

Regulation, Competition, and Information

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You know it is very hard after the Governor, State Bank, to make a presentation but I will try to do it in a very mundane way. You know the Regulatory Bodies specially in the Economic Sector in recent times. There has been a sort of resurgence, leaving aside the regulation of the financial sector, which has been doing very well. Our old memory of regulation is not so pleasant. Long ago, there used to be a transport Authority which used to dole out “Route Permits” as political favours, and there was you know fixation of Bus Fares not always based on economic considerations but based on arbitrariness. But luckily we have learnt a lot. First, we learnt that it is good to deregulate and I think the primary purpose of the present resurgence is to deregulate. You have a regulatory body to deregulate. Secondly as the finance Minister said yesterday himself that this is a new paradigm. The regulation now has a major ingredient of a development role and in Pakistan with the combination of licencing as necessary part of regulation, you are very effective in that role and it also genuinely provides an opportunity for a one window type of operation where you give a permission and you facilitate the type approvals and then you help them dealing with the local agencies. Although you have brief period for evaluation but the preliminary perception is that they are fairing better than our Industrial Development Corporations which were given the role to promote the Private Sector.

Now in this regulatory field, the new entrant is the Pakistan Electronic Media Regulatory Authority. I will present you some salient features how it works. I am not raising any issues as such like an economist would do but my presentation will be more informatic and tell you that in the new Regulatory regime in Pakistan, where is the stress now. Focus on professionalism, transparency and community participation. I will use the slides. Let me first share with you that where we see that media, normally people think that it is a public Relations Department of the Government

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and it is normally used to present a good image of the government but now it has been changed. Internationally as well as domestically, Electronic Media is now a good business. If not exactly it is moving towards to become a part of the economic activities of the country and in that sphere, what is the position of Electronic Media in Pakistan? I am starting with dismissed figure that the sixth largest Nation, we are but in the terms of our interest to Media, we rank at 138 out of 174 countries.

Regarding Print, I need not give you figure, there is virtually no print literacy. The price of Newspaper is relatively high. Population living below poverty line cannot afford Newspaper. In terms of Media availability, there are about 88 Radio sets per one thousand people in Pakistan whereas even in countries like Sierra Leone and Nigeria, the figure is much higher.

Pakistan even in terms of number of TV Sets per one thousand people ranks behind Yemen and Vietnam. What is happening in other developing countries? Just a comparison. We have selected Developing countries. In terms of Radio stations, Brazil has 3000, Indonesia 1019, Turkey 1000, and Pakistan has only 50 yet. Over the last 52 years, we have Radio and TV Broadcasting in Pakistan as a state Monopoly Although they have done extremely well but Pakistan was far behind in global and regional race for share of the minds. The entire burden has been resting on the government. A small beginning was made in 1995-1996 when private channels with exclusivity were introduced Radio and wireless Cable TV but the Sector as such was not opened.

Just to give you quickly, the number of Radio Stations in Pakistan is about 50 although the coverage is about 78 percent area wise but diversity is not there. Similarly Pakistan Television which has 3 channels along with STN, the Area Coverage is 84 percent but again the diversity of the programmes is not there.

Now stating the History of Electronic Media deregulation in 1997, the then Interim Government proclaimed an ordinance in the name of PEMRA but this was allowed to lapse because I think that somebody was having second thought why Media it should be opened.

The Cable Television Licencing was undertaken by PTA in 1998. In March, 2002 PEMRA came into being, I would like to go into little bit in detail but there is a purpose behind. The Authority consists of a chairman and Nine Members, Five Eminent Citizens from all Provinces and two women. There are three Ex-officio members, Secretary Information, Secretary Interior and Chairman PTA. The purpose of the Authority is obviously to deregulate and liberalise the Electronic Media to enlarge the choice available to the people in Media for News, current affairs, Religious knowledge, Arts, Culture, Science and technology, Economic Development etc. To licence, Monitor, Regulate and facilitate establishment of Radio, TV and Cable TV Stations in the Private Sector. Our vision is to develop Electronic Media in Pakistan, to reflect the aspirations of the people at local, National and Global level to provide a catalyst for Socio Economic Development, to

promote market economy, to create a peace in Era of globalisation in the Ether waves and to encourage development of state of technology. The functions and responsibilities of the Authority include laying down rules and regulations, prescribe code of conduct, grant licences, monitor, prohibit illegal Broadcast, suspend and revoke licences. The category of licences which we issue range from international to local level. The eligibility criteria is based on Economic viability and technical competence. The negative list includes that Non Pakistanis cannot get a licence and there is barrier against monopoly. We have provided safeguards against offences.

The Provincial consultation is imbibed in the ordinance. Independence of the Authority is ensured by self financing, power to approve budget and with full administrative powers. There is overwhelming representation of the private sector, Transparency mechanism is ensured by indicating the criteria in advance, licencing through open bidding, and proviso that parties to be heard before refusal of licence and community participation. The regulation is basically and four type entry through licencing, content regulation, Technical regulation and price regulation. The market size of media in Pakistan is of Rupees Seven Billion, so far, which is the volume of advertisement. There is an employment of twenty five thousand and the cable TV has assumed the largest role with the revenue of Rupees six Billion. We have laid down an Action Plan which imbibes on liberalising most modes of Electronic Media and bringing new Technology in Pakistan. The Rules and Regulations have been put in place and so far we have done licencing for FM Radio Stations, Satellite TV Channel and Cable TV.

As a conclusion, PEMRA is poised to broaden access to learning and Education, Programme Production and content Development, Film making Industry, Advertisement and marketing sector, Pakistani Culture and Art, indigenous Broadcast Sector. The issues which we are grappling with include Intellectual property rights, un-Authorised operation, grey market, social and cultural problems, programme rating system absence, sustainability of the Independence of the Authority and incentive for Pakistani Broadcasters.

I would like to conclude that a free Media will enable people at grass root to use local community based Radio and TV Station to express their own aspirations ethos and concerns authentic empowerment will take place and the foundation of genuine democracy which strengthens governance will be established.