



TELECOM & IT SECTOR

The Market

- Pakistan is fast becoming the destination of choice for a significant number of international IT/ITeS companies looking to relocate their operations offshore. The ready availability of skilled professionals, an appropriate IT infrastructure, and affordable rates for connectivity result in considerable time and cost-savings for investors.
- Currently, Pakistan's IT industry's global share is estimated at USD 2.8 billion. With a skilled workforce of 110,000 English-speaking IT professionals in the economy, of which 24,000 are engaged in exports.
- Telecom sector of Pakistan has attracted substantial investment after deregulation.

The Vision 2025 stresses upon knowledge-centric economic growth. For this, ICT adoption on massive scale will create new ways of generating national wealth. In the last year, growth in telecommunication sector remained respectable, improving the Tele-density to 72.3 per cent. The rapid take-off of mobile broadband continued this year also as 3G and 4G subscribers reached 39.9 million. The China-Pakistan Economic Corridor (CPEC) will further accelerate as the ICT infrastructure in the country. The IT industry will focus on skills development and producing quality human resource. To increase IT exports, initiatives are Software Technology Park in Islamabad, multi-million industry support program, strengthening academia-industry-government linkages and an Innovation Fund Program to kick-start development of low cost, high impact applications and systems in the public sector. For social inclusivity, programs such as Rural Telephony (Basic telephony and cellular services), Broadband, Optic Fiber Cable, Universal Tele-centers, Tech city, ICT for Girls, ICT for Children of Orphan Houses will be part of Annual Plan 2016-17. The ICT sector has been allocated Rs5,020 million for its development projects.

Total number of mobile subscription by end March, 2017 reached at 139.11 million and during last five years (FY 2014-16) telecom sector has contributed Rs.529.2 billion in terms of regulatory duties and taxes to the government. Telecom operators have invested a significant amount of US\$ 742.0 million during July-April 2015-16.

Industry Snapshot

Cellular Subscription	Over 139 million
Broadband Subscribers	Over 42 million
3G and 4G LTE subscribers	40 million

Market Players: Mobilink Warid Telecom, Telenor, China Mobile, World Call, PTCL, Ufone

Emerging Technologies 3GS/4GS;, Wi Max, EvDO, VDSL2

The Opportunity

- The GoP has provided a reliable IT infrastructure and its package of incentives has been instrumental in the industry's development. These incentives include:
- Exemption on income from export of software and IT enabled services is proposed to be extended to 30 June 2019, subject to remittance of 80% of the export proceeds through banking channel.
- Over 85% of telecommunication infrastructure is on fibre-optic cables.
- Internet access is available in over 2000 cities/towns across Pakistan.
- 100% ownership of equity allowed with 100% repatriation of profits permitted to IT companies.
- Reduction in cost of 2 Mbps connection to USD 500 from USD 700 per month.
