Communication Corporation Act, 2028 (1972)

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Amendments:

1. Communication Related Some Nepal Acts
   Amendment Act, 2029(1972) 2029.6.5 (20 August 1972)

2. Administration of Justice Reforms
   Act, 2031(1974) 2031.4.18 (2 August 1974)

3. Judicial Administration Reforms
   (Fourth Amendment) Act, 2043 (1986) 2043.7.24 (10 Nov. 1986)

4. Communication Corporation
   (First Amendment) Act, 2045 (1988) 2045.7.10 (26 Oct. 1988)

5. Communication Corporation

6. Republic Strengthening and Some Nepal
   Laws Amendment Act, 2066 (2010) 2066.10.7 (21 Jan. 2010)

Act number 15 of the year 2028 (1972)

An Act made to establish and form Communication Corporation in
Consonance with the National Communication Service Plan
Preamble: Whereas, it is expedient to make some necessary legal provisions on communication corporations in order to provide communication services through various means to the general public in a simple, easily accessible and cost effective manner in consonance with the National Communication Service Plan and to keep on improving the living standards of the people generally by improving their economic condition, by also getting them to be involved as much as possible in the operation of such corporations, in consonance with the National Communication Service Plan, for the consolidation of national unity and economic development;

Now, therefore, be it enacted by His Majesty King Mahendra Bir Bikram Shah Dev on the advice and with the consent of the Rastriya Panchayat.

Chapter-1

Preliminary

1. **Short title, extension and commencement:** (1) This Act may be called as the "Communication Corporation Act, 2028 (1972)."

   (2) This Act shall extend throughout………….Nepal.¹

   (3) This Act shall come into force immediately.

2. **Definitions:** Unless the subject or the context otherwise requires, in this Act;

   (a) "Corporation” means the Corporation established under Section 3.

   (b) “Board of Directors” means the board of directors of the Corporation.

¹ Amended by the Republic Strengthening and Some Nepal Laws Amendment Act, 2066.
(c) "General Manager" means the general manager of the Corporation, and this term also includes the person officiating for the general manager.

(d) "Shareholder" means a person who subscribes a share of a corporation established under this Act.

(e) "Director" means a director of the Corporation, and this term also includes the person presiding over the Board.

(f) "Prescribed" or "as prescribed" means prescribed or as prescribed in the Rules or Bye-laws\(^2\) framed under this Act.

Chapter-2

**Establishment, capital and provision**

3. **Establishment of the Corporation:** (1) The Government of Nepal may, if it appears necessary or appropriate to operate any communication service for the national interest and knowledge, information, entertainment, facility or economic interest of the people generally, establish and form any corporation, by publishing a notice in the Nepal Gazette, setting out the following matters:

   (a) Name of the corporation,

   (b) Place of head office of the corporation,

   (c) Objectives, functions and duties of the corporation.

   (2) If it is necessary to alter the name, place of head office and objectives, functions and duties of the corporation established pursuant to Sub-section (1), the Government of Nepal may make such an alteration, by publishing a notice in the Nepal Gazette.

\(^2\) Amended by the Second Amendment.
4. **Power of corporation to open branch office:** The Corporation may, with the approval of the Government of Nepal, open its branch office, as required, in addition to its head office.

5. **Corporation to be deemed as a body corporate:** (1) The Corporation shall be an autonomous body corporate with perpetual succession.

   (2) The Corporation shall have a separate seal of its own for all of its activities.

   (3) The Corporation may, subject to this Act and the prevailing Nepal laws, acquire, use, sell and dispose of any movable and immovable property, like an individual.

   (4) The Corporation may sue by its name and be also sued by the same name.

6. **Capital, share and shareholders of the Corporation:** (1) The authorized capital of each Corporation shall be as determined by the Government of Nepal.

   (2) The Government of Nepal shall subscribe at least Fifty One percent shares of the Corporation, out of the total capital of the Corporation, and a maximum of Twenty Five percent shares shall be sold to the employees of the Corporation, as prescribed. The remaining shares shall be sold to the people generally. Any employee shall not sell the subscribed by him or her while he or she serves for the Corporation.

   (3) Each share shall be indivisible.

   (4) Restriction may generally be made on the sale of shares in excess of the prescribed percentage to any person or company except any employee of the Corporation.

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3 Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
4 Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
(5) The liability of shareholders of the Corporation shall be limited.

7. **Disqualification for shareholder:** Any person, other than a citizen of Nepal or a company or cooperative body registered under the Nepal laws or a corporation or body corporate established under the Nepal Acts may not subscribe shares of or be a shareholder of the Corporation without obtaining approval of the Government of Nepal.

8. **Power to receive grant and borrow loan:** The Corporation may, by obtaining approval of the Government of Nepal, borrow cash or in-kind or accept a grant as required to increase its running capital. After the provision of the general meeting, in so borrowing a loan or accepting a grant from any foreign country or agency, the general meeting shall also be consulted.

9. **Care and provision of the Corporation:** Except as otherwise provided in this Act, the Board of Directors shall look after, direct and manage all functions and affairs of the Corporation, subject to general direction by the Government of Nepal. Provided that Board of Directors may so delegate such duties and powers, out of the duties and powers set forth in this Act or the Rules framed under this Act as it deems necessary and appropriate to the General Manager or a sub-committee consisting of one or more directors or other officers of the Corporation as to be performed and carried out by them.

10. **Formation of the Board of Directors and tenure of directors** 5: (1) The Board of Directors (hereinafter referred to as "Board") of each Corporation shall consist of Five directors as follows:

    (a) The general manager of the Corporation,

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5 Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
(b) One person elected by the general meeting from amongst the non-governmental shareholders,

(c) One person nominated by the Government of Nepal in respect of the governmental shares,

(d) One person nominated by the Government of Nepal from amongst the persons who are renowned in the field related with the working scope of the Corporation, and

(e) One person elected from the shareholder employees of the Corporation.

(2) Until provision of election from the general meeting or that of election from the shareholder employees under Clause (e) of Sub-section (1), the Government of Nepal shall also nominate the directors as required to be elected from the shareholders.

(3) The Government of Nepal shall designate the chairperson of the Board and the general manager of the Corporation shall preside over the Board.

(3a) The tenure of the directors elected or nominated under Clauses (b), (c), (d) and (e) shall be Four years, and upon expiration of their tenure, they may be re-elected or re-appointed.

(4) Notwithstanding anything contained in Sub-section (3a), the Government of Nepal may nominate any other person in the place of a director nominated under Clauses (c) and (d) of Sub-section (1) prior to the completion of the tenure of such a director.

6 Inserted by the First Amendment.
7 Amended by the First Amendment.
(5) Upon assumption of office after being elected\(^8\) by the general meeting or employees of the Corporation, the directors nominated by the Government of Nepal shall ipso facto relive of office in relation to them.

Provided that, this Sub-section shall not be deemed to bar the appointment or nomination of the person so relived of to the office of director.

(6) ……………………\(^9\)

11. **Disqualification for director:** Any of the following persons shall not be eligible to be a director or hold the office of director:

(a) Who is of unsound mind or is insane;

(b) Who is convicted by a court of a criminal offense involving moral turpitude, and sentenced to imprisonment for a term exceeding Six months and a period of Five years has not lapsed from the date of the service of such a sentence of imprisonment;

(c) Who has become insolvent; or

(d) Who has personal interest of any kind in any contract or transaction of the Corporation.

12. **Circumstance where director may be removed:** (1) Any elected director may be removed by a majority of the shareholders present at the general meeting, in the following circumstance:

(a) If he or she suffers any disqualification set forth in Section 11,

(b) If he or she absents from the meeting of the Board for more than Three consecutive meetings without

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\(^8\) Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.

\(^9\) Deleted by the First Amendment.
permission of the Board and the reason for such absence is not reasonable in the opinion of the Government of Nepal in the case of a nominated director and of the general meeting in the case of an elected director,

(c) If he or she is proved to have partnership in any contract entered into with the Corporation in violation of Section 18.¹⁰

(2) In the case of a director elected from amongst the shareholder employees, if a majority of such shareholder employees adopts a resolution of no-confidence.

13. **Resignation of directors and fulfillment of vacancy:** (1) Any nominated director and elected director may resign from office by giving a notice in writing to the Government of Nepal and to the Board, respectively. Upon acceptance of resignation, he or she shall be deemed to have abandoned the office.

(2) If the office of a nominated or elected director falls vacant because of his or her death, resignation or any other cause, the vacancy shall be fulfilled by nomination or election, and the director so elected or nominated shall hold the office only for the remainder of the term of the predecessor.

(3) Any acts of the Board already done shall not be invalid by the reason only that any irregularity was made in the formation of the Board or that the office of any director fell vacant.

¹⁰ Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
14. Remuneration of directors: The shares of the Corporation shall be provided as prescribed, to the chairperson or members of the Board of Directors, in consideration for the remuneration.

15. Meetings of the Board: (1) The meeting of the Board shall be held at such place and time as specified by the Board, and the rules of procedures of the Board shall be as prescribed. In the absence of the chairperson, meetings of the Board shall be presided over by a director selected by the directors from amongst themselves.

Provided that, the meeting shall be called for at least Six times a year in a manner that an interval between any two meetings shall not exceed Three months.

(2) No meeting of the Board shall be held unless it is attended by a majority of the then members of the Board.

(3) The decision of a majority of the directors who attend and vote at the meeting of the Board shall be binding. Normally, the presiding person shall not vote, but, in the event of a tie, the presiding person may exercise the casting vote.

16. Appointment of general manager, advisers and employees: (1) The Government of Nepal may appoint one general manager and such other advisers as may be required, and the Board may appoint other employees, for the operation of the affairs of each Corporation. The terms and conditions of service, tenure\(^\text{11}\) and remuneration of the persons so appointed shall be as prescribed.

(2) Appointment and terms and conditions of service of employees may be so made that the employees of the Corporation has to subscribe the

\(^{11}\) Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
shares of the Corporation mandatorily from such figure of remuneration as drawn each month as prescribed.

Provided that, no share shall be sold to the employees who have been appointed on the temporary basis and on the contract service.

17. **Director not to take part in meeting:** The general manager or employee who is a director pursuant to Section 10 shall not be allowed to take part, in the capacity of the director, in a meeting of the Board to take action against the general manager or that employee.

18. **Restriction on director and general manager of the Corporation:** The director or general manager of the Corporation shall not be a partner in any contract with the Corporation.

Provided that, immediately when each director or the general manager knows that he or she has directly or indirectly any concern (conflict of interest) in any contract to be submitted to the Board for its consideration, proposing something taken or taken or given or to be given by the Corporation, such a director or general manager shall disclose the matter to the meeting of the Board as soon as possible. The matter so disclosed shall be recorded in the minutes, and the concerned director shall not take part in any deliberations or decisions made by the Board in relation to that contract.

19. **To obtain approval of the Government of Nepal:** The Corporation shall not do the following act without obtaining prior approval of the Government of Nepal:

(a) To purchase or obtain any immovable property valued at more than Ten Million Rupees, or

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Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
(b) To take or furnish security of any immovable property for a term more than Ten years, or

(c) To sell or transmit any property or right or facility valued at more than Five Hundred Thousand Rupees.

Chapter-4

General meeting

20. **To submit programs:** (1) The Board shall, at least Three months in advance of the commencement of its financial year, propose and submit programs on operations to be carried out by the Corporation in the coming financial year, statements of incomes and expenses of development works, capital investment and details of additional employees, if so required, and financial statements to the general meeting for approval.

   (2) If the Corporation desires to do any other special business, in addition to the programmes already submitted pursuant to Sub-section (1), in any financial year, and it makes a substantial change in the proposed economic cost, the Corporation shall submit such supplementary programs and the costs to be borne when remaining and amounts to be received in the said financial year to the general meeting for approval.

   (3) Until the provision of the general meeting, the Board shall submit the statements as referred to in Sub-sections (1) and (2) to the Government of Nepal.

21. **General Meetings:** (1) A general meetings (hereinafter referred to as the annual general meetings) shall be held at the head office or the Corporation in each year within Ninety days after the date of closure of annual accounts of the Corporation after the sale of shares of at least Five percent value of the share capital issued by the Corporation for sale. If at least Five percent
shareholders make an application in writing or the Board considers necessary so to do, the extra-ordinary general meetings of the Corporation may be called at any other time.

(2) No general meetings may be deemed to be attended by a quorum unless it is attended by at least One-thirds of shareholders in person or by proxy. General meetings called for the second time upon not being attended by the quorum may be deemed to be attended by the quorum if it is attended by one Sixth of the shareholders.

Provided that, if the general meetings called for the second time is not even attended by a quorum as mentioned, a submission containing that matter shall be made to the Government of Nepal, and it shall be done as sanctioned.

(3) The shareholders present at the annual general meetings shall discuss the annual accounts, profit and loss account, matters contained in the auditor's report in relation thereto and the Board's report on the affairs of the Corporation carried out throughout the previous year. These matters shall be submitted to the Government of Nepal until the provision of the annual general meetings is made.

(4) A shareholder may cast vote at the rate of one vote for each one percent share of the total capital of the Corporation subscribed by the shareholder.

Provided that:

(a) No shareholder who has subscribed shares less than one percent of the total capital of the Corporation shall be entitled to case vote.

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\[13\] Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
(b) If the share percentage is more than one unit, the shareholder shall be entitled to case vote only equal to the lower unit until the higher unit is achieved.

(5) No shareholder may exercise vote without being present at the general meetings in person or by proxy.

(6) Any decision at the general meeting shall be made by a simple majority of the shareholder attending and voting thereat.

22. **Power of Government of Nepal to make decision:** If there is divergence of opinion between the general meeting and the board on the operation of the Corporation, a submission shall be made to the Government of Nepal for its decision, and the decision made by the Government of Nepal shall be final.

**Chapter-5**

**Fund, accounts and audit**

23. **Fund of the Corporation:** (1) The Corporation shall have a separate fund of its own. All amounts received by the Corporation including loans and grants shall be credited to the fund, and expenses to be made on behalf of the Corporation shall also be chargeable on that fund.

(2) All amounts of the fund shall be deposited in a bank prescribed by the Government of Nepal.

(3) The Board shall have powers to make such expenses as considered appropriate for the activities authorized pursuant to this Act and the Rules framed under this Act.

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14 Amended by the Communication Related Some Nepal Acts Amendment Act, 2029.
24. **To bear liabilities by the Corporation:** If department, board or corporation of the Government of Nepal is converted into the Corporation under this Act, such liabilities out of the contracts and agreements entered into by the Government of Nepal on behalf of such a department, board or corporation prior to such conversion as specified by the Government of Nepal shall be borne by the Corporation so established upon conversion.

25. **Mode of maintaining accounts:** Accounts of incomes and expenses of the Corporation shall be maintained in such form and manner as may be approved by the Government of Nepal.

26. **Distribution of profits:** The distribution and use of profits made by the Corporation shall be as prescribed.

27. **Audit:** (1) The annual general meeting shall appoint the auditor, and the remuneration of the auditor shall be as specified by the meeting. Such an auditor shall have obtained license to perform audit in accordance with the Nepal law.

Provided that, audit shall be performed by the auditor designated by the Government of Nepal until the first annual general meeting is held.

(2) The auditor may inspect and examine any accounts and documents of the Corporation, and it shall be the duty of all the concerned employees of the Corporation to render assistance in that act.

(3) The auditor shall submit a copy of the audit report made by him or her to the Government of Nepal and another copy to the annual general meeting of the Corporation, and such a report shall clearly state the following matters:

(a) Whether annual accounts and profit and loss account have been so properly and duly maintained, clearly
indicating all required matters as to reflect the actual financial condition of the Corporation or not;

(b) Whether the Corporation has provided any such explanation or information as sought or not, and if so provided, whether it is satisfactory or not.

(4) The Government of Nepal may, based on the report received pursuant to Sub-section (3), and on the advice of the annual\(^\text{15}\) general meetings, give direction to the Corporation for necessary reform or provision.

Chapter-6

Miscellaneous

28. To take oath to maintain secrecy and not to sabotage: Prior assumption of their office, each director, general manager, officer and other employee of the Corporation shall take an oath as set forth in the Schedule.


(2) The inspector appointed or committee formed pursuant to Sub-section (1) may examine all accounts and documents of the Corporation.

(3) The procedures to be followed and terms to be observed by the inspector appointed or committee formed pursuant to Sub-section (1) in making inquiries shall be as specified by the Government of Nepal.

\(^{15}\) Inserted by the Communication Related Some Nepal Acts Amendment Act, 2029.
30. **Power of Government of Nepal to give direction**: If the Government of Nepal considers necessary so to do for national interest, it may give direction as follows to the Corporation, and it shall be duty of the Corporation to abide such a direction:

(a) To operate any service with or without specifying any specific area,

(b) Refrain from doing any act being done by the Corporation in any specific area, or to alter such an act or close the same totally,

(c) Not to do any act about to be done by the Corporation.

31. **Liaison with Government of Nepal**: In making contact by the Corporation with the Government of Nepal in the course of performing its activities or in giving direction by the Government of Nepal to the Corporation, such contact or direction shall be made or given through the Ministry of Communication.

31A. **Local taxes not to be levied**: No local tax of any type shall be levied on the transaction of the Corporation.

32. **Saving of officers against loss or damage**: The directors or employees of the Corporation shall not be held individually liable for any loss or damage caused or to be caused from any act done or purported to be done by them in good faith in the course of performing their duties in accordance with this Act and the Rules framed hereunder.

33. **Penalties**: (1) If a person who has the duty to maintain any accounts or submit any report pursuant to this or the Rules framed under this Act, knowingly or with ulterior motive, conceals the truth and state a false matter in such accounts or report or other documents or alters the contents or attempts to do such an act, that person shall be liable to the punishment.
of imprisonment for a term not exceeding Three years or a fine of up to Three Thousand Rupees or with both punishments.

(2) If any director or employee of the Corporation causes loss to the Corporation by doing any act knowingly or recklessly or with ulterior motive by doing any act other that that set forth in Sub-section (1), such a director or employee shall be liable to the punishment of imprisonment for a term not exceeding One year or a fine of up to One Thousand Rupees.

(3) If any person obstructs the inspector appointed or committee formed under Section 29 with his or her business or does not provide, except for any reasonable reason, such document or information to the inspector or committee as demanded, without any reasonable reason, or commits recklessness in the provision of such document or information, such a person shall be liable to the punishment of a fine of up to One Thousand Rupees.

(4) If any person uses the name of the Corporation in any prospectus or advertisement without obtaining written permission of the Corporation, the person shall be liable to the punishment of imprisonment for a term not exceeding Six months or a fine of up to One Thousand Rupees or with both punishments.

(5) If any person who was the then director or general manager of the Corporation becomes a partner in a written contract made with the Corporation in violation of Section 18 and without making disclosure as required under that Section and makes or attempts to make any undue benefit in that capacity, that person shall be liable to the punishment of imprisonment for a term not exceeding Two years or a fine of up to Five Thousand Rupees or with both punishments.
(6) If the Corporation has suffered any loss or damage from any offence punishable under this Section, the amount of such loss or damage shall also be recovered from the offender.

34. ...........................

35. **Powers of Government of Nepal to frame Rules:** (1) The Government of Nepal may frame Rules in order to accomplish the objectives of this Act.

36. **Power to frame Bye-laws:** (1) The Corporation may frame bye-laws subject to this Act or the Rules framed under this Act.

(2) The Bye-laws framed pursuant to Sub-section (1) shall come into force only upon being approved by the Government of Nepal.

37. **Saving:** The matters set forth in this Act and the Rules framed under this Act shall be governed by the same, and the other matters shall be governed by the prevailing Nepal laws.

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17 Repealed by the Judicial Administration Reforms (Fourth Amendment) Act, 2043.
Schedule

(Relating to Section 28)

Oath of honesty and secrecy

I…………………… swear that I shall honestly and with truth and faith perform my duties in the capacity of the director or general manager or employee or inspector or officer of the Corporation or in relation to the affairs entrusted to my office in the Corporation, to the best of my knowledge. I again swear that I shall not disclose or cause to be disclosed any information relating to the Corporation to any unauthorized person or allow any book or document relating to the Corporation and in custody of the Corporation to any person for inspection or receipt.