ABSTRACT

Effects of Competition in the Telecommunications Sector in Nepal

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The liberalization of the telecommunication sector and the introduction of private operators have allowed consumers the opportunity to choose their service provider along with the services these operators offer. Subsequently, this has resulted in dramatic changes to the incumbent operator in terms of tariffs, quality of services and its attitude towards the provision of telecommunication services.

The main objective of this project is to analyze the effects of competition in the telecommunication sector in Nepal, especially, in terms of quality of services, change in retail prices for the consumers, choices available to the users and the profitability of firms that incumbent and new entrants both have fared under the competitive regime. The analysis has been carried out by collecting the consumers' opinion, at least 500 samples each, with the set of questionnaires prepared covering the above sub-topics for the fixed, mobile and Internet services. The results of the analysis show that about 70-90 % of the customers are satisfied with the fixed services in terms of quality and tariffs whereas mobile customers are less satisfied. But, in case of Internet service, depending upon the Internet connectivity, the percentage of customers satisfied in quality and tariffs varied between 70-100 %.
Although competition was introduced in the year 1998 in Nepal, fully liberalized market is yet to be experienced, except for the value added services. In fixed and mobile services, a duopoly regime has been established for 5 years from the date of second licensing, as per the Telecommunication Regulation 1998. The growth rate of telephony and Internet are, also, quite slow in Nepal in comparison to that of India and Pakistan.

Keywords: Surendra Lal Hada; Quality of Services, Tariffs, Tariff Rebalancing, Service Providers, Customer Satisfaction, Competition.