

# TRANSPORT AND COMMUNICATIONS

## 1. ROLE OF TRANSPORT AND COMMUNICATIONS

The transport and communication systems are of basic importance in the development process of a country. They play an important role in socio economic development of the country. The transport and communication sector consists of two sub-sectors *i.e.*, Transport sector is composed of roads network, railways, air transport services and posts and shipping services. The communication sector includes postal, telephone, and telegraphic services and mass media *i.e.*, T.V. and radio and information technology. **Transport and communication sector in Pakistan account for 12.90% of GDP in 2018-19.** The role of transport and communications in economic development is summed up under the following three heads:-  
(1) Economic (2) Social and (3) Political.

### (A) Economic Benefits:

1. **Productivity improvement.** If a country has efficient transport and communication network, it helps in the best utilization of available resources and contributes to productivity improvement in all the sectors of the economy.
2. **Reduction in production costs.** The countries which are well connected with each other by rail, roads, canals and internet, are positioned advantageously in terms of over all competitiveness of goods, production of quality goods and reduction in production costs.
3. **Stimulates internal and external trade.** Efficient transport and communication system brings additional buyers and sellers into contact with one another both at home and with the rest of the world. The cheap and quick means of transport and communication, thus, encourages growth of modern exchange economy.
4. **Exchange of goods between rural and urban areas.** If the means of transport and communication are quick, cheap and improved, they facilitate the exchange of goods between the urban and rural areas of the country. The surplus agricultural goods are transported to the cities and the goods manufactured in urban centres are moved to the villages. The people living in cities and villages, thus, both benefit from the efficient means of transport and communication.
5. **Geographical specialization.** If the means of communication and transport are well developed in a country, they lead to specialization of agricultural and industrial production in rural and urban centres. Specialization enlarges production and reduces costs per unit.

6. **Increase in agricultural production.** Improved transport and communication facilities make available the improved agricultural input at the door-step of the farmers. The agricultural production is thus increased by efficient transport.
7. **Extension of settlement.** The areas which are far away from markets become accessible by availability of transport and communication. The unsettled areas due to increased mobility become good areas for settlement.
8. **Mobility of labour.** If the means of communication are improved, quick and cheap, they increase the mobility of labour. The increased mobility of working force particularly from the rural sector to the urban centres reduces unemployment in the villages, raises income of the farmers and increases the demand for various products.
9. **Stabilization of prices.** Efficient transport and communication system helps in stabilizing prices of the commodities throughout the country.
10. **Facilitates balanced growth.** The well developed means of communication and transport open up opportunities for investment in less developed areas. The inequalities in wealth due to unequal of resources is greatly eliminated.
11. **Increase in the income of the state.** The well developed and properly coordinated systems of transport and communication increase the income of the state.
12. **Reduction in transport cost.** A well functioning transport and communication systems helps in reducing transportation time and cost and generates employment opportunities.
13. **Adoption of latest production techniques.** The well developed transportation and communication systems allow adoption of latest production techniques.

### (B) Social Benefits:

The improved means of transport and communication help in achieving the following social benefits of a developing country.

1. **Spread of education.** The well developed means of transport and communication greatly help in the provision of education facilities at the primary, secondary and university level. Students can come from far off distances to receive education. They can also benefit from the special programmes of education broadcast from radio and television of the country internet etc.
2. **Sense of unity and brotherhood.** The cheap, fast and improved means of transport and communication help in the mobility of persons within and outside the country. When the people of different regions of the country and of various nations freely meet, they develop brotherhood and sense of unity which is of utmost importance for establishing peace and stimulating economic activities among the countries.
3. **Enhances social welfare.** The well developed means of communication and transport help in increasing social welfare of the people by providing them basic amenities of life.

### (C) Political benefits:

1. **Maintaining law and order.** The fast and improved means of transport and communication help in restoring peace and maintaining law and order in the country. The peace at home is regarded a key factor of economic development.

2. **Sound defence.** A properly coordinated transport and communication system enables a government to defend the country on sound footings. A well defended country stimulates economic activities and accelerates the rate of economic growth in the country.
3. **Political awareness.** The organized extended transport and communication facilities arouse political awareness among the masses. People of a country being well informed through radio, television and cheap transport facilities are in a better position to know and assess their economic, political and social developments. They, therefore, cooperate with the government in solving socio-economic problems in the best interests of the country.

## FORMS OF TRANSPORT IN PAKISTAN

The major forms of transport in Pakistan are: 1. Railways; 2. Roads 3. Air Transport and 4. Water Transport. We here briefly discuss the role played by each of them in the economic development of a country.

### 2. THE FEATURES AND DEVELOPMENT OF RAILWAYS IN PAKISTAN

The first track of railway was laid between Karachi and Kotri covering a distance of 169 kilometers in the year 1861 by a private company. The expansion and modernization of railways was then taken over by the Government of the undivided India. At the time of Partition in 1947, there were nine railway systems operating in India. Pakistan received two railway systems i.e., North-Western Railway and Bengal Assam Railway in its share. Pakistan inherited a track of 8553 kms., which formed 16.8% of the total route coverage. Pakistan's share of locomotives was 15.6%, coaching vehicles 17.5% and freight wagons 16.4%.

The entire inherited railway system of Pakistan consisting of railway lines, engines, wagons and coaches was in a depleted condition due to excessive use in the World War Second. Pakistan, therefore, had to take up repairing, renewing and modernization of the railway system. From 1947 to 1955, a sum of Rs. 5.8 crore was spent on rehabilitation and replacement of the worn out railway assets. During this period a new railway line of 27 kilometers was laid down, 28 new locomotives were acquired. There was an addition of 129 wagons. The old engines, wagons, coaching vehicles were repaired and made serviceable to carry the bulk of passengers and goods traffic.

#### Current Scenario and Future Plan

Pakistan Railway is a single major mode of transport in public sector contributing to economic growth and providing national integration. Pakistan Railways comprises of total 470 locomotives (458 Diesel Engine and 12 Steam Engines) for 7,791 kilometers length of route.

During FY 2019 (July-February), gross earning grew by 10.3 percent and amounted to Rs. 34,066.1 million against Rs. 30,891.1 million during the same period last year. During the



period July- February FY 2019, number of passengers carried increased to 39.9 million against 35.9 million during the same period last year, which posted a growth of 11.0 percent. Likewise passenger traffic Km (million), freight carried tones million, and Freight tons Km (million) grew by 11.9 percent, 2.9 percent and 7.8 percent, respectively.

**Table 13.6: Earning of Pakistan Railway**

Fiscal Year	Earning (Rs. in million)	% Change
2008-09	23,160	
2009-10	21,886	---
2010-11	18,740	-5.5
2011-12	15,444	-14.4
2012-13	18,070.55	-17.5
2013-14	22,800.22	17
2014-15	31,924	26.173
2015-16	36,581.87	40
2016-17	40,064.95	14.6
2017-18	49,569.68	9.5
(July-Feb)		23.7
2017-18	30,891.16	
2018-19	34,066.12	10.3

Source: Ministry of Railways

**Table 13.7: Passenger and Freight Traffic**

Subject	2015-16	2016-17	2017-18	(July-Feb)		%Change
				2017-18	2018-19	
Number of Passenger Carried (million)	52.2	52.4	54.9	35.9	39.9	11.0
Passenger Traffic Kms (million)	21201.0	22475.7	24903.8	16753.2	18745.8	11.9
Freight carried Tons (million)	5.0	5.6	8.4	5.2	5.3	2.9
Freight Tons Kms (million)	4773.5	5031.3	8080.0	4887.4	5269.6	7.8
Gross Earning (Rs. million)	36581.9	40065.0	49569.7	30891.2	34066.1	10.3

Source: Ministry of Railways

### 3. Railways:

The network of Railway comprises of the following:

1. Route Kilometers = 7791
2. Locomotives = 470
3. Passenger couches = 1,732
4. Freight wagons = 16,142

### Achievements during the fiscal year 2017-18

#### A. Track

I. The following projects will be completed during the FY 2017-18:

- a. Acquisition of land for Railway Container Yard, Station and Railway line from Sea Port up to Coastal Highway at Gwadar (Revised).
- b. Doubling/Improvement of existing track from Port Qasim to Bin Qasim Station (CPEC).
- c. PC-II for Feasibility Study to Connect Gwadar with Karachi.

- d. Feasibility Study from Gwadar to Besima and from Besima to Jacobabad via Khuzdar (CPEC).
- e. Preliminary Design/Drawings for Up-gradation/rehabilitation of main line (ML- 1) and establishment of Dry port near Havelian under CPEC and hiring of design/drawings vetting consultants.
- f. Reopening of rail car from Kohat to Rawalpindi on experimental basis.

II. During 2017-18, 74 kms of track was rehabilitated on the Pakistan Railway network besides laying of new track of 4 kms track.

### B. Rolling Stock

- I. The following projects will be completed during the FY 2017-18:-
- i. Rehabilitation of 27 (HGMU- 30 Class) Diesel Electric Locomotives (Revised).
  - ii. Procurement/Manufacture of 585 Hopper Wagons and 20 Bogie Brake Vans for Coal Transportation.
  - iii. Procurement/Manufacture of 780 High Capacity Bogie (Hopper) Wagons and 20 Bogie Brake Vans for Coal Transportation (Ph-I)
  - iv. Rehabilitation of Rolling Stock and Track.
  - v. Special Repair of 800 Coaches and 2000 Wagons.
- II. Following initiatives are under way for rehabilitation of held up locomotives.
- i. Rehabilitation of 27 (HGMU-30) of 3000 HP DE Locomotives has been completed.
  - ii. Special Repair of 100 DE locomotives, to improve their reliability and performance, are also being carried out through PSDP at a cost of Rs.4967 million.
  - iii. LC for Procurement of 20 DE locomotives (2000-2500 HP) has been opened during FY 2017-18 and four plants & machinery have been received during FY 2017-18 under project titled "Procurement of 75 DE Locomotives".
  - iv. A ward of contract for procurement of 234 different types of traction motors (GE-761, D-77/78 & D-29) has been made. Moreover, rehabilitation of 66, Hit-395 type traction motors is under process.
- III. The procurement/manufacture of 490 hopper wagons and 20 brake vans will be completed during FY 2017-18.
- IV. Special repair of 19 coaches and 50 wagons and rehabilitation of 15 wagons has been completed during FY 2017- 18.
- V. The PC-I for the procurement/manufacture of 820 high capacity bogie freight wagons & 230 passenger coaches has been approved by ECNEC at a cost of Rs. 31.194 billion during FY 2017-18.

## 4. ROADS AND ROAD TRANSPORT IN PAKISTAN

### (A) Roads.

The roads are usually classified under four main heads:

(1) National Highways (2) Provincial Highways (3) District Roads and (4) Corporate Roads.

National Highway Authority (NHA) is playing a vital role in improving the quality of Pakistan's road network, which entails in improving the quality and standard of life of the people apart from creating job opportunities. The present NHA network comprises of 47 national highways, motorways, expressways, and strategic roads. Current length of this network is 12,743 Km. NHA's existing portfolio consists of 38 on-going projects with an allocation of Rs.176,636.80 million in PSDP 2018-19 out of which Rs. 66,700.00 million is the Foreign Exchange Component (FEC) and Rs.109,936.80 million is the local component. There are also 08 new schemes in PSDP 2018-19 with total estimated cost of Rs. 8,561.00 million.

China-Pakistan Economic Corridor (CPEC) envisioned as part of One Belt One Road (OBOR) / Maritime Silk Route initiative launched by China will link producers and consumers of Pakistan and China to 50 countries across the globe who came together in Beijing in May this year to study the spirit and philosophy of the whole concept. Economic powers from five continents are bracing themselves to join various mega projects on anvil under CPEC and OBOR.

### (B) Road Transport in Pakistan:

Road transport is an important mode of conveyance in the country. It mainly includes mechanized means such as buses, trucks, motor cars, motor taxis, motor cycles, auto Rickshaws. The significance of the road transport may be judged from the fact that it carries about 92% of the total passenger traffic and 96% of the total freight traffic in the country.

The main advantages of road transport, in brief, are as under:-

1. It is the **cheaper mode of transport** compared to rail and air.
2. It is convenient, easily accessible and most suitable transport for marketing of agricultural products to the main markets in cities.
3. **Trade and commerce.** Trade and commerce enjoy smooth and prompt mobility for raw material and finished goods in the country.
4. It is **less capital intensive method** of providing transport facilities. Its maintenance cost is also comparatively low.
5. The **return of investment on road transport is quick** compared to other modes of transport which are capital intensive and the return of investment has a long gestation period.
6. **Increase in GNP.** The establishment of new industries will increase GNP of the country.

7. Road transport facilitates the movement of people from the rural areas to the urban centers. The surplus labour in the village thus gets an opportunity of getting employment on daily or monthly basis in the cities.
8. Appearance of industrial estates. The industrial estates automatically appear with the construction of roads.
9. Tourism. Tourism within the country is improved with the development of roads.
10. Storage facilities. Storage facilities are increased which protects wastage of agricultural and industrial productions.

## 5. THE PAKISTAN MOTORWAYS AND ITS ECONOMIC IMPACT ON THE ECONOMY

### Need for Motorways:

With the emergence of the Central Asian Republic, the construction and widening of Shahrai Karakrum (Silk Route), the building of new Gawadar Sea Port, there is a great trade potential for Pakistan. The benefits of trade cannot be reaped with the present road network. Even the widening of national highways cannot relieve the existing as well as future pressure of traffic. Thus the need arises for the construction of motorways in Pakistan.

NHA has already constructed four segments of Pakistan Motorway Network i.e. Peshawar Islamabad Motorway (M-1), Islamabad - Lahore Motorway (M-2), Lahore - Abdul Hakeem Motorway (M-3) and Pindi Bhattian - Gojra Section and Khanewal - Multan Sections of Motorway (M-4) on a virgin corridor bringing remote areas on mainline and boosting economic activities. NHA is now constructing the remaining section of M-4 from Gojra - Khanewal. Work on Karachi - Hyderabad Motorway (M-9) on BOT basis is also substantially completed. Details of NHA Motorway network is as under:

Table: 13.4 Motorway network

Sr. No.	Motorway	Length (Kms)	Status
1	Peshawar- Islamabad, M-1	156	Completed
2	Islamabad - Lahore, M-2	357	Completed
3	Havelian - Mansehra	39	Under construction
4	Hazara Motorway (E-35)	59	Under construction
5	Hakia-D.I Khan	285	Completion Jun. 2019
6	Sialkot - Lahore	91	Completion Dec. 2019
7	Lahore - Abdul Hakeem, M-3	239	Completion Mar. 2019
8	Pindi Bhattian - Faisalabad, M-4	57	Completed
9	Faisalabad - Gojra, M-4	55	Completed
10	Gojra- Shorkot, M-4	62	Completed
11	Shorkot - Khanewal, M-4	64	Completed
12	Khanewal - Multan, M-4	56	Completed
13	Sukkur - Multan (M-5)	392	Completion Sep. 2019
14	Hyderabad - Sukkur (M-6)	296	Procurement under process
15	Karachi-Hyderabad (M-9)	136	Completion June 2019
		<b>2362.3</b>	

Source National Highway Authority



## China-Pakistan Economic Corridor

CPEC is part of China's One Belt One Road (OBOR) initiative which aims to bring the region together through enhanced connectivity. With initiation in 2013, CPEC has expanded to encompass cooperation in a large number of sectors under its short to long term plans. Pakistan and China have successfully launched 22 projects on the ground, costing more than US \$ 28.5 billion. Overall CPEC portfolio is as follow:

Table 13.5: CPEC portfolio

Projects	Status	Cost (US \$)
Energy (IPP financing mode)	Completed	49.9
Cross Border Optical Fiber Project (GCL)	Completed	3.4
DTMB (Grant)	Completed	4
Energy (IPP financing mode)	Under Implementation	18.358
Transport and Infrastructure (GCL) 3 projects	Under Implementation	5.371
Eastbay Expressway Gwadar (Interest free Loan)	Under Implementation	1.65
Gwadar City Master Plan and Airport (Grant)	Under Implementation	3.7
Energy (IPP financing mode)	In Pipeline	29.531.4
Main-Line-1 (ML-1) (GCL)	In Pipeline	11.533
Gwadar Projects (Grant) 6 projects	In Pipeline	8.259
<b>Grand Total</b>		<b>85.7</b>
		<b>45,561.4</b>

Source: Ministry of Planning, Development and Reform

### Economic Impact of Motorways:

- (1) **Promotion of transit trade.** With the gradual increase in the size of vehicles and the use of containers, freights are now packed in large containers. The development of motorway network will help the freight to be transported more economically within and outside the country. The motorways, thus, help in the promotion of transit trade.
- (2) **Relieving traffic pressure.** The motorways help in relieving traffic pressure on the existing network of roads in the country.
- (3) **Speedier transportation of goods.** The motorways facilitate speedier transportation of agricultural and industrial goods and machinery to demand points.
- (4) **Provide access to new areas.** The motorways provide easy access and open up new areas, regions which are underdeveloped.
- (5) **Creation of job opportunities.** The construction, maintenance and operation of motorways create employment opportunities for labour, engineers, technicians etc.
- (6) **National security.** The motorway network provides integration and national security and sound defence system for the country.
- (7) **Establishment of industrial zones.** The motorways provide opportunities for establishing industrial zones on important centers near the motorways.
- (8) **Fuel economy.** Other important economic benefits of motorways are that these help in reducing the vehicle operating cost (VOC) as well as Travel Time Cost.



(9) Contribution towards the growth of GDP. Motorways contribute significantly to the growth of gross domestic product of the country

Construction of motorways, a controversial project. The construction of motorways is a controversial project for a developing country like Pakistan. The main arguments are against the construction of motorways are that these are (a) non-priority projects (b) non-priority heavy cost projects for a country which is yet to be developed. The national economy cannot afford the luxury of motorways. The Government should first given priority on widening of the existing highways to double carriage and more traffic worthy. The huge amount of money being spent on motorways could be better utilized for the construction of farm to market roads, inter city roads which help in lessening population pressure in cities, facilitating marketing of produce, population, helping in establishing cottage and small scale industry in rural areas.

**Conclusion.** The arguments advanced against the construction of motorways are convincing. However, in view of the strategic position of Pakistan which is passing through the stage of development in which it is passing, the merits of constructing the motorways outweigh the demerits. The construction of motorways are and will help in developing between different regions and expansion of external trade.

## 6. WATER TRANSPORT IN PAKISTAN

Pakistan, at the time of Independence in 1947, had two wings East Pakistan and West Pakistan. The distance between the two parts was 1000 miles by land and 2500 miles by sea. In the former East Pakistan, inland water transport was the main mode of transport, whereas in West Pakistan railways and roads carried the bulk of both passenger and freight traffic.

The development of water transport was given weightage in the Five Year Plan of Pakistan because (1) 75% of the total transport was carried by inland waterways in East Pakistan. (2) The goods as well as the passengers were to be carried between the two wings by sea (3) The international trade was also to be handled by the ships.

Realizing the role of water transport in the socio-economic development of the country the Government of Pakistan set up National Shipping Corporation in 1963. The NSC took the programme of expansion and improvement of the assets.

In order to expand and improve the merchant fleet, the Government nationalized private shipping companies on January 1, 1974 and formed Pakistan National Shipping Corporation. A Board of Management was appointed for handling the affairs of P.N.S.C. National Shipping Corporation (1963) which was already in public sector was managed by a Separate Board. The Government merged Pakistan Shipping Corporation and National Shipping Corporation into one Corporation on January 1, 1979.

There are at present two ports which are handling both passenger and freight traffic. The third is Gowadar Port which has been completed and has started its operation in March 2008.

### Development Projects & Ports

1. **Karachi Port Trust.** Karachi Port vested in a Trust was established in 1887 with assets and management to be run by trustees. The port presently handles 61 percent of the

country's trade through its operations within the port limits defined by the federal government. It is a deep sea natural port with 11 km long approach channel providing safe navigation to 75000 DWT tankers and modern container vessels. The Karachi Port Trust operational performance during FY 2018-19 (July-March) stood at 35,361,000 tonnes. The export cargo handled 10,415,000 tons as compared to 9,206,000 tons last year, showing a substantial increase of 13 percent, while volume of import cargo stood at 21,945,000 tons, as against the 31,379,000 tons handled last year, showing a decrease of 32 percent. The restricted import is due to government measures to discourage non essential imports.

**Port Qasim.** Port Qasim is Pakistan's second deep sea port and meeting around 40% of the shipping requirements of the country. The Port is now busy hub of international trade. The Port Qasim Authority achieved good results in the first nine months of the year posted a total growth of 12.6 percent in total traffic. The port operational performance during FY 2018-19 (July- March) stood at 36.580 million tonnes, showing an increase of 12.6 percent over the corresponding period of last nine months of 2017-18.

The growth of 12.6 percent in total traffic during the financial year 2018-19 is attributed in Coal, LNG, Chemicals, Cement, Palm oil and Mogas. Out of 36.580 million tons of total traffic, dry bulk cargo/break bulk cargo was 13.696 million tons (37.4 percent) liquid cargo was 11.852 million tons (32.4 percent), and containerized cargo was 11.032 million tons (30.2 percent). Port handled 0.797 million TEUs of container traffic during this year, showing an increase of 7.8 percent over the same period of last year container handling of 0.739 million TEUs. In terms of imports and exports, imports accounted for 85.5 percent and exports 14.5 percent of total trade.

**Gwadar Port.** Gwadar is the first port on the southwestern Arabian Sea coastline, in the Balochistan province of Pakistan. It is about 635 km from Karachi and 120 km from the Iranian border by road. Gwadar Port is located just outside the Strait of Hormuz, near the key shipping routes from Arabian Gulf to Far East and Europe. Gwadar Port is a strategic warm-water, deep-sea port and phase-1 of the port has been developed jointly by Government of Pakistan and the Government of the Peoples Republic of China with a total cost of US\$ 288.0 million. the port was inaugurated in March, 2007.

Gwadar Port is fully functional with three multipurpose berths, each 200 meters in length dredged to 14.5 meters in depth alongside the berth, handling a ship of 50,000 DWT capacity. By 2055, it is anticipated that Gwadar Port will be the largest site of its kind in Pakistan, with a 50 km sea front and 10,000 hectares of port backup area.

The earlier port operator, M/s PSA Gwadar International Pte Ltd, was unsuccessful in bringing business to the port and further expansion of its infrastructure. Since May 2013, the port's concessional rights were transferred to the new operator, viz. China Overseas Ports Holding Company Limited (COPHCL). Since the concessions were handed-over to COPHCL, it has been working on improving port facilities, surrounding environment and port business. The port operator has invested more than \$40 million for up-gradation of the port facilities. The port is now fully operational and receiving commercial vessels on regular basis.

Since 2008, Gwadar Port has handled around 6.474 Metric Ton cargo from 220 ships. The Chinese Operator is working on increasing the number of ship calls at the port. The ship-liners (COSCO & Sino-Trans) are calling regularly at the port. From May 2018, Container Business has also been started from Gwadar Port. From 7 March, 2018 weekly container service has been started by COSCO.

**Summary of Trade March 2018 upto February 2019**

Total Exports: 3,401 Metric Tons  
Total Imports: 3,755 Metric Tons

**Gwadar Port Free Zone**

Federal government through PSDP has provided funds for acquisition of land to be handed over to the Concession Holder for establishment of Gwadar Port Free Zone (FZ). This would be the first Zone in Pakistan, spread over an area of 9.23 sq. km, adjacent and North West of the port. The land acquisition process has been completed and its execution has started since 2015. With the development of FZ the port throughout will enhance significantly and at the same time the Company is going to establish a large exhibition centre adjacent to the port for display of Chinese and Pakistani products.

**Pakistan National Shipping Corporation (PNSC)**

During July-March FY 2018-19, financial performance of PNSC is as under:

Financial Results	(Rupees in 000)	
	July 18 - March 19	
Revenue	7,475,425	
Expenses	(5,626,795)	
Gross Profit	1,851,630	
Other Income	1,052,091	
Administrative, Other Expenses & Finance Cost	(1,338,544)	
Profit before Tax	1,565,172	

Source: Economic Survey

**Future Plans of PNSC**

PNSC has planned Fleet Development Program (FDP) into short, medium & long term. PNSC has recently acquired two (02) LR-1 product tankers, which will boost PNSC's cargo carrying capacity and would further contribute to increase in revenue generation of the Corporation. While, in medium term PNSC intends to expand its dry bulk and liquid fleet and also intended to get into transportation of LNG and LPG business. However, in long term the ultimate objective of corporation is to enhance and maintain deadweight carrying capacity of over 1.5 million tons by 2025.

**Fleet Strength of PNSC**

At present, PNSC fleet comprises of 11 vessels of various type /size (05 bulk carriers & 04 Aframax tankers, 2 LR-1 Product Tankers) with a total deadweight capacity (cargo carrying capacity) of 831,711 metric tons i.e. highest ever carrying capacity since inception of PNSC.



## 7. PAKISTAN INTERNATIONAL AIRLINE (PIA)

Pakistan International Airline the national flag carrier of Pakistan was established in 1955 to develop safe, efficient, adequate, economical and properly coordinated air transport service on domestic and international routes according to the International standard. Since its establishment, PIA has made rapid progress in increasing the range and frequency of domestic and international services. In April 2016 PIA was converted from a Statutory Organization to a Company governed by Companies Act 1984, through Pakistan International Airlines Limited (PIAL conversion) Act 2016.

Despite financial constraints and tough and uneven competitive environment, PIAL gave a stable performance during 2018. To reduce losses, PIA had to take measures like route rationalization and suspended its loss making routes.

PIA is in the process of its Strategic Business Plan 2019-23 to improve its performance:

- i. Launching of profitable new routes like Silakot-Sharjha, Lahore-Muscat, Islamabad-Doha and Lahore-Bangkok-Kualalalmpur. These routes are going very strong and economically viable
- ii. More new routes have been started which include; Sialkot-Paris-Barcelona, Peshawar- Sharjha, Peshawar-Al Ain and Multan-Sharjha
- iii. Increasing frequencies and capacity on profitable routes like Jeddah and Madinah coupled with closure of loss making routes like New York, Salalah (Oman), Kuwait, Mumbai
- iv. Stoppage of all officiating and extra allowances given on additional assignments to officials
- v. Ban on overtime allowances in all cadres along with monitoring of flights by senior officials
- vi. Increasing regularity and punctuality of flights by assigning target to be achieved 90 percent.
- vii. Improvement in flight services, training of crew and regular monitoring
- viii. Introduction of executive economy class on European and Gulf sectors which are attracting more customers
- ix. Rationalization of fares according to market demand thus helping in increase of seat factor
- x. Delays of flights have been cut down significantly by better planning in engineering, flight operation and ground handling departments
- x. Special emphasis on cargo business with monitoring of performance, rationalization of cargo fares and more effective liaison with all stakeholders

Table 11.3 PLA Performance

Indicators	Unit	Year 2015	Year 2016	Year 2017	Year 2018
PLA Fleet	No. of planes	38	38	36	36
Route	No. of planes	367,251	352,057	360,937	332,300
Available Seat	MillionHours	10,656	10,106	10,108	10,108
Passenger Load Factor	in percent	70.3	71.6	73.20	70.00
Revenue Flown	MillionHours	67,630	79,342	75,207	70,000
Revenue Hours Flown	MillionHours	111,455	131,835	122,091	110,000
Revenue Passenger Carried	MillionHours	4,393	5,487	5,342	5,300
Revenue Passengers	MillionHours	11,711	13,751	13,955	13,500
Revenue Tonnes	MillionHours	1,191	1,375	1,469	1,400
Revenue Load Factor	in percent	48.9	49.2	55.2	55.0
Operating Revenue **	Rs. million	91,269	99,342	-	100,000
Operating Expenses **	Rs. million	121,221	125,961	1,659	170,000
Available Tonnes	MillionHours	2,433	2,798	2,659	2,500

\* PLA financial year is based on calendar year i.e. January to December  
 \*\* Revenue & Cost is based on provisional estimated & un-audited accounts  
 Source: Civil Aviation Authority

## 8. COMMUNICATION SYSTEM IN PAKISTAN

Communication system plays an important role in the development of a country. If the means of communication are economical, fast, improved and well developed, the disseminate knowledge, create a sense of national identity, foster attitude favourable to modernization, provide information regarding prices of commodities both at the domestic and international level, help in the widening of market, and eliminate waste in the cross transportation of goods.

The communication technology has evolved rapidly over the past decade. The Government of Pakistan has made considerable progress in developing modern telecommunication and postal services, which in brief are:

### Information Technology

The Government of Pakistan is giving high priority to the information technology sector. Information technology has been identified as one of the major drivers of growth. In response to Government's policy, the per capita internet prevalence is growing very fast. The Ministry of IT continues to support all credible private sector initiatives aimed at bolstering the local IT industry and attracting foreign investment. Government realizes that it has an important role in terms of providing a conducive environment to IT industry through infrastructure and HR development. Government's incentives for IT industry include:

- Zero income tax on IT exports till June 2019.
- 100% equity ownership allowed to foreign investors.
- 100% repatriation of capital and dividends allowed.
- 7 year tax holiday for venture capital funds.
- Three-year tax holiday for IT startups with no minimum tax and withholding tax.
- Tax holiday for venture capital funds till 2024.

- (1) **Human Resource Development Projects.** In the field of human resource development, a number of training projects all over the country have been completed.
- (2) **Infrastructure Development Projects.** The Government has provided generous funding for infrastructure projects in both information technology and telecom sectors. The infrastructure projects being carried out are providing a strong base in bringing revolution in information and telecom sector.
- (3) **Software Development and Export.** In order to enhance the local software and software exports, a number of steps have been taken which include establishment of Technology Parks, Exhibitions, providing advisory services etc., fiscal and regulatory incentives for software export through State Bank of Pakistan. The Software Technology Parks (STPs) are a major factor in facilitating the IT companies and play a major role in the development of the IT industry. A new state of the art IT Park in Islamabad is being established under financing from Korea Exim bank through the Economic Development Cooperation Fund (EDCF), spreading over an area of 47.7 acres of land. The construction of IT Park will be undertaken in two phases on 14.9 acres of land. Cost estimate for first phase is USD 8825 million for which loan agreement has been signed. It is expected that design and construction of IT Park will be completed by 2020. In addition to the above, Mo IT&T is in process of planning, for undertaking the feasibility study, to establish such state of the art technology parks in the cities of Lahore and Karachi.
- (4) **Provincial Allocations.** All the four provinces are encouraged to introduce IT and Telecom at their levels. The Government is sponsoring various IT related projects from the provinces on equity of 75% (Fed. Govt.) and 25% share of respective provinces.
- (5) **Pakistan Computer Bureau.** Pakistan Computer Bureau has been assigned the responsibilities of training of Federal and Provincial Govt. employees as a part of human resource development programme.
- (6) **Pakistan Telecommunication Company Ltd. (PTCL)** is the largest telecommunication service provider in Pakistan having a customer base of 5.2 million. The PTCL now has been privatized with 26% share sold to Etisalat, a UAE based company, along with management control.

## Telecom Sector

Telecom sector has emerged among the major foreign investment attracting sectors in the country. During the last 5 years, sector has attracted over US\$ 2.6 billion FDI whereas a total of about US\$ 4.5 billion have been invested by telecom players in Pakistan. In terms of overall investment in the telecom sector, the momentum that was started in FY 2012-13 for the up-gradation of telecom networks for 3G and 4G services has continued. Telecom operators have invested a significant amount of US\$ 200.1 million during July-Dec 2018 to March. The main driver behind this investment is the cellular mobile sector, which has invested US \$158.3 million during the first two quarters of FY 2018-19.

Revenues of telecom sector stood at Rs. 488.8 billion during the year 2017-18. Revenues from telecom sector reached an estimated Rs. 268.8 billion during the first two quarters of FY 2018-19.

The progressive approach followed by PTA for providing ICT access to the citizens of Pakistan through international fibre optic cables, backhaul networks and wireless solution



including 3G, 4G, LTE have resulted in more than 89 percent of the total population access to cellular mobile services of which 73 percent have access to 3G services and 69 percent have access to 4G services. Total teledensity reached 77.2 percent at the end of March, 2019 compared to 74.11 percent at the end of last fiscal year 2017-18. The prime driver of teledensity rise is the growth in cellular mobile subscribers.

### Growth of Cellular Mobile in Pakistan

By the end of March 2019, the total number of mobile subscriptions in Pakistan reached 159 million with the net addition of 8.8 million subscribers during the July, 2018 to March 2019. Biometric re-verification of SIMs in 2014-15 had an adverse impact on the cellular subscriber base.

### Broadband Subscribers

At the end of March 2019, broadband subscribers stood at 68.24 million as compared to 58.33 million at the end of last fiscal year 2017-18. The number of net subscriber additions during first nine months of 2018-19 stood at 10 million.

### E-Electronic Media

(a) **Pakistan Electronic Media Regulatory Authority.** The Government of Pakistan established Pakistan Electronic Media Regulatory Authority (PEMRA) in 2002. Its aim is to give licenses and regulate the establishment and operation of all broadcast media. The performance of PEMRA upto 2017 is as given in the Table below:

#### PEMRA Performance

Satellite TV Licences Issued:	88
i. News & Current Affairs:	26
ii. Entertainment:	37
iii. Regional Languages:	18
iv. Specialized Subject:	04
v. Health:	01
vi. Sports:	01
vii. Agriculture:	01
FM Radio Licences Issued:	240
i. Commercial:	182
ii. Non Commercial:	58
Cable TV Licences Issued:	4,007
Landing Rights Permissions Issued:	37
Mobile TV (Video & Audio Content Provision)	
Service Licensing:	5
Internet Protocol TV (IPTV) Licences Issued:	5

Source: Pakistan Economic Survey 2019

(b) **Pakistan Television Corporation Ltd. (PTV).** Pakistan Television Corporation Limited (PTV) is the only public sector broadcasting channel which telecast national &

international programs in big cities and also remote and economically backward areas of the country in order to keep the people of remote areas to aware about the current affairs of the country as well as the whole world. The Pakistan Television Corporation was converted into public limited company in 1967. PTV is operating with seven channels in the country PTV is extending the TV signals to remote areas of the country. PTV started sports channel on 11.01.2012. It also launched English news channel in January 2013. At present PTV is operating 7 multiple channels like PTV Home, PTV News, PTV Sports, PTV Global, PTV National, PTV Bolan and PTV World. Pakistan Television covers 100 percent area of population on terrestrial network.

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

Pakistan Broadcasting Corporation is one of the most important and effective electronic media organization for the projection of governmental policies and aspirations of the people of Pakistan at home and abroad. It aims to provide information, education and entertainment to the masses through radio news and programs of high standard. It also counters adverse foreign propaganda and negative perceptions. Radio is playing significant role in promoting islamic ideology and national unity with the principles of democracy, freedom, equality, tolerance and social justice. It promotes national and local languages, culture and value. It also helps in discouraging sectarianism, provincialism and terrorism.

An amount of Rs. 4,552,847,980/- budget was allocated to PBC to meet the employee's related as well as operational expenditure for the year 2018-19 including Rs. 402,557,980/- as supplementary grant for pending liabilities of Pay/Pension/House Hiring/Operating Expenses.

### Pakistan Post Office

Pakistan Post Office playing a vital role in economic and social development of Pakistan through postal services broadly categorized as domestic and international postal services, financial services, saving bank, postal life insurance, and agency functions such as collection of utility bills, payment of military pension, collection of provincial taxes, disbursement of funds under Benazir Income Support Program (BISP) on behalf of federal and provincial government departments.

The post offices spread throughout the country manage the postal service. At the time of independence, there were 3036 post offices in the country. The number in FY 2016-17 has increased to 11,496.

1. In the cities which are connected with air net work, the letters are now lifted by air.
2. Mechanical sorting of letters has been introduced at Lahore and Karachi.
3. Three Postal Training Centres have been established for imparting training to the postal staff.
4. The number of post offices is gradually being increased for mobilizing savings particularly of the low income farmers in the villages.
5. Pakistan's Post office saving bank scheme is quite successful. It has operated and introduced remittance services, International Expedited Mail Services, Postal Life Insurance.

6. The Pakistan post office in 15 major cities has been connected through information technology. The major post offices in the country have been computerised. Pakistan post has streamlined the Post Office System for modernization action. During the year 2010-11, the following ongoing IT related projects have been strengthened to provide efficient services.

- a. **Benazir Income Support Program (BISP)**  
Completer web-enabled tracking and monitoring system for disbursement of funds. Benazir Income Support Programme (BISP) continued processing, monitoring and reconciliation of the specialized money orders scheme. The said programme successfully attains its objective to serve the vulnerable and downtrodden segment of the society. During the first nine months (July-2016 to March-2017) of the current financial year 2016-2017 total 511,060 BISP Money Orders along with required funds for Rs. 2,337 billion were received from BISP authorities, out of which 96 percent Money Orders amounting to Rs.2,275 billion have been paid within prescribed period of time.
- b. **International Post Services**  
Pakistan Post has mail links with all countries of the world except Israel. The mail exchange with these countries take place under Universal Postal Union's (UPU) Rules and regulations.
- c. **Call Center**  
A call center has been established for receiving the complaints. Online complaint lodging facility on the web-portal of Pakistan Post [www.pakpost.gov.pk](http://www.pakpost.gov.pk) has also been provided.
- d. **Counter Automation System**  
Over one hundred GPOs have been provided with counter computerization facility.
- e. **Express Mail Track & Trace System (EMTTS)**  
The web based Express Mail Track and Trace System of Pakistan Post provides valuable information relating to the dispatch and delivery of Express Mail articles. The system now covers 14 main stations and 46 District Mail offices throughout Pakistan.
- f. **Remittances Services**  
Pakistan Post is maintaining inbound Money order under bilateral agreements with countries of the world. During the period under review, the following remittances in foreign Exchange were received in the shape of money orders. During the first nine months (July-2016 to March-2017) of the current financial year 2016-2017, Pakistan Post has received the foreign remittances amounting to US \$ 50.062 million equivalent to Rs. 5,240,880 million.
- g. **Computer Pension Payment System**  
Over 1.3 million Pensioners are served by Pakistan Post. Through computerization of Military Pension payments, at all post have efficiently been disbursing the pensions in a hassle free environment.

## QUESTIONS

1. "Means of transport and communication are vital for economic development. Briefly discuss."



2. What are the various forms of transport in Pakistan? Discuss the importance of any two modes of transport to the development of the country.
3. Discuss the features and development of railways in Pakistan.
4. What are the problems of railways in Pakistan? Can the performance of the Pakistan Railways be improved by privatization? Give your suggestions for increasing the efficiency of the Railways.
5. Discuss in brief the importance of road transport in Pakistan.
6. Critically examine the importance of Motorways Project in Pakistan's Economy.
7. Describe the main problems of rail road competition in Pakistan. Suggest the way out.
8. Examine the importance and development of water transport in Pakistan.
9. Discuss the importance of air transport in Pakistan.
10. Discuss the importance and means of communication in Pakistan.
11. Describe in brief the self employment programmes introduced in the field of public transport.
12. Discuss the importance of Information Technology in the development of Country. What steps have been taken by the govt., to promote information technology in the country.
13. Is the Privatization and deregulation policy of the government beneficial to the economy? Give your arguments in favour against of it, In brief.

### Short Answer Questions

Q.1. What is the total road network of Pakistan?

Ans. Total road net work is = 264,401 Kms.

Q.2. Name three shipping ports of Pakistan.

Ans. (i) Karachi Port Trust (ii) Port Qasim and (iii) Gwadar Port.

