

Key Points of Press Conference

Petroleum relief:

- Prior to Prime Minister's relief package, govt. was bearing Rs 39 billion fortnightly loss through budgeted PL & Sales tax.
- At that time, PL on petroleum was Rs17.92 per litre & on Diesel, it was Rs13.30 per litre.
- With the increase in international prices and Prime Minister's relief Package, the govt will further incur loss of Rs 13.9 billion and fortnightly loss will expand to Rs52bn.
- Now PL & ST reduced to zero percent (except for petrol Rs1.8 per Litre)
- The estimated budget loss in the next 4 months would be Rs250-300 bn just from petroleum relief with the assumption of \$100/bbl weighted average international price.

Electricity relief:

- Prime Minister announced reduction of Rs. 5 per unit in base rate for four months consecutively.
- The package will be applicable to all commercial & domestic non-ToU (non -Time of Use) consumers having monthly consumption up to 700 units, excluding lifeline consumers.
- Overall relief is estimated at Rs 136 billion.

Industrial package:

- 1- Investment in new industrial units and expansion and modernization of existing units.
 - 5% across the board payment of tax for all amount invested
 - Minimum investment threshold is Rs. 50 million.
 - Industrial unit to be set-up as a company

- Commercial production to begin by 30th June 2024
- Previous beneficiaries of Amnesty Schemes of 2018 and 2019 will not be eligible.
- Bank loan defaulters in last three years will not be eligible.

2- Incentive for Revival of Sick Units

- Applicable only to companies
- Industrial units facing accumulated losses in continuous 3 years to be treated as sick units
- Acquiring company allowed to adjust losses of the sick units against its income for consecutive three years
- Revival of the sick unit to be completed within three years of acquisition
- Incentive for Foreign Investment in Industrial Sector

3- Incentives for Overseas

- Pakistan citizens who are non-resident for five years and resident Pakistani having declared foreign assets are eligible to invest.
- One-time tax credit equal to 100% of PKR equivalent of remittance to be availed in 5 years
- Investment to be made in a new industrial unit
- Commercial production to start by 30th June, 2024
- New industrial unit to be a company

IT package:

- Tax exemption for IT/TES (Information Technology Enabled Services) firms & free lancers for 5 years.
- Reduction in Capital Gain Tax on VC funding into Start ups to zero percent during 5 years.

- In a historic move, PM has directed to allow IT/ITeS (Information Technology Enabled Services) Companies and Freelancers to retain 100% amount of remittances received through proper banking channels, in FCY Accounts, without any compulsion to convert them into PKR.
- Furthermore, there will be no restriction on outward remittances from FCY account for PSEB registered IT Companies and Freelancers.
- Prime Minister has also directed SBP to introduce Financing streams for IT/ITeS sector and Freelancers keeping in view operational architecture and industry needs for these sectors.
- Recommendations of Pakistan Technology Start-up Fund were also approved by the Prime Minister as part of this historic package for the creation of a Public Private Partnership (PPP) venture capital fund. Ignite National Technology Fund will create this Fund through PPP.

Benefits:

- Bringing internationally parked Foreign Currency to Pakistan.
- Encourage foreign companies to shift business to Pakistan.
- Employment creation and entrepreneurship promotion in the country.

Trade Deficit:

US \$ mn	November	December	January	February
Exports	2901	2765	2614	2808
Imports	7899	7666	6891	5903
Trade deficit	4998	4901	4277	3095

- Significant decline in trade deficit due to significant decline in imports in the month of January & February.

- Compared to 1HFY22, the current account deficit expected to decline in 2HGFY22. Already visible from trade deficit.
- The CAD reported by SBP is higher due to some imports not reflected at PBS data due to sensitive nature but recorded by EAD. Importantly, the import differential is funded.
- It is pertinent to note that trade deficit is lowest since June 2021. This will bring the deficit down significantly.

Inflation:

- February CPI is lower at 12.2% as compared with 13% in January.
- Adjusted with tomatoes prices the February inflation would have been 10.8% YoY basis.
- Similarly, if we adjust the month on month tomatoes prices, the inflation would have been only 0.6%, on month-on-month basis.
- It is pertinent to note that prices are flat since November 2021, month-on-month basis. Dec (-0.02%), January (0.4%) and February (0.6%) adjusted with tomatoes prices.
- Lastly, Core inflation is witnessing a declining trend in February at 7.8% as compared with 8.2% in January.
- Going forward, it is expected that tomatoes prices will experience decline from mid March due to arrival of crop in Punjab. First week prices of Tomatoes have already declined by 27%.

Key Takeaways of OICCI Press Conference:

- 207 Companies have invested \$18.5 billion since 2012. They pay one 3rd of our taxes.
- They believe Pakistan is better than 6 out of 10 regional countries in 2021 verses 3 out of 10 in 2019.
- In 2021, 68% expect accelerating growth in their businesses in the next 2-3 years vs only 27% in 2019.

- They want long-term policies to be prepared by the government to help them invest in Pakistan. Moreover, they want further improvement in ease of doing business.
- Given, the significant improvement in business climate, they want to conduct international road shows to showcase the opportunities in Pakistan.

➤ **Sehat Sahulat Program (Beneficiary Satisfaction Based on 3rd Party Feedback Survey)**

Satisfaction rate (%)	Total Complaints	Total Resolved	Total Hospital Visits	Total Families Enrolled
97	68,767	67,425	3,247,198	27,694,903

- 96 % beneficiaries are satisfied with the treatment provided by Sehat Sahulat program.
- 54% beneficiaries are satisfied with the hospital services.
- 97% beneficiaries are satisfied with the hospital staff behavior.
- 98% beneficiaries are satisfied with Sehat Sahulat program staff behavior at hospital.
- 98% beneficiaries were not asked to pay for services during treatment.