



Prime Plus

April 2025

Quarterly Report on Pakistan's Economy
with a Focus on Tracking 22 Structural
Benchmarks Under the IMF's EFF

Policy Research Institute of Market Economy (PRIME)

One of Top 100 think tanks in Asia-Pacific
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Prime Plus is a quarterly report published by PRIME that provides economic, institutional and policy analysis explaining developments, opportunities, and challenges of Pakistan's economy.

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TABLE OF CONTENTS

List of Figures	5
List of Tables	5
Section I: IMF BENCHMARKS: PAKISTAN’S REFORM SCORECARD	6
Introduction:.....	6
Understanding of Benchmarks:.....	7
Fiscal Benchmarks:.....	9
1. Approve National Fiscal Pact	9
2. Provincial Agricultural Income Tax Legislation	10
3. PSDP Selection Criteria and Progress Report	11
4. Federal Excise Duty (FED) on fertilizers and Pesticides.....	11
5. Tax Amnesties	11
6. Non-budgeted expenditures	11
7. Report on reducing the size of government	12
8. Implement Compliance Risk Management in LTUs	12
Monetary Benchmarks:.....	13
1. Maintain FX market functioning	13
2. Approve bank resolution & deposit insurance amendments.....	13
4. Risk Mitigations:.....	15
5. Enact Revised Monetary Safeguards:	15
Social Benchmarks:	15
Governance Benchmarks:	15
Energy Sector:.....	16
1. Privatization of DISCOs	16
2. Eliminate captive power	17
3. Public notification by the government	17
State Owned Enterprises:	17
1. Amend the SWF Act and other legislation, in consultation with Fund staff	17
2. Legislative Changes to Statutory State-Owned Enterprises (SOEs):	18

3. Phasing Out the Special Economic Zone (SEZ) Incentives.....	18
Conclusion:	21
Section 2: Macroeconomic Analysis	24
Key Takeaways:.....	24
Introduction.....	25
1. Economic Growth	25
i. Imports and Exports	25
ii. Quantum Index of Large-Scale Manufacturing:	28
iii. Agriculture Sector	30
2. Economic Freedom via Government Size.....	32
i. Credit to the Private Sector.....	32
ii. Government Domestic Debt.....	33
4. Business Environment	34
i. Long-Term Financing Facility (LTFF)	35
ii. Foreign Direct Investment (FDI).....	36
iii. Stock Market Performance.....	37
4. Macroeconomic Stability	38
i. Inflation Rate	38
ii. Exchange Rate Trends.....	40
iii. Balance of Payments and Fiscal Deficit.....	41
iv. Forex Reserves	42
Conclusion:	45
Annexure- 1	46

List of Figures

Figure 1: 22 Structural Benchmarks by IMF	8
Figure 2 Total revenue Collection in PKR millions (July-Dec 2024)	9
Figure 3 Tracking the IMF's Structural Benchmarks	19
Figure 4 Exports, Imports and Trade Deficit	27
Figure 5 Comparative Anlysis of Forex Reserves, Remittances and Exports	27
Figure 6 Monthly Quantum Index of Manufacturing	29
Figure 7 YoY change in Production of Crops	30
Figure 8 Credit to the Private Sector	33
Figure 9 Government Domestic Debt	34
Figure 10 Long Term Financing Facility (3 years rate of refinance)	35
Figure 11 Foreign Direct Investment	36
Figure 12 Stock Market Performance	37
Figure 13 Inflation Rate	39
Figure 14 Exchange Rate Trend	41
Figure 15 Current Account Balance	42
Figure 16 Total Liquid Forex Reserves	44
Figure 17 Money Growth	44

List of Tables

Table 1 Key Features of Provincial AIT laws	10
Table 2 Quarterly Change in Agricultural Statistics	31

Section I: IMF BENCHMARKS: PAKISTAN'S REFORM SCORECARD

Introduction:

Pakistan availed IMF's Extended Fund Facility (EFF) in June 2024. This was an effort to address the prevailing economic problems in the country. This \$7.5 billion loan was aimed at initiating critical reforms in the economy. The four key focus areas of this program were:

1. Strengthening policy-making credibility and economic stability through consistent and systematic implementation and the broadening of the tax base
2. Improving competition, productivity and competitiveness through reforms
3. Reforming state-owned enterprises (SOEs) and ensuring the sustainability of the energy sector;
4. Building climate resilience.

The IMF completed its first review in March 2025 when the IMF team assessed the country's progress on various economic reforms. Despite the country's progress, including the signing of the National Fiscal Pact and the amendment of agricultural tax laws by provincial governments, a major concern was the significant tax revenue shortfall.

As of the end of March 2025, the FBR reported a tax collection of PKR 8.44 trillion, falling short of the nine-month target of PKR 9.17 trillion by PKR 725 billion. This shortfall raised concerns about the government's ability to meet its annual tax collection target of PKR 12.97 trillion¹. In response, the IMF agreed to revise the annual target downward by PKR 620 billion, setting a new target of PKR 12.35 trillion, while maintaining the tax-to-GDP ratio goal of 10.6%.

Regardless of these changes in the tax revenue, the IMF emphasized the need to put in place additional revenue measures and improve tax administration to address the persistent shortfall. The FBR has been directed to speed up the process to broaden the tax base, enhance compliance and resolve pending tax disputes in order to increase revenue generation in the remaining half of the fiscal year.

¹ Tax shortfall widens to Rs725b, Express Tribune March 29, 2025.

Understanding of Benchmarks:

The IMF's extension of funds is contingent on a country's ability to repay those loans. To assess repayment capacity, the IMF sets specific benchmarks that must be met prior to the release of funds. The Extended Fund Facility for Pakistan came with 22 structural benchmarks.

The following are the benchmarks set by the IMF:

Figure 1: 22 Structural Benchmarks by IMF

22 Structural Benchmarks Under IMF EFF	
FISCAL BENCHMARKS	SOES BENCHMARKS
<ol style="list-style-type: none"> 1. Do not grant tax amnesties or new preferential tax treatments (continuous) 2. Ex-ante parliamentary approval for non-budgeted expenditures (continuous) 3. Approve National Fiscal Pact (end-Sep 2024) 4. Report on reducing federal govt footprint (end-Sep 2024) 5. Align provincial agri tax with federal PIT/CIT (end-Oct 2024) 6. Implement compliance risk mgmt in LTUs (end-Dec 2024) 7. Publish PSDP project criteria & limits (end-Jan 2025) 8. Introduce 5% FED on fertilizer & pesticide (end-Jun 2025) 	<ol style="list-style-type: none"> 1. Amend the SWF Act and other legislation, in consultation with Fund staff and in line with MEFP 25.b, to adopt appropriate governance mechanisms and safeguards following international standards and good practices. 2. Amend the laws for 10 additional statutory SOEs, in consultation with Fund staff (end June 2025). 3. Prepare a plan based on the assessment conducted to fully phase out all current Special Economic Zone incentives by 2035 (end June 2025).
MONETARY AND FINANCIAL BENCHMARKS	ENERGY BENCHMARKS
<ol style="list-style-type: none"> 1. FX premium $\leq 1.25\%$ over 5 days (continuous) 2. Approve bank resolution & deposit insurance amendments (end-Oct 2024) 3. Resolve undercapitalized banks or merge/recapitalize (end-Nov 2024) 4. Revise risk mitigation regulations with Fund input (end-Dec 2024) 5. Implement revised monetary safeguards (end-Sep 2025) 	<ol style="list-style-type: none"> 1. Complete all policy actions needed to prepare two DISCOs for privatization and concession transactions (end January-2025). 2. Eliminate captive power usage in the gas sector. Push captive gas users on to the electricity grid and channel gas to the most efficient generators (end-January 2025). 3. Public notification by the government of the December 2024 semiannual gas tariff adjustment determination (Feb-15, 2025).
GOVERNANCE BENCHMARKS	
<ol style="list-style-type: none"> 1. Amend Civil Servants Act for digital, public asset declarations (end-Feb 2025) 2. Publish Governance & Corruption Diagnostic Assessment (end-Jul 2025) 	
SOCIAL BENCHMARK	
<ol style="list-style-type: none"> 1. Adjust Kafaalat cash transfer for inflation (end-Jan 2025) 	

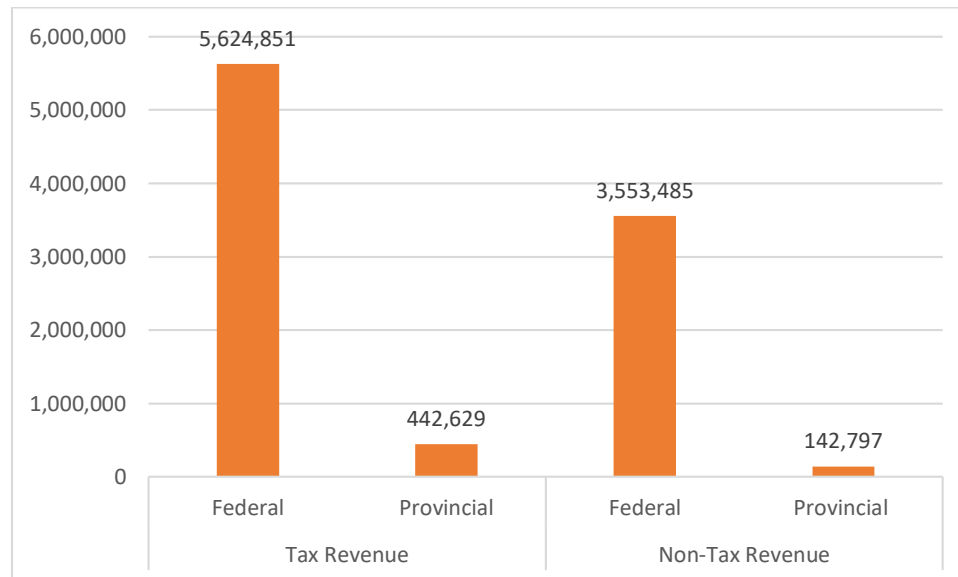
Fiscal Benchmarks:

As part of the IMF’s structural reform agenda under the EFF, Pakistan committed to a series of fiscal benchmarks. These benchmarks are aimed at improving revenue mobilization, decentralizing fiscal responsibility, and enhancing transparency in public finance.

1. Approve National Fiscal Pact

Among these benchmarks is the approval of the National Fiscal Pact from all four provinces. The government secured approval of the pact from all the provinces. This Pact aims to realign provincial and federal tax policies and redistribute revenues. It effectively binds provincial governments to contribute more toward tax revenue collection. Currently, provinces contribute only 1% of the tax-to-GDP ratio—placing a disproportionate burden on the federal government. Moreover, the fact that around 92% of revenue is collected by the federal government highlights the need for provinces to play a greater role.

Figure 2 Total revenue Collection in PKR millions (July-Dec 2024)



Source: Ministry of Finance

2. Provincial Agricultural Income Tax Legislation

Secondly, the IMF has mandated the provinces to align their Agriculture Income Tax (AIT) laws with the Federal Personal Income Tax (PIT) and Corporate Income Tax (CIT). This is designed to standardize tax treatment across sectors and to ensure that agricultural income is taxed in line with other sources of income.

All four provinces have now passed their respective Agriculture Income Tax (AIT) laws, adopting a uniform tax structure with the same income thresholds and progressive tax rates. While the core tax framework is consistent across provinces, Punjab has additionally included livestock income under the definition of agricultural income. The table below summarizes the key features of the AIT legislation across provinces.

Table 1 Key Features of Provincial AIT laws

Province	Tax Exempt Income	Small Companies	Large companies	Tax Rates	Super Tax
All Provinces	Up to Rs. 600,000	20%	29%	Progressive rates: 15%–45% based on income brackets	Additional super tax on income above Rs. 150 million and maximum of 10% super tax

Although provincial governments have amended their AIT laws successfully, the problem lies in their implementation since provinces' tax authorities have limited capacity, even the FBR, which cannot accurately estimate agriculture income and tax farmers accordingly. Additionally, informal transactions in the agriculture sector will also complicate tax collection. Although tax collection through such an agriculture income tax is important to broaden tax base and thereby raise tax to GDP ratio in case of Pakistan, doing so in the right manner may be hard for the country under existing challenges.

3. PSDP Selection Criteria and Progress Report

To fulfill the IMF's structural benchmark regarding the Public Sector Development Program (PSDP), the Planning Commission published a detailed report outlining a plan to phase out the PSDP in three years. The report stipulates that only 10% of development funds will be allocated to new projects, while the remaining 90% will be directed toward the completion of ongoing initiatives. The report further introduces a framework for project selection and prioritization, where priority will be clearly assigned to giving priority to foreign-funded projects.

PSDP currently includes 1,071 projects, but only 105 of them are at their completion stage. This highlights how imperative it is to target public investment in project completion to avoid more resource dilution and to align with the new criteria laid out by the Planning Commission. The successful implementation of ongoing projects is thus not only pertinent to development outcomes but also to ensuring conformity with the IMF reform program.

4. Federal Excise Duty (FED) on fertilizers and Pesticides

IMF also required government to impose 5% Federal Excise Duty (FED) on fertilizers and pesticides and the government is schedule to implement this FED in budget of FY2025-26. This move is aimed at increasing tax revenues. IMF has projected to enhance the FED by 413 billion PKR by increasing FED on pesticides and fertilizers, among the increase in FED for other products like cement, cigarettes, sugar to manufacturers etc.

5. Tax Amnesties

The IMF has directed the government to refrain from granting tax amnesties or introducing new preferential treatments— a condition the government has adhered to. Despite the demand from the real estate sector to revive activity through tax relief measures, the government has resisted these demands and has not extended any form of amnesty.

6. Non-budgeted expenditures

The government has also adhered to the requirement of obtaining ex-ante parliamentary approval for any non-budgeted expenditures. This measure is part of the IMF's efforts to enhance fiscal

oversight and ensure transparency in public spending. By securing parliamentary approval before incurring additional expenditures, Pakistan aims to strengthen its budgetary processes and maintain fiscal discipline.

7. Report on reducing the size of government

The current EFF program required Pakistan to submit a detailed report by End-September 2024 detailing a plan to reduce the federal government's footprint. No such report, however, has been released, and no official word of its submission can be found—representing a meaningful shortfall in fulfilling this structural benchmark. The report is important because of the bloated and inefficient size of the public sector. Federal employment in the public sector alone accounts for over 581,000 civil servants, excluding provincial and local employees, according to Economic Survey (2023). Additionally, there are more than 212 state-owned enterprises (SOEs), many of which suffer from poor performance and inefficiency. Ministry of Finance reported losses incurred by SOEs to be around Rs. 850 billion and a soaring debt of Rs. 9.2 trillion in 2024². In the energy sector alone, SOEs reported losses of over Rs. 500 billion during FY2022–23, putting additional pressure on public finances. Although a reform committee led by the Finance Minister has been set up to address these issues, the lack of visible progress reflects weak political will. Streamlining and downsizing the public sector isn't just a box to check for the IMF—it's a critical step toward achieving fiscal stability, improving public services, and restoring trust in government institutions.

8. Implement Compliance Risk Management in LTUs

The Federal Board of Revenue (FBR) has set up a Compliance Risk Management Directorate within the Inland Revenue Service to better identify, evaluate, and prioritize tax compliance risks using a variety of data sources. The goal is to strengthen decision-making and ensure improved adherence to tax laws. That said, while the core framework is now in place, the full rollout of CRM systems across key Large Taxpayer Units (LTUs) in cities like Islamabad, Karachi, and Lahore is still in progress. The FBR is actively working on integrating these systems to improve the efficiency of audits and boost taxpayer compliance. In short, Pakistan has laid the groundwork for

² [SOE losses swell to Rs851bn in FY24](#), DAWN, Feb 20, 2025

compliance risk management, but the implementation across LTUs remains incomplete and the country has already passed the deadline without meeting the structural benchmark.

Monetary Benchmarks:

1. Maintain FX market functioning

International Monetary Fund (IMF) has set a continuous structural benchmark for Pakistan to maintain a foreign exchange (FX) premium of no more than 1.25% between the interbank and open market exchange rates over any consecutive five business days. This benchmark is designed to promote exchange rate transparency, curb parallel market distortions, and restore confidence in the foreign exchange regime.

The FX premium is calculated as:

$$FX\ Premium\ \% = \frac{Open\ Market\ Selling - Interbank\ Rate}{Interbank\ Rate} \times 100$$

A premium consistently above 1.25% indicates exchange rate misalignment, often caused by restrictions on foreign exchange availability, market speculation, or lack of central bank intervention. As of March and April 2025, Pakistan has managed to consistently meet this benchmark. Daily data show that the FX premium is within the 1.25% threshold. However, this threshold can be exceeded especially during periods of pressure on the rupee due to high import demand and lower-than-expected foreign inflows.

2. Approve bank resolution & deposit insurance amendments

In order to improve financing stability and readiness to respond to crises, the IMF directed Pakistan to reform its Banking Companies Ordinance (BCO) and the Deposit Protection Corporation (DPC) Act. The reforms are in keeping with international norms such as those of the Financial Stability Board's Key Attributes of Effective Resolution Regimes.

The amendments seek to:

- Grant more powerful legal authorities to the State Bank of Pakistan (SBP) as the resolution authority.
- Enable SBP to step in early in troubled banks and perform orderly resolutions (e.g., mergers, asset sales, bridge institutions).
- Enhance the Deposit Protection Scheme so that in the event of a bank failure, there is a quicker, more transparent payout to depositors.

Governments enacted amendments to the BCO and DPC Act by End-October 2024. The amendments gave more powers to SBP to Initiate resolution plans, appoint administrators, detail bail-ins or asset/ liability transfers and coordinate with international standard-setting organizations. The reforms will reduce taxpayers' exposure, stabilize the financial system from panic, and protect depositors, particularly small retail clients. The robust DPC also maintains confidence in the banking system, thereby enhancing deposit mobilization in the long term.

3. **Resolve undercapitalized banks or merge/rec**

IMF also underscored restructuring and recapitalization of undercapitalized banks, with the requirement to fully recapitalize, merge, or put them under resolution by End-November 2024. The benchmark is based on ensuring financial stability and ensuring all banks are in accordance with minimum capital adequacy and prudential demands as set by the State Bank of Pakistan (SBP). Although active steps have been taken by the SBP to meet this benchmark, recent events suggest all undercapitalized banks have not been fully resolved.

Based on SBP's monetary policy statements and regulatory reports, work is in progress to put them in accordance with regulations, but still, there are undercapitalized banks or those still negotiating with potential investors or merging with other banks.

In February 2025, the SBP announced anew its pledge to maintaining stability in the financial sector and sent notices to banks with below minimum capital levels, threatened with penal action in accordance with the Banking Companies Ordinance, 1962. There is, however, no formal list of individual banks brought to light in 2025, with the names of implicated organizations unrevealed—testifying to SBP discretion as well as the delicateness of maintaining confidence in the financial markets.

4. Risk Mitigations:

In accordance with the Extended Fund Facility (EFF) of the IMF, the State Bank of Pakistan (SBP) effectively overhauled its risk mitigating regulations by December 2024. The arrangements have been drawn in consultations with the IMF with the aim of bolstering the strength of Pakistan's financial sector.

SBP amended its regulatory framework to reinforce banks' risk analysis and management processes, making them more equipped to face possible financial shocks. In the same vein, appreciating the increasing role of climate considerations, SBP integrated climate-related risks in finance in its supervisory framework. The action is in conformity with international finance best practice and is conducive to promoting sustainable finance. The SBP also consulted with banks to facilitate smooth transition to the new regulations, with proper guidance through facilitation during implementation.

5. Enact Revised Monetary Safeguards:

SBP is actively engaging to put in place rebuilt monetary safeguards with emphasis to make its monetary policy operations more effective and transparent. SBP is evolving its monetary policy instruments to regulate liquidity more effectively and curb inflation in order to have price stability as well as to promote economic growth. Measures are being taken to enhance monetary operations transparency through more predictable policy behavior and clearer communication plans. The SBP is making capacity-building investments to have staff capable of executing and managing rebuilt safeguards successfully.

Social Benchmarks:

Keeping in view the high core inflation for food and energy prices, IMF has instructed the government to adjust the Kafaalat cash transfer program for inflation. Government has increased the stipend amount for Benazir Income Support program (BISP) from 10,500 to 13,500 rupees, a 27% increase in the stipend. This step is taken to protect the vulnerable families from inflation shocks and prevent them from falling below the poverty line.

Governance Benchmarks:

IMF has directed government to amend the civil services act for digital public assets declarations. While the cabinet has approved the act, certain loopholes exist in the process. Currently, this law

is applicable only for employees serving under the federal government. The number of these employees is around 25000. However, the departments like State Bank of Pakistan, Oil and Gas Authority, Pakistan Telecommunication Authority etc. are exempted from filing their assets. Also, the civil servants from provincial services are not bound by this law to declare their assets. This limits the scope of the act because currently, around 3.4 million of officers are employed in the public service of Pakistan and provision of asset declaration by only 25000 employees itself speaks narrowly of the law.

The Government of Pakistan is also responsible for publishing the Governance and Corruption Diagnostic Assessment (GCDA) in 2025, as mandated by the International Monetary Fund (IMF). The IMF has observed that, despite the presence of anti-corruption institutions such as the National Accountability Bureau (NAB), Pakistan lacks a comprehensive national anti-corruption policy. This gap contributes to weak governance and mismanagement in critical areas including fiscal management, financial oversight, and the rule of law. The report is expected to be published by the Government later this year under the guidance of IMF.

Energy Sector:

1. Privatization of DISCOs

The energy sector is another critical area in the economy which rightly needs attention. Keeping in view the critical condition of the energy sector, IMF has required government to complete all necessary policy actions to privatize two Power Distribution Companies (DISCOs) to improve operational efficiency and reduce systematic losses in power sector. The three DISCOs, named IESCO, FESCO and GEPCO will be privatized in the first phase. The government has notified updated license eligibility criteria, performance standards and tariff structures to facilitate private sector participation. Efforts are underway to clean up the balance sheets of these DISCOs and transfer ownership to the federal government which will simplify the privatization process. Notably, these are the top 3 profitable DISCOs, and their privatization indicates that government is moving towards the right direction to privatize profitable entities.

2. Eliminate captive power

IMF also tasked the government with eliminating usage of natural gas to generate captive power and directing companies to use national electricity grid and channel gas to most efficient generators. To discourage captive power use, government hiked tariffs of gas to captive power plants from Rs.3000 to 3500 per mmBTU. Although government faced harsh opposition from businessmen, IMF took a hard stance on elimination of captive power usage. This adjustment was aimed at discouraging captive level power usage and aligning gas prices with cost recovery levels.

3. Public notification by the government

Although the Oil and Gas Regulatory Authority (OGRA) issued its decision in December 2024, recommending tariff increases for both Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL), the next critical step—the federal government’s formal notification—has yet to be made public.

The IMF has consistently stressed the need for timely tariff revisions to tackle the mounting circular debt in the gas sector, which had climbed to Rs. 2,083 billion (equivalent to 2% of GDP) according to IMF (2024). Delays in putting these adjustments into effect risk worsening fiscal strains and could stall much-needed reforms in the energy sector.

In short, while OGRA has completed its part by determining the new tariffs, the absence of an official government notification signals that this structural benchmark remains unfulfilled based on the most recent updates.

State Owned Enterprises:

1. Amend the SWF Act and other legislation, in consultation with Fund staff

As part of the IMF's structural conditions under the Extended Fund Facility (EFF), Pakistan was required to bring about amendments to the Sovereign Wealth Fund (SWF) Act and associated laws by End-December 2024. The aim was to have state-owned enterprises (SOEs) transferred under the SWF return to being governed in accordance with the framework in the SOE Act, SWF itself operates under internationally recognized governance standards and fiscal safeguards, consistent with its role as a holding company. However, the benchmark remains to be fulfilled. Its progress is halted as there is a difference in approach: the government has proposed implementing the

changes through regulatory rules, while the IMF insists on formal legislative amendments to institutionalize accountability and transparency. Although the government has expressed commitment to fulfilling the condition in collaboration with IMF staff, the delay causes concerns over whether other parts of reform will be carried through. The fulfillment of this benchmark continues to remain essential to achieve fiscal discipline, depoliticize SOE management, as well as protect public assets.

2. Legislative Changes to Statutory State-Owned Enterprises (SOEs):

The government is determined to correct the laws of 10 additional SOEs in accordance with the State-Owned Enterprises (Governance and Operations) Act, 2023. This effort follows the successful amendment of laws for four SOEs in June 2024 including National Highway Authority, Pakistan Postal Services, Pakistan Broadcasting Corporation, and the National Shipping Corporation. The last two SOEs are to be aligned by the end of September 2025. These improvements are aimed at improving governance, transparency, and efficiency in SOEs, thus minimizing fiscal risk in their operation.

3. Phasing Out the Special Economic Zone (SEZ) Incentives

Despite the provision of subsidies and tax incentives to SEZ's, their business models have not been successful to become engines of growth and the literature also suggests that subsidies tend to weaken the competition. Thus in accordance with IMF advice, Pakistan has agreed to formulate a comprehensive plan to phase out all current fiscal incentives for the SEZs by 2035. As part of that, Pakistan has agreed not to set up new SEZs or Export Processing Zones and to not extend existing incentives. The plan shall account for current contractual and legally binding engagements to allow a gradual phasing-out process with the least possible disruption to ongoing investment. Meanwhile, the government has sought to replace profit-based incentives with cost-based ones, such as immediate expensing on tangible assets.










Figure 3 Tracking the IMF's Structural Benchmarks

PRIME TRACKER

IMF'S Structural Benchmarks	Status
FISCAL BENCHMARKS	
Ex-ante parliamentary approval for non-budgeted expenditures (continuous)	✓
Approve National Fiscal Pact (end-Sep 2024)	✓
Report on reducing federal govt footprint (end-Sep 2024)	✗
Align provincial agri tax with federal PIT/CIT (end-Oct 2024)	✓
Implement compliance risk mgmt in LTUs (end-Dec 2024)	🔄
Publish PSDP project criteria & limits (end-Jan 2025)	✓
Introduce 5% FED on fertilizer & pesticide (end-Jun 2025)	🕒
Do not grant tax amnesties or new preferential tax treatments (continuous)	✓
MONETARY AND FINANCIAL BENCHMARKS	
Average premium between the interbank and open market rate will be no more than 1.25 percent during any consecutive 5 business day period (continuous).	✓
Parliamentary approval of amendments to the bank resolution and deposit insurance legislation, in a manner that preserves the integrity of the draft legal amendments (end oct-2024)	✓
Place undercapitalized private banks under resolution unless (i) these banks are fully recapitalized by end-October 2024; or (ii) a legally binding agreement is in place by end-October 2024 towards a merger with other banks or with a new sponsor that would achieve full recapitalization by April 2025 (end Nov-2024).	🔄
In consultation with Fund staff, revise regulations and underlying methodologies on risk mitigating measures, including enhanced collateral policy and by requiring counterparties to be financially sound (end Dec 2024).	✓
Implement revised regulations on risk mitigating measures (end Sep 2025).	✓

-  COMPLETED
-  NOT COMPLETED WITHIN DEADLINE
-  IN PROGRESS
-  DEADLINE NOT REACHED YET

PRIME TRACKER

IMF'S Structural Benchmarks	Status
SOCIAL BENCHMARK	
Annual Inflation adjustment of the unconditional cash transfer (end Jan 2025).	
GOVERNANCE BENCHMARKS	
Amend the Civil Servants Act to ensure that asset declarations of high-level public officials (including assets beneficially owned by them and a member of their family) are digitally filed and publicly accessible (with sufficient protection over private information) through the FBR, with a robust framework for risk-based verification by a single authority (end Feb 2025).	
Publish the full Governance and Corruption Diagnostic Assessment report (end July-2025)	
ENERGY SECTOR BENCHMARKS	
Complete all policy actions needed to prepare two DISCOs for privatization and concession transactions (end January-2025)	
Eliminate captive power usage in the gas sector. Push captive gas users on to the electricity grid and channel gas to the most efficient generators (end-January 2025).	
Public notification by the government of the December 2024 semiannual gas tariff adjustment determination (Feb-15, 2025).	
STATE-OWNED ENTERPRISES AND INVESTMENT POLICY	
Amend the SWF Act and other legislation, in consultation with Fund staff and in line with MEFP 25.b, to adopt appropriate governance mechanisms and safeguards following international standards and good practices to (i) ensure that SOEs under the ownership of the SWF revert to the SOE Act's governance structures, (ii) that the SWF itself comes under governance mechanisms and safeguards in line with its principal nature as a holding company, and appropriate fiscal safeguards are in place for the SWF's operations (end December 2024).	
Amend the laws for 10 additional statutory SOEs, in consultation with Fund staff and in line with MEFP 25.a., to bring them in line with the SOE Act (end June 2025).	
Prepare a plan based on the assessment conducted to fully phase out all current Special Economic Zone incentives by 2035 (end June 2025)	

Conclusion:

While Pakistan seems to be making progress in meeting several structural benchmarks under the IMF's Extended Fund Facility, the journey ahead demands more than just ticking boxes. Completing the program may offer short-term macroeconomic relief—by tightening fiscal discipline, unlocking external financing, and easing inflation—but it won't fix the country's deeply rooted structural challenges on its own. Issues like dismal performance of state-owned enterprises, a broken tax system, distorted energy pricing, and imbalances between federal and provincial finances will continue unless tough, politically sensitive reforms are fully carried out and embedded into the system beyond the duration of the IMF arrangement.

Secondly, the success of IMF program doesn't hinge solely on the meeting of structural benchmarks but on timely rollover by the friendly countries, including China. With high external payment obligations, any delays or gaps in the rollovers can destabilize the external account thus creating a risk for the completion of the EFF.

Another challenge lies in uniform treatment of structural benchmarks, without considering their varying levels of impact. This can dilute the urgency of addressing high impact reforms. If reforms were prioritized based on their long-term significance—like those related to SOE restructuring, rationalizing energy tariffs, or broadening the tax base—the government could have directed its political will and administrative energy more strategically. Looking ahead, true progress won't just be about meeting targets; it will be about converting them into lasting, institutional changes that strengthen governance, enhance competitiveness, and improve service delivery. The real test for Pakistan lies not in wrapping up the program, but in having the political and institutional commitment to continue these reforms on its own terms.

Cutting the Size of the Government

By Khalil Ahmad

One Step Forward, Two Steps Back

Reducing the footprint of the government is one of the 22 benchmarks set by the IMF for the government of Pakistan to fulfil the conditionalities in order to be able to qualify for the next tranche of the loan. The IMF also required that the Pakistani government submit a report to this effect by the end of September 2024. Nothing is known about it, because as yet no press report confirms the same.

The Prime Plus report has been tracking the efforts of the government to rightsize its body since last year. Unfortunately, there is not much to report yet.

Here is a succinct commentary on the “progress” made by the government during the last 3 months.

It doesn't matter what is contained and what is not contained in the PMLN's constitution and its various election manifestos as well; it has been at the top in peddling the rhetoric of rightsizing and downsizing the physical body of the government. At most, since they took the reins of the government about a year ago, the present PMLN government is on it; that is, it is abolishing the posts lying vacant in the various departments of the federal government.

Regarding the physical size of the government, it comes as a shock that what we thought was done and accomplished is still lurching in the air. That is, the PWD abolishment is not yet complete; there are voices from the members of the parliament to reconsider the same.

And, as far as the case of privatization is concerned, no substantial progress is visible. The three giant SOEs, PIA, Pakistan Steel Mills, and Pakistan Railways, though in the case of the first two

entities, or the first entity alone, there is too much activity and buzz, but nothing has been achieved. The PIA, PSM, and PR are still earning “losses.”

It is important to note here that suddenly the PIA becomes profitable. It’s after two decades that the PIA has earned a net profit of Rs26.2 billion in 2024. Under the circumstances, it cannot be determined whether it’s a good omen or bad so far as the government’s efforts at privatizing the PIA are concerned!

The case of the PSM is not clear yet. The Sindh government wants to revive the steel mills.

Another example that raises questions regarding the intentions of the government is the case of the Utility Stores Corporation of Pakistan. For months, there has been an uproar, and it’s still there that it’s going to be abolished. But now the newspapers report that USC has completed the tendering process for introducing its own brand of ghee cheaper than the market.

Let it be stated here that a new section, Liberalization and Deregulation, has been added to this commentary on the increasing or decreasing size of the government. Both mean reduction, if not in the physical, then in the real size of the government. No real good news on this front either; there are only statements and plans!

No DISCO or GENCO has witnessed the process moving fast in the direction of their privatization. The process and planning keep on extending endlessly.

Another process that is continuing yet is the making and unmaking of the list of SOEs to be privatized and not to be privatized. The Shalimar Recording and Broadcasting Company Limited (SRBC) now stands removed from the strategic entities’ list. By the way, how it found its way into the strategic entities’ list!

In sum, the statements and reiterations are in fashion, not the real thing!

If the reader is interested in having a look at this “one-step-forward-two-steps-back” dilly-dallying of the government, a presentation is given below.

Whatever relevant information was reported in various newspapers regarding the incumbent government’s efforts to limit its footprint in the economy from January 15, 2024, to April 14, 2025,

has briefly been arranged in chronological order, but this time issues and entities have been collated together.

Read Annexure-I for more information.

Section 2: Macroeconomic Analysis

Key Takeaways:

1. There is volatility in the performance of trade with trade deficit of US \$17.9 billion July to March of FY2024-25, reflecting a 4.5% increase YoY. The remittances also played a huge role in reserves, foreign exchange stability and external trade.
2. The private sector dropped by 12% during December to February, showing cautious lending behavior and inflation. The government domestic debt increased to PKR51.28 trillion by February 2025.
3. The KSE-100 index closed at 118,374 in March, showing a 2.8% gain from the previous quarter. The FDI increased to \$219 million in February, and the LTFF amounted to PKR 560 billion, showing the continuous investment opportunities with some uncertainties.
4. The exchange rate was stable at an average of PKR 278.3 per USD, and the foreign reserves increased to \$16.4 billion, supported by remittance. The external sector remained stable despite the inflation pressures.

Overall, the third quarter of FY2024-25 present a mixed picture of the economy. With rising government debt, steady inflation and exchange rate, slow private credit sector, and investment opportunities. Although there is some stability in the economy, there are challenges and vulnerabilities that needs to be addressed.

Introduction

This section gives an overview of the economic conditions in Pakistan by going over the four primary pillars of the macroeconomics. The analysis of the nation's growth begins with the trade activity, industrial output, and development in agriculture. Moving on to the role of the government in the economy, and then focusing on the flow of investments, financing options, and market trends. Lastly, the overall macroeconomic stability is shown by focusing on the inflation, external sector, and the policy responses. Together, these pillars show a broad picture of the current economic situation.

1. Economic Growth

This section shows the economic trends for the third quarter of FY 2024-25 by studying the external trade, productivity, and developments in the agriculture sector. First, the monthly and cumulative data on exports, imports, and trade balances is shown followed by the industrial production shown by the Quantum Index of Large-Scale Manufacturing (QIM).

i. Imports and Exports

Data from the Pakistan Bureau of Statistics (PBS) show that, Pakistan's exports in January 2025 increased by 1.44% month-on-month (MoM), reaching \$2.9 billion from \$2.911 billion in December 2024. Imports dropped by 1.59%, falling from \$5.3 billion to \$5.2 billion, resulting in a 5.19% reduction in the trade deficit, which led to \$2.32 billion from \$2.44 billion in the previous month. According to PBS, on a year-on-year (YoY) basis, exports rose by 5.77%, while imports increased by 10.87%, leading to a 18.13% increase in the trade deficit compared to January 2024.

Nevertheless, this progress was transitory. In February 2025, exports declined to \$2.4 billion from \$2.95 billion with a month-on-month decline of 15.59%. Along with this, the imports also dropped by 8.52% to \$4.8 billion from \$5.2 billion. Besides the reduction in trade volumes, the trade deficit expanded to \$2.3 billion, with a 0.52% increase from January 2025. Compared to February 2024,

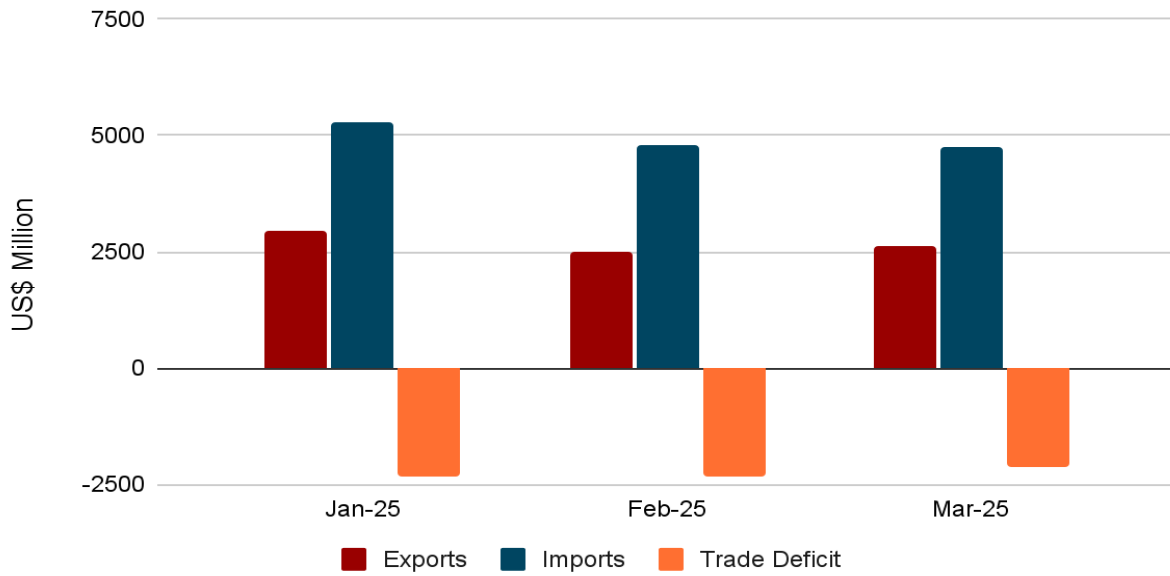
exports declined by 3.56%, and imports increased by 11.70%, which resulted in a 34.59% year-on-year expansion in the trade deficit.

In March 20225, exports increased to \$2.61 billion from \$2.49 billion in the previous month with a 5.10% MoM increase. Imports on the other hand somewhat declined from \$4.789 billion in the previous month to \$4.736 billion with a 1.11% decline. As a result, the trade deficit decreased to \$2.1 billion which is the monthly deficit in the quarter. According to PBS, on a year-on-year basis, March exports increased by 1.95%, while imports decreased by 2.45%, resulting in a 7.39% reduction in the trade deficit compared to March 2024.

Overall, the first nine months of FY 2024-25 (July-March), the total cumulative exports lead to \$24.69 billion, showing a 7.69% increase compared to \$22.93 billion in FY 2023-23. However, imports of the same period amounted \$42.59 billion, which is 6.33% more from \$40.05 billion of the previous year. This led to a cumulative trade deficit of \$17.90 billion, showing a 4.50% increase from \$17.13 billion of previous year³.

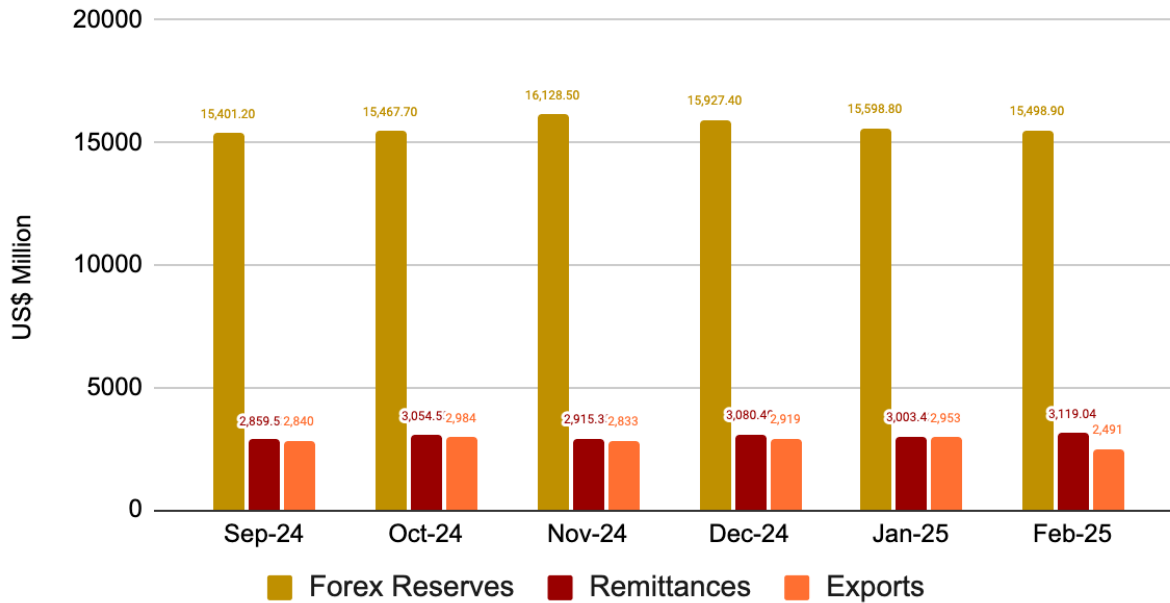
³ <https://www.pbs.gov.pk/trade-summary>

Figure 4 Exports, Imports and Trade Deficit



Source: Pakistan Bureau of Statistics

Figure 5 Comparative Analysis of Forex Reserves, Remittances and Exports



Source: State Bank of Pakistan & Pakistan Bureau of Statistics

ii. Quantum Index of Large-Scale Manufacturing:

According to the Quantum Index of Manufacturing (QIM), the Large-Scale Manufacturing (LSM) sector of Pakistan output in January 2025 was at 129.86, showing a 2.09% MoM increase compared to December 2024. On YoY basis however, there was a decline of 1.22% compared to January 2024⁴.

The collective QIM index in the first seven months of FY2024-25 (July-January) showed a YoY reduction of 1.78% compared to the same period in FY2023-24. This decline shows that despite some signs of recovery, there are challenges that disrupts the recovery. For example, the LSM in December 2024 shows MoM recovery of 19.1% but declined to 3.7% on YoY basis⁵.

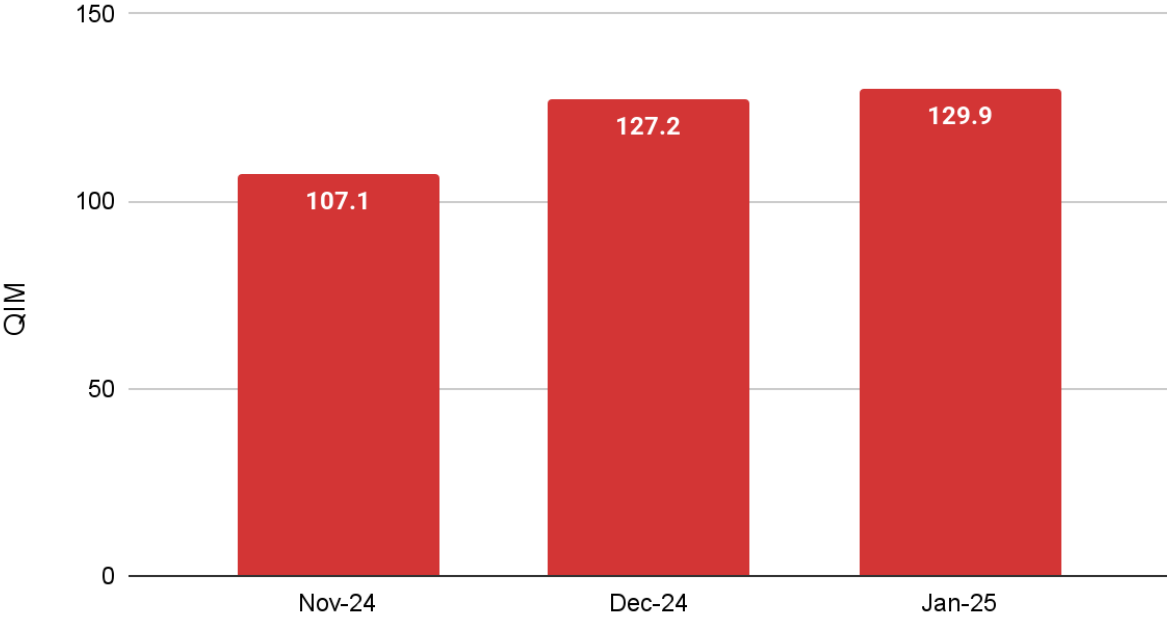
A mixed picture and trend are seen in sector-wise performance. This includes the automobile industry that showed a 45.7% growth in production in FY25 (July- January), the clothing industry that showed vigorous growth of 10.4%, and the textile sector that grew by 2.1% over the same

⁴ <https://www.pbs.gov.pk/content/qim>

⁵ <https://www.finance.gov.pk/updates.html>

period. Specifically, cotton cloth and cotton yarn production increased reflecting a rising demand from the export markets. However, there are several industries that dragged down the overall LSM performance. This includes the iron and steel products sector showing a 11.96% decline, the electrical appliances dropped by 18% and the furniture production fell by over 61% during this period. These sharp declines show the current challenges such as the restrained domestic demand, increasing input costs, and the delayed investment recovery in the capital-intensive sectors. Different policies improved domestic demand, and a constant drop in inflation could help the manufacturing growth in the remaining months of FY2024-25.

Figure 6 Monthly Quantum Index of Manufacturing

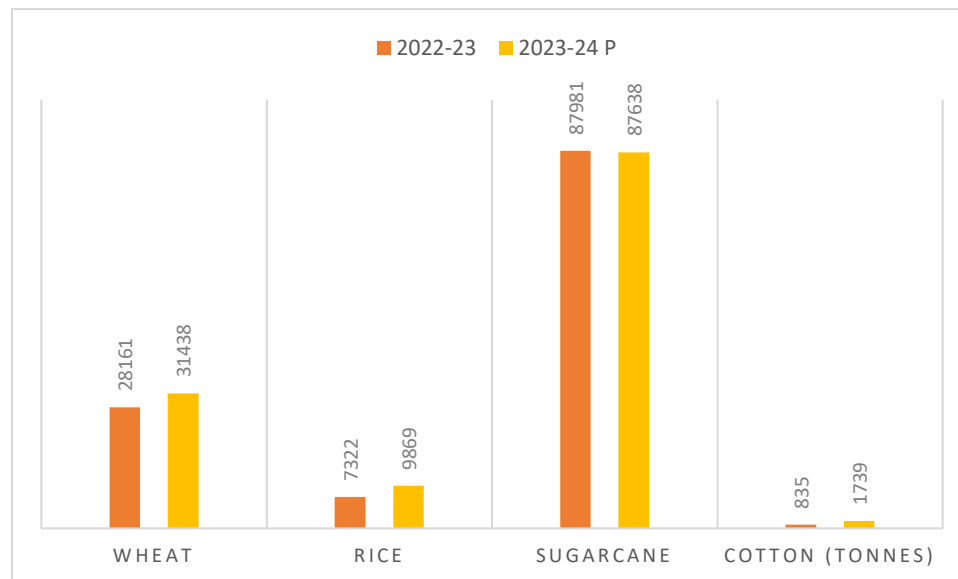


Source: Pakistan Bureau of Statistics

iii. Agriculture Sector

According to the Monthly Economic Outlook by the Finance Division of Pakistan, in 2023–24, wheat and rice production saw strong year-on-year growth of 11.6% and 34.7% respectively, while cotton output more than doubled. However, sugarcane production slightly dipped by 0.4%, reflecting mixed trends across key crops. In the third quarter, the import of agricultural machinery and tools reached \$77.2 million compared to the same period of previous year, reflecting a 45.7% increase in farm mechanization⁶.

Figure 7 YoY change in Production of Crops



Source: Ministry of Finance

⁶ <https://www.finance.gov.pk/updates.html>

Pakistan’s agriculture sector grew strongly in early FY 2023–24 but slowed sharply by Q1 2024–25, mainly due to a steep decline in crop production, especially important crops (-11.19%). Livestock remained stable, while forestry and other crops showed early signs of recovery.

Table 2 Quarterly Change in Agricultural Statistics

Sectors	2023-24 Q1 (R)	2023-24 Q2 (R)	2023-24 Q3 (R)	2024-25 Q1 (P)	2024-25 Q1 (P)
Agriculture	8.09	5.59	3.77	7.27	1.15
1. Crops	16.11	10.13	2.34	13.49	-5.93
Important Crops	29.88	14.64	1.69	26.99	-11.19
Other Crops	-2.08	-1.14	-0.6	-1.68	2.08
2. Livestock	4.56	2.57	4.86	5.07	4.89
3. Forestry	4.25	-1.23	-3.47	-2.82	0.78

4. Fishing	0.69	0.82	0.83	0.86	0.82
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Source: Ministry of Finance, State of Pakistan's Economy, Half Yearly Report (July-Dec 2024)

2. Economic Freedom via Government Size

According to the Heritage Foundation's 2025 Index of Economic Freedom, Pakistan's current score is 49.4, and is 152nd out of 184 countries worldwide. This shows a slight drop from the previous year's score which was 49.5. Within Asia, Pakistan is ranked 33rd out of 39 countries. Economic freedom is determined by factors such as government expenditure, domestic borrowing, transfers, and accumulation of public debt. In Pakistan the tax burden score is 78.3, government spending is 88.9, government integrity is 28.4, judicial effectiveness is 28.9 and property rights is 29.2⁷.

The size of the government is a major part of economic freedom, focusing on elements like public spending, subsidies, domestic borrowing, public debt and transfers. These elements impact the economic stability, credit availability to private sector, and the overall economic growth.

i. Credit to the Private Sector

In the first half of the FY2024-25, the Private sector credit (PSC) had an upward trend, which then shifted in the past recent months. In the second quarter, with monetary easing, cautious lending, improved economic conditions and increased investment, led to rapid growth. However, this trend declined from PKR10.82 trillion in December 2024 to PKR 9.51 trillion in February 2025, which showed the reduction of 12% over three months.

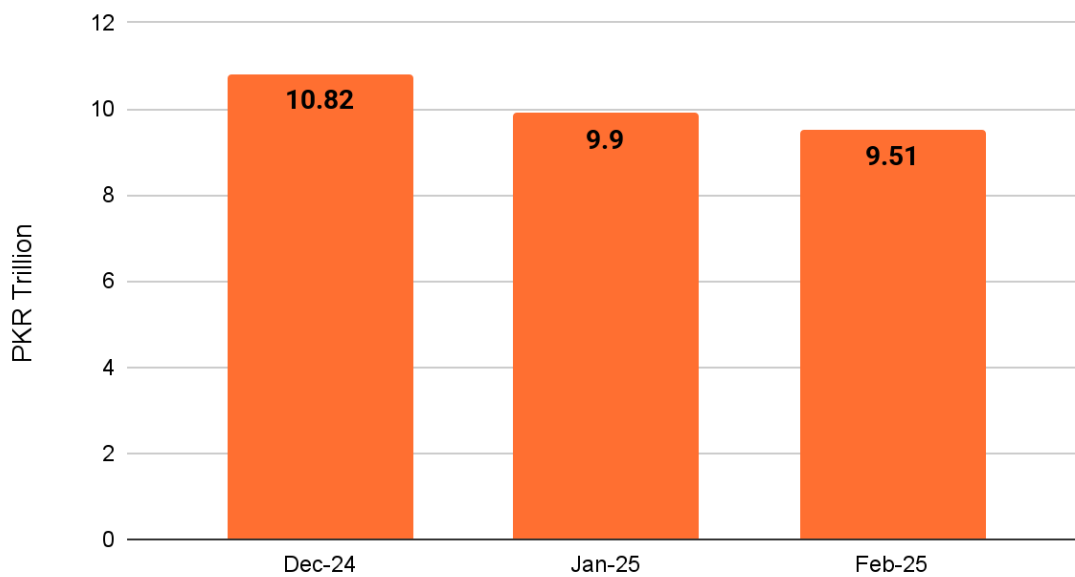
On a month-on-month basis, the credit fell by 8.4% in January 2025 and then declined by 3.9% in February 2025. This sharp decline occurred due to the cautious behavior of lending institutions

⁷ <https://www.heritage.org/index/pages/all-country-scores>

with sector-specific risks, delay in new credit decisions by businesses and the rebound in inflationary expectations.

Nevertheless, the larger context is encouraging. The gains in the first quarter of FY2024-25 were supported by the improved macroeconomic indicators like declining inflation, and the government support to facilitate the credit access. While the recent data show a temporary decline, improved economic indicators, constant policy support, and demand recovery can improve PSC.

Figure 8 Credit to the Private Sector



Source: State Bank of Pakistan

ii. Government Domestic Debt

The government domestic has been increasing, showing the fiscal deficit, high debt servicing costs, and the dependence on domestic borrowing. The rising debt creates uncertainty about fiscal sustainability and the overall economy.

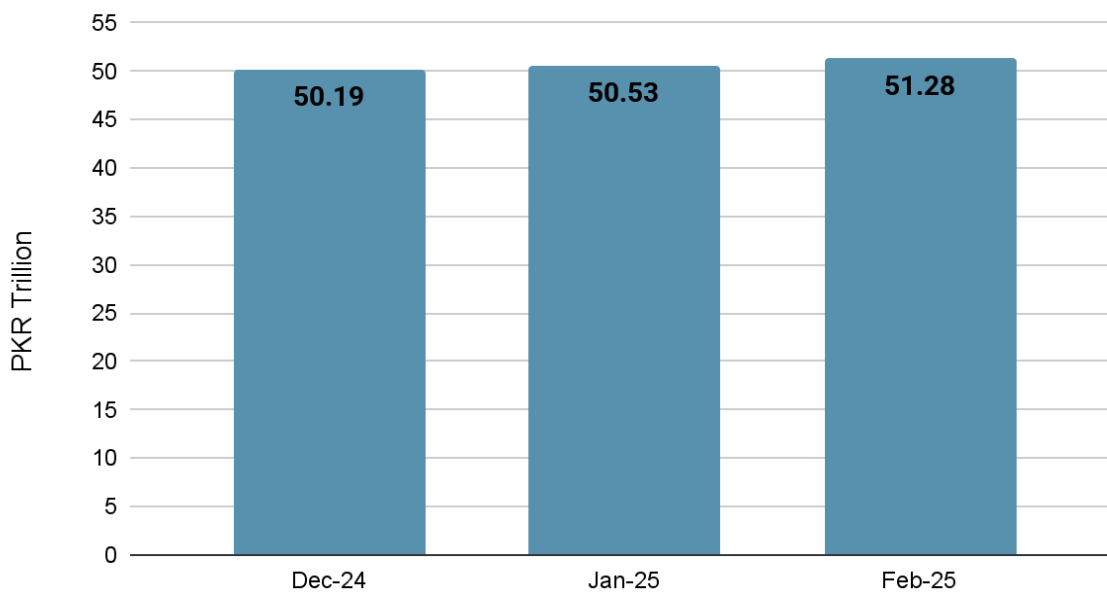
This rising trend of government domestic debt showed in the second quarter of FY2024-25 (October to December), with the average of PKR 49.5 trillion, with an increase from PKR 41.3 trillion in the same period of previous year. This trend continued to the third quarter of FY2024-

25, as the government domestic debt increased from PKR 50.19 trillion in December 2024 to PKR 51.28 trillion in February 2025, with an increase of 2.2% in two months.

This major YoY growth in government domestic debt is primarily due to the rising interest, limited financing options, and increased domestic borrowing. A large portion of this debt is considered as permanent debt such as federal government bonds, and prize bonds.

Even though there has been a drop in interest rates which will decrease the debt servicing pressures, the constant debt accumulation creates challenges and narrows the government's ability to fund productive sectors and projects.

Figure 9 Government Domestic Debt



Source: State Bank of Pakistan

4. Business Environment

In the third quarter of FY2024-25, the business environment was impacted by many factors including, the Long-Term Financing Facility (LTFF), constant performance of stock market, the

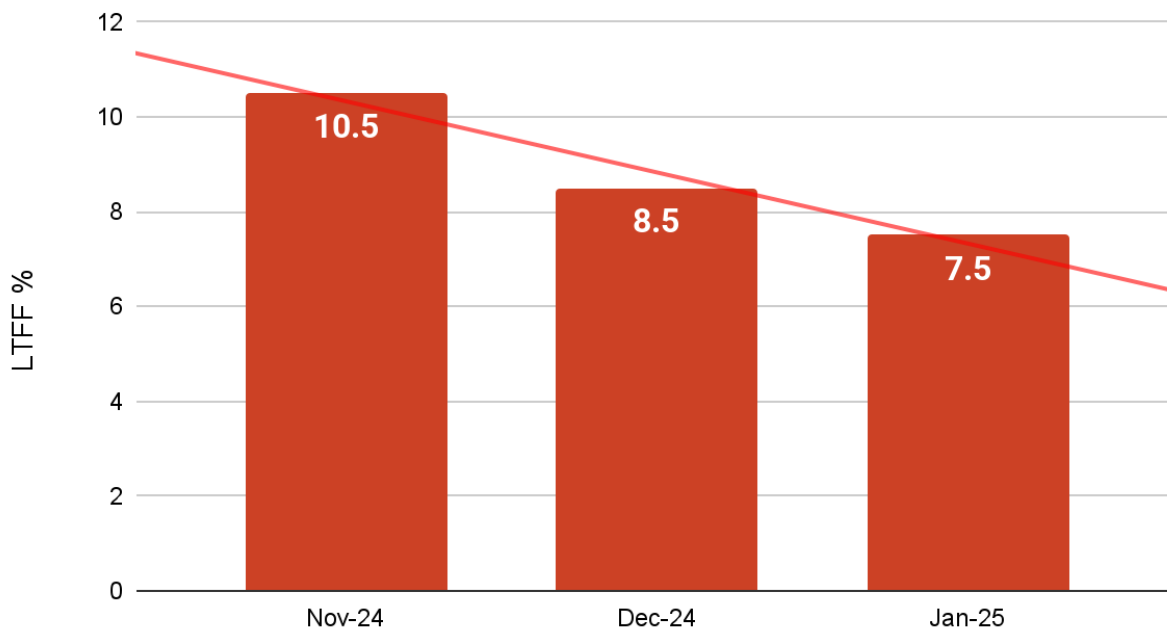
shifts in foreign direct investment (FDI). These also reflect the overall investment opportunities, and capital allocation.

i. Long-Term Financing Facility (LTFF)

The Long-Term Financing Facility (LTFF) aims to support the export-oriented industrial projects, which has been declining due to fiscal deficits, economic uncertainty, and reduced production.

In the third quarter of FY2024-25, the LTFF rate for up to 3 years – Rate of Refinance sharply declined from 10.5% in November to 8.5% in December and then further declined to 7.5% in January 2025. This declining trend of LTFF rates could become a source for industrial expansion if supported by the macroeconomic stability.

Figure 10 Long Term Financing Facility (3 years rate of refinance)



Source: State Bank of Pakistan

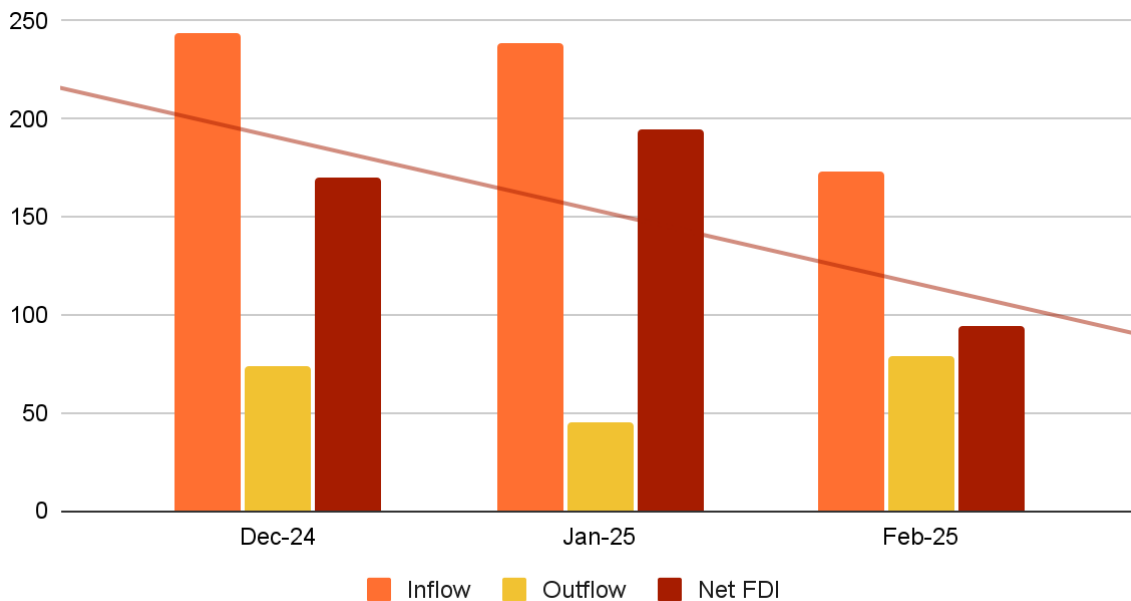
ii. Foreign Direct Investment (FDI)

Foreign Direct Investment (FDI) is an important part of Pakistan's economy. It brings more capital, transfers and innovates technology, increases labor productivity, increases employment opportunities and output, and encourages global competition.

The FDI showed a mixed performance trend in the third quarter of FY2024-25 (December 2024 to February 2025). The net FDI in December was US \$169.78 million, with inflows at US \$243.98 million and outflows at US \$74.2 million. In January 2025, the net FDI increased to US \$194.41 million with inflows at US \$239.05 million and outflows declined to US \$44.64 million, which is the lowest in the quarter.

In February 2025, the net FDI declined to US \$94.73 million, with increase in outflows to US \$78.59 million, and inflows of US \$173.32 million. This showed a month-on-month decline of 51% in net FDI. Besides this decline, the overall trend in the third quarter reflects interests from international investors. With political stability, and policies that interest investors, FDI could be a source of external financing leading to economic stability and economic growth.

Figure 11 Foreign Direct Investment



Source: State Bank of Pakistan

iii. Stock Market Performance

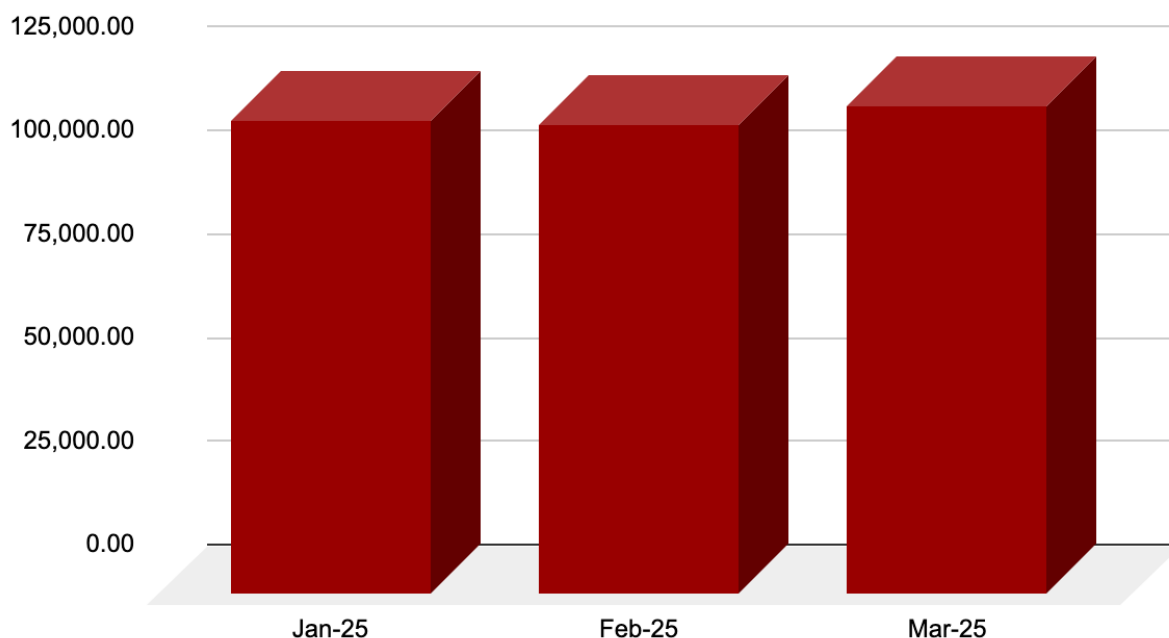
The Pakistan's benchmark KSE-100 index in the third quarter of FY2024-25 showed improving macroeconomic indicators as it closed at 114,255.72 points in January 2025. This slightly dropped to 113,251.66 points and then recovered sharply to 117,606.74 points in March⁸. This showed a monthly gain of 4% in March. The constant growth in remittance inflows was one of the key factors that brought this change. From July to February of FY2024-25, the remittances increased to \$24 billion, with a 32.5% increase compared to the same period of previous year. These remittances along with supporting the households, and aggregate demand, contribute to Pakistan's foreign exchange reserves. These reserves amounted to \$16 billion by March 2025, with \$11.1 billion reserves from SBP⁹.

The rise in reserves due to remittances which benefitted the market performance, including consumer goods, construction, and banking and led to stabilization of exchange rate, and reduced volatility. One of the major factors that played a role in the market performance is the staff-level agreement between Pakistan and the IMF. This focuses on the fiscal management, tax reforms, investment opportunities and attract both foreign and domestic interests in the equity market.

Figure 12 Stock Market Performance

⁸ <https://dps.psx.com.pk/>

⁹ <https://www.finance.gov.pk/updates.html>



Source: Pakistan Stock Exchange

4. Macroeconomic Stability

The macroeconomic stability section focuses on the key factors that shape Pakistan’s economy. These factors include inflation, exchange rate trends, balance of payments, fiscal deficit, money supply growth, and the foreign exchange reserves which show a detailed view of the country’s economic strengths and challenges.

i. Inflation Rate

The inflation rate has a declining trend in the third quarter of FY2024-25 (January to March). The overall inflation averaged 1.53% which is a huge decline from 23.1% in the same period of the previous year, showing a year-on-year drop of over 93%¹⁰.

On a MoM basis, the inflation slowly declined from 2.4% in January 2025 to 1.5% in February, and then to 0.69% in March 2025. This is a huge difference compared to the 28.3% inflation in January 2024 which dropped to 23.1% in February 2024 and further declined to 20.7% in March

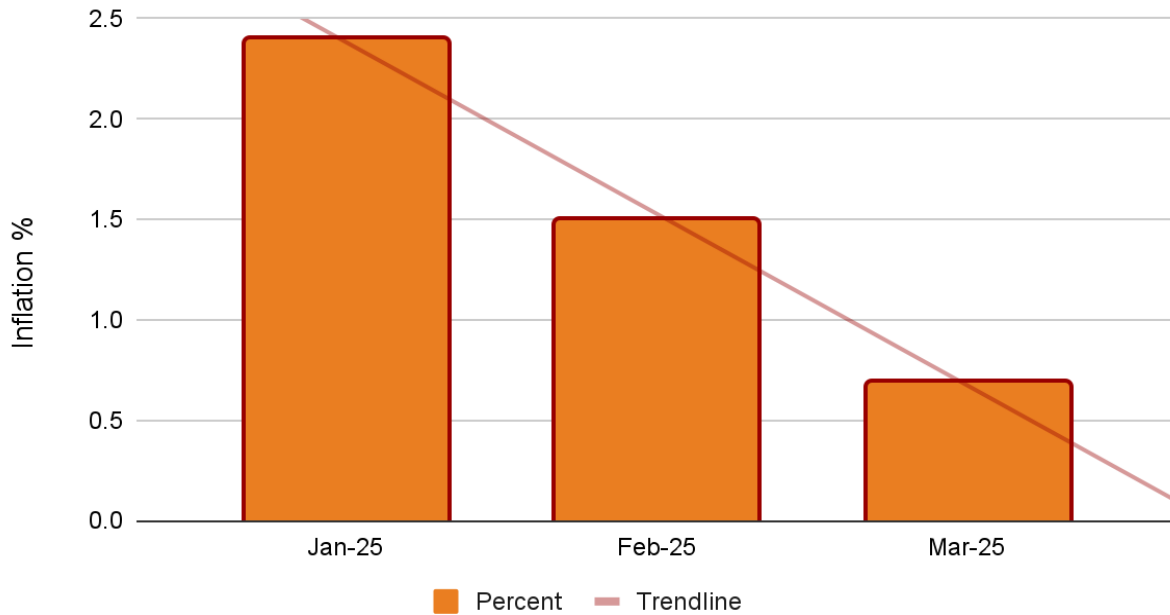
¹⁰ https://www.sbp.org.pk/publications/Inflation_Monitor/2025/Feb/Inflation%20Monitor%20-%20Feb25.pdf

2024. The inflation in the third quarter of FY2024-25 has a huge decline from the same period of FY2023-24¹¹.

With the current trend, inflation seems to be controlled within the range of 1.0-3.0% over the next quarter of this fiscal year excluding any supply shocks or price volatility. Such trend improves the overall economy and provides opportunities for investments and increasing demand.

Figure 13 Inflation Rate

¹¹ https://www.pbs.gov.pk/sites/default/files/2022-04/Press%20release_inflation_rate_feb_2019.pdf



Source: State Bank of Pakistan & Pakistan Bureau of Statistics

ii. Exchange Rate Trends

The Pakistani Rupee (PKR) showed a steady depreciation against the major foreign currencies such as USD, EUR, and GBP. However, the overall exchange rate remained stable, reflecting the current and ongoing macroeconomic improvements.

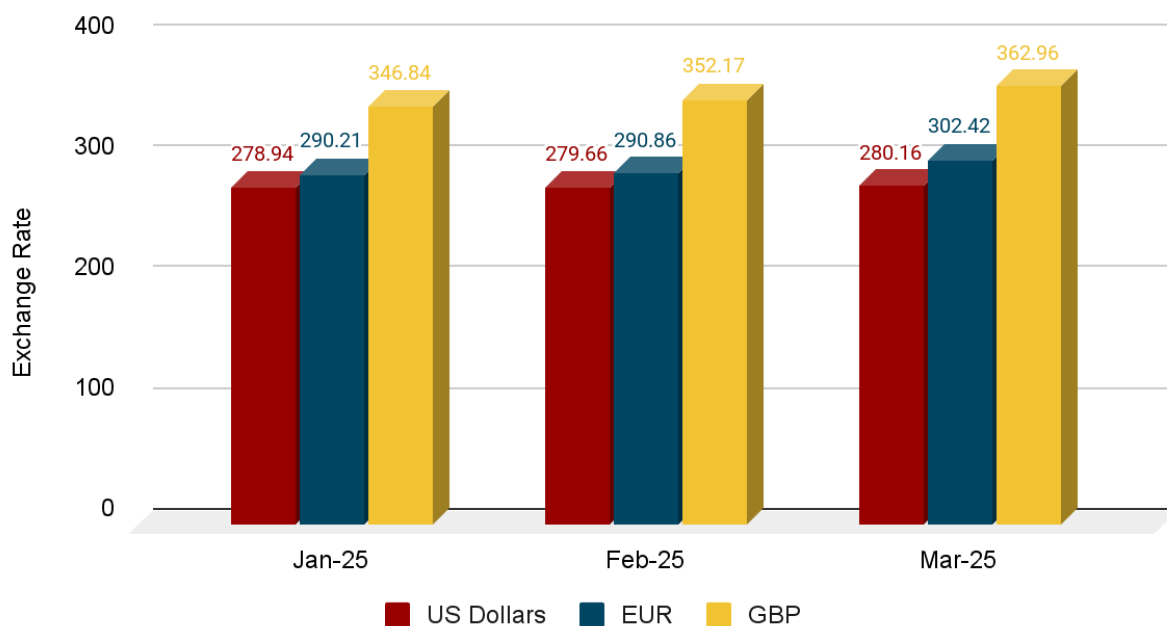
According to the State Bank of Pakistan (SBP), the exchange rate amounted to PKR278.94 per USD in January, PKR279.66 per USD in February, and PKR280.16 per USD in March 2025. This showed a depreciation of 0.44% over three months.

Similarly, changed from PKR290.21 per EUR in January to PKR290.86 per EUR in February, then to PKR302.42 per EUR in March. This showed a 4.2% depreciation over the third quarter of FY2024-25, reflecting the global increasing Euro strength.

Equally, the PKR depreciated significantly against the British Pound (GBP). Depreciating from PKR346.84 per GBP in January to PKR352.17 per GBP in February, and then to PKR362.96 per GBP in March 2025, reflecting a decline of 4.6% over the quarter.

This slow depreciation against the major foreign currencies happened due to the increasing imports, and foreign exchange pressures from consumers. However, there is an overall stability in the exchange rate trend due to remittances, and reduced gap between interbank and the open markets.

Figure 14 Exchange Rate Trend



Source: State Bank of Pakistan

iii. Balance of Payments and Fiscal Deficit

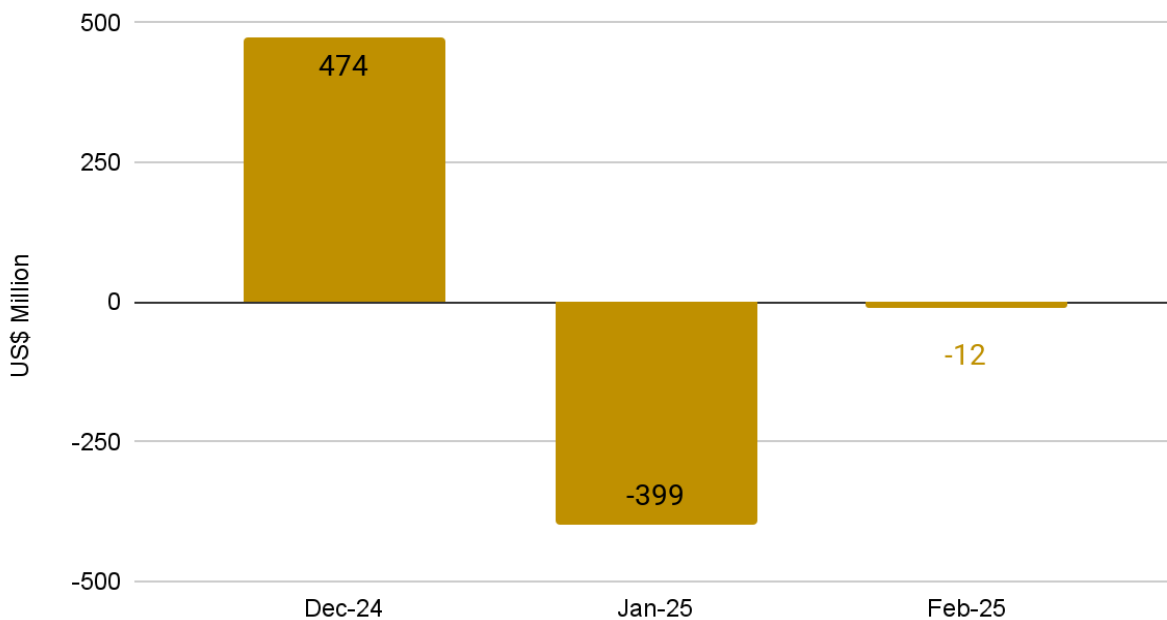
The external account of Pakistan has been experiencing instability with signs of stabilization. According to the data provided by SBP, Pakistan had a current account surplus of US \$474 million in December 2024, mainly due to remittances, and limited trade deficit. However, this trend shifted into deficit of US \$399 million in January 2025 and US \$12 million in February. This shift in trend shows the increase in imports and primary income outflows¹².

¹² https://www.sbp.org.pk/ecodata/BOP_arch/index.asp

Pakistan’s current account performance dropped in the third quarter of FY2024-25 compared to the earlier quarters of the same fiscal year. Overall, a current account surplus of US \$691 million during July-February of FY2024-25 has been recorded compared to a US \$1.73 billion deficit in the same period of previous year. This is mainly due to US \$21.8 billion goods exported with a 7.2% YoY increase, and a total of US \$23.97 billion remittances reflecting a 32.5% increase.

The deficit following the first month of 2025 show that besides improvement in the current account, there are many challenges such as rise in the prices of global commodities or increase in the demand for imports.

Figure 15 Current Account Balance



Source: State Bank of Pakistan

iv. Forex Reserves

The foreign exchange reserves of Pakistan have recovered from sharp declines in FY2021-22 and FY2022-23, where the reserves were US \$15.45 billion and \$9.16 billion. These declines were mainly due to the external debt repayment and continuous trade imbalances that disrupted the economic stability.

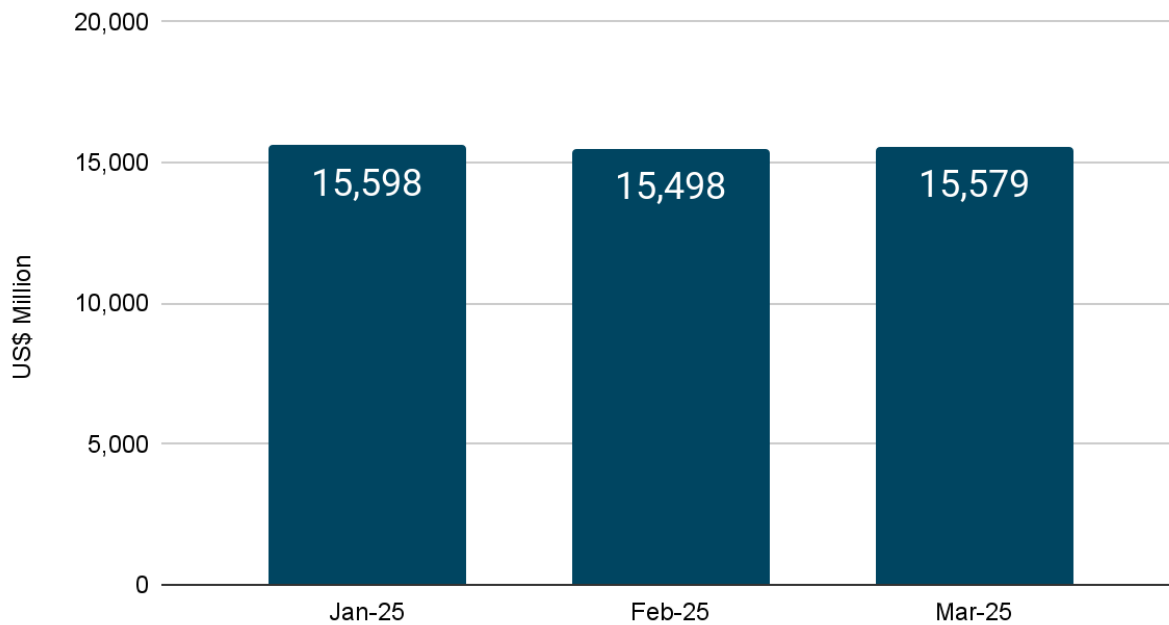
However, in FY2023-24, the total liquid foreign exchange reserves increased to US \$13.99 billion by the end of June 2024. This upward shift continued in FY2024-25. In the second quarter the reserves reached US \$16.13 billion in November and then decreased to US \$15.93 billion in December reflecting a 13.8% increase compared to the same period of previous year. In the third quarter of FY2024-25, reserves slightly declined from US \$15.60 billion in January 2025 to US \$15.50 billion in February, and then slightly increased to US \$15.58 billion in March 2025¹³.

According to the SBP, the foreign exchange reserves increased from US \$13.75 billion in April 2024 to US \$15.93 billion in December 2024, with an increase of 15.9%. Recently the reserves amounted to US \$16.02 billion in March, reflecting stability in the economy. The reserves increased from \$9.16 billion in FY2022-23 to US \$13.99 billion in FY2023-24, showing a 52.8% increase.

This change in trends reflect the increased remittances, and support from different financial institutions. While this data shows the improved foreign exchange position, there are some challenges that need economic reforms, increase in exports, and a drop in the dependence on external borrowing.

¹³ <https://www.sbp.org.pk/ecodata/rates/m2m/m2m-current.asp>

Figure 16 Total Liquid Forex Reserves



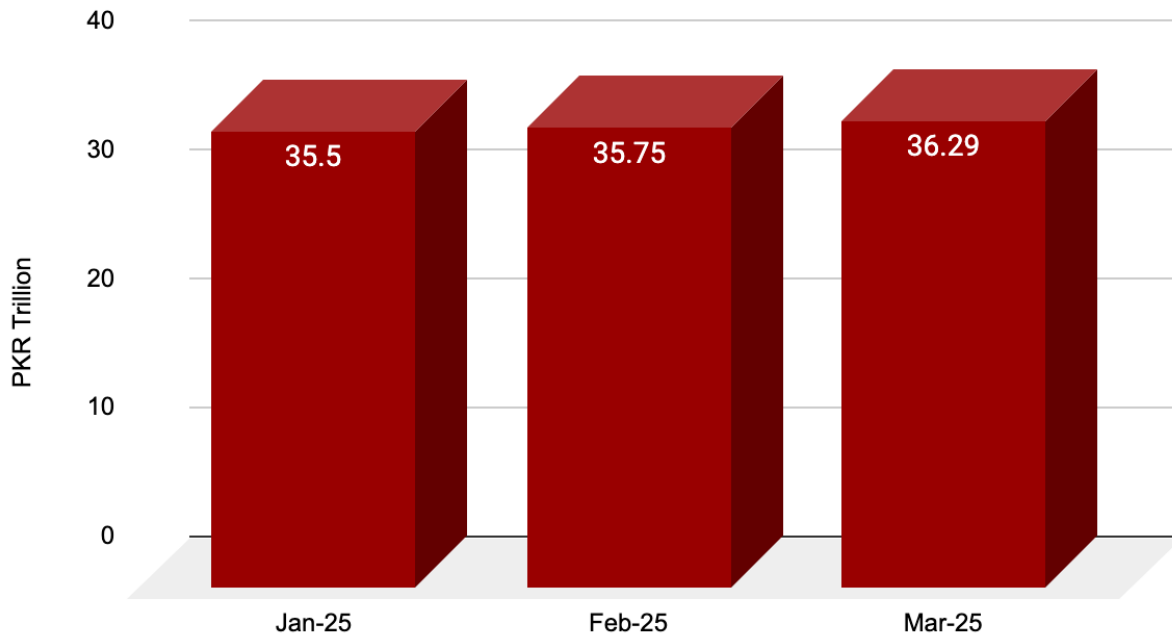
Source: State Bank of Pakistan

v. Money Growth

In the third quarter of FY2024-25, the money supply or broad money (M2), had an upward trend. M2 increased from PKR 35.5 trillion in January 2025 to PKR 36.29 trillion in March 2025, showing an increase of 2.2%. There has been a constant increase in liquidity in the economy: M2 increased by 0.7% from January to February 2025, and then further increased by 1.5% in March.

The persistent growth in money supply can be due to many factors such as high government borrowing, and a loose monetary policy. This increase in M2 might be beneficial for economic activity and investments. However, this also leads to inflation which needs to be closely monitored for economic stability.

Figure 17 Money Growth



Source: State Bank of Pakistan

Conclusion:

Pakistan’s recent macroeconomic trends indicate that the economy is transitioning from recovery to stability, marked by improved fiscal discipline, external account correction, and moderating inflation. However, stability alone is not sufficient. The ultimate goal must be sustained and inclusive economic growth—driven by productivity gains, investment in human capital, export diversification, and structural reforms that unlock the country’s true potential. Without a clear shift toward growth-oriented policies, recovery risks becoming short-lived.

Annexure- 1

Below is the compilation of news headlines related to size of government reforms.

1. Physical Size: Government Departments and Employees

- Govt slashes 23% PTV positions

Out of 5,442 sanctioned posts of PTV, 1,232 posts had also been abolished to save costs

CCoSOEs approves business plans for PBC, PTV

1,961 state TV posts abolished

Total approved posts of PTV from Grade 4 to 20 are 4,636. Out of these, 1,789 are vacant

- Commerce ministry rightsizing approved

Decision has been taken to make Pakistan Expo Centre self-reliant, government will not invest in it

- FBR seeks retention of 1,730 posts

Cites critical staffing needs amid automation drive to justify exemption

- 150,000 federal posts vacant after rightsizing
- NA panel to ask PM to review decision on Pak PWD closure

Committee expresses grave concern regarding closure of Pak PWD

Pak PWD: NA body urges PM to reconsider decision

- Austerity takes a back seat as cabinet swells
- The 220 non-essential posts abolished by the National Assembly amid rightsizing efforts had been lying vacant for over a decade, the NA Secretariat clarified on Sunday
- 30,000 jobs slashed to meet IMF conditions, minister tells Punjab Assembly
- Minister rules out downsizing in sports dept despite financial crisis
- Federal Water Management Cell to be shut next month

2. Non-Development Spending

- Nothing happened or at least noticed reported in the press on this front.

3. Power Sector: Privatization of GENCOs and DISCOs

- Privatisation of Discos: PM directs a two-pronged plan

Wapda told to transfer properties to Discos in privatisation push

These are top-performing utilities of total 10 supplying electricity to consumers under government control

Senate committee questions power sector reforms, IPP shutdowns, efficiency challenges in privatised DISCOs

3 up for grabs in first phase: Provinces appear unwilling to buy Discos: PD

Discos on auction block; three companies told to log assets

Official says CEOs of three major Discos have been formally instructed to update and maintain asset registers

Advisers hired for three Discos

Ministerial body recommends selling Discos to private sector

Three DISCOs among entities on privatisation list

- NTDC restructuring, sell-off plan reviewed
- Genco employees to be absorbed into Discos, NA told

Leghari says 1,335 employees' details have already been shared with various Discos.

4. The SOEs: Privatization of PIA, Pakistan Steel Mills, Etc.

- Privatisation: CCoSOEs removes Shalimar Recording and Broadcasting Company Limited (SRBC) from strategic entities' list
- PPP opposes proposed privatisation of Pakistan Agriculture Storage and Services Corporation (Passco)
Steps discussed to wind up Passco

- Govt moves to shut down Utility Stores Corporation

Committee to determine arrangements for safekeeping and maintenance of assets owned by Utility Stores Corporation

6,000 Utility Stores workers to be laid off

USC privatisation delayed until audit completion in August, says Managing Director Utility Stores Corporation

Utility Stores Corporation (USC) is going to introduce its own ghee brand for citizens on cheaper rates as compared to local market for which tendering process has been completed

- Govt decides to develop SEZ on PSM land

Includes the creation of a comprehensive and tailored land lease model, which will offer options for sale, land lease, or licensing, based on the investor's preferences

Murad reaffirms pledge to revive PSM on 700 acres

Govt closes railways loss-making companies, orders lay-offs

Existing railway pension policy unsustainable, Senate body told

- PIA privatisation: Commission ready for second attempt at sell-off

In October 2024, Blue World City consortium failed to meet the Rs85.03 billion bid for PIA, offering only Rs10 billion

Private sector investment in new aircraft: IMF agrees to 18pc GST removal if PIA privatised

Cash-strapped PIA approves salary adjustments amid privatisation efforts

Salary revision aims to retain experienced personnel within organisation, as workforce continues to shrink

PIA financial closure deadline shortened by 4 months

Government speeds up PIA privatisation

Govt takes World Bank on board over delaying PIA divestment

Open skies policy behind PIA's decline

Body finds Gulf airlines' expansion, poor management led to loss of market share

Bids for PIA privatisation to be invited next month

Previous attempt to privatise PIA faltered due to investor concerns, but key hurdles have now been cleared

Financial adviser paid \$4.3m for failed PIA transaction

PIA to be sold in three months, says Aleem

PIA privatisation is gaining momentum: minister

Says govt has addressed investor concerns, expects successful sale within three months

PIA sell-off set for July, IMF told

Privatisation Commission approves second attempt to divest PIA

PIA undergoes 2nd privatisation bid

Commission for selling majority or full stake while partially retaining ownership

PIA becomes profitable for first time in over two decades

PIA recorded earnings per share of Rs5.01 for the year ending in December, its first profitable year since 2003

- PM directs speedy divestment of state-owned enterprises
- Govt to privatise up to 50 state-owned enterprises
- Govt invokes nationalisation order

Instead of privatisation, bureaucracy seeks to take over control of Pakistan Engineering Company (PECO)

- Govt orders SOEs to disclose assets

Majority management, directors were not disclosing assets, violating law

- ZTBL among entities on privatisation list
- Roosevelt privatisation moves ahead

PC board raises concerns about adviser's proposal; no foreign govt shows interest

Planned Roosevelt Hotel sell-off: Finally, CCoP forces itself to speed up process

- Pakistan Tobacco Board (PTB) dissolution may hurt tobacco industry

Expert fears hardships for farmers, illegal cultivation

5. Liberalization and Deregulation

- Independent market being set up: Govt to stop purchasing power soon, NA told
- Monopoly of Sui companies to purchase, sell gas ends

Petroleum Division notifies implementation framework for sale of gas to third party — private sector

Govt notifies sale of 35pc gas output to private parties

- Strategy being developed to deregulate wheat market
- Body set up to identify redundancies

Committee, led by Dar, tasked with reforming red tape, improving efficiency

- Govt yet to decide on fuel price deregulation

NA body on Petroleum directed Petroleum Ministry to engage with dealers before finalising any decision