THE STATE OF PAKISTAN'S ECONOMY

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Planning Commission /
Ministry of Planning, Development and Special Initiatives
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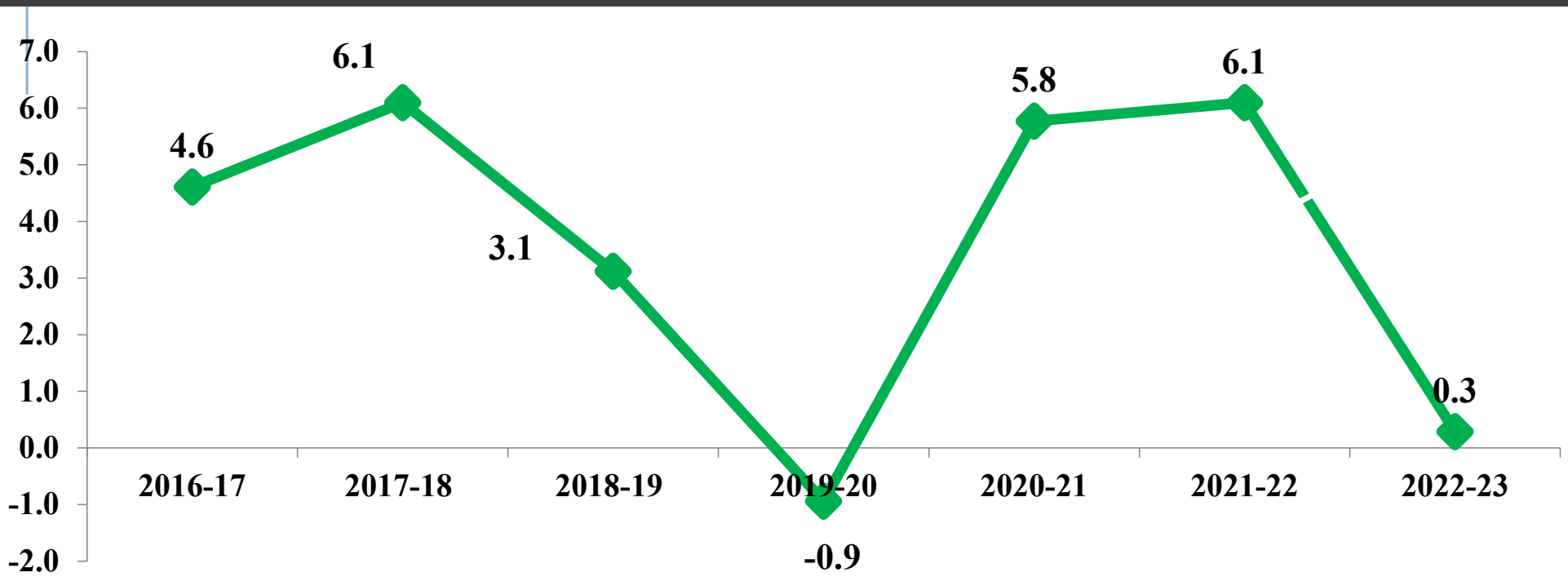
SEQUENCE

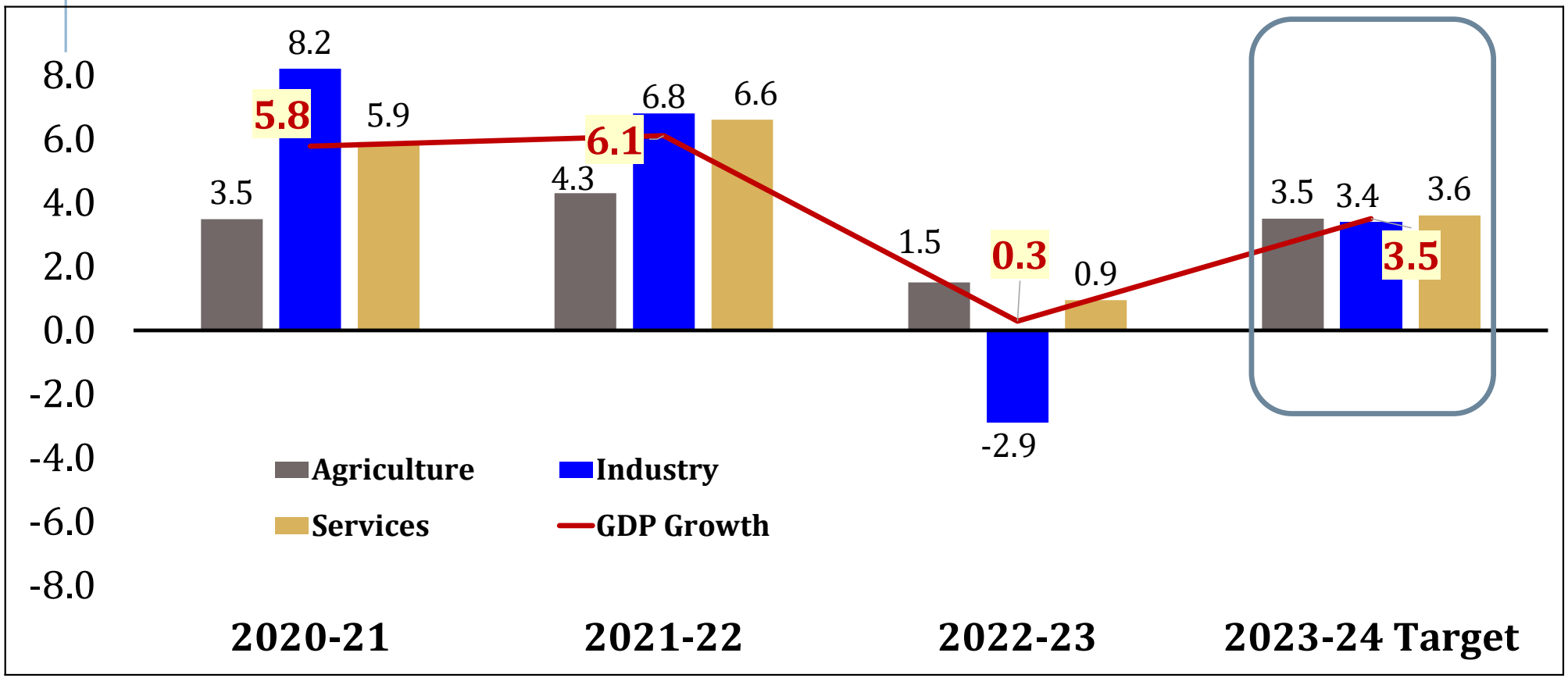
- GDP Growth rate and size of economy
- PAK Economic Appraisal; Covid-19 recovery?
- NFC and deficit out of net federal receipts
- Macro Imbalances
- Domestic and National Savings
- External Sector: Trade Deficit
- Total debt-Domestic and external
- Policy Work: 5 Es Frame Work
- Challenges and Way Forward

GDP GROWTH TREND (%)



Source: Pakistan Bureau of Statistics

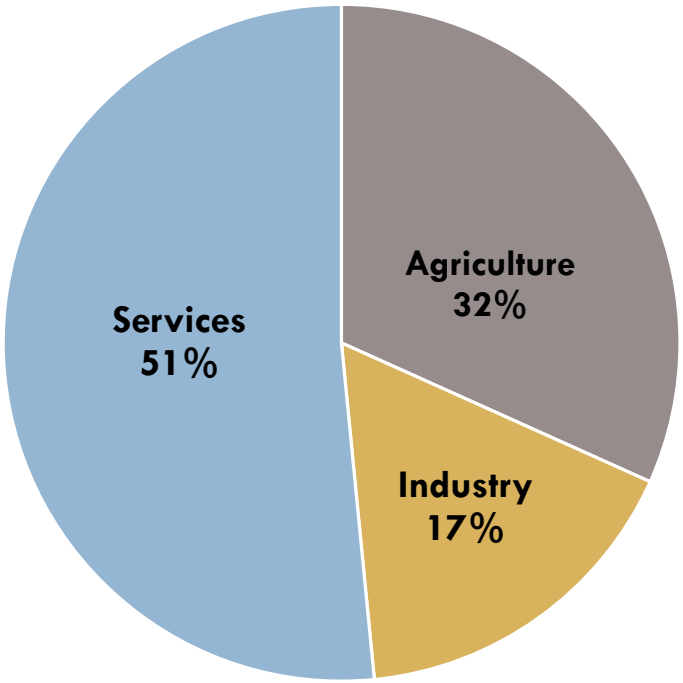
GROWTH RATES (%)



Source: ***PBS and Planning Commission***

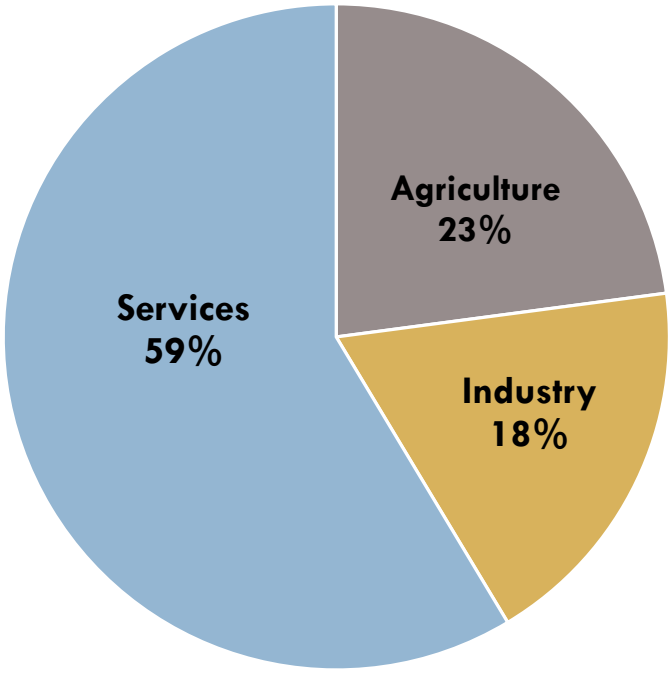
COMPOSITION OF GDP

1999-00



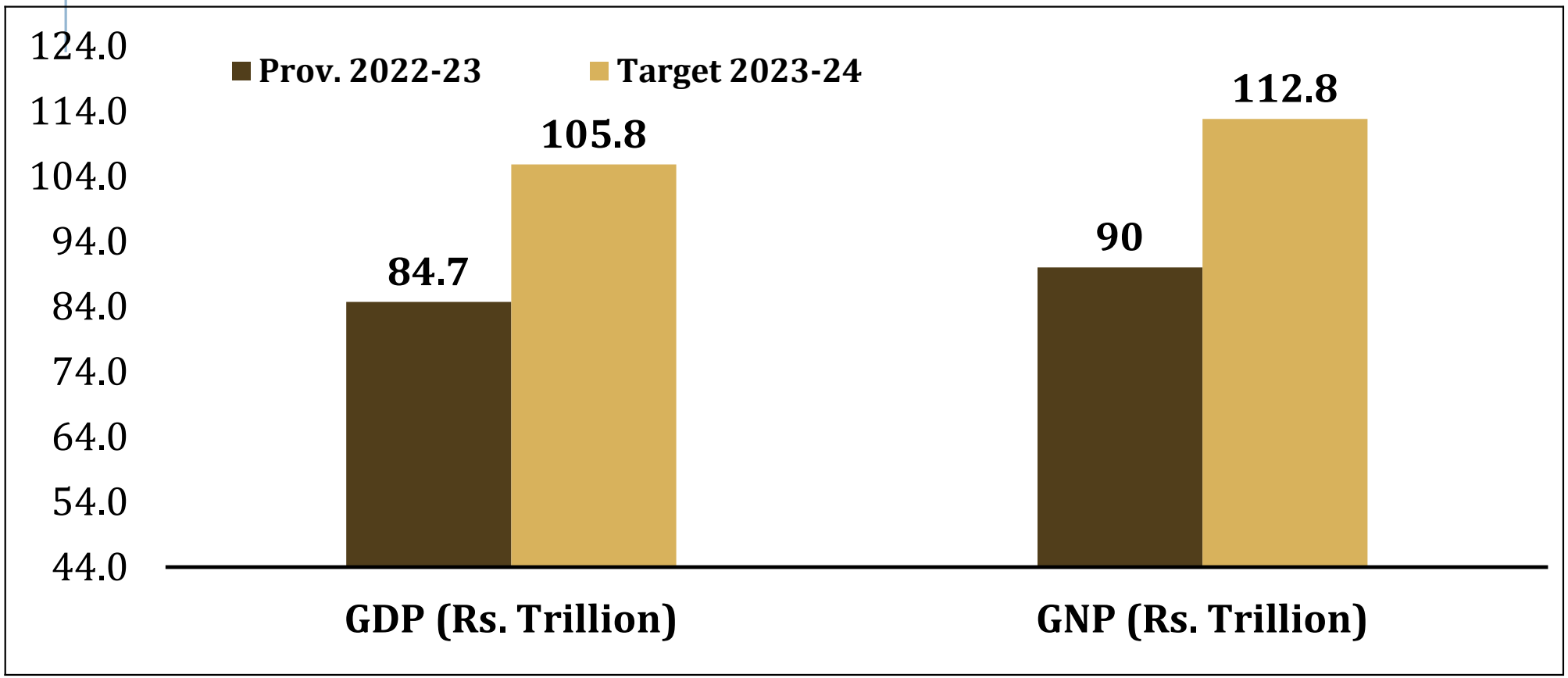
2022-23

% Share



Source: PBS

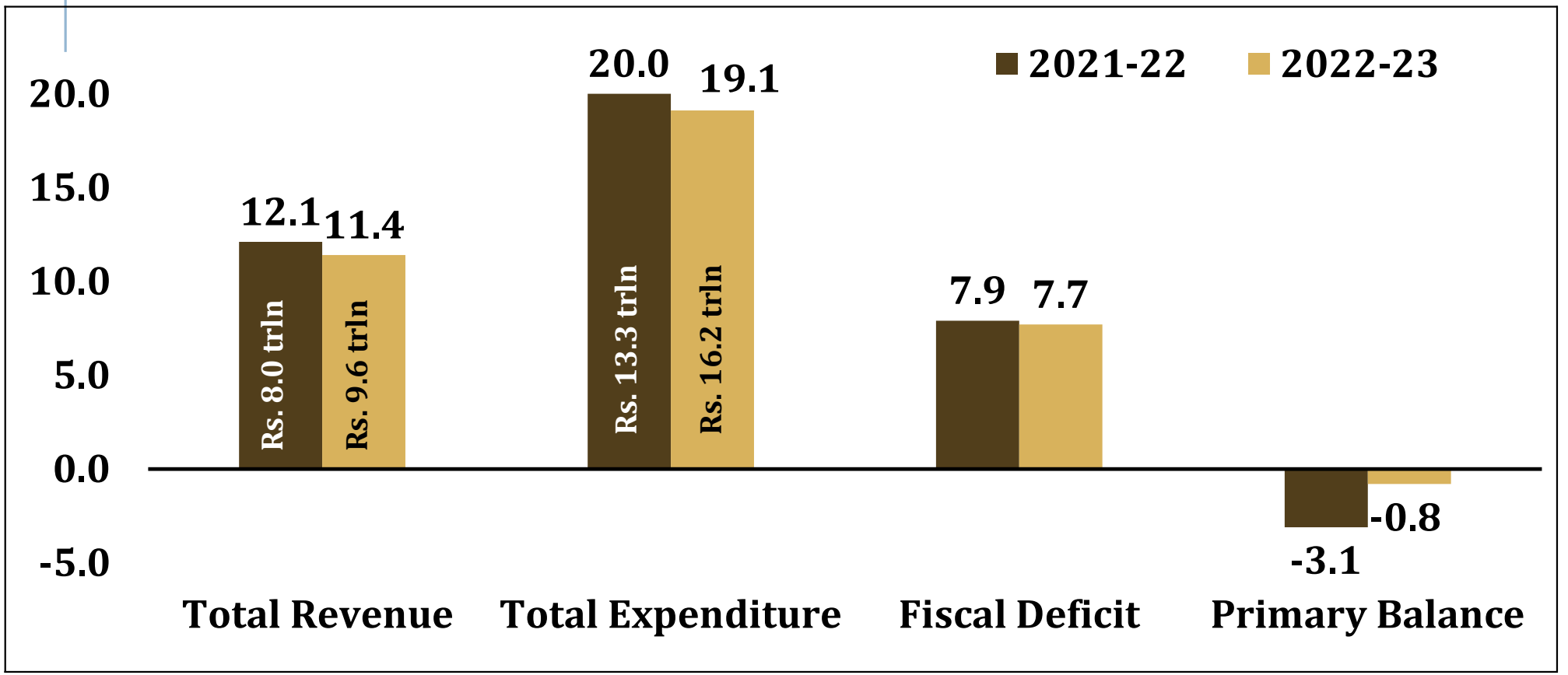
SIZE OF THE ECONOMY



Source: ***PBS and Planning Commission***

FISCAL DEVELOPMENTS

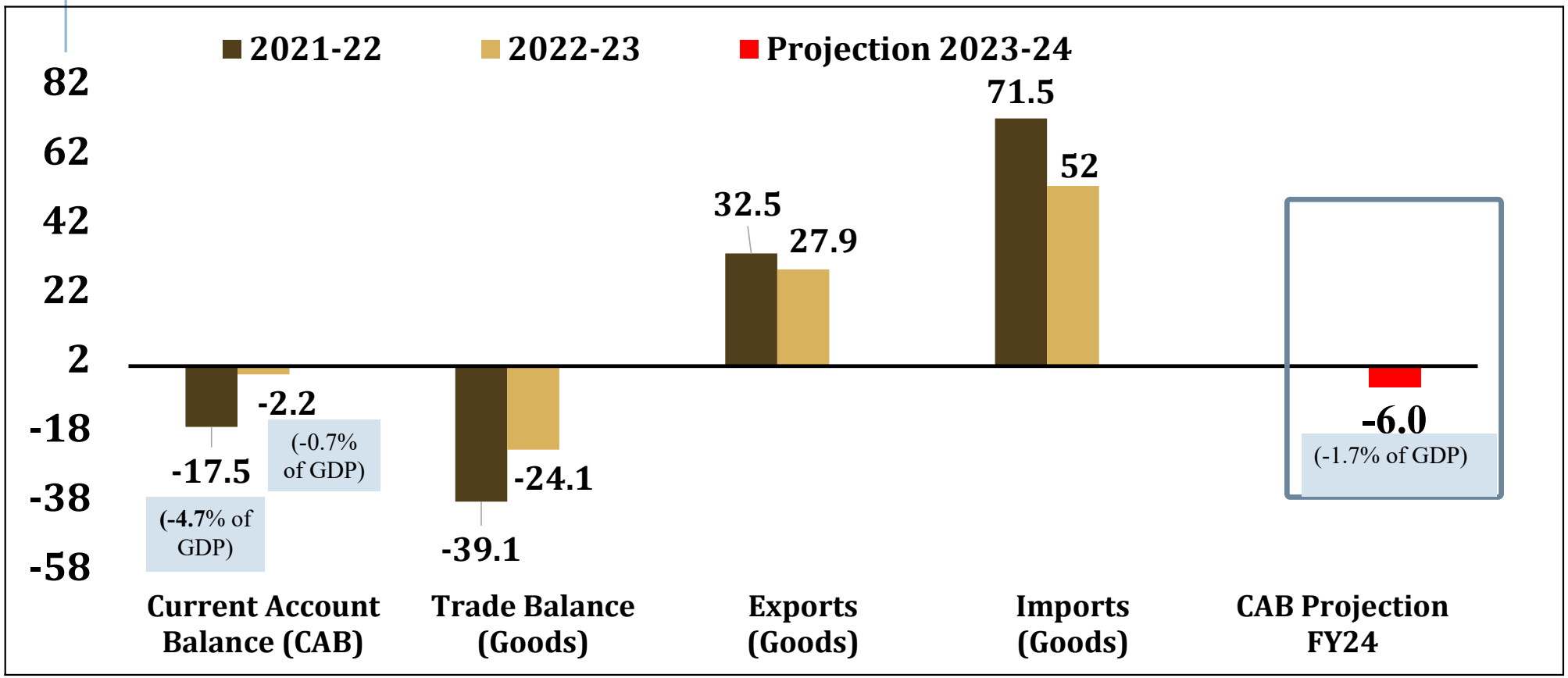
% of GDP



Source: ***Finance Division***

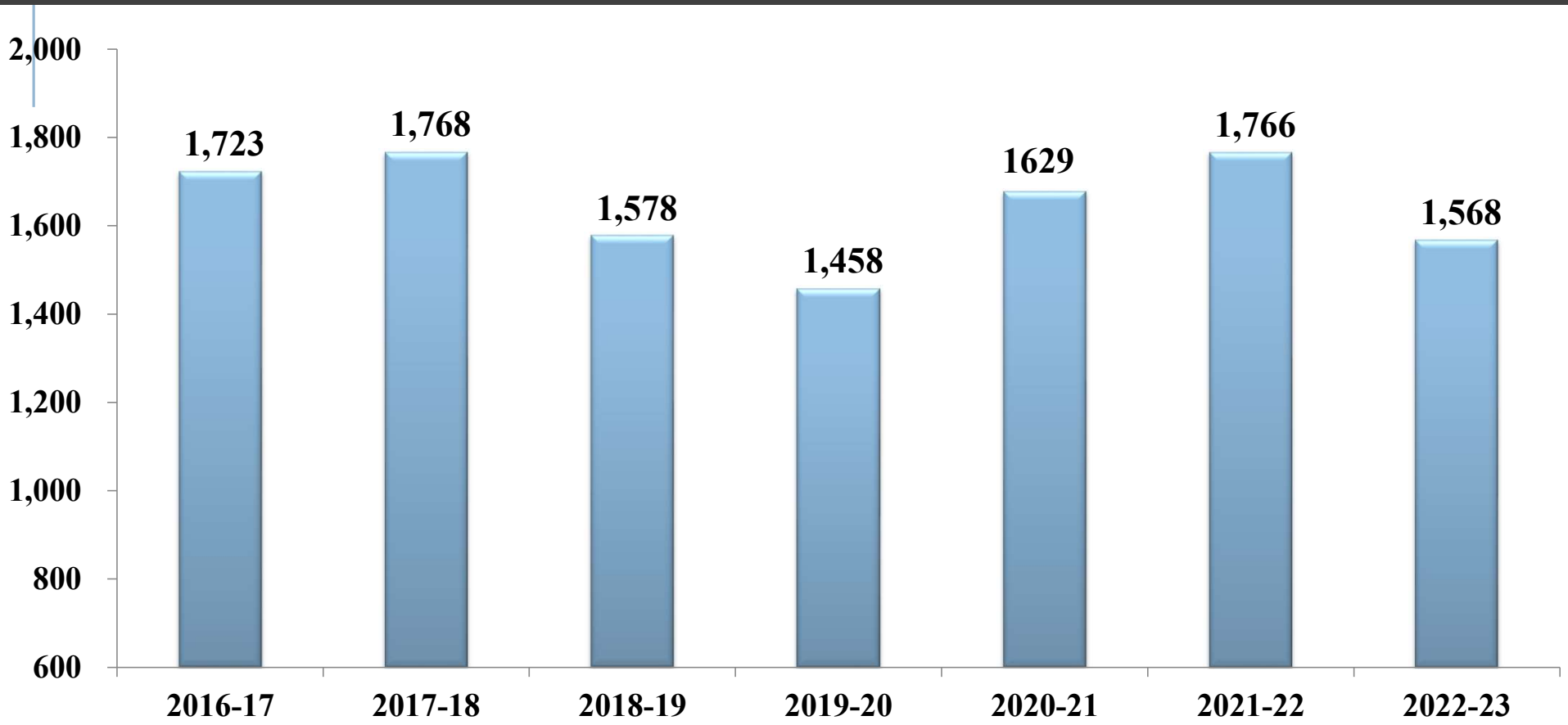
EXTERNAL SECTOR

USD Billion



Source: SBP

PER CAPITA INCOME (CURRENT US $)



Source: PBS

PAK ECO APPRAISAL: POST COVID-19 GDP RECOVERY?

Why Imbalances?

Political instability - March 2022

- *Change of government*
- *High Energy prices*
- *Adverse climate effects*

→ **mounting pressure on fiscal side**

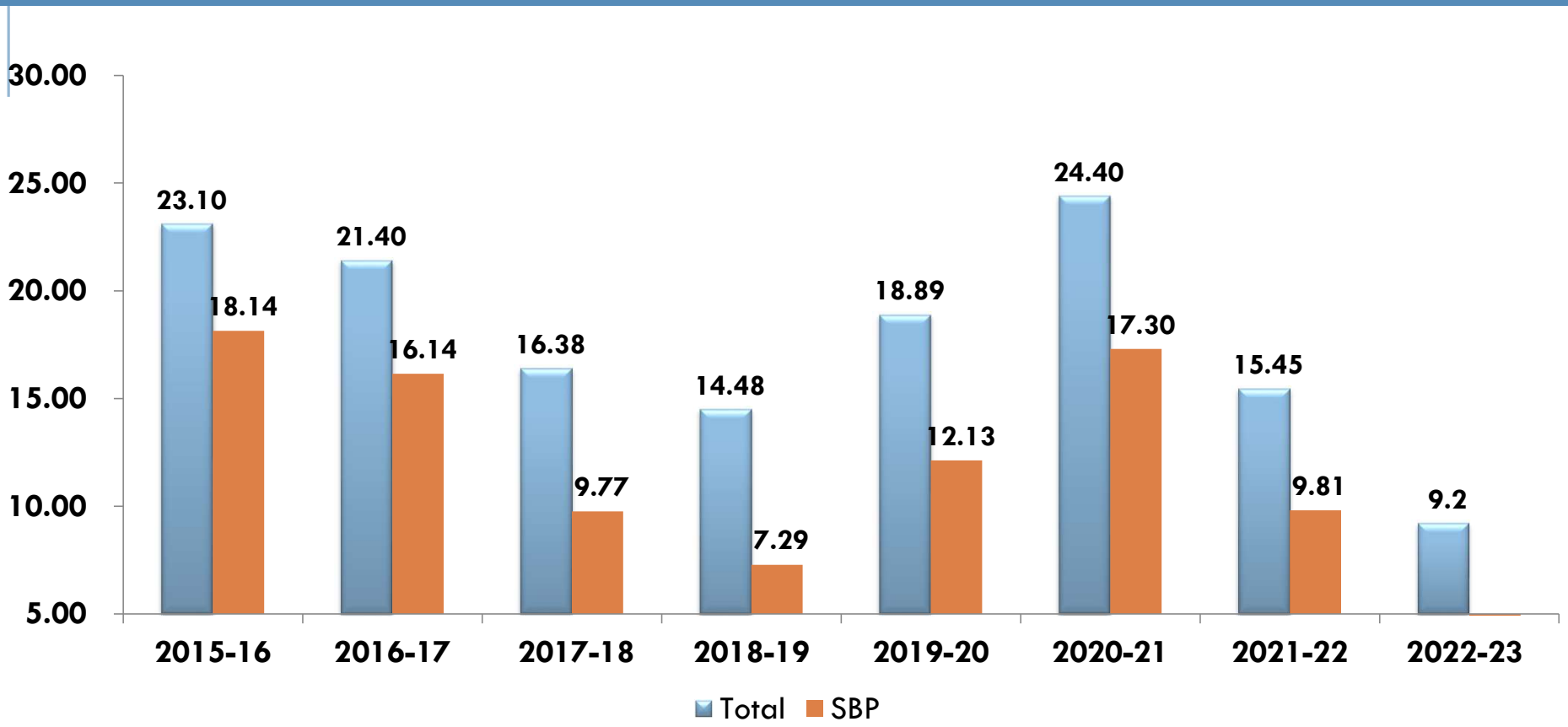
- *Falling reserves*
- *Currency volatility*
- *Debt burden on rise*

NFC: ROLE IN FISCAL DEFICIT

	BE-2020-21	BE-2021-22	BE-2022-23	BE-2023-24
Tax Rev Receipts	5829	6050	7470	9415
Non Tax Receipts	2079.9	1913.1	1934.9	2963
Total	**7908.9**	**7963.1**	**9404.9**	**12378**
Provincial Income Share(-)	3411.8	3541.4	4372.5	5399
Debt Servicing	**3059.7**	**3143.6**	**3950.1**	**7303**
Net Federal Receipts	4497.1	4421.7	5032.4	6979
Minus Debt Serv	1437.4	1278.1	1082.3	-324

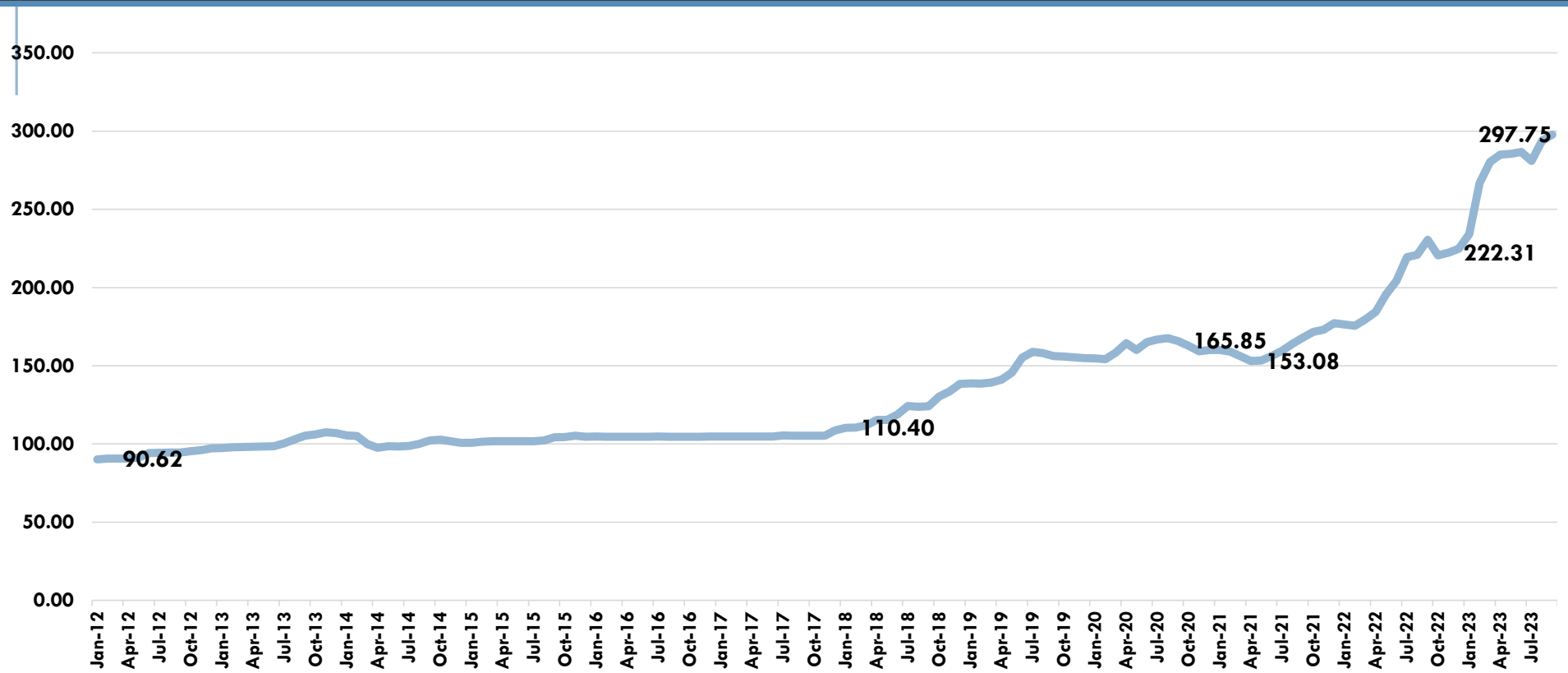
Source: Finance Division

FOREIGN EXCHANGE RESERVES (US$ BILLION)

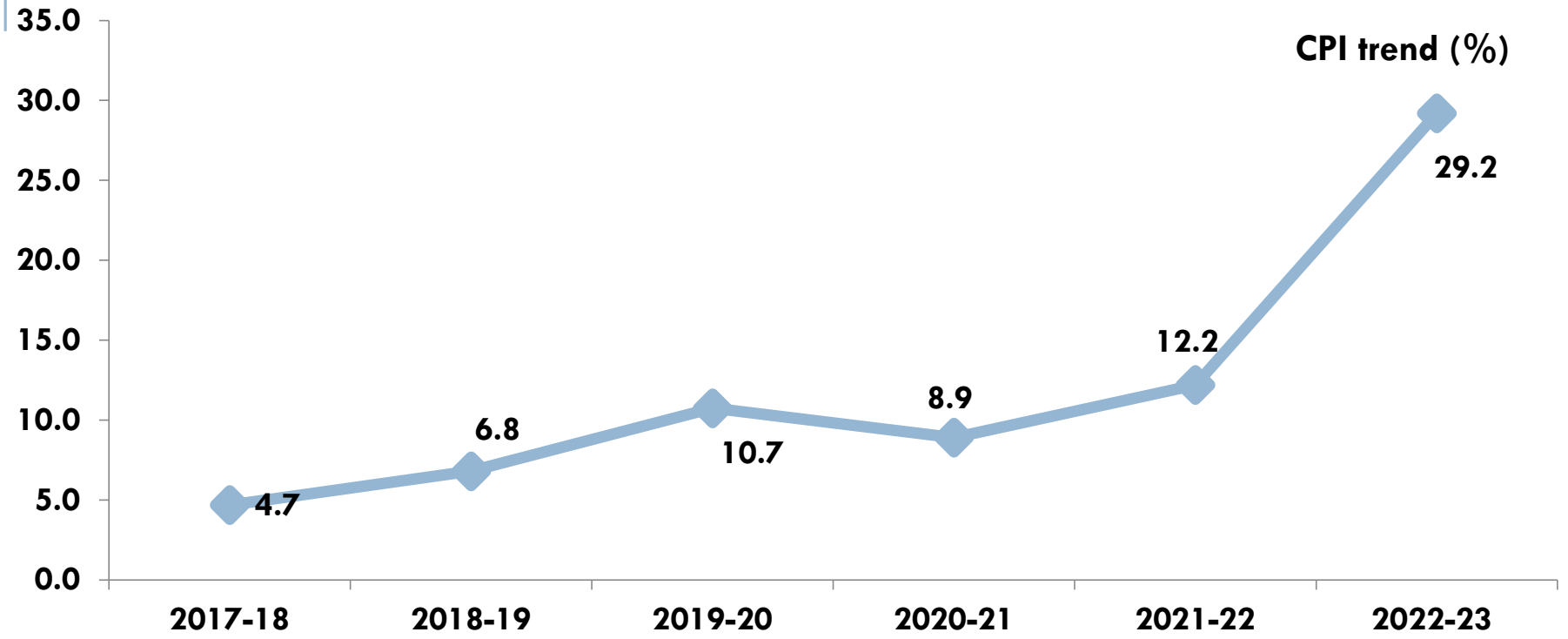


Source: State Bank of Pakistan

Exchange Rates (PKR- USD)

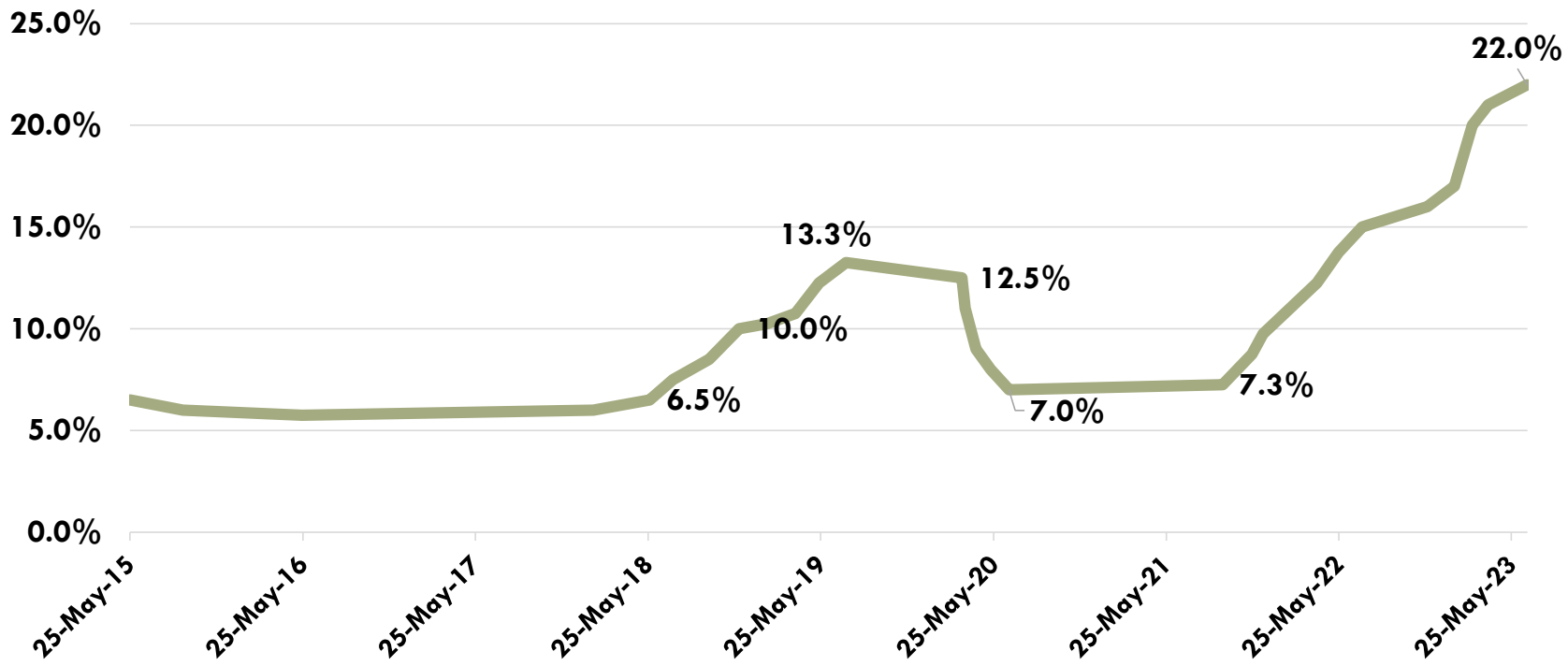


INFLATION



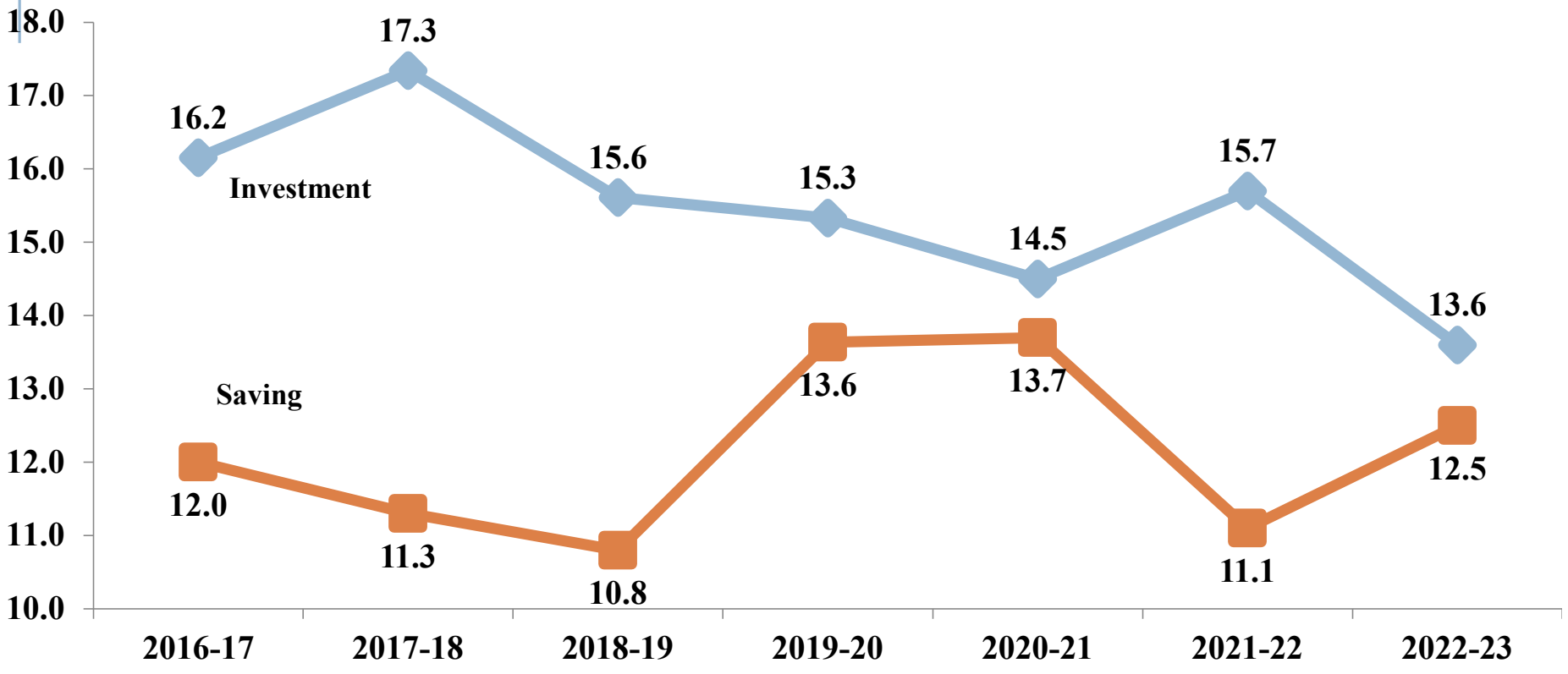
Source: PBS

POLICY RATE



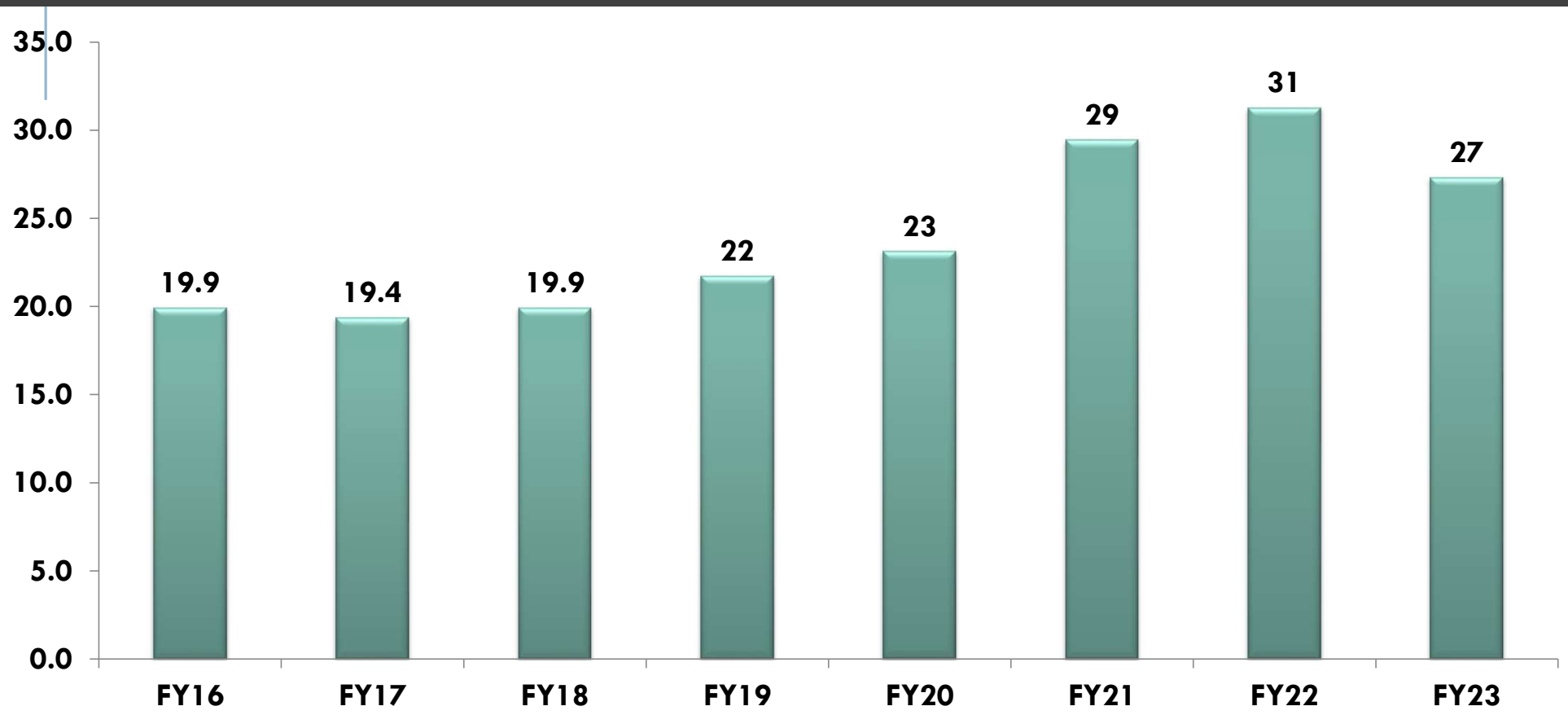
Source: SBP

INVESTMENT AND NATIONAL SAVINGS (% OF GDP)



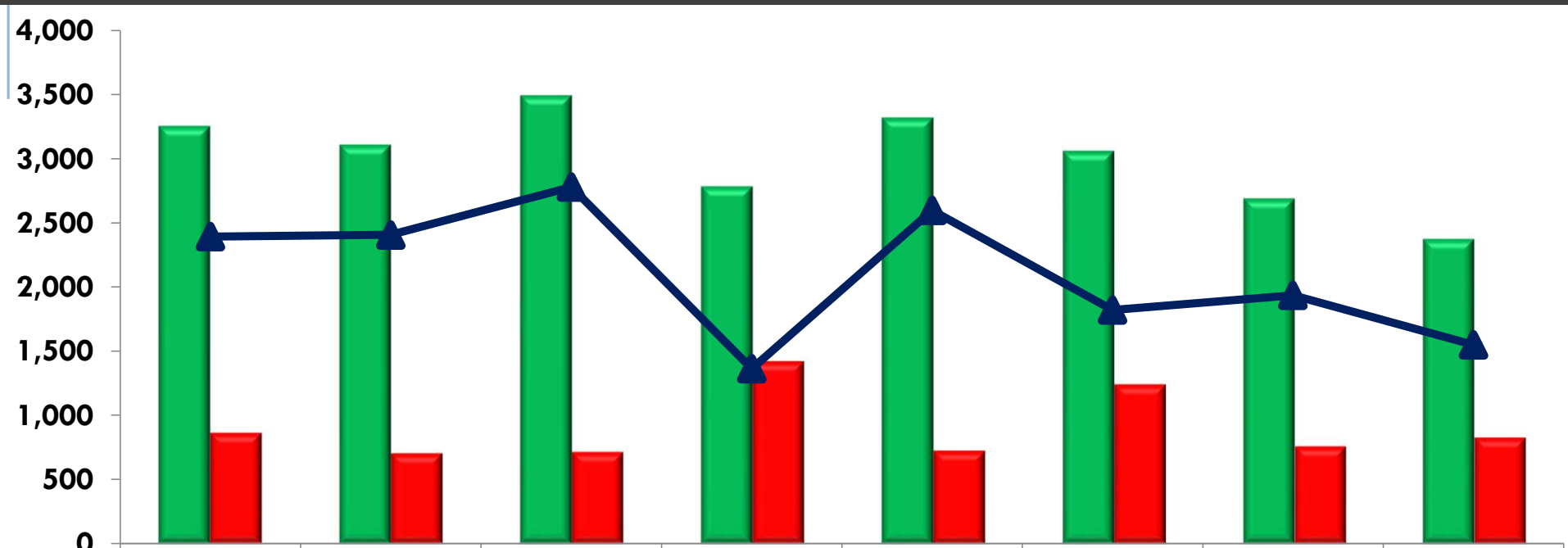
Source: PBS

REMITTANCES (US $ BILLION)



Source: State Bank of Pakistan

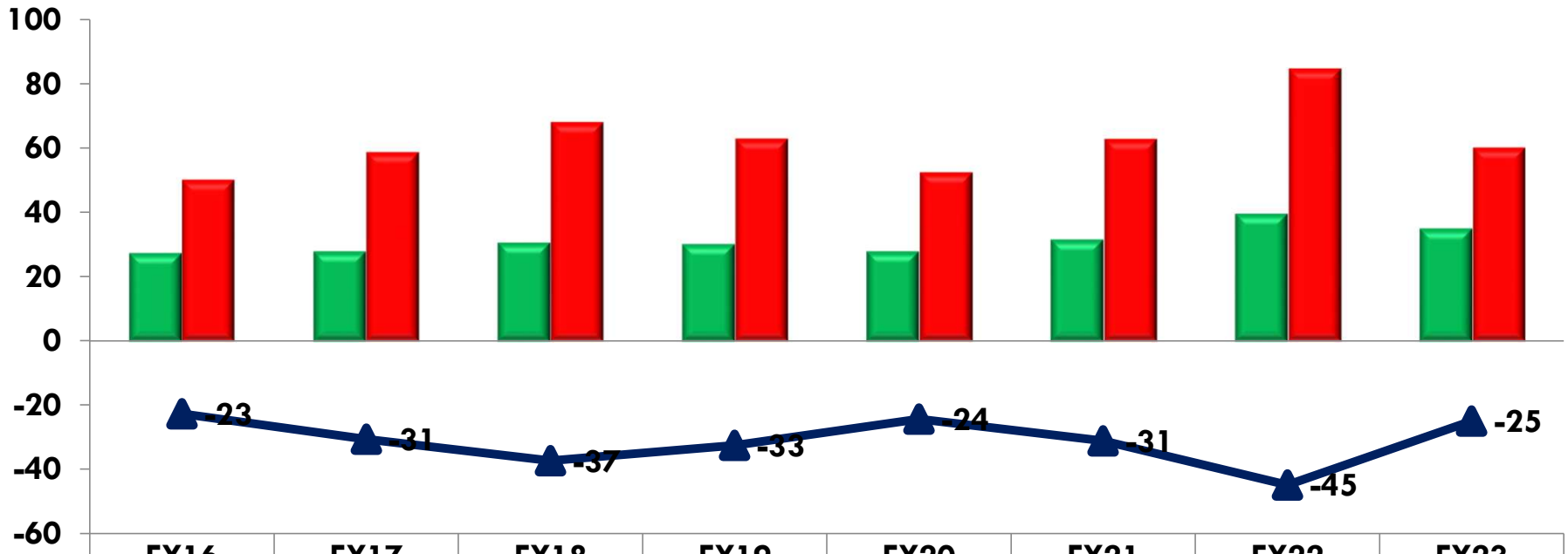
Foreign Direct Investment (US$ Million)



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Inflow	3,256	3,111	3,495	2,785.2	3,322.1	3,061.4	2,692.5	2,376
Outflow	863	704	714	1,422.8	724.6	1,240.9	756.6	828
Net	2,393	2,407	2,780	1,362	2,598	1,821	1,936	1,549

Source: State Bank of Pakistan

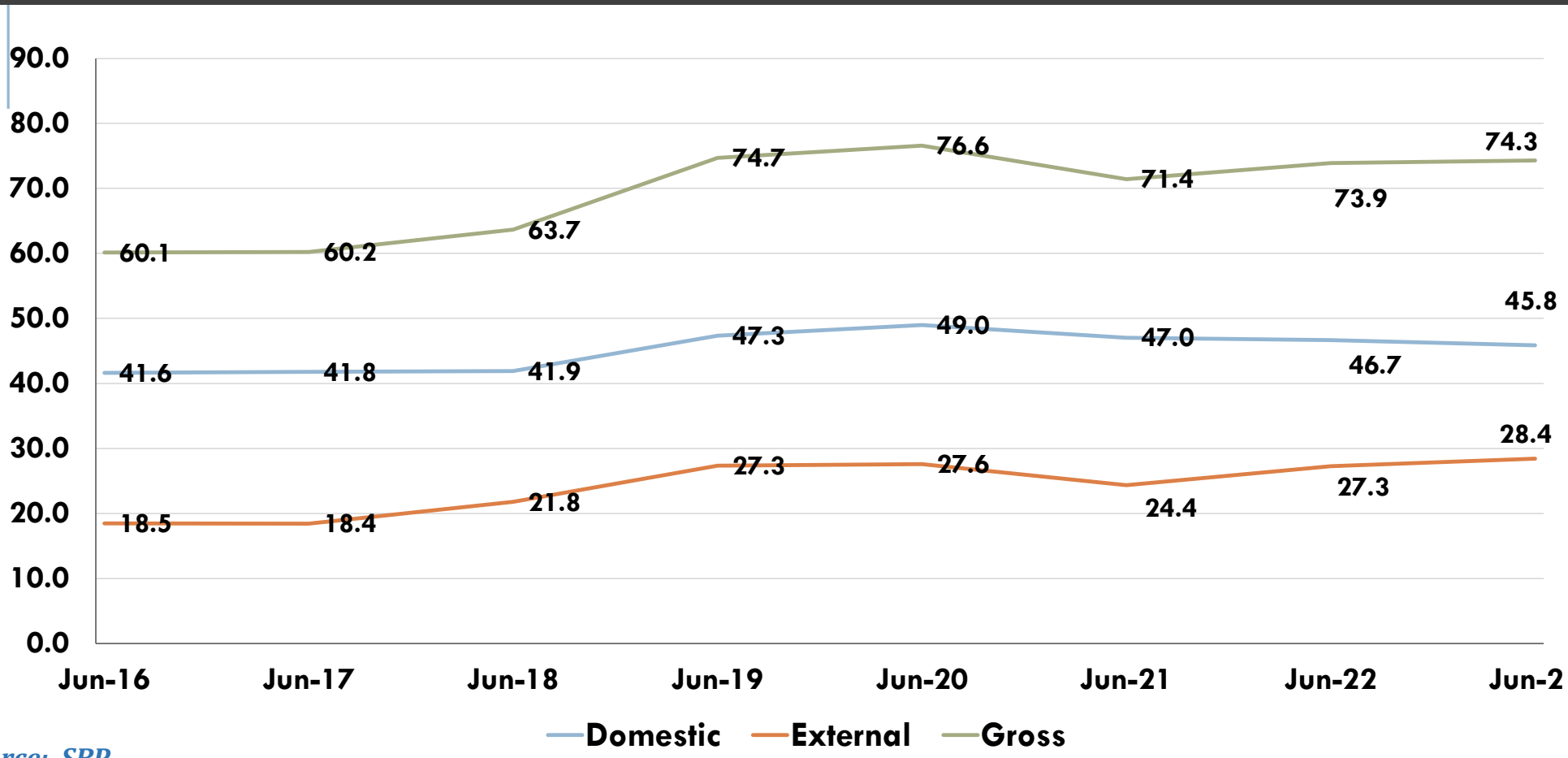
Balance of Trade (US$ Billion)



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Exports	27	28	31	30	28	32	40	35
Imports	50	59	68	63	52	63	84	60
Trade Balance	-23	-31	-37	-33	-24	-31	-45	-25

Source: State Bank of Pakistan

PUBLIC DEBT (% OF GDP)



Source: SBP

DOMESTIC DEBT (RS. BILLION)

Debt Instruments	Sep-22	Dec-22	Mar-23	Jun-23
I. Permanent Debt	**21,466.3**	**23,829.6**	**25,347.9**	**26,021.5**
1. Market Loans	2.8	2.8	2.8	2.8
2. Federal Government Bonds	20,610.2	22,970.3	24,488.5	25,161.2
3. Prize Bonds	378.3	381.6	381.6	382.5
4. SBP's on-lending to GOP against SDRs allocation	474.9	474.9	474.9	474.9
II. Floating Debt	**6,726.6**	**6,156.3**	**6,295.3**	**9,335.3**
III. Unfunded Debt	**3,150.2**	**3,073.2**	**2,999.2**	**2,925.6**
IV. Foreign Currency Loans	**9.6**	**9.5**	**295.7**	**383.8**
V. Naya Pakistan Certificates	**103.3**	**109.7**	**139.2**	**142.7**
Government Domestic Debt	**31,456.1**	**33,178.4**	**35,077.3**	**38,808.9**

Source: State Bank of Pakistan

PUBLIC EXTERNAL DEBT

(USD Million)

	June 2019	June 2020	June 2021	June 2022	June 2023
Multilateral	28,566	31,712	34,342	35,372	37,523
Bilateral	20,952	21,352	21,547	20,285	18,473
Bonds	6,300	5,982	8,615	8,800	7,800
Commercial Banks	8,956	8,210	9,696	9,481	5,564
Safe Deposit	3,000	3,000	4,000	7,000	7,000
IMF	5,648	7,680	7,384	6,897	7,124
Naya Pakistan Certificate etc				1,001	566

Source: Economic Affairs Division

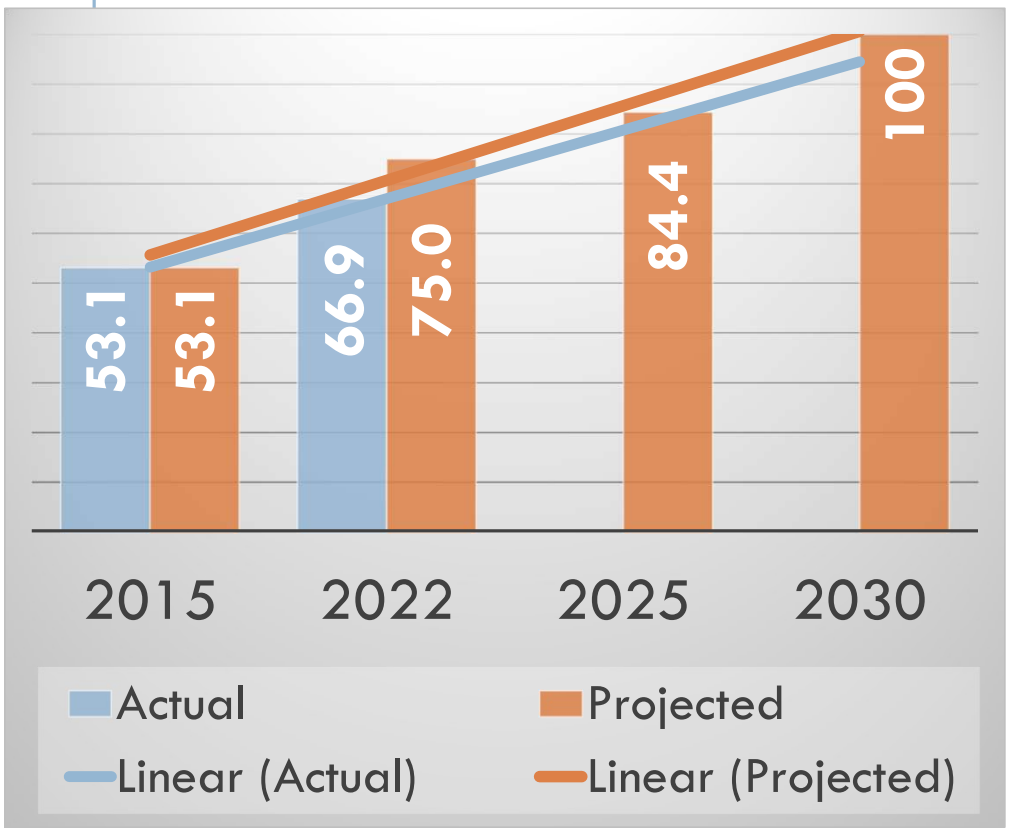
ECONOMIC PERFORMANCE (JULY-SEPTEMBER 2023-24)

- Large-Scale Manufacturing (LSM) registered a positive growth of 0.5% during July-August 2023 as compared to its negative trend last year.
- Major Kharif crops (cotton, rice and sugarcane) posted good production (8.8 Mn bales, 10.5MT and 74.1 MT respectively as per SUPARCO estimates)
- Fiscal deficit stood at 0.9% of GDP during Q1-FY24 as compared to 1% in Q1-FY23.
- Tax-to-GDP was recorded at 2.1%, the same as in Q1-FY23. However, FBR collected Rs. 2014.5 billion in Q1-FY24 and surpassed the quarterly target by Rs. 63.5 billion.
- Current account deficit reduced from US$ 2.3 billion in Q1-FY23 to US$ 0.9 billion in Q1-GY24.
- Average CPI inflation in Q-FY24 (YoY) was recorded at 29% as compared to 25.1% in Q1-FY23.

5ES FRAMEWORK

Exports	**Productivity, Enabling Environment, Product & Market Diversification and SMEs Development**
E-Pakistan	**Digitization ecosystem to embrace fourth industrial revolution by expanding the knowledge-based economy**
Environment & Climate Change	**Mitigating the impact of climate change by addressing water & food security challenges**
Energy	**Diversifying energy mix by investing in renewable energy sources like wind, solar & hydro power**
Equity & Empowerment	**Youth, women, disabled and less developed regions**

SDGS PROGRESS



SDGs consist of 17 goals, 169 targets and 247 indicators – adopted as national development agenda

SDGs index is an overall indicator that shows the performance of all goals

In the first seven years, Pakistan has improved 13.8 percentage points

Against target of 100 (fully achieved), at the current speed we may reach 84 percent (shown by Blue Line) i.e. 16 percent less than the target.

Goal wise performance

- 4 are achievable, while 3 goals are very close to target, though significant efforts are required in other 10 goals.

CHALLENGES AND WAY FORWARD

Macroeconomic and political economy challenges

Higher inflation and interest rates, currency depreciations, external pressure

Low tax to GDP ratio and sub optimal savings rate (dependence on foreign capital)

Financing gaps amidst fiscal pressures, contraction in Official Development Assistance (ODA) and high cost of borrowings

Perspective Plan (5 Year Plan)-Working groups Consultations with stakeholders

Economic Revival Plan focusing on key areas like Agriculture, Minerals, Energy, IT

Steps to boost FDI: Economic Diplomacy (MOFA), New KPIs for TIOs (MOC), Proposals to appointment Investment Obdusman (MOL;BOI)

Establishment of P3 Authority to finance key infrastructure projects

Measures to enhance revenues and curtail expenditure through austerity

Modernisation of National Savings Centres to facilitate pensioners savers

THANK YOU