



# Telecom Sector Liberalization & Deregulation in Pakistan: Economic and Social Benefits

Zainab Hussain Siddiqui

*Senior Project Manager*

*Government of Pakistan*

*Ministry of Information Technology*

*(IT & Telecommunication Division)*



# Socio-Economic Benefits of Telecom/ICT Access – An Overview

- Extensive literature on economic and social benefits of access to basic telecommunications and ICT's
- Economic Benefits
  - FDI, GDP, Government Revenues, Productivity gains, Employment generation, Consumer surplus
- Social Benefits
  - Income generation
    - Employment
    - Increase in indirect income generation capacity
    - Saving on expenditure or transaction costs
  - Efficiency in social service provision
  - Reduced gender disparity
  - Impact on poverty reduction





# Impact on Proliferation of Services

- Telecom services sector is Pakistan's fastest growing sector
- Combined teledensity figure has already reached 53.41% compared to only 4% in 2003
- Increase in number of subscribers:
  - Fixed line from 4.04 million in 2003 to 4.86 m (+2.2 m WLL subscribers) 2007
  - Cellular Mobile from 2.4 million in 2003 to 78.8 million today
- Current coverage of telecommunication services is around 70% of the population
  - intended to be increased to at least 85% within next three years
- Mobile sector exhibited growth of over 170% in 2006 & 80% in 2007 with fierce competition

*Source: PTA, 2008*





# Economic Benefits

- **Sector Revenues**
  - Revenues of Telecom Industry increased from Rs.115 billion to Rs.235 billion in last three years.
    - Expected to increase @20-25% p.a.
- **Contribution to the Exchequer**
  - Contribution of Telecom sector to GST/ CED Rs. 36,282 million per annum (2006-07)
  - Total GoP receipts from telecom sector through tax, deposits & other sources is more than Rs. 100 billion (2006-07)



# Social Benefits - Impact on Poverty Reduction

- Poverty
  - an outcome of interaction between and reinforcement of economic, social, and political processes which can lead to exacerbation or alleviation of deprivation experienced by poor men and women (World Bank, 2002)
- Four Main Dimensions
  - Opportunity
  - Capability
  - Security
  - Empowerment



# Opportunity Defined

- ‘access, or lack thereof, to labor markets and employment opportunities, and to productive resources; constraints on mobility; and ... time burdens ...’. World Bank (2002 p.1)





# Opportunity Mediated through Telecom/ICTs in Pakistan

- Consumers have benefited through reduction in prices for both fixed and mobile services
  - current prices have come down to 20-30% of prices in 2003
- Mobile ownership at the “Bottom of the Pyramid” in Pakistan is as high as 23%, which is greater than Sri Lanka and India (Silva *et al*, 2007)





# Capability Defined

- ‘access, or lack thereof, to public services such as education and health’ (World Bank, 2002 *p. 1*).



# Capability Mediated through Telecom/ICTs in Pakistan

- TEACHE survey of mobile users sites 52% respondents reporting improvement in access to doctors and health staff (PTA, 2007)
- Tele-health services being run by various international and non-governmental organizations
- Scholarship/Capacity Building Programmes of National ICT R&D Fund Company to have a multiplier effect



# Empowerment Defined

- 'voice and decision-making power at the



# Empowerment Mediated through Telecom/ICTs in Pakistan

- Citizen empowerment
  - ability to fulfill information and communication needs
  - ability to exercise choice of operator
- Silva *et al* (2007) reveal that mobiles have reduced the dependence of women on men in running general home errands
- TEACHE Survey concludes that women's say in family affairs has improved



# Security Defined

- ‘vulnerability to economic or environmental risks and to civil and domestic violence’ (World Bank, 2002 *p. 1*).



# Security Mediated through Telecom/ICTs in Pakistan

- Improved sense of security and the ability to contact emergency services
  - disaster communication
  - ability of home-based women to contact their men in times of emergency
- Improved family cohesion and social kinship





# Conclusions

- Telecom sector liberalization and deregulation has and is continuing to improve access to telecom services to nearly all segments of the society
- Economic and social benefits have been significant and continue to multiply
- Government is keen to undertake measures necessary to ensure sustained growth in socio-economic benefits



# What Next?

- Advancement in mobile applications and ICT services such as broadband to open new avenues of socio-economic development through ICT4D
  - E-/M-learning
  - E-/M-health
  - E-/M-banking
- Fulfillment of WSIS commitments
- Entrepreneurial Opportunities
  - Empowerment of home-based workers
- Bridging of the gender opportunity/capability gap



# Bibliography

- PTA, 2007, **Annual Report**, *Pakistan Telecommunication Authority*, Islamabad
- PTA, 2008, **Industry Report**, *Pakistan Telecommunication Authority*, Islamabad, Available at [www.pta.gov.pk](http://www.pta.gov.pk), Accessed [17 February, 2008]
- Silva H.D. & Zainudeen A., 2007, **Teleuse on a Shoestring: Poverty reduction through telecom access at the 'Bottom of the Pyramid'**, paper prepared for *Centre for Poverty Analysis Annual Symposium on Poverty Research in Sri Lanka*, 6-7 December 2007, Colombo
- World Bank, 2002, **Gender & Poverty**, *The World Bank*, Available at <http://genderstats.worldbank.org/techPoverty.asp>, Accessed [13 April, 2006]