

The Pakistan Telegraph and Telephone Department (T&T) was formed in 1979 separating the telecommunications from postal services. However, T&T's status as a government department under the Ministry of Communications (MOC) did not provide it with adequate financial and operational autonomy or incentives to efficiently operate and expand the telecommunications network.

Realizing the importance of high quality telecommunications services as an essential business tool, GOP decided to further restructure the telecommunications sector. A new state-owned corporation, the Pakistan Telecommunications Corporation (PTC), was created out of T&T by the PTC Act of 1991 and PTC was licensed to provide basic telecommunications services.

With the help of a consortium of consultants, the GOP initiated the privatization of PTC to help inject private sector capital and skills into the main service provider and separate GOP's role from operator to sector policy maker and regulator. The consortium of consultants also advised GOP that PTC be made into a company under the Companies Act and 26 percent of its equity, including its management and operation, be sold to a suitable strategic investor.

The necessary enabling legislation was passed to separate the sector's commercial operations from its regulatory side and on January 1, 1996, the Pakistan Telecommunication Corporation became the Pakistan Telecommunication Corporation Limited (PTCL).

Pursuing the policies of an open economy, the Government of Pakistan issued licenses to three companies in the public sector to operate cellular telephone companies. Also, the Government allowed the operation of a paging company and other value-added services by the private companies.

To strengthen GOP's role as sector policy maker and regulator, two regulatory bodies, the Frequency Allocation Board (FAB) and the Pakistan Telecommunication Authority (PTA), were established. The FAB manages the allocation of portions of the radio frequency spectrum to commercial telecommunication services, radio and television broadcasting operators, and public and private wireless operators. The PTA is responsible for regulating the provision of telecommunication services and the granting of licenses to private and public sector telecommunication organizations.

In July 1997, with the assistance from the World Bank, PTA opened bids for the procurement of hardware and software equipment for an integrated radio spectrum management and monitoring system for FAB. Training and consultancy components of this project will also assist in strengthening these two regulatory bodies. Upon completion of this project, Pakistan will have a complete regulatory system for the telecommunications sector, including an adequate licensing regime and radio frequency management.

a) Telephone Service

At the time of Independence in 1947, there were two automatic telephone exchanges operating each with a 14 000-line capacity. Since then, considerable improvements have been made in telecommunications facilities in the country. After the conversion of the Pakistan Telegraph and Telephone Department into Pakistan Telephone Corporation in 1990, two million telephone lines have been installed, increasing capacity from 850 000 lines in 1990 to 2.85 million lines in