

# TRANSPORT AND COMMUNICATIONS

A well functioning Transport and communication system is a critical pre-requisite for a country's development. Investment in the infrastructure directly affects economic growth through many changes such as allowing producers to find the best markets for their goods, reducing transportation time and cost and generating employment opportunity. In addition, efficient transport and communication systems also have network effects and allow adoption of latest production techniques such as just-in time manufacturing.

Infrastructure development has been a priority area for Pakistan as evidenced by a number of projects completed or in progress. Major infrastructure projects completed during the last seven years include: Islamabad-Lahore Motorway (M-2), Makran Coastal Highway, Nauttal-Sibi section including Sibi Bypass, Dera Allah Yar-Nauttal Section, Khajuri-Bewata Section N-70, Kohat Tunnel and Access Roads, Mansehar-Naran Section, Karachi Northern Bypass, Qazi Ahmed & Shahpur Jehania road, Ratodero-Shahdadt-kot-Qubo Saeed Khan, Pindi Bhattian-Faisalabad Motorway (M-3), Lahore-Sahiwal Section, Rahim Yar Khan-TMP Section, Baberlo-Pano Aqil Section, Torkham-Jalalabad road, rehabilitation of Band Road Lahore and inauguration of Gwader Port etc. Major on-going projects including, Islamabad-Peshawar Motorway (M-1), Lakpass Tunnel, Gwadar-Turbat-Hoshab (M-8), Khuzdar-Shahdadt-kot Section, Kalat-Quetta-Chaman Section, Sibi-Dhadar Section, Lyari Expressway, D.I. Khan-Mughalkot Section, Islamabad-Murree Dual Carriageway and R.Y. Khan-Bahawalpur Section. In the long term the transport system is likely to experience tremendous improvement with the implementation of the National Trade Corridor (NTC) programme.

## I. TRANSPORT

### i. Road Transport

Road transport is the backbone of Pakistan's transport system, accounting for 90 percent of national passenger traffic and 96 percent of freight movement. Over the past ten years, road traffic – both passenger and freight – has grown much faster than the country's economic growth. The 10,849 km long National Highway and Motorway network contributes 4.2 percent of the total road network. They carry 90 percent of Pakistan's total traffic.

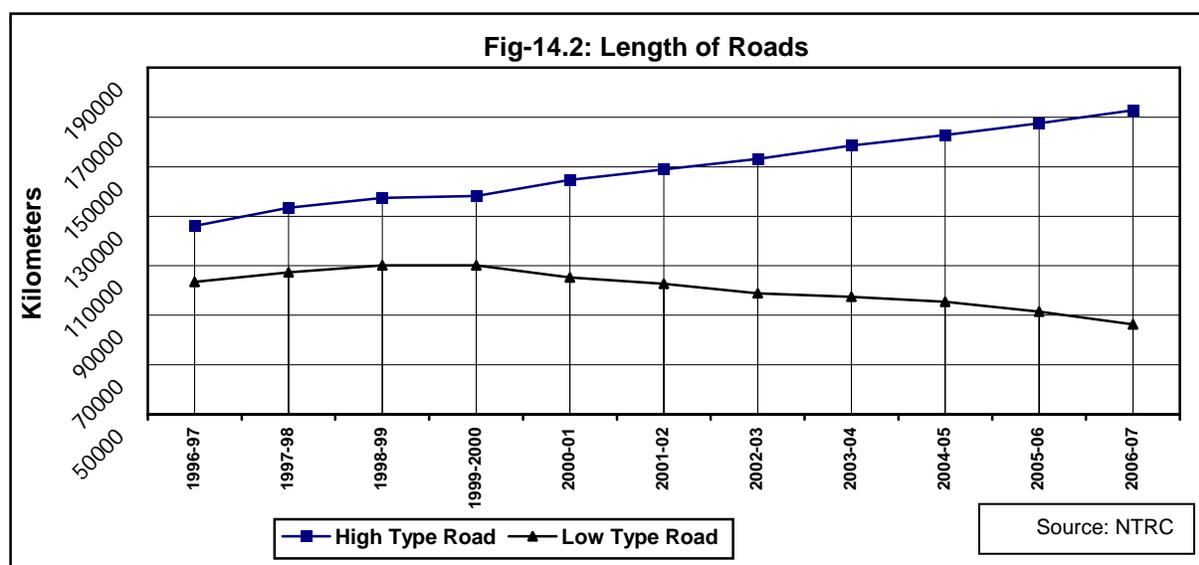
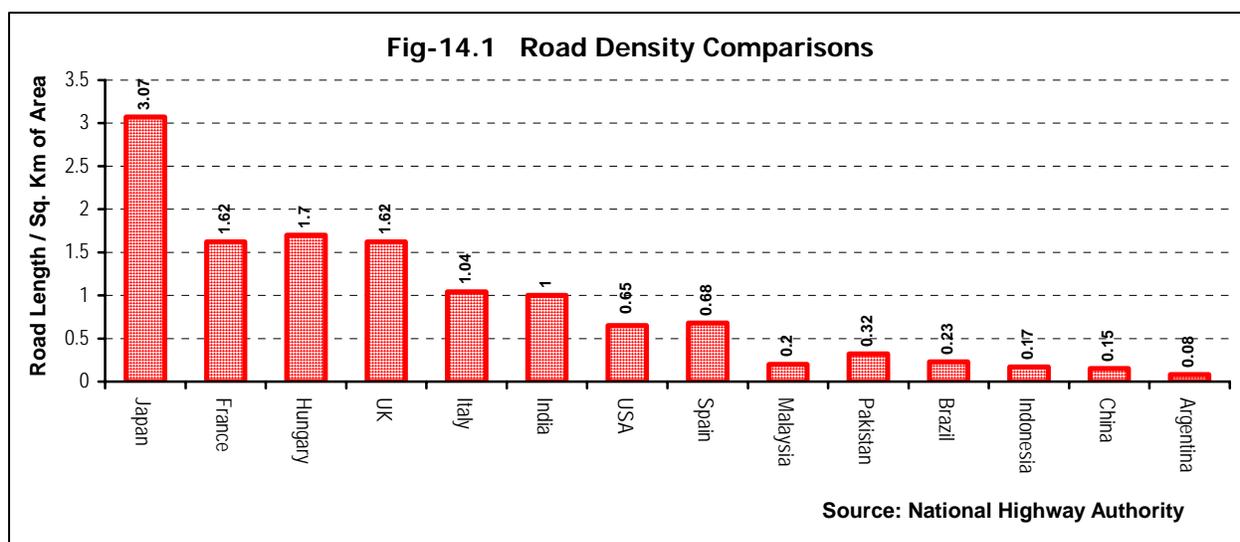
Pakistan, with about 156 million people, has a reasonably developed transport system. However, when compared with other developed and developing countries, the road density of Pakistan is low. This fact is documented in Fig-14.1. A commonly used indicator for development of the road system is road density (total length of road / total area), which is often used as an index of prosperity, economic activity and development. Pakistan intends to double its current road density of 0.31-km/sq. km to 0.64-km/sq. km gradually over the next 10 years.

### a) Road Network

Pakistan has a road network covering 259,197 kilometres including 172,827 KM of high type roads and 86,370 KM of low type roads. Total roads, which were 229,595 KM in 1996-97, increased to 259,197 KM by 2006-07— an increase of 13 percent. During the out-going fiscal year, the length of the high typed road network increased by 3.2 percent but the length of the low type road network declined by 5.6 percent. Extent of high type roads have increased by 37 percent since 1996-97. A sizable and continuous improvement of the high type road network can be observed from 2001 to 2007, where the network grew at an

average rate of 3.3 percent. The continuous improvement and rehabilitation of the existing roads reflects the government's enhanced focus on infrastructure. As a result of an emphasis on high type roads, many low typed roads were converted to high typed roads during this period. There are many ways by which availability of improved and wide spread modern road networks can facilitate economic activity. For example, they could help alleviate poverty by providing access to far flung rural areas, create more jobs by supporting

economic activity along the network and provide numerous small-scale investment opportunities. In addition, introduction of Khushal Pakistan Programme, has helped to rehabilitate and modernise rural road network along with implementation of wide ranging development activities through various district governments under the devolution programme. The annual growth of roads in Pakistan between 1996-97 and 2006-07 is given in Table-14.1 and Fig-14.2



Fiscal Year	High Type		Low Type #		Total	
	Length	%Change	Length	%Change	Length	% Change
1996-97	126,117	6.5	103,478	3.6	229,595	5.2
1997-98	133,462	5.8	107,423	3.8	240,885	4.9
1998-99	137,352	2.9	110,132	2.5	247,484	2.7
1999-2000	138,200	0.6	110,140	0	248,340	0.3
2000-01	144,652	4.7	105,320	-4.4	249,972	0.7
2001-02	148,877	2.9	102,784	-2.4	251,661	0.7
2002-03	153,225	2.9	98,943	-3.7	252,168	0.2
2003-04	158,543	3.5	97,527	-1.4	256,070	1.5
2004-05	162,841	2.7	95,373	-2.2	258,214	0.8
2005-06	167,530	2.9	91,491	-4.1	259,021	0.3
2006-07*	172,827	3.2	86,370	-5.6	259,197	0.1

\* Estimated

Source: Ministry of Communications

# : The percentage change in low type roads can be negative as many of these roads are being converted to high type roads.

### b) National Highway Authority (NHA)

The NHA is currently the custodian of nearly all of Pakistan's major inter-provincial road links called the national highways, including the motorways and strategic roads. These roads comprise only around 4 percent of Pakistan's total road network but carry 80 percent of the country's commercial traffic. Consequently, the network is under pressure and its importance from a development perspective cannot be over emphasized. The province wise breakup of NHA network is given in Table.14.2.

The present highway network is under strain by rising traffic flow and a slow pace of increase in capacity. Consolidation, preservation and

improvement of the existing highways are needed on an urgent basis. Gradual extension of the network is also equally important to develop remote areas and to better connect major economic and social centers of Pakistan. The details of major projects completed and on going projects are shown in Table.14.3 and Table.14.4

**Table:14.2 Province Wise Break-up**

Province	Km	% Share
Punjab	2475	22.81
Sindh	1604	14.78
NWFP	1651	15.22
Balochistan	4177	38.50
NA/AJK	942	08.69
<b>Total</b>	<b>10849</b>	<b>100%</b>

Source: NHA

**Table:14.3 Major Completed Road Projects**

S.No.	Project	Length (KM)	Province
1.	Makran Costal Highway	634	Balochistan
2.	Nauttal-Sibi section including Sibi Bypass	86	Balochistan
3.	Dera Allah Yar-Nauttal Section	60	Balochistan
4.	Khajuri-Bewata Section N-70	68	Balochistan
5.	Kohat Tunnel and Access Roads	31	NWFP
6.	Mansehra-Naran Section	124	NWFP
7.	D.I.Khan-CRBC (Indus Highway)	14	NWFP
8.	Karachi Northern Bypass	57	Sindh
9.	Qazi Ahmed & Shahpur Jehania Road	102	Sindh

**Table:14.3 Major Completed Road Projects**

S.No.	Project	Length (KM)	Province
10.	Ratodero-Shahdaddock-Qubo Saeed Khan	64	Sindh
11.	Pindi Bhattian-Faisalabad Motorway, M-3	52	Punjab
12.	Lahore-Sahiwal Section	40	Punjab
13.	Okara Bypass	13	Punjab
14.	Rahim Yar Khan-TMP Section	80	Punjab
15.	Baberlo-Pano Aqil Section	30	Sindh
16.	Rehabilitation of Bund Road Lahore	19	Punjab
17.	Torkham-Jalalabad Road.	75	Afghanistan

Source: NHA

**Table:14.4 Major Ongoing Road Projects**

S.No.	Project	Length (KM)	Province
1.	Gwadar-Turbat-Hoshab (M-8)	193	Balochistan
2.	Khuzdar-Shahdaddock Section	82	Balochistan
3.	Khanozai-Muslim Bagh Section	50	Balochistan
4.	Kalat-Quetta-Chaman Section	230	Balochistan
5.	Gawadar-Pleri Section	67	Balochistan
6.	Sibi-Dhadar Section	26	Balochistan
7.	Lakpass Tunnel	280 m	Balochistan
8.	Lyari Expressway	32	Sindh
9.	Lowari Rail Tunnel and access roads	27	N.W.F.P
10.	Naran-Jhalkhad-Chillas Section	40	N.W.F.P
11.	Dualization of Takht Bahi-Dargai Road	30	N.W.F.P
12.	D.I.Khan-Mughalkot Section	124	N.W.F.P
13.	Islamabad-Peshawar Motorway	152	N.W.F.P/Punjab
14.	Islamabad-Murree Dual Carriageway	43	Punjab
15.	R.Y.Khan-Bahawalpur Section	90	Punjab

Source: NHA

## ii. Pakistan Railways

A well functioning railway system is crucial for sustainable economic growth. Railways have a definite edge over roads for long haul and mass scale traffic movement, both for passenger and freight, as a safe, economical and environment friendly mode of transport. It not only contributes to economic growth but also promotes national integration. Pakistan Railways was the primary mode of transportation in the country till seventies. However, due to diversion of resources to expansion of road network, the performance of Pakistan Railway declined and it's share of inland traffic reduced from 41 percent to 10 percent for passenger and 73 percent to 4 percent for freight traffic.

During the last seven years (2000-2007), Pakistan Railways has shown improving trend in both passenger and freight traffic, registering an average increase of 5.6 percent and 8.0 percent per annum, respectively. A positive growth of 5.7 percent and 6.9 percent has been recorded in passenger traffic and freight traffic, respectively during 2005-06. Further, the passenger and freight carried by railways increased by 6.3 percent and 7.0 percent respectively during July-March 2006-07. The positive growth trend for seven consecutive years (2000-2007) can be attributed to the wide range of improvements made by the Pakistan Railways through completion of a number of development projects and better policies aimed at modernization of PR. Pakistan Railways has introduced 9 new train services in

order to facilitate passengers as well as freight customers. (Table.14.6). PR has also improved the quality of its services, timeliness and cleanliness. This trend is reported in Table.14.5.

**Table 14.5 Trend of Passengers Traffic and Freight Traffic (Road vs Rail)**

Fiscal Year	Passenger Traffic (Million passenger Km)				Freight (Million Ton KM)			
	Road	%Change	Rail	%Change	Road	%Change	Rail	%Change
1996-97	163,751	5.9	19,114	1.1	84,345	5.6	4,607	-9.3
1997-98	173,857	6.2	18,774	-1.8	89,527	6.1	4,447	-3.5
1998-99	185,236	6.5	18,980	1.1	95,246	6.4	3,967	-10.8
1999-00	196,692	6.2	18,495	-2.6	101,261	6.3	3,753	-5.4
2000-01	208,370	5.9	19,590	5.9	107,085	5.7	4,520	20.4
2001-02	209,381	0.5	20,783	6.1	108,818	0.2	4,573	1.2
2002-03	215,872	3.1	22,306	7.3	110,172	1.2	4,820	5.4
2003-04	222,779	3.2	23,045	3.3	114,244	3.7	5,336	10.7
2004-05	232,191	4.2	24,238	5.2	116,327	1.8	5,532	3.6
2005-06	238,077	2.5	25,621	5.7	117,035	0.6	5,916	6.9
<b>(Jul-Mar)</b>								
2005-06	179,005		19,672		87,996		3,539	
2006-07*	191,057	6.7	20,921	6.3	88,032	0.04	3,786	7.0

\* Estimated

Source: Ministry of Railways & Ministry of Communications

In order to continue improvements and to consolidate reforms, Pakistan Railways has prepared a business plan for 2005-11. The plan places emphasis on encouraging private sector participation in order to increase its competitiveness, responsiveness and efficiency. Pakistan Railway is planning to take a series of interlinked initiatives, which will enable it to

compete efficiently in the fast growing transport sector in Pakistan.

Pakistan has awarded a contract to an international consortium to carry out a feasibility study for establishing a rail link with China. A rail link could further boost trade relations between the two countries by facilitating the already growing trade with China and operations of Gwadar Sea Port.

**Table: 14.6 New Trains**

S.No	Trains	Section	Date of Commencement
i)	Thar Express	Karachi-Zero Point	18-02-2006
ii)	Margala Express	Lahore-Rawalpindi	22-05-2006
iii)	Marvi Express	Mirpurkhas-Khokhropar	07-06-2006
iv)	Sindh Express	Lahore-Karachi	24-07-2006
v)	Buraq Express	Rawalpindi-Karachi	14-08-2006
vi)	Peshawar Express	Peshawar-Rawalpindi	15-12-2006
vii)	Pakistan Express	Rawalpindi-Karachi(Via Hafizabad, Faisalabad And Multan	16-12-2006
viii)	Jinnah Express	Karachi-Rawalpindi.	08-01-2007
ix)	Sir Syed Express	Rawalpindi-Karachi	08-03-2007

Source: M/O Railways

An amount of Rs. 10.42 billion was allocated to PR development for the financial year 2006-07. The major development schemes under taken were Track Renewal of 221 KM of Rails and 455 KMs of sleepers for the planned main line from Karachi-Khanpur. Twenty locomotives in CKD condition were imported from China, out of which 10 locomotives were manufactured in Pakistan Locomotive Factory. The rehabilitation programme for old locomotives will be continued. The earning of Pakistan Railways since 1998-99 are given in Table.14.7.

Table-14.7 : Earnings of Pakistan Railways

<i>(Rs. Million)</i>		
<b>Year</b>	<b>Earnings</b>	<b>% Change</b>
1998-99	9,310	--
1999-2000	9,889	6.2
2000-01	11,938	20.7
2001-02	13,046	9.3
2002-03	14,812	13.5
2003-04	14,636	-1.2
2004-05	18,027	23.2
2005-06	18,184	0.9

*Source: Ministry of Railways*

### iii) Civil Aviation Authority (CAA)

After the completion of a new terminal complex (NTCL) at the Lahore airport, the construction of a new Islamabad international airport (NIIA) is expected to play a major role in the national aviation sector. The airport shall be developed by the Civil Aviation Authority (CAA) on self-finance basis with an estimated total cost of Rs. 25 billion on 3200 acres of land. The CAA is also going to undertake the development work on the New Gwadar International Airport through Public Sector Development Programme (PSDP), at a total estimated cost of Rs. 3.6 billion. The airport is planned for latest generation wide bodied aircraft in order to accommodate all the future requirements of Gwadar city. A new green field international airport, initiated by the local business community, is under completion in Sialkot. The project is being constructed on a build, own and operate (BOO) basis and is mainly for commercial purposes. It is likely to boost exports of leather and surgical goods. The plans for upgrading Multan and Peshawar International Airports have also been prepared with estimated cost of Rs. 2.6 billion and Rs. 0.6 billion respectively.

### a) Pakistan International Airlines (PIA)

Civil aviation plays an important role in the development of the economy by providing rapid access between the different parts of the country as well as to other parts of the world. Private participation has also been encouraged through concessions and incentives for development of airports and airlines to increase availability of air transport services within and out side the country. Pakistan International Airlines carried 4.245 million passengers during July-March 2006-07 as compared to 4.355 million passengers in the same period of last year. This decrease of 2.5 percent is likely due to grounding of PIA F 27 fleet in July 2006. The airline's revenue was 11.557 million RPKs in July-March 2006-07 as against 11.649 million PKRs generated in the corresponding period of last year, registering a marginal decrease of 0.8 percent. The passenger capacity remained almost unchanged during the first 9 months (July-March) of the current fiscal year over the same period last year. During July-March 2006-07, cargo traffic was 304.0 million Revenue Freight Tonne Kilometre (RFTKS) as against 313.8 RFTKS in the same period last year thus registering a decline of 3.1 percent. The cargo handling capacity in terms of Available Freight Tonne Kilometre (AFTKS) has increased to 517.0 million during July-March 2006-07 as against 500.4 million in 2005-06, thus registering an increase of 3.3 percent. The airline is pursuing a long term fleet modernization plan which envisages induction of two additional Boeing 777-300ER family aircraft during July-March 2006-07. In addition one B777-200ER was inducted on long term lease during the same period. As replacement of grounded F27 aircraft, 4 ATR42 500 were also added to the PIA fleet during the same period thus bringing total number of aircraft in PIA fleet to thirty nine.

### iv) Ports & Shipping

#### a) Karachi Port Trust (KPT)

The steady and continuous progress made by KPT has helped boost the national economy. The KPT established an annual cargo handling record of over 32.3 million tons during 2005-06 showing a sizable growth of 12.8 percent over 2004-05. However, during the first nine months of the current fiscal year, the port handled a cargo volume of 22.4 million tonnes as compared to 24.6

million tonnes handled in the corresponding period last year registering a decline trend of 8.7 percent. This is mainly due to a fall in imports of fertilizer by 49 percent, sugar by 38 percent, iron scrap by 60 percent and crude oil by 16 percent which led to an over all decrease of import cargo

by 12 percent during first nine month of current financial year. However, the volume of export increased by 4.1 percent during first nine months of current fiscal year. Statistics of cargo handled during the last ten years are given in Table 14.8

**Table 14.8 : Cargo Handled at Karachi Port (000 Ton)**

Year	Imports	%Change	Exports	%Change	Total	% Change
1996-97	18,362	-1.9	5,113	5.2	23,457	-0.4
1997-98	17,114	-6.8	5,570	8.9	22,684	-3.4
1998-99	18,318	7.0	5,735	3.0	24,053	6.0
1999-2000	17,149	-0.9	5,613	-2.1	23,762	-1.2
2000-01	20,064	10.5	5,918	5.4	25,98	9.3
2001-02	20,330	1.3	6,362	7.5	26,692	2.7
2002-03	19,609	-3.5	6,273	-1.4	25,852	-3.1
2003-04	21,732	10.8	6,081	-3.1	27,813	7.6
2004-05	22,100	1.7	6,515	7.1	28,615	2.9
2005-06	25,573	15.7	6,697	2.8	32,270	12.8
July -March						
2005-06	19,625		4,947		24,572	
2006-07	17,277	-12.0	5,150	4.1	22,427	-8.7

Source: KPT

The existing port facilities appear to be inadequate to handle the growing cargo at the port. In order to address these constraints, the KPT has launched a number of projects, which are at different stages of execution. A number of projects have been formulated for phased implementation on a BOT basis covering various activities in port operations. The KPT has commissioned the project titled "Karachi Interval Container Terminal (KICT)". The project is already operational at the west wharf and it has annual capacity of 350,000 twenty equal units (TEU). An additional \$ 65 million was invested to enhance its capacity upto 525,000 TEU. The 3<sup>rd</sup> phase of the project was launched on March 7, 2005, with an investment of US\$ 55 million to extend the capacity up to 700,000 TEU. In addition, KPT has awarded a contract for a second container terminal on BOT basis with estimated cost of US\$ 75 million. To ease transportation problem between the port and the factory, the KPT has pledged to contribute over Rs.2.8 billion for reconstruction of roads. As the new generation of container ships come on board, KPT is taking initiatives to be able to cater to the even higher capacity fifth and sixth generation ships. This involves the development of 10 deep

draught berths with the total cost of US \$ 1,087 million.

#### **b) Port Qasim**

Port Qasim is fast becoming a major contributor to national economy of Pakistan with an impressive growth in port operations. During 2005-06 cargo handled at the port increased by 10.8 percent from 21.3 million tonne to 23.6 million with the increase of marine traffic by 8 percent. The cargo handling during July- March 2006-07 increased from 16.8 million tonne to 19.7 million tonne over the corresponding period last year. This is an increase of 17 percent which is higher than 14 percent increase recorded for the same period last year. During the last 3 years a marked improvement has also been witnessed in revenue growth. The revenue generation over the last five years was increased from Rs. 2 billion to Rs.3.4 billion. The PQA is currently pursuing a large number of projects for capacity enhancement and industrialization, attracting foreign direct investment (FDI) and simultaneously undertaking major infrastructure development to enhance its efficiency. The port has already attracted US \$ 1.5 billion of FDI.

### **c) Pakistan National Shipping Corporation (PNSC)**

PNSC manages 15 vessels with a total capacity of 636,182 dwt. The existing fleet consist of 10 multi-purpose cargo vessels, 4 Aframax crude oil tankers and one Panamax bulk carrier vessel which were acquired through PNSC's own resources. The four Aframax oil tankers are participating in national and regional crude oil trade. PNSC has carried crude oil cargoes for India, Bangladesh and Sri Lanka. During fist nine months of the current fiscal year, the PNSC has lifted 5.4 million tonne of liquid cargo and 1.0 million tonne of dry cargo. The Corporation is continuing with its efforts to add more vessels at a total cost of about US\$ 150 million out of which US\$ 135 million is being arranged through foreign financing.

### **d) Gwadar Port**

The Gawadar port was inaugurated on 20<sup>th</sup> March 2007. Gwadar, a district of Balochistan enjoys a strategic position on the coastline of Pakistan. Balochistan in general and Gwadar in particular has been neglected in the past but its 600 km long coastline has been brought to the lime-light by the present government which is determined to develop this Port into one of the most modern Ports in the world. This port would be an integral component of the trade corridor for Central Asian states, China and the Gulf as 60 percent trade of oil and gas is done through this route.

A deep sea port like Gwadar is already attracting global attention, and once it is fully developed with all supporting facilities required to handle trans-shipment and trade, Gwadar will become one of the important gateways to prosperity for the people of Pakistan in general and Balochistan in particular. Gwadar could spur economic progress through out the region by reducing the transport time between China, Middle East, Central Asian States, Europe and Africa. Some experts even estimate that Pakistan could earn up to US \$ 60 billion per annum out of transit trade when Gawadar Port and the National Trade Corridor are fully developed and operational.

The operation and management of the port was recently handed over to the Singapore Port Authority (SPA) under a 40 year agreement between the Gawadar Port Authority (GPA) and

the Concession Holding Company (CHC) a subsidiary of the GPA that is operating 22 ports in 11 countries. The company will invest \$ 550 million in next five years. The port will not only promote trade and transport with Gulf States, but will also provide transshipment of containerized cargo, unlock the development potential of hinterland and will become a regional hub for major trade and commercial activities.

### **e) Future Outlook**

#### **National Trade Corridor**

In order to create a growth-facilitating infrastructure a major initiative namely the "National Trade Corridor" has been launched, to revamp the whole transport sector including ports, roads, railway, aviation etc. A framework to develop and improve the North South Corridor has been incorporated in it. The framework takes a holistic and integrated approach to reduce the cost of doing business in Pakistan by improving the trade and transport logistics chain and bringing it up to international standards. The initiative is in line with Medium Term Development Framework (MTDF). The government's strategy to establish a multi-modal transport system is based on emphasis on asset management with consolidation, upgradation, rehabilitation and maintenance of the existing system; enhanced private sector participation in transport and use of modern technology to increase sector efficiency. The strategy aimed at enhancing regional connectivity to improve links to the Central Asian States, Iran, Afghanistan and India. With the development of the North-South and East West trade links, energy and industrial corridors with China, Central Asian Republics, Afghanistan and Iran would also be developed.

Basic theme of the National Trade Corridor Improvement Program is "Decreasing the cost of doing business through improvements in the trade logistics". Basic thrust would be to get results through short term / long term measures. In the short term, quick results would be achieved with small investments through policy interventions, systematic & procedural improvements, reducing costs & time and eliminating red-tapism. Long-term measures include higher investments on infrastructure, deep-rooted institutional reforms to

ensure sustainability and conducive environment for pragmatic investment by the private sector.

An efficient and well-integrated transport system facilitates the development of a competitive economy and creates vast opportunities to reduce poverty. It also ensures safety in mobility and augment regional connectivity. All these efforts are expected to help increase Pakistan's exports from US\$ 17 billion in 2006 to around US\$ 250 billion by 2030. This program would not only target the trade

facilitation and infrastructure development, but also will serve for developing an energy and Industry corridor in future. Pakistan can establish exclusive industrial zones for Chinese and other Central Asian entrepreneurs near the industrial cities of Karachi, Lahore, Faisalabad and Peshawar. The NTC will also boost the emerging trade and business status of the Gawadar Port. The main findings of the National Trade Corridor's (NTC) are highlighted in Box-14.1

#### **BOX-14.1**

- ◆ Logistic costs will come down from 11 percent of Foreign Trade Account to 6.11 percent
- ◆ Customs clearance times will reduce from 4 days to less than one day.
- ◆ Freight Forwarding Rules (FFR) formulation by Central Board of Revenue (CBR) and Pakistan Institute of Freight Forwarder Association (PIFFA) has started; State Bank of Pakistan (SBP) now allows external remittance to Freight Forwarded (FF); FF trainings are being organized.
- ◆ Duty rationalized on equipment for establishing wholesale/retail chain stores.
- ◆ National Trade Facilitation Strategy would be developed.
- ◆ Private terminal operators directed to install scanners-specifications and the time lines communicated to the terminal operators by CBR.
- ◆ Road Freight Industry (RFI) Strategy Paper has been Prepared;
- ◆ Duty on multi-axle trucks and prime movers rationalized.
- ◆ Stakeholder consensus developed to allow import of second hand multi-axle trucks to all industry but age limited to 4 years.
- ◆ Port Qasim Authority (PQA) and Karachi Port Trust (KPT) Business Plan (covering study of management practices of Malaysia, Singapore, and other best practice Ports) are under preparation.
- ◆ Reduction in wet charges by 15 percent and reduction in free dwell time at port by 15 percent has been notified and being implemented. Reduction in free dwell time has indirectly increased the port capacity. Double charging during port handling by the shipping lines and terminal operators would be removed.
- ◆ World class airlines such as Virgin Atlantic, Singapore and Ettihad have been invited to start their operations. Bi-lateral and Air Service Agreements being expended with several countries. Operational frequencies have been given to 7 foreign airlines resulting in 29 additional landings per week. These include Thai, Cathay Pacific, Malaysian, Turkish, Bahrain, Gulf & Ettihad.
- ◆ External communications/ media strategy has been developed to inform all stakeholders about the National Trade Corridor Improvement Programe (NTCIP) Vision.
- ◆ Deep draught vessels contribute to reduce the costs of trade. Berths and channels at Karachi and Qasim ports have been planned to be deepened to attract large size vessels having deep draughts.

- ◆ KPT, PQA and Gwadar Port Authority (QPA) would be transformed into commercial organizations with corporate culture.
- ◆ A “Ports Maintenance & Management Training” program is under preparation for young officers from all the three ports.
- ◆ Pakistan Railways has become the first government entity to prepare draft Corporate Business Plan. Next step is to develop a separate dedicated freight business unit to improve the railway’s financial health and then gradually transform the Railways into a commercial corporation.
- ◆ Numbers of freight trains from port to upcountry and back have increased from one to 5 trains daily.
- ◆ Projects of doubling of main line track and induction of new locomotives, flat-bed container wagons & new passenger coaches have been approved and under implementation. State-of-the-Art auto-block, computer based signaling system on the main line has been planned to ensure better speed & safety.
- ◆ Freight Business Unit would be established after completion of financial restructuring of PR to establish separate line of business.
- ◆ Proactive marketing has resulted in agreement with private parties to start two new express freight trains thus increasing total to 5 fast cargo trains overall.
- ◆ National Expressway Corridor Improvement/Rehabilitation Plan costing US\$ 2.0 billion has been appraised and approved.
- ◆ The spot interdictions on N-5 have been reduced by 70 percent which has resulted in reduction in the turn around time.
- ◆ Pilot overloading control program is being implemented by NHA.
- ◆ New Aviation Policy is being developed with contribution of all stakeholders including public/private sector and international development partners to bring the civil aviation at par to the best international standards.

*Source: Planning Commission*

## II. TELECOM SECTOR

The Government and the Regulator (Pakistan Telecommunication Authority) have created a business friendly environment in the telecom sector of Pakistan through a series of initiatives. The Government has announced various business centric policies, which take into account the market demands and challenges, are open and consistent, and are creating a conducive environment for healthy business activities in the sector. Competition has now been introduced in each segment of Pakistan’s telecom sector including fixed line, mobile and other value added telecom services. An unprecedented growth has been witnessed in almost every segment and the cellular phone sector in particular. Total teledensity in the country has reached 40.2 (as of end April 07) registering year on year (YoY) growth of 53 percent (Table.14.9). During July-April 2006-07, telecom sector attracted US\$ 1.4 billion which is expected to cross one and half billion dollar mark

at the end of year. As a result of strong growth in the sector the revenues of the telecom companies reached Rs. 193 billion last year and is expected to cross Rs. 240 billion in 2006-07. Consequently, the contribution of telecom sector in the government’s exchequer is also expected to cross Rs. 81 billion during 2006-07. The success of telecom sector in Pakistan is now globally recognized and it has emerged as a role model for other emerging telecom markets.

**Table: 14.9 Teledensities of Regional Countries (%)**

	2002-03	2003-04	2004-05	2005-06	2006-07*
Pakistan	4.3	6.3	11.9	26.2	40.2
Sri Lanka	12.2	16.6	23.4	29.0	37.0
India	7.1	8.9	11.5	12.8	15.4
Bangladesh	1.6	2.0	4.5	9.0	15.0
Nepal	1.8	2.0	3.0	3.5	6.5

Teledensity includes fixed, WLL and mobile

\* As of 30<sup>th</sup> April 2007

Source: PTA

**i). Telecom Sector Growth**

The dramatic growth on the telecom sector has been supported by prudent government policies. Teledensity of the country has improved many folds in the last couple of years. Currently the total teledensity in Pakistan is over 40.2 percent, which was just 2.8 percent at the end of 2000. Total number of mobile subscribers in Pakistan has crossed 55.6 million by end March 2007 whereby mobile density has hit 35.8 percent, far surpassing the fixed line teledensity which is 3.32 percent with total working connections of 5.2 million. The Wireless Local Loop (WLL) subscribers are also on the rise and have reached 1.6 million. Similarly, value added services, such as payphones and Internet usage are also on the rise. There are 353,194 PCOs working across Pakistan and more than 2.4 million registered Internet subscribers with an estimated 12 million Internet users. (Table.14.10).

**Table:14.10 Teledensity of Pakistan (%)**

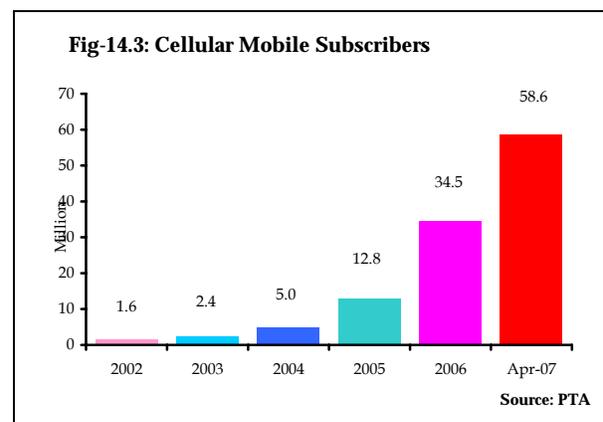
Years	Fixed	Cellular	WLL	Total
2001-02	2.50	1.16		3.66
2002-03	2.69	1.62		4.31
2003-04	2.94	3.31		6.25
2004-05	3.43	8.29	0.17	11.89
2005-06	3.37	22.16	0.66	26.19
Mar 2007	3.32	35.79	1.06	40.17

Source: PTA

**a) Cellular Mobile**

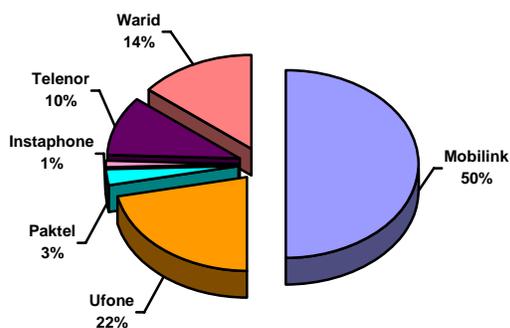
The growing competition in the vibrant cellular market of Pakistan has compelled the operators to offer very competitive services. Four out of five GSM operators performed well during the year exhibiting tremendous growth in their subscriber base and provided the market with new, innovative and value added services. Added competition from Telenor and Warid has provided real momentum for the growth of Pakistani mobile market. These two companies have given an impetus in the industry for lower tariffs, expanded

networks, customized packages and high tech services. During the year, wireless companies continued to expand their network and subscribers exponentially. Today, mobile segment of telecom sector is considered to be the most thriving one. On average, approximately 2.3 million subscribers have been added on cellular mobile networks each month in Pakistan during the first nine months of 2006-07. This is an exemplary growth in relation to the population of any country in Asian region. Total mobile subscribers at the end of April 2007 crossed the 58.6 million mark (Fig-14.3).



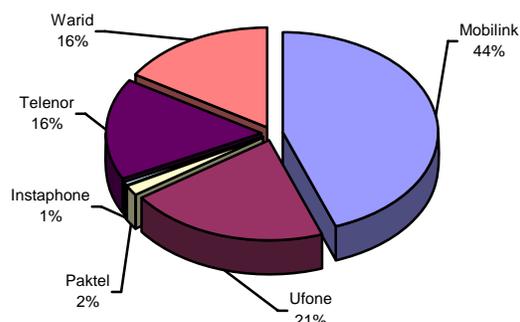
The entry of Warid and Telenor in 2005 resulted in significant changes in the market; one of them was market structure with respect to subscribers' share. These two companies started attracting customers, which reduced the market share of the dominant player, Mobilink from 64 percent in June 2004 to 44 percent in March 2007. The two new companies now have over 32 percent (As of March 2007) of the market share which is very healthy development with regard to competition and maturity in the market. Herfindahl Index, also known as Herfindahl - Hirschman Index (HHI, is a measure of the size of firms in relationship to the industry an indicator to the amount of competition among them) a widely used measure of the industry concentration, also shows an improvement in Pakistan's mobile market competition, particularly during the last one year (Fig-14.4 & Fig-14.5). Socio-economic impact of mobile phone is also given in Box 14.2

**Fig-14.4: Cellular Market Share (Jun 06)**



Source: PTA

**Fig-14.5: Cellular Market Share (Mar 07)**

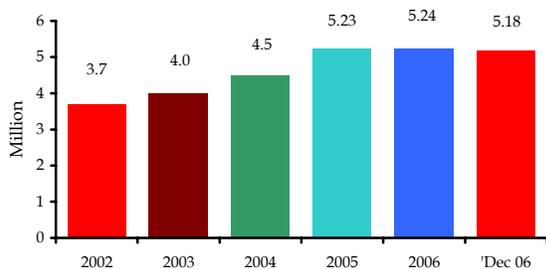


Source: PTA

**b) Fixed Line Services**

In the Long-distance and International (LDI) segment, 13 companies are operational out of the total 14 LDI licensees. PTA also awarded licenses to 38 Fixed Local Loop (FLL) companies for their operations in various telecom regions. So far, 4 companies have launched their services, with limited network coverage in few cities of Punjab and Sindh. Few other companies like Neyatel, Multinet Broadband and Stanlay are at their rollout stage; however, their coverage is limited with low capacity. Currently, there are 5.2 million fixed line subscribers with 98 percent subscribers of the incumbent operator, PTCL (Fig-14.6).

**Fig-14.6: Fixed Line Subscribers**



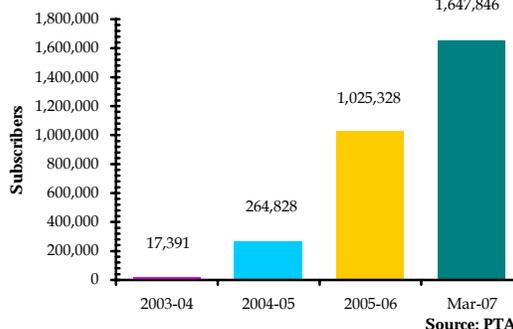
Source: PTA

**c) Wireless Local Loop**

WLL technology was introduced in Pakistan in 2004 with the objective to bridge the digital divide between the rural and urban areas as the deployment of WLL services is much easier than the fixed line. The total WLL subscribers have reached 1.6 million which are now 30 percent of

the fixed line subscribers. WLL density has also increased to 1.06 percent. Now 5 WLL operators are providing their services in the country. The coverage extended by PTCL for WLL services has reached over 1,080 cities/towns of Pakistan (Fig-14.7).

**Fig-7: WLL Subscribers**

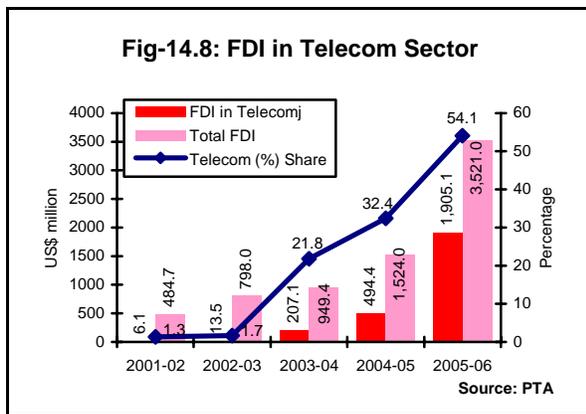


Source: PTA

**ii). Sector Accomplishment**

**a) FDI in Telecom Sector**

In the last 2-3 years Telecom sector has attracted record inflows of FDI. During 2005-06, telecom sector received over US\$ 1.9 billion FDI and emerged as the single largest sector attracting FDI. In the year 2005-06, telecom sector received 54.1 percent of the total FDI which is even higher than last year's 32.4 percent. During July-April 2006-07, telecom sector attracted US\$ 1.4 billion which is expected to cross one and half billion dollar mark at the end of year (Fig-14.8).



**b) Contribution to National Exchequer**

Telecom sector is also a major contributor to

government revenue. During 2005-06 total revenue collected by the government in the form of taxes and PTA deposits was more than Rs. 77 billion. The government collected total GST/CED of Rs. 8.8 billion in 2001-02 on telecom services, which increased to Rs. 26 billion by 2005-06. It is expected that the contribution of telecom sector in total GST/CED collected by CBR will grow in the coming years. In 2006-07, GST collection is expected to be over Rs. 33.8 billion. The government also collects activation tax on new mobile connections at the rate of Rs. 500. In 2006-07, it is expected that the collection under this head would cross Rs. 12.24 billion (Table 14.11).

**Table: 14.11 Telecom Contribution to Exchequer**

(Rs. in Billions)

	GST	Activation Tax	PTA Deposits	Others	Total
2001-02	8.9	0.12	0.04	0.99	10.05
2002-03	11.5	1.91	0.47	15.75	29.63
2003-04	12.1	4.02	0.69	21.59	38.40
2004-05	20.5	7.53	17.72	21.38	67.13
2005-06	26.8	11.40	17.38	21.55	77.10
2006-07 E	33.8	12.24	11.50	23.51	81.05

E: Estimates are based on 6 months' actual data

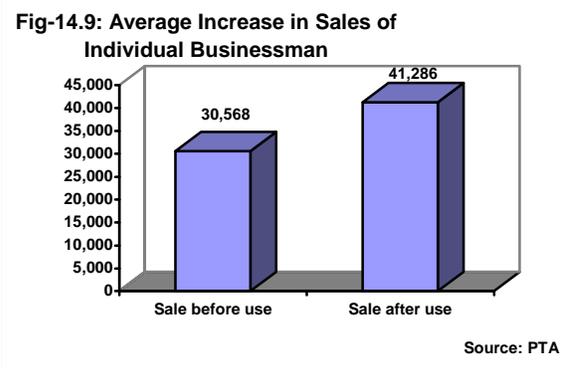
Source: Central Board of Revenue and Pakistan Telecommunication Authority

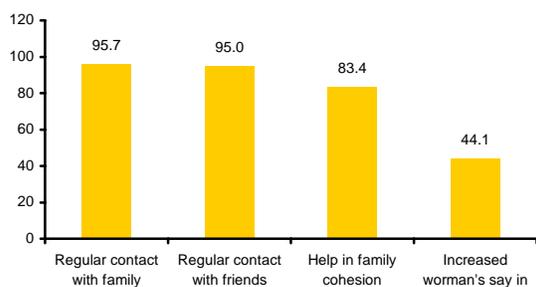
**Box-14.2**

**Socio-Economic Impact of Mobile Phone Growth**

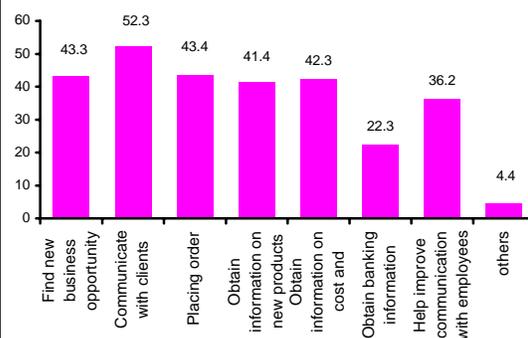
Pakistan Telecommunication Authority has conducted an independent study to assess the socioeconomic impact of mobile growth in Pakistan. A survey of 1,269 mobile phone users was conducted during March 2007 in all four provinces AJK and NAs. The study found that the use of mobile has created socio-economic awareness among the users in changing their life style, in improvement of their business and related activities, saving time on inter-city trips and local visits and ultimately in saving money and increase in their sales and income. The use of mobile phone on average made 35 percent increase in the sales of individual businessmen included in the survey.

Use of mobile has also increased the access to medical, financial and other services. According to the survey results, more than 52 percent respondents reported that the use of mobile has improved their access to doctors and health personnel. It also improved their family cohesion and elevated women's role and say in family and society. (Fig-14.9 Fig-14.10 & Fig-14.11)



**Fig-14.10: Use of Mobile for Social Activities**

Source: PTA

**Fig-14.11: Use of Mobile Phones for Business/Work Related Activities**

Source: PTA

### Employment Generation

The study also analyzed the business outlook and the value chain of the mobile sector in the country. It estimated the current employment level of 354,042 employees engaged in the telecom sector at various level of value chain including employment at Telecom Companies, vendors, tower businesses and cell phone shops. It is projected that 58,009 direct and indirect employment opportunities will be created in 2007-08.

### iii) Reduction in Telecom Services Tariff

Significant reduction has been witnessed in the tariffs of almost all the telecom services over the last two to three years. The national and international long distance tariffs which were Rs. 34 and Rs. 70 per minute in 1996 respectively, have reduced significantly to as low as Rs. 0.67 and Rs. 0.79 per minute, respectively through calling cards. The incumbent operator PTCL has also reduced its NWD and international tariff drastically. In addition, the new local loop operators are also offering zero line rental packages and free local

call packages to telecom subscribers. Similarly tariffs of mobile services have also reduced. The minimum prepaid on-net tariffs which were Rs. 5.75 per minute in 2003-04 have reduced to Rs. 1.50 per minute. The international long distance tariffs from cellular mobile have also reduced and are as low as Rs.1.95 per minute. The cellular mobile operators are also offering friends and family packages in which the tariff is as low as Rs.0.99 per minute. The cellular mobile operators are offering per second, per 30 second and per minute billing to their subscribers. (The details of telecom tariff can see in Table 14.12).

**Table: 14.12 Telecom Tariffs**

	<i>(Rupees)</i>			
	2003-04	2004-05	2005-06	Mar-07
<b>Fixed Local Loop</b>				
<b>PTCL</b>				
Installation Charges				
Urban	1350	750	750	750
Rural	-	500	500	500
Local call Charges (per 5 min.)	2.01	2.01	2.01	2.01
Local mobile (per min.)	2.8	2.80	2.12	2.50
Long Distance Tariffs(per min.)	3.00-7.39	3.00-5.25	3.00-4.00	2.00
International Long Distance (per min. Minimum tariffs)	26.09	20.00	18.00	2.00
<b>Wireless Local Loop (Minimum Tariffs available)</b>				
Line Rent	-	149	Zero	Zero
Local calls	-			

<b>Table: 14.12 Telecom Tariffs</b>		<b>(Rupees)</b>			
	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>Mar-07</b>	
<i>On net</i> (per min.)	-	0.4	Free	Free	
<i>Off net</i> (per 5 min.)	-	2.01	2.01	2.01	
<i>NWD</i>	-	3.15-4.75	1.49-2.99	1.49-1.99	
<b>International Prepaid Calling Cards (Minimum Tariffs available)</b>					
<i>Long Distance</i> (per min.)			0.67	0.67	
<i>Intl' Long Distance</i> (per min.)			1.99	0.79	
<b>Cellular Mobile (Minimum Tariffs available)</b>					
<b>Airtime Tariffs (per min.)</b>					
<i>On net</i>	5.75	5.00	2.50	1.50	
<i>Off net</i>					
<i>Cell</i>	7.75	7.00	2.50	1.90	
<i>Fixed.</i>	7.76	7.76	2.50	1.90	
<i>NWD</i> (per min.)					
<i>On net</i>	14.75	12.75	2.50	1.50	
<i>Off net</i>					
<i>Cell</i>	16.48	14.39	2.50	1.80	
<i>Fixed.</i>	18.75	16.39	2.50	1.90	
<b>International Long Distance</b> (per min.)	34.75	22	3.75	1.90	
<b>SMS</b>					
<i>On net</i>	1.5	1.50	0.50	0.20	
<i>Off net</i>	1.5	1.50	1.00	1.00	

Source: PTA

#### iv) International Recognition of Telecom Policies

##### a) ITU Elections

Pakistan contested ITU elections for a Council Seat and Radio Regulation Board (RRB) membership. The elections were contested with full preparations and campaign was launched jointly by Ministry of Foreign Affairs, Ministry of Information Technology & Telecom (MOIT&T) and Pakistan Telecommunications Authority. Pakistan won the Council seat (117 votes) and Chairman PTA got elected as Member RRB (110 votes) with a comfortable margin. The number of votes obtained for both the candidates have increased considerably from previous elections indicating an enhanced position and image of Pakistan at international level.

##### b) Telecom Regulatory Environment in Pakistan – rated the best by LIRNEasia

Sectoral growth and regulator's performance have been appreciated internationally. Last year, PTA received two international awards - "GSMA – Government Leadership Award" in recognition of effective regulatory framework for cellular growth,

and Global Regulatory Exchange (G-REX) Award for PTA's active participation in the policy dialogue among the telecom regulatory bodies. Recently a study has been conducted by LIRNEasia (Organization based in Sri-Lanka) for the regulatory assessment of the Telecom Authorities in the six selected countries of Asia (Pakistan, Indonesia, Sri Lanka, India, Philippines and Thailand). This study has rated the Telecom Regulatory Environment (TRE) of Pakistan as the best in the group of these six countries. TRE, has been rated the best on the basis of its effective regulation in terms of market entry, interconnection, universal service and utilization of scarce resources.

#### V. Regulatory Measures

After successful deregulation of the telecom sector, the PTA is endeavoring for higher telecom growth in the country. Prudent and transparent policies are also in place to achieve this objective and the PTA has taken several measures for the uplift of the sector including Mobile Number Portability (MNP), simplified licensing, telecom liberalization in AJK and NAs, International Mobile Equipment

Identity (IMEI) system to counter mobile handset theft, rural telecom development, quality of service and consumer protection.

### **a) Licensing of Telecom Services**

Issuance of licenses for the telecom services in Pakistan is one of the core functions of the PTA. In this regard, transparent and simple procedures have been adopted and till now, the PTA has issued 6 cellular mobile licenses and 92 WLL licenses for operations in different telecom regions. Similarly, a total of 84 licenses have been issued for the provision of Fixed Local Loop services to 37 companies. Also, the PTA has issued 14 licenses to 14 telecom companies for provision of Long Distance and International services in the country. In addition, 720 licenses have been issued for value added services.

The Class Value Added Services (CVAS) Regime was implemented in October 2005. So far 182 CVAS licenses have been awarded. This new regime is more simplified under which more than 15 different individual license categories have been merged into just two license categories i.e. Data type and Voice type. Under the existing value added service, old licenses are also being converted into new CVAS licenses.

### **b) Telecom Developments in AJ&K and NAs**

Keeping in view the rising demand of AJ&K and NAs for advanced telecom facilities, the PTA has initiated the liberalization of telecom sector in the area after the mutual decision of the Governments of Pakistan and AJ&K to open the telecom sector for private operators for enhancing telecom facilities in the region. In this regard, licensing for cellular mobile took place in June 2006 in Islamabad where Mobilink, Warid, Ufone and Telenor were awarded licenses to operate services in AJ&K and NAs. Similarly, licensing for fixed line and wireless local loop is also underway. Currently there are over 260,000 cellular mobile connections in the region provided by the cellular companies.

### **c) Rural Telecom Development**

For the provision of affordable telecom services in underserved and unserved rural areas, the Government and the PTA have initiated a project

wherein a fund has been created namely the *Universal Service Fund (USF)*. The basic objective of the USF is to expand telecom infrastructure and services to unserved and underserved areas by providing subsidy to the telecom operators in these areas. Contribution to this fund is made by the telecom operators set under the policy as well as by the government and international development agencies. So far an amount of Rs. 4.82 billion has been collected in this account. The Ministry of IT & Telecom (MoIT&T) has also issued the policy for the utilisation of this fund for rural telecom development.

The PTA has developed a strategy for the establishment of Telecentres in rural areas and the project consists of two Phases; in the first phase, PTA has launched a Telecentre project called "Rabta Ghar" all across the country. Under the scheme, 400 Telecentres will be established in the first phase for which the equipment worth over Rs. 50,000/- will be provided free of cost. The PTA has also arranged free delivery, installation and training of the "Rabta Ghar". In the second Phase of Rural Telephony scheme, Telecentres will be established through micro financing from local Banks. For this scheme all major banks and all micro finance banks were approached to provide micro credit for the establishment of Telecentres.

In addition to the PTA's efforts for promoting rural telephony, the MoIT&T has also issued a Policy Guideline on the "Provision of Pay phone / PCO Service for Broader Coverage, Outreach and Economic Opportunity". The policy has been framed with a view to expanding telecom services in far flung areas by allowing local loop and cellular mobile operators to establish PCOs. Resultantly, Mobilink has launched its PCOs on a large scale.

### **d) Payphones Concessions and Facilitation**

To make payphone business sustainable, the PTA has announced a substantial reduction in the Annual License Fee (ALF) of Card Pay Phone Operators (CPPO) i.e. PTA will now charge only 0.1 percent ALF from Card Pay Phone Operators on their gross revenue with effect from 1<sup>st</sup> July 2006 instead of 1.5 percent. Further, the Authority also rescheduled the Annual License fee

outstanding up to June 30, 2005 for all payphone licensees. The ALF shall be payable in 6 equal installments on a bimonthly basis starting from December 16, 2006.

The business of Fixed Line CPPO segment which had mushroom growth in the last few years is shrinking due to growth of mobile PCOs. Due to this reason as well as for economy of scale, consolidation of some businesses is expected in future. In this regard, the operators' requested and PTA assured the operators that it will facilitate Mergers & Acquisitions of Payphone Operators/Companies. Payphone operators will submit specific proposals to PTA for consideration of mergers. Mobile operators have been asked to facilitate Payphone operators by offering discount on Mobile Termination Rates and to consider offering better packages to licensed payphone operators. PTCL was also asked to revise its tariffs for the payphone industry.

### **III. Electronic Media**

#### **a) Pakistan Electronic Media Regulatory Authority (PEMRA)**

PEMRA was established in March 2002 with a view to open up electronic media to the private sector. The Government's intention behind the establishment of PEMRA was to improve the standards of information, education and entertainment and to enlarge the choice available to the people of Pakistan in the media. Since its inception, PEMRA has made efforts in establishing standards of directness of information. The process of licensing through transparent bidding has earned appreciation from stakeholders as well as the general public. In a short span of 5 years, it has endeavoured to change the broadcast media landscape of Pakistan, working as a catalyst for growth and development and has awarded broadcast licenses in various categories.

During the first nine months of the current fiscal year, 350 licences have been awarded for establishment of Cable TV in different cities of Pakistan. During this period PEMRA has also awarded 3 licences for satellite TV and 2 licences for Internet Protocol TV (IPTV) channel distribution service. PEMRA has also granted

Landing Rights Permissions to 10 Foreign Satellite TV channels. The PEMRA has issued a total of 19 satellite TV licences since 2002, out of which 16 are operational including 4 for educational purposes, 103 FM licences out of which 68 are operational, 6 Multi Channel Multi Point Distribution Service (MMDS) licences with 5 operational and Landing Rights Permission to 23 foreign channels. PEMRA is also in the process of issuing Direct to Home (DTH) and teleport licences.

#### **b) Pakistan Television Corporation Limited (PTV)**

PTV has played a significant role in helping the earth quake affected people of Northern Areas of Pakistan and Kashmir. In this respect PTV has established a TV Centre in AJ&K with three re-broadcast centres at Kotli, Rawalakot and Bagh. The Government is giving priority towards the socio-economic uplift in less-developed areas of the country. PTV has also been telecasting regional languages programmes round the clock. A channel called "Bolan" was launched for the viewer of Baluchistan. PTV is operating with four channels in the country, namely PTV-I, PTV-2(PTV-World), PTV-3 and PTV National. The Rebroadcast Centres, which extend the PTV signal to remote areas, include 49 for PTV-I, 30 for PTV-2 and 13 for PTV-3.

#### **c) Pakistan Broadcasting Corporation (PBC)**

Radio is the fastest, mobile and cheapest electronic media which is capable of reaching the masses far and near. With its varied and wide ranging programmes, PBC is catering to all segments of society. PBC has 31 Broadcasting Houses, 33 medium wave transmitters, 8 short wave transmitters and 21 FM transmitters which transmitted programmes for listeners at home and abroad. Programmes in 21 national and regional languages are broadcast on the medium wave in Home Service and 16 foreign languages in the External Service for foreigners and in national language in the World Service for Pakistanis living abroad. The network of Radio Pakistan covers 98 percent of the population and 80 percent of the total area of the country.

Radio Pakistan introduced FM Service in October 1998, which was warmly welcomed by the listeners. In view of its popularity PBC launched

FM 101 Service through a network in July, 2002. Presently 8 FM Stations are broadcasting FM 101 Service. This service has gained tremendous popularity among the youths and may rightly be called radio of the youth.

To boost agriculture production and promote awareness amongst farmers regarding cultivation and protection of cereal and cash crops, a crop cultivation week was celebrated through different radio stations. Similarly exclusive programmes were broadcast to educate the general public in connection with monsoon and spring tree plantation campaign. Music based programmes are the popular programmes among the audience of Radio Pakistan. During the year under review proper attention was given to the production and presentation of musical programmes. PBC News is the biggest source of dissemination of news in the country. Its General News room in Islamabad and attached units are presently putting on air 136 news bulletins daily. These include national, regional, external, sports, business, weather and local bulletins. It also broadcasts hourly headlines bulletin on FM-101 network.IV.

### **Pakistan Post Office**

Pakistan Post Office a state enterprise dedicated to providing wide range of postal products and public services. An efficient postal system is essential for cohesiveness of a vast country with a large population like Pakistan. As a true emblem of federation, it is committed to serving every one, every day and every where. It provides postal facilities through a network of 12, 339 post offices across the country. In compliance with the Government welfare policies, the Pakistan Post Office is providing a variety of services on behalf of Federal and Provincial Governments and autonomous/corporate entities. In order to facilitate payment of utility bills, Pakistan Post is collecting P.T.C.L, Electricity and Gas bills through out the country, while WASA bills are being collected in Hyderabad, Multan Quettan and Sialkot, by the post offices. Pakistan Post earned Rs. 331.260 million in the shape of commission during July- March, 2006-07. It has taken various measures to streamline the post office system on modern lines, including adoption of better information technology. A number of information technology projects have already been completed/ implemented and a few more are in the pipeline.



TABLE 13.1

## TRANSPORT

Fiscal Year	Route (Kilometres)	Railways					Length of Roads		
		Number of Passengers carried *(Million)	Freight carried (Million Tonnes)	Freight Tonne (Kilometres Million)	Locomotives (Nos.)	Freight Wagons (Nos.)	Kilometers		
							Total	High Type	Low Type
1990-91	8,775	84.90	7.72	5,709	753	34,851	170,823	86,839	83,984
1991-92	8,775	73.30	7.56	5,962	752	30,369	182,709	95,374	87,335
1992-93	8,775	59.00	7.77	6,180	703	29,451	189,321	99,083	90,238
1993-94	8,775	61.72	8.04	5,938	676	29,228	196,817	104,001	92,816
1994-95	8,775	67.70	8.11	6,711	678	30,117	207,645	111,307	96,338
1995-96	8,775	73.65	6.85	5,077	622	26,755	218,345	118,428	99,917
1996-97	8,775	68.80	6.36	4,607	633	25,213	229,595	126,117	103,478
1997-98	8,775	64.90	5.98	4,447	611	24,275	240,885	133,462	107,423
1998-99	7,791	64.90	5.45	4,330	596	24,456	247,484	137,352	110,132
1999-00	7,791	68.00	4.77	3,612	597	23,906	248,340	138,200	110,140
2000-01	7,791	68.80	5.89	4,520	610	23,893	249,972	144,652	105,320
2001-02	7,791	69.00	5.90	4,573	577	23,460	251,661	148,877	102,784
2002-03	7,791	72.40	6.18	4,820	577	23,722	252,168	153,225	98,943
2003-04	7,791	75.70	6.14	4,796	592	21,812	256,070	158,543	97,527
2004-05	7,791	78.18	6.41	5,014	557	21,556	258,214	162,841	95,373
2005-06	7,791	81.43	6.03	4,971	544	20,809	259,021	167,530	91,491
(Jul-Mar)									
2006-07	7,791	660.00	4.50	3,785	531	21,300	259,197 *	172,827	86,370

\* : Estimated.

(Contd.)

TABLE 13.1

## TRANSPORT

(Contd.)

Fiscal Year	Cargo Handled at Karachi Port (000 tonnes)			Shipping		Gross Earnings (Million Rs)	
				No. of Vessels	Dead Weight Tonnes	Pakistan Railways	Pakistan National Shipping Corp.
	Total	Imports	Exports				
1990-91	18,709	14,714	3,995	28	494,956	6696	3,865.0
1991-92	20,453	15,267	5,186	28	494,956	8236	4,063.0
1992-93	22,170	17,256	4,914	29	518,953	9031	3,137.0
1993-94	22,569	17,610	4,959	27	595,836	9134	3,302.0
1994-95	23,098	17,526	5,572	15	264,410	9224	4,311.0
1995-96	23,581	18,719	4,862	17	290,353	8365	6,962.0
1996-97	23,475	18,362	5,113	15	261,817	9394	7,761.5
1997-98	22,684	17,114	5,570	15	261,836	9805	4,597.0
1998-99	24,053	18,318	5,735	15	261,836	9310	3,707.0
1999-00	23,761	18,149	5,612	15	261,836	9572	3,483.0
2000-01	25,981	20,063	5,918	14	243,802	11938	5,458.7
2001-02	26,692	20,330	6,362	14	243,749	13346	4,555.5
2002-03	25,852	19,609	6,273	13	229,579	14810	5,405.0
2003-04	27,813	21,732	6,081	14	469,931	14635	6,881.9
2004-05	28,615	22,100	6,515	14	570,466	18027	7,860.0
2005-06	32,270	25,573	6,697	15	636,182	18184	7,924.6
(Jul-Mar)							
2006-07	22,427	17,277	5,150	15	636,182	14079	6,731.0

Source: (i): Ministry of Railways

(ii): National Transport Research Center

(iii): Karachi Port Trust

(iv): Pakistan National Shipping Corporation

TABLE 13.2

## PAKISTAN INTERNATIONAL AIRLINES CORPORATION

Fiscal Year	Route Kilo-metres	Revenue Kilo-metres Flown (000)	Revenue Hours Flown	Revenue Passengers Carried (000)	Revenue Passengers Kilo-metres (mln)	Available Seat Kilo-metres(mln)	Passenger Load Factor %
1990-91	255,336	60,255	116,616	5,033	8,998	13,401	67.1
1991-92	258,558	66,570	127,423	5,584	9,925	15,066	65.9
1992-93	270,536	69,377	132,775	5,780	10,102	15,733	64.2
1993-94	303,321	69,024	131,122	5,645	10,108	15,159	66.7
1994-95	353,221	72,544	134,683	5,517	10,382	15,848	65.5
1995-96	310,205	74,288	138,014	5,399	10,592	16,573	63.9
1996-97	336,230	78,796	143,686	5,883	11,661	17,528	66.5
1997-98	325,744	73,663	136,104	5,531	11,147	16,952	65.8
1998-99	335,348	70,697	129,379	5,086	10,722	16,752	64.0
1999*	332,417	75,483	135,136	4,914	10,653	17,839	59.7
2000*	317,213	76,212	134,066	5,297	12,056	18,692	64.5
2001*	324,815	40,158	65,615	2,729	6,305	9,885	63.8
2001-02	291,428	62,974	110,136	4,290	10,843	15,778	68.7
2002-03	311,152	63,863	108,942	4,391	11,276	16,264	69.3
2003-04	294,082	58,146	96,765	4,796	12,769	18,299	69.8
2004-05	354,664	80,699	131,262	5,132	13,634	20,348	67.0
2005-06	343,525	87,273	141,666	5,828	15,260	21,991	69.4
(Jul-Mar)							
2006-07	404,445	67,857	91,892	4,245	11,557	16,487	70.1

\*: PIA's Financial Year is based on Calendar Year.

(Contd.)

TABLE 13.2

## PAKISTAN INTERNATIONAL AIRLINES CORPORATION

Fiscal Year	Revenue Tonne Kilo-metres (Mln)	Available Tonne Kilo-metres (Mln)	Revenue Load Factor (%)	Operating Revenue (Million Rupees)	Operating Expenses (Million Rupees)	PIA Fleet No. of Planes
1990-91	1,228	2,045	60.0	16,849	16,966	44
1991-92	1,304	2,265	57.6	20,441	18,861	45
1992-93	1,333	2,352	56.7	21,970	21,347	45
1993-94	1,365	2,347	58.2	23,631	22,713	47
1994-95	1,408	2,452	57.4	25,417	24,199	47
1995-96	1,402	2,526	55.5	27,505	27,150	47
1996-97	1,495	2,649	56.4	32,732	32,809	47
1997-98	1,425	2,435	58.5	..	..	47
1998-99	1,313	2,403	54.6	..	..	45
1999 *	1,307	2,560	51.0	35,492	36,395	51
2000 *	1,452	2,631	55.2	39,228	42,033	46
2001 *	769	1,438	53.5	21,966	23,296	45
2001-02	1,325	2,270	58.4	42,844	39,377	44
2002-03	1,389	2,401	57.8	45,442	39,125	43
2003-04	1,456	2,528	55.0	51,041	47,197	42
2004-05	1,657	3,033	54.6	61,308	62,360	42
2005-06	1,818	3,302	55.1	67,574	73,074	42
(Jul-Mar)						
2006-07	-	-	58.8	54,740	61,639	39

.. Not available

Source: Pakistan International Airlines Corporation

\*: PIA's Financial Year is based on Calendar Year.

TABLE 13.3

## NUMBER OF MOTOR VEHICLES REGISTERED

Calendar Year	Motor Cars Jeeps & Station Wagons	Motor Cabs/ Taxis	Buses	Trucks	Motor Cycle (2 Wheels)	Motor Cycle (3 Wheels)	Others	Total
1990	682,636	32,304	84,016	105,245	1,250,749	50,862	507,025	2,712,837
1991	731,960	33,235	89,094	107,171	1,381,136	52,439	528,878	2,923,913
1992	819,350	41,245	94,988	111,391	1,497,017	56,267	558,926	3,179,184
1993	868,159	47,897	98,681	114,394	1,573,370	59,510	589,281	3,351,292
1994	902,654	52,444	107,440	118,389	1,679,259	62,183	615,497	3,537,866
1995	923,577	53,400	113,516	119,174	1,754,737	63,370	642,174	3,669,948
1996	966,747	54,501	114,415	123,658	1,842,531	69,756	666,549	3,838,157
1997	1,068,116	83,182	119,365	131,322	1,995,421	76,224	700,315	4,173,945
1998	1,085,969	83,687	125,929	132,895	2,068,730	81,777	724,309	4,303,296
1999	1,162,876	83,844	150,108	145,111	2,175,488	95,345	746,718	4,559,490
2000	1,182,307	83,892	154,401	148,569	2,260,772	99,376	772,279	4,701,596
2001	1,201,738	93,940	158,694	157,027	2,346,056	103,407	797,840	4,843,702
2002	1,282,371	83,954	162,672	170,615	2,407,466	115,919	825,552	5,048,549
2003	1,292,888	84,277	162,957	178,883	2,444,567	122,448	846,017	5,132,037
2004	1,301,406	84,311	163,242	181,150	2,681,066	124,076	860,480	5,395,731
2005	1,321,590	85,619	165,775	183,962	2,722,645	126,004	873,825	5,479,417
2006	1,496,780	96,968	192,753	208,347	3,083,558	142,705	989,658	6,210,769

Source: Federal Bureau of Statistics

TABLE 13.4

## MOTOR VEHICLES ON ROAD (000 Number)

Year	Mcy/ Scooter	Motor Car	Jeep	Stn. Wagon	Tractor	Buses	M.Cab Taxi	Motor Rck
1991-92	971.80	429.10	31.60	43.60	275.30	45.00	33.50	42.40
1992-93	1,165.50	465.80	35.60	48.80	353.00	51.70	40.00	46.70
1993-94	1,287.30	493.70	38.00	52.70	376.60	56.40	44.50	50.50
1994-95	1,482.00	516.80	41.30	56.00	399.80	60.90	47.90	53.40
1995-96	1,481.90	538.40	43.50	59.00	424.80	64.50	51.40	58.70
1996-97	1,576.00	564.50	45.50	62.00	439.80	68.20	54.10	65.60
1997-98	1,691.40	593.00	47.80	65.00	463.60	72.50	57.30	74.60
1998-99	1,833.70	731.30	16.70	60.60	489.80	84.40	68.50	56.70
1999-00	2,010.00	815.70	17.00	73.90	528.40	92.80	69.80	59.90
2000-01	2,218.90	928.00	18.30	93.80	579.40	86.60	79.80	72.40
2001-02	2,481.10	1,040.00	43.40	122.70	630.50	96.60	96.40	80.80
2002-03	2,656.20	1,110.00	44.40	126.40	663.20	98.30	104.10	80.90
2003-04	2,882.50	1,193.10	47.80	132.40	722.70	100.40	112.60	81.00
2004-05	3,063.00	1,264.70	51.80	140.50	778.10	102.40	120.30	81.30
2005-06	3,791.00	1,999.20	65.70	140.80	822.30	103.60	122.10	77.80
(Jul-Mar)								
2006-07 *	4,463.80	1,682.20	85.40	169.10	877.80	108.40	119.10	79.00

\* Estimated

(Contd.)

TABLE 13.4

## MOTOR VEHICLES ON ROAD (000 Number)

Year	D.Van	Trucks	Pickup	Ambu- lance	Tankers		Others	Total
					Oil	Water		
1991-92	61.40	75.80	30.20	1.70	4.00	0.60	49.50	2,095.50
1992-93	69.80	84.20	39.50	2.00	4.30	0.70	52.70	2,460.00
1993-94	74.00	92.00	44.10	2.30	4.70	0.70	73.60	2,690.40
1994-95	78.20	98.30	47.10	2.70	5.10	0.80	60.70	2,951.60
1995-96	81.30	104.20	50.50	3.30	5.60	0.90	63.70	3,000.20
1996-97	84.30	110.30	50.20	3.70	6.10	1.10	66.50	3,195.80
1997-98	87.60	117.10	56.10	4.30	6.80	1.30	69.70	3,405.30
1998-99	51.70	121.00	56.40	1.50	6.80	0.70	74.70	3,651.70
1999-00	55.50	127.40	61.60	1.70	7.00	0.70	78.80	3,997.20
2000-01	72.40	132.30	68.40	1.70	7.20	0.80	89.00	4,471.00
2001-02	116.90	145.20	78.30	4.10	7.60	0.90	71.50	5,016.80
2002-03	120.30	146.70	80.60	4.30	7.60	0.90	71.40	5,315.00
2003-04	121.30	149.20	84.40	4.40	7.60	0.90	71.30	5,711.20
2004-05	121.90	151.80	87.60	4.50	7.70	0.90	69.40	6,048.30
2005-06	143.30	151.80	93.50	4.50	7.70	0.90	60.20	7,084.50
(Jul-Mar)								
2006-07 *	148.90	173.30	104.50	4.60	7.80	0.90	38.50	8,063.60

\* : Estimated

Source: National Transport Research Center

TABLE 13.5

## PRODUCTION AND IMPORTS OF MOTOR VEHICLES

Fiscal Year/ Type of Vehicles	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
<b>PRODUCTION (Nos.)</b>									
Trucks	2,222	1,394	703	3,030	2,916	1,850	1,131	977	952
Buses	1,177	427	312	438	862	425	1,220	1,508	1,337
L.C.Vs	11,478	5,128	5,154	6,834	9,817	4,886	8,079	6,656	6,965
4x4 Vehicles	1,324	816	1,310	2,274	792	651	622	380	459
Tractors	17,127	14,907	17,144	16,208	10,417	14,144	26,885	35,038	32,533
Motor Cycle/Scooters/ Rickshaw	95,793	63,958	60,960	121,809	117,188	96,991	93,167	94,881	117,858
Cars	26,945	19,514	20,955	31,079	33,462	33,683	38,682	32,461	39,573
<b>IMPORTS (Nos.)</b>									
Cars	100,188	38,216	31,743	35,100	31,817	36,851	46,363	34,988	62,187
Jeeps	1,484	343	1,535	959	542	1	165	48	338
Motor Rickshaw	2,773	548	250	..	..	900	..	8	20
Station Wagon	746	251	326	265	173	143	97	71	115
Buses Including Trolley Buses	2,247	893	267	344	396	498	603	917	588
Lorries/Trucks Includ- ing Ambulance special Lorries, Trucks & Vans	4,743	2,673	882	1,948	2,101	1,034	443	500	545
Motor Cycle	119,970	86,349	62,100	115,235	135,220	90,435	79,738	85,592	15,771
Scooter	308	3	40	..	..	7	8	145	..
Motorised Cycles	426	26	234	1,305	990	925	44	3	..
Passengers M. Cars (n.S)	212	88	224	919	338	318	162	161	99
Road Tractors for Trailers	10	27	4	193	340	38	37	7	36
Tractor Agricultural	..	952	10,084	6,805	2,020	1,086	3,281	2,469	55
Tractor Caterpillar	..	3	2	1	6	..	1	..	..
Tractor Heavy Duty for const.	115	14	2	..	14	28	..	5	13
Tractor Roads	..	..	..	..	8	..	..	3	25,964
Tractor (NES)	78	115	80	323	179	113	436	1	15
Car's Chassis with Engine	11	1	..	..	28	2	..	10	4
Bus etc. Chassis	102	24	48	..	12	..	..	277	57
Spl. Truck etc. Chassis	..	26	..	..	..	..	..	..	4
Rickshaw, Chassis with Engine	..	..	..	..	..	..	..	..	17
Pickup	17,931	6,099	5,751	5,506	5,511	6,314	3,734	3,672	2,703
Delivery Van	22,343	2,823	1,940	1,831	4,851	5,218	3,149	3,379	1,573
Chassis Un-Mounted Motor Vehicles No Bicycle	457	..	127	1	194	9	..	..	62
Motor Vehicles for Goods	468	928	9,916	8,303	3,618	7,844	29,218	22,211	14,505
Passenger Vehicles Public No	134	57	43	151	22	18	146	160	..
Tractor Chassis with Engine	17	15	8	27	22	4	61	183	62
.. not available	..	..	480	..	..	..	..	..	..

(Contd.)

TABLE 13.5

## PRODUCTION AND IMPORTS OF MOTOR VEHICLES

Fiscal Year/ Type of Vehicles	2001-02	2002-03	2003-04	2004-05	2005-06	July - March	
						2005-06	2006-07
<b>PRODUCTION (Nos.)</b>							
Trucks	1,141	1,950	2,022	3,204	4,518	3,267	3,266
Buses	1,099	1,340	1,380	1,762	627	518	627
L.C.Vs	8,491	12,174	14,089	23,613	29,581	20,743	24,071
4x4 Vehicles	570	374	801	1,564	2,472	-	-
Tractors	24,331	76,501	36,103	43,746	49,439	36,839	39,602
Motor Cycle	133,334	176,591	327,446	476,333	752,603	504,420	609,562
Cars	40,601	62,893	99,263	126,817	163,114	114,309	118,668
<b>IMPORTS (Nos.)</b>							
Cars	40,079	60,554	88,130	66,338	36,563	21,256	44,683
Jeeps	666	6,010	11,435	5,409	2,108	1,386	15,750
Motor Rickshaw		101	3	3	15	12	1,351
Station Wagon	165	440	154	37	284	224	58
Buses Including Trolley Buses	700	1,230	2,429	411	577	437	31
Lorries/Trucks Including Ambulance special Lorries, Trucks & Vans	157	54	95	1,544	548	425	5,760
Motor Cycle	111,711	143,952	127,861	189,721	3,009	3,005	2,781
Scooter	-	-	-	-	..	..	..
Motorised Cycles		509	675	4,143	9,472	5,728	8,675
Passengers M. Cars (n.S)	161	194	243	244	1,587	1,074	948
Road Tractors for Trailers	18	122	124	117	76	48	11
Tractor Agricultural	220	14,000	11,420	6,543	7,346	5,535	2,346
Tractor Caterpillar	44	1	30	91	..	..	..
Tractor Heavy Duty for const.	4	120	219	563	632	495	704
Tractor Roads	15,174	1,115	2,104	1,646	2,104	1,832	205
Tractor (NES)	115	496	736	2,167	1,811	1,126	3,140
Car's Chassis with Engine	1				..	..	3,233
Bus etc. Chassis	60	46	164	18	58	16	30
Spl. Truck etc. Chassis					..	34	6
Rickshaw, Chassis with Engine	36	10	2	144	195	187	16,982
Pickup	3,600	5,162	6,857	5,394	1,143	493	718
Delivery Van	2,120	471	26	178	245	169	4
Chassis Un-Mounted	168						
Motor Vehicles No Bicycle	20,240	37,836	39,894	61,187	52,022	40,276	41,620
Motor Vehicles for Goods	2	234	511	269	604	500	44
Passenger Vehicles							
Public No	6	473	721	1,519	5,228	4,092	642
Tractor Chassis with Engine					..		
.. not available							

TABLE 13.6

## POST AND TELECOMMUNICATIONS

Fiscal Year	No of Post Offices			No of Telegraph Offices			Telephones (000 Nos.)	Internet Connections (Million)	No. of Internet Cities connected	No of PCO *	Mobile Phones
	Urban	Rural	Total	Urban	Rural	Total					
1990-91	1,867	11,546	13,413	195	302	497	1188	..		3,861	
1991-92	1,909	11,471	13,380	299	210	509	1461	..		4,676	
1992-93	1,983	11,213	13,196	320	210	530	1548	..		5,618	
1993-94	1,970	11,315	13,285	327	85	412	1801	..		6,422	
1994-95	2,026	11,294	13,320	330	86	416	2126	..		4,600	
1995-96	2,092	11,327	13,419	319	104	423	2376	..		9,410	68,038
1996-97	2,024	11,192	13,216	340	93	433	2558	..		10,040	135,027
1997-98	2,044	11,250	13,294	356	92	448	2756	0.01		10,071	196,096
1998-99	2,103	10,751	12,854	308	93	401	2861	0.20		10,107	265,614
1999-00	2,103	10,751	12,854	293	91	384	3124	0.50		10,400	306,463
2000-01	2,302	9,932	12,234	293	91	384	3340	0.80		66,968	742,606
2001-02	1,983	10,284	12,267	258	104	362	3656	1.00		97,751	1,698,536
2002-03	1,808	10,446	12,254	239	87	326	4940	1.60	1,350	139,493	2,404,400
2003-04	2,267	9,840	12,107	215	73	288	4460	2.00	1,898	180,901	5,022,908
2004-05	1,831	10,499	12,330	215	77	292	5191	2.10	2,210	217,597	12,771,203
2005-06	1,845	10,494	12,339	-	-	-	5128	2.40	2,389	353,194	34,506,557
<u>Jul-Mar</u>											
2005-06	1,875	10,536	12,411	-	-	-	5,174	-	2,339	236,166	27,344,938
2006-07	1,845	10,494	12,339	-	-	-	5,200	2.50	2,444	353,194	55,600,211

.. Not Available

\* Included Cardpay Phones

Note : Telegraph offices closed in 2006

Source:

(i): Pakistan Post Office

(ii): Pakistan Telecommunications Company Ltd

(iii): Pakistan Telecommunication Authority