminal actions against the media.<sup>62</sup>

## h. Internet Blockades and Disruptions

In 2024, Nepal faced significant internet disruption, including a major outage on National ICT Day, May 2<sup>63</sup>, caused by disagreements over RTDF taxation between ISPs and the Ministry of Communications (MoCIT). Delays in foreign exchange approvals for payments to Indian bandwidth providers, particularly Bharti Airtel<sup>64</sup>, led to a six-hour shutdown, resulting in a blame game among the NTA, MoCIT, and ISPAN.<sup>65</sup> Another disruption in June, caused by technical issues with Airtel's fiber in Birgunj, affected 50% of Nepal's bandwidth.<sup>66</sup>

Further internet connections were disrupted in various places due to natural calamities, beautification of the city, and floods damaging the power supplies, leading to the shutdown of several base transceiver stations (BTS) and cutting off communication in affected areas.<sup>67</sup>

Mobile services in southern Lalitpur were disrupted due to power issues, worsened by reliance on unstable solar systems. Internet services faced delays due to damaged fiber infrastructure, especially outside the Kathmandu Valley. Landslides in Solukhumbu and a power outage in Karnali also impacted communication and telecom services in several districts.<sup>68</sup> The gradual restoration of services underscores telecom providers' lack of crisis preparedness.

## i. Surge in Cyber Crime

In FY 2080/81, 19,730 FIRs were filed at the Nepal Police Cyber Bureau<sup>69</sup>, a nearly tenfold increase from 2,031 cases in 2076/77. The rising cases involve financial fraud, online scams<sup>70</sup>, social media impersonation<sup>71</sup>, obscene content dissemination, and hacking. This surge in cybercrime has been exacerbated by fraudulent schemes such as the misuse of well established brands and banks websites, names and trademarks in Facebook scams<sup>72</sup>, the distribution of fake government grants on social media,<sup>73</sup> and phishing scams.<sup>74</sup> The cybercrime landscape has also been marked by cases like online gambling with illegal crypto transactions and the sale of personal data by mobile wallet (Khalti) employees.<sup>75</sup> In addition, incidents like hackers stealing Rs 34.2 million from F1 Soft's bank account<sup>76</sup> have highlighted the growing threat to financial institutions. Nepal Police has issued various warnings regarding fraudulent emails,<sup>77</sup> social media scams<sup>78</sup>, and the increasing prevalence of deceptive offers, particularly targeting vulnerable groups such as students and youth aged 19-30.<sup>79</sup> In response, law enforcement authorities have urged improved Know Your Customer (KYC) procedures, public awareness, and real-time transaction monitoring to counteract the rising tide of cyber-enabled financial fraud.<sup>80</sup>

## j. Issues relating to governance and Irregularities in ICT Sector

The year 2024 was marked by significant challenges and controversies within Nepal's internet sector, particularly in the areas of procurement and corruption. The Commission for the Investigation of Abuse of Authority (CIAA) faced political interference that stalled its investigation into the Telecommunications Traffic Monitoring and Fraud Control System (TERAMOCS) procurement scandal, despite an initial announcement that the investigation was nearing completion<sup>81</sup>. The MoCIT formed a committee to look into these matters, and the report was forwarded to the CIAA for further action. The TERAMOCS controversy continued to unfold as the Public Accounts Committee (PAC) of the House of Representatives directed the CIAA to conduct a deeper investigation, raising concerns about financial justifications and procurement processes.<sup>82</sup> Political figures, including former ministers and high-ranking officials, were implicated, but the investigation remained at a standstill. Similarly, irregularities surfaced in the procurement of the Mobile Device Management System (MDMS) by the Nepal Telecommunication Authority (NTA), with an investigation revealing widespread corruption in the tendering process, vendor selection, and financial dealings.<sup>83</sup>

<sup>65</sup> <https://www.nta.gov.np/content/i-a-e-b>, <https://www.techpana.com>,

<sup>66</sup> <https://technologykhabar.com/2024/06/03/169076/>

<sup>67</sup> a-communication-service-that-does-not-work-in-a-crisis

<sup>68</sup> <https://technologykhabar.com/2024/08/19/175417/>, <https://technologykhabar.com/2024/08/17/175174/>,

<sup>69</sup> [https://www.nepalpolice.gov.np/media/filer\\_public](https://www.nepalpolice.gov.np/media/filer_public)

<sup>70</sup> fake-nepse-app-downloaded-by-over-1-lakh

<sup>71</sup> <https://technologykhabar.com/2024/01/14/159208/>

<sup>72</sup> nepal-telecom-christmas-gift-scam-awareness, scam-alert-by-nepal-police-

<sup>73</sup> <https://www.techpana.com/2024/145686/facebook-scam>

<sup>74</sup> <https://technologykhabar.com/2024/07/03/171086/>

<sup>75</sup> <https://ekantipur.com/business/2024/11/26/pocket-wallet-employee-arrested>



Purushottam Khanal, Chairman of the NTA, resigned amidst these controversies, including allegations related to MDMS, TERAMOCS, and Ncell's share sale.<sup>84</sup> The Education, Health, and Information Technology Committee of the House of Representatives also took an interest in the MDMS and TERAMOCS procurements, demanding documents and clarification on the financial aspects and rationale behind their implementation. The CIAA filed corruption charges against 19 individuals, including former NTA officials, for their involvement in the MDMS procurement irregularities, demanding the recovery of Rs 919.83 million. In another significant development, Sunil Paudel, the former Managing Director of Nepal Telecom (NTC), was convicted for embezzling Rs 250 million in the procurement of the National Payment Gateway (NPG), which remains non-operational despite a cost of over Rs 24 crores.<sup>85</sup> Lastly, controversy surrounded the maintenance fees charged by ISPs, with the CIAA investigating allegations of illegal collection of these fees. With investigations ongoing, the coming year will likely see continued scrutiny and pressure for accountability in Nepal's internet sector.

### 3. Major Findings:

**Government priority to ICT:** The government of Nepal has prioritized ICT and digitalization in its FY 2081/82 plans, allocating Rs 7.25 billion to expand broadband to schools and health facilities, build IT parks, promote local software, and enhance digital sovereignty.

**Cybersecurity Policy and Mechanism in place:** The National Cyber Security Center, established under the National Cyber Security Policy 2023, aims to promote cyber security, raise public awareness, and conduct digital forensic research. It operates under the Ministry of Communication and Information Technology.

**Focus on Promoting E-Governance:** Government has prioritized e-governance to improve public service delivery, with several initiatives underway. The Council of Ministers has granted conceptual approval for the e-Governance Commission Act. Efforts are being made to integrate various public services, such as traffic violation records, driving license services, no-objection letters for foreign studies, police reports, and foreign labor permits, to enhance citizen accessibility and streamline government processes.

**Start-up policy implementation:** National Startup Enterprise Policy, 2080, to improve financial access, transfer knowledge and technology, and upgrade existing startups. This policy will be benefitted for the innovation and technologies in IT sector.

**Growing Digital Public Infrastructure:** Adoption of NID for wide ranges of public service delivery and initiatives taken by government agencies and apartments, including judiciary, to streamline their service delivery processes online is a positive development observed in the year 2024.

**Expanding Government Control Over Digital Spaces:** A growing trend toward restrictive legislation, exemplified by the Social Media Bill and Information Technology and Cybersecurity Bills, raises concerns over digital rights, regulatory overreach, and potential censorship.

**Limited Stakeholder Engagement in Policy Development:** The absence of broad and inclusive consultations during the drafting of critical laws and policies results in regulatory frameworks that may not adequately reflect diverse perspectives or address sectoral concerns.

**Gaps in Data Protection and Privacy Regulations:** The lack of comprehensive data protection law, and indifference towards global standards, such as the General Data Protection Regulation (GDPR), in the proposed legislations, increases the risk of privacy violations and weakens data protection safeguards.

**Delayed Implementation of Key Policies:** The slow enforcement of digital governance and cybersecurity policies hinders progress, affecting overall resilience and preparedness in the digital sector.

**Legal Ambiguities and Risk of Misuse:** Undefined and unclear legal provisions create opportunities for arbitrary interpretation and inconsistent enforcement, leading to potential rights violations.

<sup>76</sup> <https://www.nayapatrikadaily.com/news-details/155914/2024-12-20>

<sup>77</sup> <https://technologykhabar.com/2024/07/03/171086/>

<sup>78</sup> <https://technologykhabar.com/2024/04/03/164829/>

<sup>79</sup> <https://www.nrb.org.np/contents/uploads/2024/11/FIU-Nepal-Strategic-Analysis-Report-2024-2.pdf>

<sup>80</sup> Id.

<sup>81</sup> <https://www.onlinekhabar.com/2024/04/1469462>

<sup>82</sup> <https://technologykhabar.com/2023/12/27/157892/>

<sup>83</sup> <https://www.nepalpress.com/2024/01/03/414597/>, <https://technologykhabar.com/2024/01/05/158543/>

<sup>84</sup> <https://myrepublica.nagariknetwork.com/news/allegations-of-irregularities>

<sup>85</sup> <https://technologykhabar.com/2024/04/19/165914/>



**Cybersecurity Vulnerabilities and Insufficient Investment:** Persistent weaknesses in cybersecurity infrastructure, coupled with inadequate funding and strategic planning, pose significant risks to critical services and public trust in digital systems.

**Judicial and Executive Overreach:** Legal provisions enabling unchecked discretionary powers pose risks to due process, transparency, and fundamental rights.

**Exclusionary Digital Policies:** Measures such as mandatory national identity card (NIC) verification risk marginalizing vulnerable populations by restricting their access to essential digital services, exacerbating digital inequality.

## Conclusion

In conclusion, 2024 has been a year of both progress and setbacks for digital rights in Nepal, as the country navigates the complexities of a rapidly evolving digital landscape. While the government made some progress in digital governance and infrastructure, key challenges persisted, particularly in the realms of online freedom of expression, privacy, cybersecurity, and regulatory transparency. The controversial social media and IT bills, along with heightened concerns over state surveillance, underscored the tension between promoting technological advancement and protecting individual rights. Cybersecurity vulnerabilities, compounded by the rising tide of cybercrimes, highlighted the urgent need for robust digital safeguards. Furthermore, the government's efforts to develop ICT infrastructure, despite significant investments, faced obstacles such as natural disasters and slow implementation. The year was marked by legal and policy debates, with significant implications for digital rights, public service delivery, and internet access. As Nepal continues its journey toward becoming an ICT hub, it is clear that the coming years will require a balanced approach—one that fosters innovation while safeguarding fundamental digital rights and freedoms.

## About Us

### Digital Rights Nepal

Digital Rights Nepal (DRN) is a non-profit organization established in 2020, dedicated to safeguarding digital rights and fostering a secure online environment in Nepal. With a diverse team of advocates and experts, DRN conducts research, advocates for policy reforms, and engages in capacity-building initiatives to promote online freedom of expression, privacy protection, access to information, and cybersecurity. Led by passionate changemakers in human rights and digital advocacy, DRN plays a pivotal role in shaping the digital landscape of Nepal, both locally and on the international stage.



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