

# NEWSCLIPPINGS

*JULY TO DECEMBER 2025*

## ECONOMICS



### Urban Resource Centre

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## Government sees exports rising, inflation at 5-7pc in FY26

The government on Monday projected a positive export outlook and a moderate rise in inflation to a range of 5-7 per cent for 2025-26, citing improved global economic conditions and domestic recovery trends.

In its Monthly Economic Update and Outlook for June, the Ministry of Finance said Composite Leading Indicators (CLIs) of Pakistan's major trading partners — including the UK, US, Eurozone and China — were all operating above their long-term average of 100, suggesting a likely increase in demand for Pakistani exports.

For June, inflation is expected to remain between 3–4pc. The ministry also forecast a positive outlook for Large-Scale Manufacturing (LSM) in the coming months, driven by robust trends in cement despatches and automobile sales. "The uptick in private sector credit reflects growing production activity and improved investor confidence," the report said.

On the external front, rising remittances and exports are expected to keep the current account in surplus during FY25.

From July to May FY25, the current account posted a surplus of \$1.8bn, in stark contrast to a deficit of \$1.6bn during the same period last year.

### *Remittances, export growth and fiscal discipline drive economic optimism*

Goods exports rose 4pc to \$29.7bn, while imports increased 11.5pc to \$54.1bn, widening the trade deficit to \$24.4bn from \$20bn a year earlier. Key export gains were seen in knitwear (14.5pc), garments (16.4pc), and bedwear (10.6pc). Major import increases were recorded in palm oil (26.3pc) and electrical machinery (13.6pc), while crude oil imports declined 1.7pc.

Service exports grew 8.5pc to \$7.6bn, with imports rising 6.6pc to \$10.3bn, resulting in a \$2.7bn services trade deficit. IT exports surged by 18.7pc to \$3.5bn.

Worker remittances saw a sharp increase of 28.8pc, reaching \$34.9bn from \$27.1bn in the same period last year, led by higher inflows from Saudi Arabia and the UAE.

Net foreign direct investment (FDI) stood at \$2bn, slightly down from \$2.1bn a year ago.

China remained the top investor with \$790.4m, followed by the UK with \$229m and Hong Kong with \$215.2m. The financial services sector attracted the most FDI at \$628.9m, followed by power (\$562.8m) and oil & gas exploration (\$265.6m).

However, foreign portfolio investment recorded net outflows, with \$312.5m from the private sector and \$311.9m from the public sector. As of June 13, the country's foreign exchange reserves stood at \$17bn, including \$11.7bn held by the State Bank of Pakistan.

On the fiscal side, the report noted that revenue growth outpaced expenditure growth during July-April FY25, reflecting the success of the government's fiscal consolidation drive.

The fiscal deficit declined to 3.2pc of GDP, down from 4.5pc in the same period last year, while the primary surplus improved to 3.2pc of GDP from 1.5pc a year earlier.

(By Khaeeq Kiani Dawn, 09, 01/07/2025)

## Tariff cut of Rs1.14 fails to satisfy businessmen

As the National Electric Power Regulatory Authority (Nepra) decided on Tuesday to reduce the national average power tariff by Rs1.14 per unit, the move was criticised by industrialists and businesspersons from Karachi as being "too minuscule".

The decision to reduce the tariff was taken at a public hearing presided over by Nepra members Maqsood Anwar and Rafique Shaikh.

The government team, led by the Power Division additional secretary, Mehfooz Bhatti, said the regulator had determined national average tariff — excluding all taxes, surcharges and duties — at Rs34 for FY2025-26, down Rs1.50 per unit from Rs35.50 per unit last year.

After subsidies and cross-subsidies, the government has worked out the tariff to be Rs31.59 per unit, as compared to Rs32.73 per unit last year, a reduction of Re1.14 per unit.

The official said the same rate would apply to K-Electric consumers under the government's uniform tariff policy.

A formal notification of the new tariffs will be issued within this week. The new rates will take effect from July 1.

### **Rushed process**

Karachi-based representatives of the FPCCI, Karachi Chamber of Commerce and Industry, Korangi Association of Trade and Industry and Surjani Town businesses criticised the government and the Nepra for rushing through the approval process and not allowing their requests for time to understand and review the government's petition.

They said the Power Division filed the petition on June 28. It was approved a day later by the federal cabinet and made public on June 30 for a hearing on July 1.

They said the process violated the law that provided at least seven days after the publication of petition to hold a public hearing.

**Peak, off-peak billing**

The industrialists criticised the government for a nominal reduction of Rs1.14 per unit in the tariff after promising “sizeable relief”.

“Even after the reduction of Rs1.14 per unit, the effective tariff would be about Rs5 per unit higher than last year when the industry paid on average Rs30 per unit”, said one of the businessperson.

The government team insisted the effective average tariff during the new fiscal year would be around Rs40.43 against Rs47.89 per unit in FY2025 after taking into account all taxes, surcharges, duties and quarterly adjustments and the removal of PTV fee and electricity duty.

They said the government efforts, coupled with improved exchange rate, helped reduce capacity payments by Rs1.27 per unit on average from 30.88 to Rs29.61 per unit when compared to the outgoing year.

The average transmission and distribution losses of Discos, they claimed, had dropped to 11.03pc from 11.43pc.

Industrial consumers also demanded an end to peak and off-peak rates, enabling the industry to operate round-the-clock instead of shutting down during peak hours due to higher rates.

**New tariff**

The Rs1.15 per unit reduction in tariff would apply to consumers in almost all categories, except lifeline domestic consumers.

There would be no change in electricity rates for first two lifeline slabs of domestic consumers, as they are already over-subsidised.

The per unit rate for lifeline consumers with up to 50 units per month would remain unchanged at Rs3.95, followed by Rs7.74 for those in 50 to 100 unit monthly consumption. They have to maintain their consumption threshold throughout the year.

For all other consumers and categories, the government sought a flat Rs1.15 per unit reduction for FY2025-26.

However, the relief ranges between 3 to 10pc depending on the users’ respective rates at present.

The protected consumers in 1 to 100 units would now be charged at Rs10.54 per unit, instead of Rs11.69 at present, showing a reduction of 9.8pc.

The subsequent slab in the protected category would be charged at Rs13.01 per unit instead of Rs14.16 per unit, down 8pc. The non-protected consumers in first 100 units would be charged at Rs23.44 per unit instead of Rs23.59 per unit, down by almost 5pc.

The reduction in rates for all other categories including commercial, industrial, agriculture and bulk consumers would vary from three to four percent but flat Rs1.15 per unit. The cheapest rate, in these categories, have been provided to the industry whose average rate would now be Rs33.48 per unit instead of Rs44.32 per unit.

Commercial consumers would be provided electricity at an average Rs45.43 per unit instead of Rs46.58 per unit. The average rate of general services would be Rs43.17 per unit instead of Rs44.32 while tariff for bulk consumers would come down to Rs41.76 per unit from Rs42.92 per unit.

However, agricultural consumers would get an even cheaper rate of Rs30.75 per unit instead of Rs31.90. The average rate would work out to be around Rs31.60 per unit from about Rs32.75 per unit at present.

(By Khaleeq Kiani Dawn, 01, 02/07/2025)

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**Sindh fixes Rs40,000 as minimum wage**

The Sindh government has set Rs40,000 as the minimum wage for unskilled workers for the financial year 2025-26.

According to a notification issued here, the Sindh Minimum Wages Board fixed the monthly wage for semi-skilled workers at Rs41,280, for skilled workers at Rs48,910 and for highly skilled workers at Rs50,868.

These wages will come into effect from July 1, announced Minimum Wages Board Secretary Nadeem Mangi.

He stated that all industrial, commercial and other establishments, registered under any law, shall pay wages to the employees through cross cheque / bank transfer under Section 6 of the Sindh Payment of Wages Act 2015.

(By Newspaper’s Staff Reporter, Dawn, 13, 08/07/2025)

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**Minimum wage**

Working families are being crushed under the weight of inflation. For them, even affording basic necessities — food, rent, electricity — has become a daily struggle. In this context, the Sindh government’s decision to raise the minimum wage for unskilled

workers to Rs40,000 might sound like a lifeline. But for most workers, it's a promise that will never materialise. This is because the real issue isn't what the minimum wage is, but the fact that it is rarely enforced.

Across the province, and the country, countless businesses continue to pay workers far below the legal threshold. From factories and workshops to retail stores and homes, employees are being exploited with impunity. Many are paid Rs20,000 or less — half of what is legally owed — with no contracts, no protections and no way to raise their voice. The state's silence in the face of this widespread wage theft is damning.

The problem isn't new. Labour inspections are infrequent and often compromised. Employers routinely dodge accountability through fake documentation or misclassification of workers. And those who suffer the most — daily wage earners, domestic workers, loaders, janitors — are among the least likely to ever see justice. Raising the minimum wage is only the first step. If the government is serious about protecting workers, it must back its words with action.

Otherwise, these announcements are nothing more than political theatrics. What should be done? Inspections must be frequent and independent. Violations must come with consequences. Workers must be given the tools — and the courage — to speak up.

For Pakistan's working families, these wages are about dignity and survival. Real progress means making sure every rupee promised actually reaches the hands that earn it.

(By Editorial, The Express Tribune, 14, 09/07/2025)

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### PSM revival deal

The recent agreement between Pakistan and Russia to revive the Pakistan Steel Mills (PSM) is cause for cautious optimism, as it could mark an industrial reboot and a strategic realignment. The deal agreed in Moscow would transform the defunct Karachi plant into a modern metallurgical hub. This collaboration, echoing the mills' Soviet-assisted origins in the 1970s, could catalyse Pakistan's industrial resurgence while redefining Eurasian partnerships.

PSM was originally set up with Soviet assistance and was regarded as a symbol of bilateral solidarity. However, despite its potential, the facility was plagued with problems from the beginning and was loss-making for most of its history. Government support was the only reason it sputtered along until 2015, when it was closed for cost taxpayers billions of rupees a year in subsidies.

The revival plan would see Russia commit to dismantling obsolete infrastructure and constructing a "state-of-the-art facility" on 700 acres of the existing site, with additional land earmarked for an industrial park. Technical teams have already inspected the premises, and a detailed roadmap is underway to forge a "stronger industrial future".

However, without properly studying market dynamics, a revived mills could turn into an even whiter elephant. Keep in mind that, for better or worse, we are located right next to China, one of the world's most cost-effective sources of high-quality steel.

To succeed, the new PSM would have to compete with Chinese producers on both price and quality, which seems an uphill task. Conversely, the government could use tariffs to protect it, but this would hurt Pakistani consumers and could offend the Chinese. But there is still hope that even if it cannot compete with China on price, industrial renewal could trigger enough demand for steel that PSM could feasibly reach high sales levels and remain profitable by carving out its own market niche. All that is needed is professional management and foresight.

(By Editorial, The Express Tribune, 14, 13/07/2025)

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### Cabinet nod for 15pc hike in EOBI pensions

The federal cabinet on Wednesday approved a 15 per cent increase in pensions disbursed by the Employees' Old-Age Benefits Institution (EOBI) and granted a five-year extension of the exemption from import duties on anti-cancer, cardiac and other life-saving drugs.

Presiding over the cabinet meeting, Prime Minister Shehbaz Sharif announced that the performance of all federal ministries and divisions would be evaluated every two months.

According to the PM Office, the 15pc increase in EOBI pensions will be effective from Jan 1, 2025, on the recommendation of the Ministry of Overseas Pakistanis and Human Resource Development. The increase will be financed from the institution's own resources.

The prime minister directed the formation of a cabinet committee to introduce institutional reforms in EOBI. The committee will also examine proposals to extend old-age benefits to workers in the informal labour sector, including domestic workers, agricultural laborers and other marginalised employment groups that have previously been excluded. These reforms aim to ensure that workers in neglected sectors receive their due rights.

#### Life-saving drugs

On the recommendation of the Ministry of National Health Services, the cabinet approved a five-year extension of the exemption from import duties on anti-cancer, cardiac and life-saving drugs used in hospitals and related healthcare institutions.

These medicines are considered essential for saving lives, and the exemption is aimed at ensuring their timely availability.

These drugs will only be available in hospitals and authorised institutions, with a ban on open market sales. Their import will require prior approval from the relevant licensing authority.

The cabinet also approved the initiation of necessary legal procedures related to the draft of the Sea Carriage Shipping Documents Bill, 2025, on the recommendation of the Ministry of Maritime Affairs.

Additionally, the federal cabinet endorsed the decisions taken during the meetings of the Cabinet Committee on Legislative Cases held on July 2 and 3, 2025.

Earlier, while addressing the cabinet, Prime Minister Shehbaz Sharif expressed satisfaction over the recent positive trends in macroeconomic indicators. He reiterated his government's focus on performance and service delivery, stating that ministries' performance would be reviewed every two months.

"This message I want to make loud and clear — it is all about delivery and service to the nation," the prime minister said, adding that ministries performing well would be acknowledged and appreciated, while underperforming ones would be held accountable and asked to explain.

(By Syed Irfan Raza Dawn, 01, 17/07/2025)

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### A real crisis

THE real estate sector in Pakistan is a microcosm of our political-economic system at large. Everyone knows that the rot is glaringly deep, but those who control the reins of power are so invested in status quo that they consciously allow it to fester with no end. Flash floods in the twin cities over the past few days have once again laid bare this ugly reality.

Cases in point are the coveted Bahria Town and DHA housing schemes in Rawalpindi, some sectors of which were completely submerged by raging waters. In the current season, there have been similar scenes in the concrete jungle that is Lahori suburbia. A couple of years ago, rain in Karachi turned celebrated gated housing schemes built on reclaimed land into swamplands.

It is misleading to put all this down to more rain. The effects of planetary climate change notwithstanding, the fundamental problem is that our metropolitan cities and even smaller towns have become complete hostages to real estate moguls, and gated housing schemes in particular. The officials that supposedly plan the process of urbanisation have effectively become auctioneers invested in speculative property markets.

For the umpteenth time: the vast majority of gated housing schemes cause a warped kind of urban sprawl that wipes out agriculture and/or coastal ecologies, blocks natural drainage systems, and exacerbates heat island effects due to the excessive use of concrete and asphalt — all of which directly trigger flash floods like the ones that we are witnessing again.

*Millions who need housing are deprived of it.*

There are, of course, many other domestic causes, but the real estate sector is arguably the single biggest contributor to urban flooding. And with each passing year, it becomes clearer that profiteers continue to make merry irrespective of long-run impacts.

Let me reiterate yet another well-known effect of these schemes: they sacrifice the basic housing and other needs of the working poor. There is an immense crisis of housing in urban Pakistan; the State Bank estimates a shortfall of 10 million housing units. Every year, the gap between the supply of housing and demand for it grows exponentially.

The cruel irony is that the real estate sector is indeed supplying housing units — but only for the rich and those aspiring to the extremely vague category of the 'middle class'. The overwhelming majority of those who need housing in cities and towns falls into neither of these categories, and gated housing schemes actually dispossess a significant number of working families in the peri-urban areas of their homes in historical villages and/or self-made katchi abadis.

In contrast, a large number of units in gated housing schemes remain unoccupied, even when they are sold from one investor to the next. In other words, there is a glut of housing units which do not serve their intended purpose, while millions who need housing are deprived of it. A related development is that of commercial real estate, like plazas, which are also often unoccupied even as the circuit of profit grows. This absurdity is what we call financialised capitalism.

This past budget season we were fed soundbites that long-awaited restrictions would finally be imposed on the real estate sector. There were rumours of a meaningful taxation regime, along with more stringent environmental regulations. Unsurprisingly, nothing of substance actually came to pass.

There are many young Pakistanis for whom acquiring a plot in a gated housing scheme and the requisite lifestyle that it engenders is amongst one of life's major goals. This is only natural in a society like ours, where atomisation is intensifying and there is immense appeal of a 'secure' life away from the increasingly chaotic — and violent — everyday life.

There is nothing wrong with young people aspiring to an idyllic existence in which their basic material and recreational needs are met. But it is a matter of fact that the aspirations sold by big developers are simply unattainable for the vast majority of young Pakistanis who do not hail from hereditary wealth and power.

And it is now increasingly clear that many of these schemes are built atop deteriorating ecologies that sooner or later take their revenge on the manmade disasters masquerading as 'secure' gated housing schemes.

Ultimately, the state bears the most responsibility. It is wilfully presiding over the unending expansion of a sector that actively impinges on the public interest, as defined by the needs of the working class majority and future generations who will bear the burden of ecological destruction. Individual moguls like Malik Riaz may be temporary losers in palace intrigues, but it is the militarised ruling class as a whole that must be cut down to size.

(By Aasim Sajjad Akhter Dawn, 07, 18/07/2025)

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### Economic exclusion

FOR all the progress made in Pakistan towards the inclusion of women across the sociopolitical divide, comprehensive analysis by the International Labour Organisation lays bare the inequities that still exist in our labour market. Pakistan ratified the ILO's Equal Remuneration Convention in 2001 and yet remains among the countries with the widest gender pay gaps in the region. Women here earn on average 25 to 30pc less than men for comparable work. This reflects the entrenched societal biases due to which women continue being denied their rightful place as equal contributors to the economy. The report also shows that the pay gap is not only larger than the global average of 20pc, but even wider than that in countries such as Nepal (18pc) and Sri Lanka (22pc). Moreover, only 23pc of Pakistani women are in employment compared to 79pc of men — a yawning 56-point gap. This is the highest in South Asia.

Even when women do work, it is often in the public sector or professions like education and healthcare. Many others work as unpaid family workers, contributing in family businesses or farms without pay or recognition. Even after accounting for education, age and job type, much of the gap between men's and women's pay remains — a sign of entrenched discrimination. The gap is widest for older women, those in the private and informal sectors, and low earners. To its credit, Pakistan has made some progress. Recent legislation in Balochistan embeds the principle of equal pay for work of equal value, while Punjab and Sindh have drafted laws that are now being debated and which could bring them in line with global standards. But more is needed. Provincial codes must be updated, minimum wage policies tailored to reduce gender disparity, discriminatory hiring practices eradicated, and access to childcare and parental leave expanded. A country that sidelines half its population cannot expect to prosper.

(By Editorial, Dawn, 06, 18/07/2025)

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### Traders' strike

ALTHOUGH the government managed to exploit the power struggle between rival factions in the Federation of Pakistan Chambers of Commerce & Industry to undermine a strike call against new tax enforcement steps, a stronger than expected nationwide response on Saturday to the shutter-down protest, called by business leaders in Karachi and Lahore, shows that the issue has not been resolved. At most, the government has bought itself only a few weeks to chalk out its future strategy. Even the faction currently controlling the FPCCI will find it difficult to help the authorities without losing the traders' support. At the heart of the dispute are controversial budget provisions that grant FBR officials the powers to arrest taxpayers on allegations of fraud, station tax officers at factory premises to monitor evasion, enforce digital invoicing and e-billing and harshly penalise cash business transactions over Rs200,000.

For how long, though, can the government withstand pressure from the traders, who are among the ruling PML-N's core supporters across urban centres in central Punjab? Officially, the authorities insist they will not bow to pressure. Yet, behind the scenes, some in the government are said to be working towards a compromise. Just recently, a federal adviser reportedly assured the leadership of the Lahore Chamber of Commerce & Industry that a meeting with the prime minister would be arranged to find a settlement. This is not surprising, given that many in government have long benefited from weak tax enforcement and have their own business interests to protect. There is no doubt that the new provisions require stronger safeguards to prevent their misuse. However, it would come at a serious cost to an already struggling national economy — and heavily burdened honest taxpayers — if the PML-N were to roll back these steps to preserve its political base. Ultimately, taxation decisions are a political choice — regardless of whether or not they align with the government's broader economic goals.

(By Editorial, Dawn, 06, 22/07/2025)

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### ADB sees Pakistan's growth at 3pc

The Asian Development Bank (ADB) has projected Pakistan's economy to grow at a steady pace of 3pc in FY26, even as it lowered growth forecasts for the broader Asian region amid global trade uncertainty.

In its Asian Development Outlook (ADO) July 2025, released on Wednesday, the ADB noted that Pakistan's provisional growth for FY25 was revised upward to 2.7pc, from its earlier projection of 2.5pc issued in April. However, the forecast for FY26 remains unchanged at 3pc—well below the government's target of 4.2pc.

The upward revision for FY25 reflects a better-than-expected performance in the industrial and services sectors, although agricultural output declined as anticipated. The report also noted a sharper-than-expected drop in food and non-food prices over the first 11 months of FY25, prompting a downward revision in Pakistan's inflation forecast for the fiscal year, while the FY26 outlook remains unchanged.

Regionally, the ADB downgraded its growth forecasts for developing Asia and the Pacific due to expectations of weaker exports, higher US tariffs, and uncertain global trade conditions. The region is now expected to grow by 4.7pc in 2025, down 0.2 percentage points from the April forecast. Growth for 2026 is revised to 4.6pc from the earlier 4.7pc.

*Revises GDP expansion for FY25 to 2.7pc on improved industrial and services performance*

The bank warned that growth in developing Asia could be further undermined by escalating US-China trade tensions, global supply chain disruptions, rising energy prices, and deepening property sector troubles in the People's Republic of China (PRC).

China's growth outlook was left unchanged at 4.7pc for 2025 and 4.3pc for 2026, with government policy support expected to offset continued weaknesses in exports and the property market.

Southeast Asia is likely to be the hardest hit by worsening trade conditions, with growth now projected at 4.2pc in 2025 and 4.3pc in 2026, nearly half a percentage point lower than earlier forecasts.

Conversely, projections for the Caucasus and Central Asia have been revised slightly upward by 0.1 percentage point for both years to 5.5pc and 5.1pc, respectively, largely due to expected increases in oil production.

Inflation in developing Asia is projected to ease further due to lower oil prices and robust agricultural output. The regional inflation forecast has been revised to 2pc for 2025 and 2.1pc for 2026, compared to April's estimates of 2.3pc and 2.2pc, respectively.

In South Asia, growth expectations vary by country. The Indian economy is now projected to expand by 6.5pc in FY25—slightly down from the earlier 6.7pc—amid the impact of new US tariffs and increased policy uncertainty. Nonetheless, India remains one of the fastest-growing major economies. Its inflation forecast has been revised downward to 3.8pc for FY25, reflecting improved food supplies due to strong agricultural output.

Sri Lanka experienced broad-based growth in Q1 2025, but the annual forecast was lowered due to uncertainties around US tariffs and concerns over under-execution of capital spending.

(By Khaleeq Kiani Dawn, 09, 24/07/2025)

**Case for a living wage**

The call by the Human Rights Commission of Pakistan (HRCP) to raise the minimum wage to Rs75,000 is neither utopian nor excessive. It is a long overdue response to the crushing weight of inflation that has eroded the very notion of a living wage. In a country where essential commodities now seem to change prices as often as the weather, expecting a working-class family to survive, let alone live with dignity, on the current minimum wage is simply untenable.

It is telling that while the ruling elite have over the years approved staggering increases in their own salaries and perks, labourers and daily wage earners continue to be denied even the most basic protections. This widening gap between privilege and penury reflects a moral failure of governance. The current minimum wage does not even begin to account for the real cost of living for a family of five.

Expenses related to food, education, healthcare and transport have all spiralled beyond reach. And yet, workers are expected to absorb the shocks of inflation and regressive taxation — often justified under the guise of structural reforms dictated by international financial institutions. A society that deprives its labour force of decent living standards cannot expect sustainable growth, much less social cohesion.

Raising the minimum wage to Rs75,000 must be paired with robust enforcement mechanisms to ensure compliance across sectors. Furthermore, such a revision must be based on empirical cost-of-living data, regularly updated, and accompanied by measures to formalise the vast informal labour sector. Without implementation, even the most progressive wage laws remain paper promises. Ultimately, a nation's priorities are laid bare in how it treats its most vulnerable.

(By Editorial, The Express Tribune, 14, 01/08/2025)

**Govt cuts petrol price by Rs7.54, hikes diesel by Rs1.48**

The price of petrol has been reduced by Rs7.54, while diesel has become costlier by Rs1.48 per litre for the next two weeks till August 15.

According to an announcement by the Ministry of Finance on Thursday, the prices have been revised after reviewing the prevailing international market trends and upon the recommendation of the Oil and Gas Regulatory Authority and relevant ministries.

The ex-depot price of high-speed diesel (HSD) was increased by Rs1.48 per litre from Rs284.64 to Rs285.83.

The new price of petrol will be Rs264.61 per litre, down by Rs7.54 from Rs272.98 at present.

According to sources, international prices had slightly eased over the last fortnight while import premium on petrol had dropped by almost one-third to \$6.75 per barrel (from about \$9.7 per barrel) as regional tensions scaled down.

The price of HSD has increased by Rs28 and that of petrol by Rs20 per litre over the past two months.

At present, the government is charging about Rs100 per litre tax on both petrol and HSD.

The general sales tax is zero on all petroleum products but the government is charging a levy of Rs80 per litre on account of Petroleum Development Levy and Rs2.50 per litre Climate Support Levy.

The government is also charging about Rs20 to 21 per litre Customs duty on petrol and HSD, irrespective of their local production or imports.

(By Khaleeq Kiani Dawn, 01, 01/08/2025)

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### Karachi's 'global' identity is in poor condition

One of Karachi's noteworthy post-independence landmarks symbolic of the city's love for learning and education is a globe [the map of the world in a spherical shape] situated between the Government Islamia Art and Commerce College and Dawood University of Engineering and Technology. Built in the 1960s, also known as Islamia College Fountain, its placement could not have been more appropriate because it is in the middle of two of Karachi's most reputed educational institutions.



A couple of years back, it was reported that the globe may be removed because it lay in the way of the to-be-constructed Bus Rapid Transit (BRT) Red Line, which would lead from Malir Cantonment to Numaish. Then in November 2024, when the construction work for Red Line resumed after a delay of several months, Jinnah Town chairman Rizwan Abdul Sami had announced his plan to relocate the iconic

symbol to a spot near the National Stadium to preserve it. He told a press conference that the town administration with the support of the Karachi Metropolitan Corporation would remove and shift the giant 60-tonne structure. Well, it has not happened yet.

Despite promises, the iconic globe is yet to be relocated to a spot near National Stadium to make way for Red Line project

What has happened is that the condition of the beautiful structure has gone from bad to worse. The patch of land that the globe is located on is dirty, the structure itself has gathered dust, and construction work imparts an ungainly look to the whole vicinity.

It is understandable that when an ambitious project takes place in a metropolis, some things have to give way, be replaced or get uprooted. But then certain things also need to be taken into account. For example, what is the moral or social cost of that replacement? Wise or caring authorities try and strike a balance. The students who are enrolled at Islamia College or Dawood University need landmarks such as the globe to keep reminding them that each day, as students, we get to learn a new thing about planet earth.

Perhaps that horse has bolted. Karachi needs a major public transport plan to cater to its ever burgeoning population, which has now outnumbered the population of quite a few countries, let alone cities of the world. In that case, if this landmark remains, then it should remain the way it merits — clean as a whistle. And if doesn't have to be there to make way for a dedicated track, then the condition that it is in right now reflects poorly on those who are at the helm of city affairs.

(By Peerzada Salman Dawn, 13, 07/08/2025)

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### Population growth concerns

Decades of delusional policymaking regarding population have left Pakistan at a point where no amount of new job creation or economic growth seems sufficient to improve standards of living or even reduce poverty. The population growth rate currently stands at 2.55%, while over 45% of our 251 million citizens live in poverty, according to the World Bank. By 2050, the population could top 400 million, and it appears near-impossible that the government will be able to create jobs and other economic opportunities for these new citizens.

Policymakers lived in a bubble where, while the stars of the developing world listened to economists and controlled population growth to ensure access to education and healthcare while encouraging investment and avoiding resource scarcity, we kept encouraging people to have large families without providing them with schools or basic medical facilities. And then forcing them to continue in the cycle of poverty by crushing the working-age population with the need to sustain several dependents, eliminating their ability to save or invest.

Even if we were to address the population growth rate today, it will be several years, if not decades, before the impact of population policy reforms becomes visible. By then, inequalities will have become even more pronounced, unemployment even more problematic, and water scarcity and food insecurity even more widespread.

This is why reforms must be undertaken on a war footing, lest the country collapse under the weight of its own population. Religious leaders opposed to family planning need to be silenced, access to contraception needs to be near-universal, even in rural areas, and taboos around discussing related subjects need to be removed. Finally, we need job creation for today and tomorrow, because working women usually have fewer children anyway, and women with their own incomes have the agency to decide how many children they want.

(By Editorial, The Express Tribune, 14, 09/08/2025)

### **Sindh pushes male vasectomy to 'defuse population bomb'**

The Sindh government has launched a renewed drive to slow the province's rapid population growth, which increases annually by about 1.4 million, equivalent to the population of an entire district, by promoting male sterilisation through vasectomy and self-administered contraceptives for women.

Sindh Population Welfare Secretary Hafeezullah Abbasi told The Express Tribune that the department, in collaboration with Johns Hopkins University, will conduct door-to-door surveys in all 1,600 union councils.

The initiative will also target around five million factory workers through awareness sessions, while school and university students will be educated on the impact of unchecked population growth.

"Since men usually make major household decisions, it is important to involve them in these programmes," Abbasi said, adding that 3,000 men in Sindh have already undergone vasectomy, many due to hereditary blood disorders like thalassaemia or because they were living with HIV/AIDS.

Abbasi said contraceptive services, including sterilisation, birth-spacing devices, pills and Sayana Press, a self-injectable contraceptive that provides a three-month gap between pregnancies, are being provided in coastal areas and on islands. The Sayana Press option, he added, has been used about 1.3 million times since 2018.

Director of Administration Faisal Meher said that contraceptive supplies, including sterilisation kits, IUCDs, implants, injections and pills, are regularly provided to major hospitals, the Health Department and NGOs. Family planning centres in 20 gynaecology wards of nine major hospitals provide IUCDs, which prevent pregnancy for up to 10 years, and implants, effective for 3-5 years.

Meher said Sindh's contraceptive prevalence rate was 31% in 2017-18, with targets to raise it to 47% by 2025 and 57% by 2030. He added that male sterilisation cases in Karachi have risen sharply, from just 23 to 2,500 in 2022, as more than 1,000 male mobilisers from HANDS are being trained to promote vasectomy awareness.

Early marriages in rural Sindh mean many women have six to eight children by the age of 30, Meher said, underscoring the urgency of the initiative. The programme, supported by Johns Hopkins University, SZABIST University and the Bill & Melinda Gates Foundation, aims to help the province meet its Family Planning 2030 targets.

Vasectomy is a surgical procedure that cuts or blocks the vas deferens, preventing sperm from being released during ejaculation. However, it doesn't affect erection, libido, orgasm and ejaculation (though semen won't contain sperm). Vasectomy is a permanent birth control method, but it doesn't impact sexual function or pleasure. Men can resume sexual activity usually 1-2 weeks after the procedure, depending on their doctor's advice.

(By Dua Abbas The Express Tribune, 04, 13/08/2025)

### **ECC okays industrial estate on Pakistan Steel Mills land**

The Economic Coordination Committee (ECC) of the cabinet on Wednesday approved the establishment of an industrial estate on Pakistan Steel Mills (PSM) land and sanctioned a Rs2.83 billion grant to the Pakistan Television Corporation (PTVC) for upgrading its English news channel.

The meeting, presided over by Finance Minister Muhammad Aurangzeb, also abolished the requirement of health quarantine certificates for leather exports and approved an unspecified amount for the Ministry of Climate Change to participate in the COP-30 climate summit in Brazil later this year.

An official statement said the removal of health quarantine certificate requirements on the import and export of leather was aimed at facilitating the industry and improving its competitiveness in global markets.

The ECC further approved the development of an industrial estate on PSM land in Karachi, aimed at boosting industrial activity, generating employment, and attracting investment.

The official statement did not disclose financial or operational details. However, informed sources said the project would be implemented under directives from the Special Investment Facilitation Council (SIFC). The estate would utilise about 4,800 acres of PSM land, with options for investors to lease, purchase or obtain licences for industrial use. In the first phase, over 1,500 acres are expected to be opened for private investment by the end of the current year.

*Scraps leather export health certificate requirement; approves Rs2.83bn for PTV English*

The ECC also approved a technical supplementary grant of Rs2.83bn for PTVC to enhance the broadcast quality of its English news channel and expand its reach to international audiences.

The committee directed the Ministry of Information and Broadcasting to prepare a comprehensive business plan to make the channel financially self-sustaining and reduce reliance on federal grants.

Despite decades of commercial operations in entertainment and sports, PTVC continues to depend on government funding to sustain itself.

Last month, the cabinet committee on state-owned enterprises had expressed concern over the broadcaster's long-standing lack of audited accounts and directed it to present a viable, self-sustaining business strategy.

(By Khaleeq Kiani Dawn, 09, 14/08/2024)

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### Damning audit report

THE Auditor General of Pakistan's latest audit report is, in effect, a charge-sheet against the state's weak economic and fiscal governance. The sheer scale of mismanagement and staggering expenditure lapses of Rs375tr flagged in the report are mind-boggling. Procurement-related irregularities alone account for around Rs284tr, topped by huge losses to the exchequer because of delayed civil works, defective contracts and non-recovery of dues at the expense of the public good. The audit shows that the irregularities detected represent a recurring pattern and reflect the systemic rot in governance caused by weak oversight, poor controls and a tendency to bypass parliamentary approval of expenditures through large supplementary grants. Public funds are sought without actually determining actual needs, and allocations are blocked, leaving billions in unspent money — a practice that underscores the bureaucracy's penchant for ticking boxes rather than enforcing financial discipline or delivering the planned outcome. This largely explains our perpetual fiscal and development crisis.

The report draws attention not only to the mismanagement of public expenditure but also to the regulatory lapses and financial misconduct in the affairs of market regulators. For example, it has painted a troubling picture of weak regulatory governance in the telecom industry. This is reflected in the partially privatised PTCL's refusal to permit an audit of its accounts, the detection of financial discrepancies of Rs3.54bn in the purchase of equipment at inflated prices, excessive operational expenditure in the accounts of the state-owned SCO and Jazz's Rs6.58bn consumer overcharging in FY24. Besides, it emphasises the failure of the telecom regulator to resolve the Rs53.54bn Zong spectrum case. While the financial discrepancies found in the SCO accounts are the result of weak corporate governance that has already pushed most SOEs to the brink, the overcharging of consumers by the largest mobile operator reflects poor regulatory oversight and the tendency of regulatory bodies to serve corporate interests instead of consumers. The audit report serves to remind both citizens and rulers of the need to enforce strict financial discipline for better fiscal management to divert scarce funds towards public welfare and improve regulatory governance to protect consumers from the unfair practices of corporations. These objectives can be achieved only if parliament and the judiciary decide to enforce accountability. In the absence of accountability, the AGP's audit reports are little more than an annual ritual.

(By Dawn, Editorial, 06, 23/08/2025)

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### Mapping the economy

The launch of the first-ever Economic Census marks a watershed moment in Pakistan's planning history. For decades, the absence of comprehensive economic data had left policymakers working with incomplete pictures, relying largely on population and agricultural censuses. With the new report filling this critical gap, Pakistan finally has the missing piece of the puzzle needed for informed, evidence-based economic planning.

According to the report, the services sector dominates, accounting for the largest share of establishments and employment, with retail trade alone nearing three million units. Punjab emerges as the overall economic hub, though Sindh leads in services, while Balochistan and K-P lag behind with smaller establishments and weaker workforce participation.

The census also exposes the staggering scale of informality: only 250,000 companies are registered with the SECP compared to millions of operating establishments. This data is invaluable. It identifies opportunities for broadening the tax base by formalising enterprises, and designing targeted interventions for small businesses. It reveals structural weaknesses — such as the overwhelming dominance of small establishments with fewer than ten employees — and highlights regional disparities that must be addressed if balanced growth is to be achieved.

For policymakers, the task now is to ensure that this landmark census does not gather dust on bureaucratic shelves. It should be integrated into fiscal planning. Used wisely, it can guide investments while also helping the state craft incentives for business formalisation and innovation. At a time of fiscal stress, this information is indeed indispensable.

This census is, in many ways, a mirror held up to the economy. The real question now is whether the state will act on what it sees. It needs to be utilised properly so as to become the basis for a more resilient and inclusive economy.

(By Editorial, The Express Tribune, 14, 23/08/2025)

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### ADB support

PAKISTAN'S quest for deeper collaboration with the Asian Development Bank underscores both its growing appetite for long-term, low-cost development financing and its reliance on multilateral lenders to shore up a frail economy. Finance Minister Muhammad Aurangzeb's meeting with ADB president Masato Kanda for greater cooperation across key areas and policy-based lending appears to be as much a pitch for fresh funding from the lender as it is a request for technical support to develop innovative financing instruments to explore international debt markets and raise more funds. The wish-list for financial support from the bank and its collaboration in market-based financing instruments — green bonds, blended finance and debt-for-nature swaps — indicates both ambition and desperation for new funding avenues amid dwindling bilateral official and private flows. However, the real challenge does not lie in mobilising debt but in a long-term commitment to structural, fiscal and governance reform beyond the present IMF funding programme. The painfully slow progress in critical areas such as energy, taxation and SOEs, however, does not inspire much confidence in the government's commitment to reforms.

That the ADB boss has reaffirmed his support for Pakistan at a time when the two sides are working out details of the 10-year Country Partnership Strategy (2026-35) on the pattern of a similar \$20bn World Bank programme is reassuring. However, while this fact does signal the bank's confidence in Pakistan's medium-term trajectory, it also underlines Pakistan's increasing dependence on its multilateral partners to heavily finance its development and keep the economy afloat. There is no doubt that the ADB has played an important role in Pakistan's economic trajectory over the past decades. But the country's experience with the bank — or, for that matter, with other multilateral agencies — in recent years shows that, without credible reforms and sound management, such a partnership cannot go very far. Mr Aurangzeb is right to stress the recent hard-won macroeconomic stabilisation: inflation is down, the current account has turned around and international rating upgrades are expected to ease borrowing costs. Yet these gains will remain fragile unless the execution of long-standing productivity and governance reforms is expedited. Not just that, Islamabad also stands to lose the international goodwill it has gained in the past couple of years if it fails to show consistent commitment to sound governance and economic management policies.  
(By Editorial, Dawn, 06, 29/08/2025)

### **Karachi: inequitable NFC impact**

BORN in the name of devolution, propagated as people's rights, and celebrated as a victory for the deprived, the seventh National Finance Commission award has been nothing of the sort.

Its birth in 2010 coincided with the passage of the 18th Constitutional Amendment, which also created ambiguity about the role of the local governments (LGs), paving the way for the recentralisation of powers by the provincial governments.

Rather than bringing governance closer to the people, the seventh NFC award and the 18th Amendment took away whatever devolution of resources and powers existed with the LGs at that time.

In 1999, when the federal government abolished the octroi and zila tax (OZT) collection by the LGs, it introduced a 2.5 per cent increase in the GST on goods. A transparent mechanism for direct transfers to the LGs was introduced to compensate for their revenue losses. Later, the Distribution of Revenues & Grants-in-aid Order of 2006 fixed these direct transfers at one-sixth of GST collections.

Had that system continued, Karachi would have received Rs190 billion in 2024-25 as a direct transfer from GST alone (as compensation for the OZT). Other district governments in Sindh, such as those in Ghotki, Hyderabad and Thatta, would also have received direct transfers of Rs4,456 million, Rs4,486m and Rs3,618m respectively.

This right of the LGs was usurped through the seventh NFC and merged into the federal divisible pool. The provinces were allowed to use the LGs' share as they pleased. Karachi, being the largest collector of OZT, was the worst affected, receiving meagre amounts totalling less than Rs200bn from 2010-11 to 2024-25, against its due share of Rs1,236.7bn. Karachi suffered a colossal loss of more than Rs1,000bn, or one trillion rupees, after the seventh NFC under the OZT head alone.

*The seventh NFC award and 18th Amendment took away whatever devolution of resources and powers existed with the LGs.*

'Democracy', 'devolution of power' under the 18th Amendment and 'equitable distribution of resources' under the seventh NFC were meant only for those with political power in the provinces. After becoming mega-rich under the seventh NFC, the provinces were not bound to give equitable shares to the cities or districts.

Sindh spent 3,871bn in development funds from 2010-11 to 2024-25. Comprising 37pc of Sindh's population, Karachi was entitled to Rs1,416.6bn, but received only Rs472bn (a deficit of Rs944.6bn). The federal government's PSDP from 2010-11 to 2024-25 amounted to Rs8,967bn.

Constituting 8.4pc of the country's population, Karachi should have received Rs756.8bn. However, it received only Rs340bn (a deficit of Rs416.2bn). The total development deficit was Rs1,360.9bn (almost one and a half trillion rupees) from 2010-11 to 2024-25.

Due to such flaws in the 18th Amendment, the Provincial Finance Commission (PFC) has been dead since 2009. The subjects of LGs have been taken back by the provincial government, including water, sewerage, solid waste management, master plan, building control, development agencies, transport/ mass transit, land control, education, health, etc. Social indicators, including education and health, have nosedived since then.

The Infrastructure Development Cess has been collected since 1994 on goods at Karachi's ports for the development and maintenance of the infrastructure that the carriers use when they enter Karachi via national highways. Rather than creating a fund for Karachi's infrastructure, all the collection under the IDC is merged illegally into the provincial account. Last year, it was Rs170bn. The total IDC collection, since the cess's inception, is estimated to be around Rs1,000bn or Rs1tr.

All these amounts, ie, direct transfers from GST taken away by the seventh NFC, deficit in development funds and misappropriation of IDC come to Rs3,360bn or over Rs3tr. It is about three times the amount of the infrastructure funding gap identified by the World Bank: "Karachi requires an estimated \$9-10bn [around Rs 1,050bn in 2017] to bridge its service delivery and infrastructure gaps. Without this, the city's livability and competitiveness will continue to deteriorate, limiting its ability to drive Pakistan's growth" (Transforming Karachi into a Liveable and Competitive Megacity, 2017, World Bank).

All these years, we believed that: "All issues of Karachi, including water supply, drainage, sewage, public transport and solid waste disposal, will be addressed at once" as the then prime minister Imran Khan said, when announcing Rs1,100bn for the Karachi Transformation Plan in September 2020.

In a similar vein, Prime Minister Shehbaz Sharif declared in April 2022 that he had “asked the relevant authorities to fully complete the K-IV project by 2024. We cannot compromise on water supply projects”. A year later, Bilawal Bhutto-Zardari said in June 2023, “I will take a personal interest in the development of the city.” Earlier, in April 2019, MQM’s Khalid Maqbool Siddiqui had said: “We are taking this case to the public ... We have had enough.”

If Karachi gets just one year of its due share in provincial ADP (Rs372.7bn), federal PSDP (Rs84.4bn), IDC (Rs200bn) and a share in GST against OZT based on the 2006 formula (Rs222.7bn), the total would come to Rs879.8bn this year. It would mean complete funding for the K-IV water project (Rs73bn), the Karachi Circular Railway (Rs300bn), the two unfunded Blue and Brown BRTs (Rs180bn), sewage treatment plants at all discharge points (Rs270bn), and the complete rehabilitation of all Karachi roads.

If provided and spent honestly every year, these funds can bring Karachi closer to being a livable city in a few years, and Pakistan can regain its growth potential, which has been lost since the seventh NFC.

The nation expects the participants of the 11th NFC to work sincerely to: (i) undo the injustice of the seventh NFC and restore the one-sixth GST share as direct transfers to LGs based on the 2006 formula; (ii) provide safeguards to ensure the equitable distribution of development funds across regions; (iii) make provincial shares conditional on the operationalisation of the PFC; and (iv) provide transparent mechanisms to use IDC for the development of the port city and its freight corridor for future trade expansion.

(By Mohammad Younus Dagha Dawn, 06, 29/08/2025)

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## Can our banks keep pace with climate change demands?

Pakistan’s record breaking floods in 2011 and 2022 washed away any illusion that climate change is a distant threat. The economic cost of these disasters was around \$58 billion, and even the IMF has tied new support to climate action. Clearly, climate change isn’t just an environmental issue, it’s a financial one. Are our banks prepared for this new reality?

Globally, over 130 major banks have pledged to align their portfolios with net-zero emissions by 2050. HSBC, for instance, aims to provide between \$750 billion and \$1 trillion in sustainable financing by 2030 as part of its climate strategy. France’s BNP Paribas has gone a step further, stopping financing the heavy carbon emitting sectors. These high-profile moves show banking giants pivoting towards greener investments. In practice, this means rethinking lending, more financing for renewable energy and cutting off loans to the worst polluters. These moves show a pivot toward greener investments and prove that banks can be powerful allies in fighting climate change.

Pakistan’s financial sector has only recently embarked on its own green banking journey, but early steps are promising. The State Bank issued Green Banking Guidelines in 2017, and since then regulators introduced an Environmental and Social Risk Management manual-2022 and a draft Green Taxonomy to define “green” investments. The impact is visible: now every bank has a sustainability officer and many have policies to manage environmental risk. Banks are finally considering climate and environmental factors before financing projects, a crucial shift in mindset.

Concrete initiatives are also being adopted. The SBP’s refinance scheme for renewable energy has lent about Rs95 billion, financing thousands of solar and wind installations that added roughly 2,000 MW of power. Pakistan also launched its first green sukuk, raising Rs30 billion for clean energy projects, a milestone in sustainable finance. Banks and insurers are rolling out products like micro-loans for electric bikes and crop insurance against extreme weather. Banks are also greening their own operations by going paperless, installing solar panels at branches, upgrading IT systems and nudging customers toward eco-friendly habits. These small steps set the tone that banking can be environmentally conscious too.

Crucially, the country’s top banks are making climate commitments. Habib Bank Limited, Pakistan’s largest bank, aims to make its operations net-zero by 2030. Askari Bank has launched a programme “Askari Ujala” offering subsidised loans for small businesses to invest in clean energy. Meanwhile, other major banks have set up sustainability units and rolled out green home loans, solar panel financing and similar products. These moves show that supporting climate-friendly projects is not just good PR, it’s good business.

Still, green finance remains only a tiny fraction of banking activity in Pakistan. The next step is to move from a few pilots to making sustainability central to strategy. Banks should broaden their green portfolios beyond a handful of renewable energy projects to a wider array of climate solutions across the economy. Such investments can lower default risks, boost economic stability, and even create new profit opportunities. At the same time, banks must get tougher on high-carbon projects. Climate-proofing their portfolios should be seen as a core duty, not just corporate social responsibility. It’s about survival and competitiveness in a warming world.

What does all this mean for you and your money? Climate change can affect the health of your bank. A bank heavily invested in climate-blind projects like luxury resorts on eroding coastlines or loans to polluting industries could be in trouble when disasters strike or regulations tighten. By contrast, a bank financing sustainable projects and managing climate risk is likely to be more resilient. So pay attention to your bank’s stance. Does it publish a sustainability report or disclose climate risks?

As consumers, we can help steer change. By choosing banks and financial products that are environmentally responsible, we send a signal that sustainability matters. Need a loan? Consider the green options many banks now offer, like low-interest financing for home solar panels or electric vehicles. These can save you money and encourage banks to expand their green offerings. Similarly, ask your bank if your deposits or investments are funding clean projects or polluters. Banks do care about customer sentiment, and with public pressure they’ll become more transparent and accountable.

Pakistan is on the frontlines of climate change, but it can also be at the forefront of climate solutions, and our banks have a pivotal role to play. The progress so far is encouraging. Yet, truly greening the sector will require more than scattered initiatives; it

demands a fundamental shift in how finance works. This is about safeguarding our economy. "Climate-proofing" the financial system is an essential step.

We must hold our banks and ourselves accountable. Every rupee in our accounts is an investment in the future; it could fund a polluting plant or a wind farm. By banking on climate action, we protect not just the planet but also our own financial future in an age of climate uncertainty. It's time to turn the tide, and everyone from CEOs to customers has a part to play. Let's make sure our money works toward a greener, safer Pakistan. After all, a bank can't thrive on a dying planet.  
(By Dr Khalid Shafi The Express Tribune, 15, 02/09/2025)

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## Crypto moment?

CRYPTOCURRENCIES, best understood as digital assets, remain a niche segment within the global financial system despite much recent hype. For digital assets to gain serious traction, they must prove their value through solid use cases that enhance the existing ecosystem. There are signs that this may finally be happening as reality begins to catch up with the hype. What does this suggest for the future of Pakistan's financial markets?

In Pakistan, the first official stance came in 2018 when the State Bank of Pakistan warned the public that digital assets "are neither recognised as legal tender nor authorised by SBP for issuance, sale, purchase, exchange, or investment". Fast forward to March 2025, when the government established the Pakistan Crypto Council, chaired by the finance minister, signalling a significant shift in attitude.

By July 2025, the Virtual Assets Ordinance was enacted, creating the Pakistan Virtual Assets Regulatory Authority to frame legal, licensing and regulatory policies for the sector. It now seems likely that Pakistan is moving towards adopting digital assets, making it important to understand their implications.

The underlying technology for cryptocurrencies is Blockchain: a shared, secure, transparent, immutable, and decentralised digital ledger of transactions. Blockchain offers many potential applications beyond cryptocurrencies.

*The biggest challenge remains the high price volatility.*

Cryptocurrencies date back only to 2009 with the launch of Bitcoin. Today, thousands of cryptocurrencies exist, ranging from legitimate projects to scams. Bitcoin remains the largest, with a current market capitalisation of around \$2.5 trillion, five times that of the second-largest, Ethereum. Unlike fiat currencies issued by sovereign governments, cryptocurrencies have no central issuing authority. This decentralisation means they operate without banks or other financial intermediaries.

Public attention has largely focused on Bitcoin and a few others, mainly due to their extreme price volatility and the fortunes made or lost by speculators. However, for cryptocurrencies to become a meaningful part of the financial system, they must offer use cases beyond trading and speculation. We can assess this by comparing them to the traditional roles of currency: as a medium of exchange, a unit of account, and a store of value. Let's examine two use cases.

Firstly, cryptocurrencies can serve as a faster, cheaper payment system. Current bank-based payment systems, especially for cross-border transactions, are slow and costly due to multiple intermediaries. Cryptocurrencies enable instant, direct payments between parties without banks. However, for this to work, cryptocurrencies require broader, potentially universal, acceptance. US companies like Ripple, which backs the cryptocurrency XRP, are positioning themselves as efficient alternatives for cross-border payments, even seeking collaboration with banks. Ripple's July 2025 application for a US banking licence highlights this evolving relationship.

Secondly, cryptocurrencies are sometimes viewed as a 'digital gold', offering a store of value separate from government-issued fiat currencies.

This narrative has gained ground amid concerns over fiat currency debasement due to excessive monetary expansion, especially following the 2007-08 global financial crisis and the 2020 Covid-19 pandemic. Cryptocurrencies which have capped supplies (Bitcoin's cap is 21 million coins), are seen as better preserves of value. However, this is not true for all cryptocurrencies.

The biggest challenge remains their high price volatility. Stability of value is essential for any asset to fully function as money. Stablecoins, special cryptocurrencies pegged 1:1 to high-quality assets, offer a solution. The US passage in July 2025 of the GENIUS Act regulates stable-coins, requiring full asset backing. Stablecoin issuance is booming, with commercial banks like JPMorgan, the largest US bank, launching their own versions.

Central banks are also exploring digital assets via Central Bank Digital Currencies, government-issued digital fiat money. The SBP confirmed in July 2025 that it is working on a CBDC.

Notably, the US opposes a government digital currency, citing concerns about citizens' privacy.

So, is this Pakistan's crypto moment? The pace of developments in 2025 is unprecedented for a government initiative. The timing is intriguing, coming shortly after a US administration pursued a digital asset agenda. Pakistan has an opportunity to study global trends carefully, prioritise citizen welfare, and establish strong, thoughtful regulation.

Reports indicate substantial cryptocurrency trading and investment by Pakistani citizens. The government and regulators need to catch up.  
(By Samir Ahmed Dawn, 07, 03/09/2025)

### Rains halt Karachi's industrial activities

The industrial sector in Karachi was significantly impacted on Wednesday as heavy rains and flooding paralysed key industrial areas.

According to industry leaders, industrial output remained subdued as workers failed to report for duty due to safety concerns and transportation issues.

Faisal Moiz Khan, President of the North Karachi Association of Trade and Industry (NKATI), stated that nearly half of the 4,500 industrial units in the area remained closed. Workers were reluctant to return after the torrential rains in the third week of August left several people stranded in factories late into the night.

Additionally, around 100-125 factories in sectors A to D in F.B. Area, including export-oriented units, suffered damage as the swollen Lyari River inundated production facilities, destroying raw materials and finished goods worth millions of rupees.

Moiz pointed out that the overflow from Thado Dam had submerged roads leading to the Super Highway, exacerbating the city's already struggling infrastructure. "The city faces serious problems during the rains due to poor infrastructure," he added. NKATI represents 70 per cent of Karachi's export-oriented industries.

*Flooding destroys raw materials, disrupts supply chain*

Ahmed Azeem Alvi, President of the Site Association of Industry (SAI), echoed similar concerns, reporting that 60pc of workers in 3,500 factories did not report to work despite there being no significant road blockages. "A shortage of workers has led to a 25-30pc reduction in production activities," Alvi said, adding that workers were hesitant to leave their homes due to fears of being unable to return if the rains worsened.

In the Korangi industrial area, which houses over 4,000 factories, the output was down by 30pc due to a low turnout of workers, who accounted for less than 50pc of the usual workforce.

Junaid Naqi, President of the Korangi Association of Trade and Industry (KATI), mentioned that entry points to the area were closed in the morning, and workers were already on edge due to the overflow of Lyari and Malir rivers. Additionally, power disruptions, caused by tripping of feeder lines, further worsened the situation, leading to the suspension of multiple shifts.

Sheikh Mohammad Tehseen, President of the F.B. Area Association of Trade and Industry (FBATI), said that production activities across industrial zones had been severely affected, with factory attendance down by 50-60pc.

"The supply chain has been disrupted, slowing down the delivery of raw materials and cargo shipments to seaports," he added. Tehseen also urged the government to collaborate with industrial associations to restore business activities and normalise the economic cycle.

The e-commerce sector also faced challenges as logistical disruptions hindered the movement of goods. Shoaib Bhatti, President of the Pakistan eCommerce Association (PEA) Karachi, reported delays in shipments both domestically and internationally, with quick commerce services suspended in various parts of the city. Long electricity and internet outages further hampered online shopping services, causing losses for e-commerce businesses.

Rauf Ibrahim, Chairman of the Karachi Wholesalers Grocers Association (KWGA), noted that 80-90pc of shops in key wholesale trade areas, including Dandia Bazaar, Jodia Bazaar, and Lea Market, remained closed.

The remaining 10-20pc of shops that were open closed by 2 pm due to the adverse weather conditions. The combined impact of heavy rains, flooding, and infrastructural limitations has caused widespread disruption in Karachi's industrial and commercial sectors, with long-term effects expected if the situation does not improve soon.

(By Aamir Shafaat Khan Dawn, 09, 11/09/2025)

### State Bank extends policy rate status quo for third time

The State Bank of Pakistan (SBP) on Monday kept its policy interest rate unchanged at 11 per cent for the third consecutive meeting, warning that recent flooding could raise inflation and widen the current account deficit during FY26.

The Monetary Policy Committee (MPC) cited growing risks to the near-term macroeconomic outlook due to supply-side disruptions, particularly in the crop sector. While most market surveys had anticipated no change in the policy rate, the SBP's statement placed greater emphasis on emerging inflationary pressures and external vulnerabilities stemming from the floods.

The central bank noted that inflation remained relatively moderate in July and August, with year-on-year inflation easing to 3pc in August from 4.1pc in July. Core inflation continued on a declining path, albeit at a slower pace. However, the MPC warned that a "temporary yet significant" supply shock from floods may push headline inflation above earlier projections in the second half of FY26.

The SBP said the economy is on a stronger footing compared to previous major flood events, supported by a stable policy rate, moderately growing demand, and a relatively benign global commodity price outlook. The real policy rate remains adequately positive, the MPC said, to keep inflation within the medium-term target range of 5-7pc, despite near-term volatility.

*Warns of inflation and external risks from floods*

**Lowers growth outlook**

While economic activity, as indicated by large-scale manufacturing and other high-frequency indicators, has shown momentum, the SBP revised down its growth projection. It now expects real GDP growth for FY26 to remain closer to the lower end of the previously estimated 3.25-4.25pc range due to flood-related disruptions.

The SBP said flood-induced crop damage could widen the trade deficit, though improved market access to the US may offer some relief. Overall, the current account deficit is expected to remain within the earlier projected range of 0-1pc of GDP in FY26.

In the first two months of FY26, the Federal Board of Revenue's tax collection grew by 14.1pc year-on-year. The government also received Rs2.4tr in profit transfers from the SBP, along with higher petroleum levy receipts, which are expected to support a significant primary surplus in Q1FY26.

However, the MPC noted that the floods may lead to higher current expenditures and could slow revenue collection in the coming months.

**Private sector credit**

Private sector credit grew 14.1pc year-on-year, driven by improved financial conditions, easing inflation, and reduced government borrowing. Major borrowers included the textile, telecommunications, and wholesale and retail trade sectors.

The SBP expects credit demand to remain resilient despite risks from a potential slowdown in activity post-floods.

**Uncertain inflation**

While inflation has trended lower in recent months, the SBP cautioned that food inflation in particular may rise due to crop losses. The MPC expects inflation to exceed the upper bound of the 5-7pc target range during much of the second half of FY26, before easing back within range in FY27.

The outlook, the SBP said, is subject to risks including the evolving flood situation, international commodity price volatility, and possible adjustments in domestic energy tariffs.

(By Shahid Iqbal Dawn, 09, 16/09/2025)

**Flood crisis, fiscal rethink**

The devastating floods that have once again submerged vast swathes of the country underscore the brutal paradox facing the government — climate catastrophes are intensifying, but the exchequer is increasingly ill-equipped to respond due to the weight of austerity and debt. With a mini-budget now on the cards to address the massive costs of disaster response, the government must come up with a way to ensure that short-term disaster response financing measures do not lead to further human suffering through development budget cuts and failure to invest in the future.

Pakistan's existing economic vulnerabilities are stark, as almost half of the budget is already dedicated to debt servicing, and non-development expenses such as pensions take up another large share, leaving scant resources for development or disaster relief. Only 1% of the budget is available for disaster management, an amount that would not even cover the response cost for one localised disaster event. It has also not helped that after years of relatively responsible management, defence spending needed to be increased significantly due to additional costs associated with the conflict with India.

The recent floods have exposed the financial risk of not planning for disasters, especially now that once-in-a-century floods have become an almost annual occurrence, and paying for unbudgeted disaster relief becomes a toss-up between begging the world and squeezing citizens through additional taxes. While a mini-budget is a foregone conclusion at this stage, in future years, the country's financial planners need to incorporate disaster resilience into the budget in ways that ensure development spending remains unaffected. Ultimately, Pakistan's stability depends on recognising that economic security and climate security are inseparable. Without this, the cycle of disasters and debt will continue to erode the nation's future.

(By Editorial, The Express Tribune, 14, 19/09/2025)

**The \$21bn question**

LAST month, the Pakistan Virtual Assets Regulatory Authority (PVARA) convened its inaugural board meeting. At its core was an ambitious promise: to finally craft a coherent framework for a \$21 billion crypto market that has long drifted in the shadows — but not too quietly, thanks to our YouTube-anointed crypto gurus.

The authority's reception has been predictably split. Some dismiss it, fairly so, as another hollow pledge of economic revival — rhetoric not far removed from the mineral wealth fairy tales we were sold not too long ago. Others, more sanguine, like myself, see in it the first glimmer of order in a space untouched for years.

Of course, questions abound. From a state lens, the question isn't whether the populace is already trading in crypto — it is — but how Pakistan chooses to deal with it. For instance, fraud, scams, market manipulation: what protections will ordinary users have against them? Can exchanges and wallet providers be expected to hold reserves or insurance, or would that prove another illusion on paper? And above all, which model will Pakistan draw upon — the US, Europe, the UAE, or something of its own making?

These are not trivial questions in the least. But neither can they be classified as brick walls; as they say, 'nothing worth doing is easy'. To properly engage these questions, what's required is a framework retrofitted with the best global practices — only then can these risks be navigated and defanged. What really matters now is whether PVARA can move beyond old-fangled caution

and build a regime that inspires trust — reassuring banks and financial institutions that crypto won't be a laundering loophole, consumers who fear rug-pulls, and international bodies such as the FATF, IMF, World Bank that Pakistan won't stumble back into the grey list.

*Crypto is no longer a curiosity.*

Let's be honest, crypto is no longer a curiosity. It is a \$21bn reality. About 20 million Pakistanis now hold digital assets, while our finance minister continues to urge citizens to adopt them. The question really comes down to this: when such a vast share of the population already trades in this space, how can the state, as a matter of deliberate policy, afford to look the other way?

To pretend regulation is optional is to invite precisely what critics fear most, and should be feared: fraud, scams and money laundering (we know how that goes). Because when you strip away legal recourse, you don't choke off the market; you simply drive it further underground. And that is where the rot festers.

On the topic of regulation, we are hardly the first to regulate crypto; others have already wrestled with the same dilemmas that we are facing today. Well, that, in fact, is our advantage. We can take our cue from international models — borrow what works, discard what doesn't — and craft a framework that is ours, not a copy-paste relic.

For example, the foundational principles ought to be clarity, proportionality and credibility. Without them, there is no trust. And without trust? We have already lost the game.

Take clarity. In the US, the SEC, the CFTC, and the Treasury are locked in a turf war, each staking overlapping claims of jurisdiction. Do we really want to stumble into the same chaos? Would Pakistan create another agency altogether, or simply carve out space for PVARA within the existing tangle?

Then comes proportionality. Regulation cannot be one size fits all; it must weigh scale and risk. The EU's MiCA, for instance, draws a hard line between stablecoins and everything else — extra obligations, thresholds, definitions. Could Pakistan manage the same? Or, more like Switzerland, do we experiment with a sandbox: lighter rules, but still subject to watchful eyes?

Finally, credibility — frankly, the most important of all. Can we build a crypto regime that resists political capture? Switzerland's FINMA offers a glimpse of what that independence might look like, with its consistent classifications for tokens, applied with clarity and without fear or favour. The question is whether Pakistan can do the same — or more importantly, whether we can afford not to.

And interestingly, beyond the economics of crypto, tapping into such a market has opened unexpected diplomatic space for Pakistan.

The army chief met Donald Trump himself. Bilal bin Saqib, CEO of the Pakistan Crypto Council, spoke at an event attended by the US vice president, even crossing paths with Trump's family. This isn't the focus of this article, so I will leave it here. But how often in our history has Pakistan managed to pursue diplomacy on its own terms — neither tethered to Beijing nor wholly captive to Washington?

The question is not whether Pakistan regulates crypto, but whether it does so before the ground shifts beneath its feet.  
(By Ahmed Maudood Ausaf Dawn, 07, 20/09/2025)

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## Poverty trap

THE new World Bank report, [Reclaiming Momentum Towards Prosperity](#), is a sobering reminder that Pakistan's current growth and development model is no longer fit to sustain reduction in poverty and inequality.

The model, which supported initial gains in poverty alleviation before running aground, has already eroded two decades of progress as poverty trends reversed over the past three years. A new development trajectory is needed, one which prioritises inclusive growth, equity and sustained investment in human capital, the WB said.

The bank also called for the overhaul of the present development model at the report's launch in Islamabad recently. "Reforms that expand access to quality services, protect households from shocks and create better jobs — especially for the bottom 40pc — are essential to break cycles of poverty and deliver durable, inclusive growth," it said.

Poverty, which had declined from 64.3pc in 2001-02 to 21.9pc in 2018-19, has been climbing again.

It rose to 24.7pc in 2019-20, dipped briefly to 18.3pc in 2021-22, and then surged to 25.3pc in 2023-24 — a seven percentage point increase in just two years. If confirmed by the Household Integrated Economic Survey 2023-24, currently underway, it would represent a significant reversal.

The WB rightly identifies multiple shocks — Covid-19, inflation, floods, political instability, and macroeconomic stress, resulting in low and volatile growth — as important triggers. But it is equally clear that the deeper problem lies in a consumption-driven growth model, which has failed to deliver resilience, jobs or equitable progress. That "progress in poverty reduction is threatened by structural vulnerabilities" is a warning about the fragility of a system relying too heavily on unsustainable growth patterns.

The report acknowledges that Pakistan's social protection programmes have shielded many families from destitution. But, as it makes clear, this cannot replace transformative reforms to remedy structural imbalances, improve service delivery and build resilience for long-term gains.

As rightly pointed out, education and health spending have hardly closed inequality gaps. Overreliance on indirect taxation continues to depress household incomes, hitting the poor the hardest while sparing the elites.

Structural imbalances — from elite capture and regressive fiscal policies to weak public service delivery and labour market constraints — will keep most Pakistanis trapped in poverty. Abysmal human development indicators make the picture even bleaker. Nearly 40pc of children are stunted. One in four primary school-age children is out of school, and three out of four who attend cannot write or read after five years of education.

Half the population lack safe drinking water; nearly a third lack safe sanitation. Over 85pc of jobs are informal, offering little security or upward mobility. Women and youth remain largely excluded from the workforce. How can a country expect to build a prosperous future on such shaky foundations?

(By Editorial, Dawn, 06, 26/09/2025)

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### Producing poverty

FOR most of the Musharraf dictatorship, the World Bank, IMF and other lynchpins of the international financial architecture celebrated Pakistan's economy. Real estate and stock market booms, the issuing of cheap credit to consumption-hungry middle classes by newly privatised commercial banks, and the opening up of a variety of sectors for mythical foreign investment were all seen as successes of the government's 'reform' agenda.

From 2006 onwards, the gloss started to wear off as booms were replaced by busts, especially after the effects of the global financial crisis started kicking in. On the domestic front, loadshedding became endemic, as the inevitable fallouts of the World Bank-backed independent power producers policy of the mid-1990s reared their head. Meanwhile, the supply of electricity could not keep up with exponential increases in demand as the urban middle classes used cheap credit to buy refrigerators, ACs, washing machines and personal computers.

Twenty years later, the World Bank (WB) is now lamenting the alarming increase of poverty in Pakistan. Its recently released report suggests that millions have fallen below the poverty line in recent years, particularly during and after the pandemic. Conservatively, one quarter of the population is poor, and by some measures, almost half of Pakistan's 250 million people live from hand to mouth.

The report goes on to suggest that there were many gains made in poverty reduction over the past 20 years, but that these have largely been reversed. But the WB stops short of acknowledging that a large part of the dire situation that it is now naming has its roots in the very policy matrices that it championed in the 2000s.

I, for one, cannot get my head around the notion that an acutely class-divided society like Pakistan made 'major gains' in reducing poverty at any stage over the past 20 years. This is in part because many 'experts' play games with numbers, especially those with explicit political agendas like the WB and IMF. In parallel, the bureaucrats in finance, planning and other ministries who prepare economic reports for donors are very adept at fudging numbers.

*Why were such 'major gains' wiped out in such a short period?*

But let us take at face value the WB's claims about 'major gains' in poverty reduction in the 2000s and at least part of the 2010s. Why and how, then, did such 'major gains' get wiped out in such a short period of time from around 2020 onwards?

The WB report notes that a majority of those who ostensibly extricated themselves from poverty shifted from agricultural work into 'low-quality' service sector occupations. In effect, this means that small and landless farmers alongside non-agriculturalists in the farm sector could no longer make ends meet, and thus either invested in some kind of self-employment in the non-farm sector, or moved to small and/or big urban centres to find waged work.

But the WB itself admits that these new income sources were not secure, permanent and certainly not sufficient to absorb a critical mass of a rapidly growing, youthful labour force. Only if a robust and holistic industrialisation strategy had been pursued during the 'glory years' of the 2000s would this structural crisis been ameliorated, if not averted.

A non-negligible percentage of working people who started earning income in what is conventionally called the informal economy may have done well enough to access cheap credit and move up the class ladder as a result. But it is quite clear from the WB's own admission that this bubble of 'growth' was always likely to burst. And burst it most definitely has, even for those white-collar workers who once could boast permanent and secure employment but now find themselves increasingly vulnerable to the logic of 'freelancing'.

The truth is that the neoliberal capitalist binge that Musharraf oversaw was championed by the usual suspects around the globe because it benefited big business and investors at home and abroad. Geopolitical winds in the 2000s were such that the dictatorship was celebrated by Western officialdom as an ally in the 'war on terror'. The neoliberal binge produced lots of profits for already fat cats, including Pakistan's own militarised ruling class, while crowding working people into a precarious service sector, and accelerated the pillage of nature alongside.

Seen thus, poverty and inequality have, in fact, been produced by the very policies that only some years ago were being termed a success. The pandemic, floods, inflation and other factors that, according to the WB, eroded all of the 'major gains' in poverty reduction were simply the immediate triggers that showed the true, anti-people colours of Pakistani capitalism, and its imperialist backers.

(By Aasim Sajjad Akhter Dawn, 07, 26/09/2025)

### Dairy farmers demand Rs50 hike in milk price amid flood losses

Citing widespread damage from recent flooding in Sindh and Punjab, dairy farmers have demanded an immediate increase of Rs50 per litre in milk prices. They warn of protests outside the Chief Minister's House if a new price notification is not issued by October 1.

At a press conference held at the Karachi Press Club on Saturday, dairy industry leaders said that the floods have severely disrupted the supply of animal feed, especially straw and green fodder, which has become unaffordable and in some cases, unavailable.

"There are over one million livestock currently housed in Landhi Cattle Colony," said Vice President Chaudhry Farooq. "Due to flooding in rural areas, essential feed like straw is no longer reaching Karachi, and the cost of available fodder has more than doubled." The association apologised to consumers for the pressure on prices, calling it a consequence of natural disasters. (By Newspaper's Staff Reporter, The Express Tribune, 04, 28/09/2025)

### ADB's concern

It has become impossible to ignore that Pakistan's gravest economic fault lies in its missed tax targets. The Asian Development Bank, in its latest outlook, has kept Pakistan's growth forecast unchanged at 3%, cautioning that weak revenue collection and delays in reforms remain the biggest threats to stability. This stands in stark contrast to the government's own 4.2% projection, which looks more wishful than realistic.

The ADB's warning is neither new nor surprising. The IMF too has voiced doubts over the credibility of the FBR's reform plan. For years, successive governments have pledged to broaden the tax base, only to retreat when confronted by lobbies unwilling to part with their privileges. The result is an inequitable and anaemic system where salaried classes shoulder the heaviest load, while powerful sectors remain untouched. In turn, the state borrows to fill the gaps, perpetuating its cycle of debt and dependence on foreign creditors.

This failure has a direct cost. Circular debt in the power sector alone is expected to rise by another Rs500 billion this year, financed not by efficiency gains but by subsidies and fresh loans. Rather than correcting structural distortions, governments have chosen to kick the can down the road. Meanwhile, climate shocks have reduced farm incomes and dented exports, exposing how fragile the economic base remains. In effect, Pakistan continues to live on borrowed money, borrowed time and borrowed credibility.

The ADB has underlined that investor confidence hinges on credibility and consistency. Without meaningful revenue reform, governance improvements will remain hollow promises. Already, missed targets erode faith among lenders and deter foreign investors, who see only drift and indecision. These missed tax targets are indeed the most glaring evidence of a state unwilling to live within its means and corrective measures are desperately required. (By Editorial, The Express Tribune, 14, 02/10/2025)

### Inflation rebounds to 5.6pc on food price surge

Inflation, measured by the Consumer Price Index (CPI), rose to 5.6 per cent in September, up from 3pc in August, marking a sharp increase driven by rising prices of perishable goods, according to official data released by the Pakistan Bureau of Statistics (PBS) on Wednesday.

The reversal in the inflation trend over the past two months is largely attributed to a sharp rise in the prices of essential food items. The inflation between July and September was recorded at 4.22pc this year, the lowest compared to 9.19pc over the corresponding months of last year. This lower rate is also due to the high base effect of last year.

Despite the month-on-month increase, average annual inflation for FY25 dropped sharply to 4.49pc from 23.41pc in the previous year, aided by a high base effect, declining food prices, and lower transport costs.

Economists describe the current trend as disinflation — a slowdown in the rate of price increases, rather than a general decline as seen in deflation — although the cost of living remains high for many households.

*Finance ministry already cautioned that supply chain disruptions triggered by floods could hike inflation*

Inflation had previously fallen into single digits in August 2024 — at 9.6pc — for the first time in over three years, continuing a declining trend until the recent rebound. The government has projected an inflation target of 7pc for the current fiscal year.

The Ministry of Finance, in its Monthly Economic Update and Outlook for September, has cautioned that supply chain disruptions triggered by ongoing floods could temporarily push inflation higher, despite gains in fiscal and industrial indicators.

It further said that due to ongoing floods in 2025, the agriculture sector is expected to suffer. Flood-related disruptions may exert pressure on food supply chains, leading to an uptick in prices.

Food inflation in September increased by 4.4pc in urban areas and 6pc in rural areas, while non-food inflation reached 6.2pc in urban areas and 5.6pc in rural areas. This indicates that non-food inflation remains very high.

In September, core inflation — excluding volatile food and energy components — stood at 7pc in urban areas and 7.8pc in rural areas.

Urban food items that saw notable month-on-month price increases included tomatoes (65.04pc), wheat (37.58pc), wheat flour (34.43pc), onions (28.48pc), fresh vegetables (9.03pc), wheat products (6.86pc), potatoes (5.72pc), eggs (4.49pc), butter (3.55pc), sugar (2.74pc), rice (2.59pc), gur (1.50pc), pulse gram (1.45pc), besan (0.98pc) and fresh fruits (0.92pc).

Conversely, declines were noted in chicken (5.33pc), pulse mash (1.17pc), beans (0.66pc), gram whole (0.40pc), pulse moong (0.22pc) and cooking oil (0.01pc).

Non-food categories also witnessed significant price hikes, including liquified hydrocarbons (4.54pc), postal services (1.36pc), drugs and medicines (0.96pc), household textiles (0.84pc), marriage hall charges (0.69pc), medical tests (0.68pc), solid fuel (0.62pc), household servant (0.56pc) and construction input items (0.53pc).  
(By Mubarak Zeb Khan Dawn, 09, 02/10/2025)

### Former SBP governor Ishrat Husain calls Islamic banking 'economic necessity'

A book titled *Unconventional — The Bank No One Saw Coming* by Sibtain Naqvi on the success story of Meezan Bank was launched at a local hotel here on Friday evening.

Delivering the keynote address, former State Bank of Pakistan (SBP) governor Dr Ishrat Husain commended the author for spending five years on putting together material for the book.

He said it's an honour and privilege for him to reflect on a journey that not only transformed an institution but has reshaped the contours of Pakistan's financial landscape.

Sharing the lessons that he's learned from the bank, he said he'd divided them into three parts: (a) as a model for the banking industry; (b) as a pioneer in Islamic banking; (c) and leadership and human resource development.

Dr Husain, commenting on the first part, said starting from ground zero in 2002, the bank has risen from one of Pakistan's top financial institutions in a remarkably short span. It has outpaced its competitors, a clear reflection of its exceptional performance.

*Sibtain Naqvi's Unconventional — The Bank No One Saw Coming launched*

He said in the world of corporate leadership, we often see two archetypes: "We encounter those who are brilliant strategists but falter in execution, and those who are operationally sound but lack a clear sense of direction. Rarely do we find a leader who embodies both. Ifan Siddiqui is one such rarity... Professionalism, meritocracy and integrity are the cornerstone of trust in building any institution.

When nepotism and favouritism creep in, they erode this very ethos that sustains excellence."

With respect to the second lesson, Dr Husain said before he joined the SBP, he was intellectually convinced that Islamic banking was not just a religious imperative, it was an economic necessity.

"Conventional banking places the entire burden on the borrower. Islamic banking, by contrast, introduces sharing, equity and fairness.

It is not merely a financial model, it is a moral framework. Islamic banking has the potential to derive financial inclusion, alleviate poverty, support small farmers and invest in human capital... Unlike capitalism which often leads the marginalised behind or socialism which collapses under its own weight, Islamic finance offers a balanced path."

Moving on to the leadership and human resource development aspect, he said let's not forget leadership is not a solo act, it's a symphony. The progress the bank has achieved would not have been possible without the devoted team work of its staff. "What sets them apart is not just competence, it is conviction driven by a sense of mission, not a 9 to 5 mentality. Their commitment to embedding Islamic banking is nothing short of inspirational."

Dr Husain in conclusion said the bank's journey is not just a case study, it is a blueprint of how vision, values and execution can come together to build not just a successful institution but a movement.

Speaking on the occasion, Mr Naqvi, the author, said it was an honour for him to write the history of an institution that has reshaped the financial industry in Pakistan. "I first heard of Meezan as a student at IBA when my finance teacher was discussing interest-free loans. As a student it was completely new. The idea that a bank would lend without charging interest was unfathomable."

He said during the 2008 financial crisis when the financial giants of the world crumbled, Islamic banks came through largely unscathed. "It made me realise that Islamic banking was not just a religious choice but a sound business decision."

He said the bank's rise was inevitable. Traders, shop owners and professionals trusted its name. "Clearly, something extraordinary was happening."

He added Meezan Bank's Irfan Siddiqui's story was inseparable from that of the bank's.

Apart from the speeches, there were two panel discussions lined up for the audience with talks by Irfan Siddiqui and incumbent SBP Governor Jameel Ahmad.

(By Peerzada Salman Dawn, 13, 04/10/2025)

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### Mounting debt pressures

Pakistan's latest debt review offers a sobering reminder of the structural weaknesses that continue to hobble the economy. The Ministry of Finance has reported that the country's total public debt surged by 13% to Rs80.6 trillion in FY25, with the debt-to-GDP ratio climbing to 70% from 68% in the previous year. This rise, despite an ostensible attempt at fiscal consolidation, truly reflects how fragile economic recovery remains when growth lags and deficits persist.

The key driver of this debt spiral is the fiscal deficit, which stood at Rs7.1 trillion, largely financed through domestic borrowing. While the share of external debts in the overall stock declined to 32%, reducing some currency risk, this came at the cost of piling pressure on domestic markets through heavy issuances of Pakistan Investment Bonds and Government Ijarah Sukuk.

Reliance on short-term instruments has diminished, which may ease rollover risks. There are, nonetheless, modest improvements worth noting. Interest expenditure, though still rising, grew at a slower pace as compared to last year's. External dynamics add further complications. Despite inflows from the IMF and multilateral lenders as well as an ADB-guaranteed loan, Pakistan's external debt edged up to \$91.8 billion, with repayment obligations still pressing. Bilateral deposits from "friendly" nations remain rolled over, keeping the economy in a state of dependence.

Pakistan's debt problem is not merely a matter of numbers but of governance and economic structure. Chronic fiscal indiscipline, low tax revenues and sluggish growth ensure that each year begins with higher debt and fewer options. Without broadening the tax base and rationalising expenditure, no amount of debt restructuring or financial engineering will suffice. The debt review should, therefore, be read as a warning as the space to delay genuine reform is fast shrinking, and the cost of inaction will only grow heavier with time.

(By Editorial, The Express Tribune, 14, 06/10/2025)

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### Standoff intensifies as milk sellers threaten to hike rate to Rs300 a litre

The standoff between milk sellers and the Karachi city administration has intensified, with dairy farmers and wholesalers threatening to raise the price of milk to Rs300 per litre from October 11, while the administration has insisted on evaluating milk quality before setting a new price.

The milk retailers' and wholesalers' associations warned that if the administration did not immediately issue a notification regarding new prices, the price of milk would be fixed at Rs300 per litre from Oct 11.

At a recent meeting with representatives of dairy farmers, wholesalers, retailers, consumers and relevant officials, Karachi Commissioner Syed Hassan Naqvi decided that the new price of milk would be determined after checking its quality. He formed a committee comprising representatives of relevant departments and consumers to check the quality of milk being sold across the city.

A notification issued over the weekend stated that Sindh Food Authority Deputy Director Basit Abbasi, Pakistan Standards and Quality Control Authority (PSQCA) Director Dr Tahira Zaheer, Consumer Protection Council President Shakeel Baig, journalist Ghayasuddin and a representative of the All Karachi Milk Retailers Association will be the members of the committee.

The committee has been tasked with collecting 50 milk samples from across the city at the levels of farmers, retailers and wholesalers. All samples will be tested by the PSQCA, and a report will be compiled and submitted within seven days of collection.

The commissioner told *Dawn* that he made it clear that the sale of unhealthy milk would not be tolerated as it was essential to ensure that citizens received quality milk.

He said the Bureau of Supply had presented a report on the production cost and proposed a new farm-gate price of Rs235 per litre.

Officials said that it was decided that a testing laboratory would be established at Lea Market and that milk would only be sold after ensuring its quality.

Speaking to *Dawn*, Dairy and Cattle Farmers Association Chairman Shakir Umar Gujjar said that an important meeting had been held at the commissioner's office last week to determine milk prices.

He said the meeting conducted a cost-of-production exercise, which came to Rs271 per litre (farm price).

Mr Gujjar said that the administration had suggested issuing a notification in line with the cost of production. However, due to unavoidable reasons, the commissioner did not immediately issue the notification and the meeting ended without result.

He warned that if milk prices were not increased by Oct 11, dairy farmers would be forced to set a new rate at their own level, hinting that the per litre retail milk price would reach Rs300.

"Due to the recent rains, the prices of commodities have increased immensely and dairy farmers are facing severe financial difficulties," he added.

(By Tahir Siddiqui Dawn, 13, 06/10/2025)

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### Govt pushes provinces to meet IMF targets

The Centre has urged provincial governments to urgently resolve their backlog of issues related to the International Monetary Fund (IMF) to help ensure the smooth and successful completion of ongoing talks for the second review of the \$7 billion Extended Fund Facility (EFF) by the weekend.

Informed sources told *Dawn* that the Prime Minister Office (PMO) reached out on Sunday night to federal officers posted at the provincial capitals to use their good offices in streamlining the progress on pending matters and upcoming targets in line with commitments to the IMF, not only under the EFF but also the climate-related \$1.4bn Resilience and Sustainability Facility. Similar instructions were also issued to key federal ministries.

The provincial chief secretaries and finance secretaries were directed to submit an update on their implementation status within 24 hours and to provide clear justifications for any unmet targets or delays. Informed sources said the Ministry of Finance had reported to the Prime Minister's Office (PMO) that the governments of the larger provinces were not as forthcoming in cooperating on matters related to IMF commitments.

While the provincial governments — particularly Sindh and Punjab — had missed their targets for providing cash surpluses in line with commitments for the period ending June 30, they have also shown signs of lapses in the current fiscal year. Sindh has already announced a budget with a deficit of around Rs40bn. At the same time, Punjab has expressed discomfort with the stringent conditions, citing concerns over self-respect, even in the context of flood-related assistance.

*Backlogs risk derailing review ahead of crucial weekend deadline*

The PMO has also requested that the provincial bureaucracy share its updated reports with the Ministry of Finance. Informed sources said the IMF had already directed the authorities to put on hold disbursements for development schemes in flood-hit areas until clear need and loss estimates were available. The fund also expects the federal and provincial authorities to remain fiscally prudent.

The IMF has remained firm that flood support would be unacceptable at the cost of cash surpluses committed under the national fiscal pact, one of the key themes of the ongoing programme to ensure primary budget surplus targets. For FY26, Punjab is required to provide Rs740bn cash surplus to the Centre, followed by Rs370bn by Sindh, Rs220bn from KP and Rs185bn from Balochistan.

This comes amid discussions between the IMF and the federal authorities over revisions in macroeconomic indicators to account for flood-related losses. This may involve a downward official revision of the economic growth projection to around 3.5pc from 4.2pc in the budget, and higher than the anticipated inflation, now exceeding 8pc, compared to the budgeted 7pc. That would involve cascading impact on many other sectors, including revenue collection, imports and exports, besides fiscal and current account targets.

Under the national financial pact, the provinces had amended their agricultural income tax regimes to align with federal income tax rules but they appeared unwilling or unprepared, or both, to ensure effective collections by the Sept 30 deadline linked to the end-October structural benchmark.

The provinces were also required to transition the goods and services tax (GST) on services to a negative list, effective FY26, and on moving to a capital-based property tax.

There are several reform measures committed to under the RSF, which involve greater responsibilities for provinces, requiring considerable preparation and homework, although their deadlines have yet to be met. These initiatives pertain to improving water system resilience and disaster response, financing water charges, and enhancing transparency through digitised records, particularly in Sindh and Punjab.

All the provinces had given an undertaking to the IMF that they would not introduce any policy or action that could be considered to undermine or run counter to any of the commitments or policies outlined in Pakistan's sovereign agreement, as outlined in the Memorandum of Economic and Financial Policies.

The Centre had committed that "provinces agree to consult with the IMF through the federal Ministry of Finance before modifying or adopting any measures that could affect or undercut the program specified in the MEFP or which deviates from the goals of the programme".

(By Khaleeq Kiani Dawn, 09, 07/10/2025)

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### Rethinking the 9 to 6: why Karachi deserves flexible work

On a sultry Karachi morning, the clock reads 8:15. A line of Suzuki vans, motorcycles and rickshaws snakes through pothole-ridden roads, horns blaring in frustration. Among the passengers is Saima, a 28-year-old developer who has already spent 45 minutes just reaching Shahrah-e-Faisal. Her office insists she arrive at 9 sharp — "late deduction" looms if she does not. By the time she finally reaches her desk, drenched in sweat and stress, she has little energy left for meaningful work.

This scene plays out across Karachi every day. The idea that a city with crumbling roads, no reliable public transport and ever-present traffic jams can sustain a rigid "9 to 6" work culture is not just outdated, but it is unfair as well. Corporate Pakistan needs to rethink its blind adherence to strict schedules that were imported from Western industrial models but never adapted to our own realities.

### **The illusion of 9 hours' productivity**

In theory, a 9-hour office day should yield solid productivity. In practice, however, it often results in the opposite. Walk into many offices at 9am: desks filled, but workers are scrolling through their phones, gathering for tea or stretching out breakfast into brunch. By 1pm, there's another wave of distraction: extended lunch breaks, group gossip and long cigarette trips. Much of the "work" day dissolves into filler.

Employees are not lazy; they are responding to an environment that prioritises attendance over output. Pakistani corporate culture, particularly in the private sector, measures commitment by how many hours someone sits in a chair, not by what they actually deliver. The result is a culture of "presenteeism" i.e. being physically present but mentally absent.

### **Karachi's unique challenge**

Metropolises with efficient metros and buses can at least rationalise synchronised start times. Karachi cannot. This is a city where commuting even 8 kilometres can take an hour. With no functional public transport, employees spend thousands of rupees on Careem or ride broken minibuses with no safety standards. The daily grind starts not at 9am, but at 7:30, just to reach the office gate to mark the attendance in time.

The irony is stark: managers demand punctuality in a city whose infrastructure makes punctuality nearly impossible. Late-arrival penalties, rather than motivating workers, only deepen resentment. Instead of inspiring discipline, they reinforce the sense that companies value the clock more than their people.

### **What the pandemic taught us**

Covid-19 forced offices worldwide, including in Pakistan, to experiment with remote work. For many industries like IT, finance, design, content and research, productivity did not collapse. In fact, in several cases, it improved. Without wasting time on long commutes or office theatrics, employees focused on tasks. Yet once restrictions lifted, many companies rushed back to the "comfort" of the traditional 9-to-6 model, as though the pandemic's lessons were an inconvenient truth.

It is worth asking if flexible hours and work-from-home proved feasible in a crisis, why should they not be part of normal operations now?

### **Flexibility as a new corporate standard**

Instead of clinging to industrial-era schedules, Karachi's corporate culture can adopt models that prioritise outcomes:

#### **Flexible office timings**

Employees should be able to start between 8 and 11am, depending on personal commute realities. Work completion — not strict arrival — should be the key metric.

#### **Shorter official workdays**

Global research shows the six-hour or four-day workweek often increases productivity. If Pakistani offices cut their day from 9 hours to 6 focused hours, with real accountability, the so-called "wasted" hours of gossip and tea/smoking breaks would shrink naturally.

#### **Work from home, where possible**

Obviously, not every sector can adopt this. Factories, healthcare and logistics demand physical presence. But IT, digital marketing, finance, consulting and education administration can thrive remotely.

#### **No late deduction penalties**

Instead of punishing late arrivals, companies should track deliverables. If deadlines are met and quality maintained, how does it matter if someone logs in at 9:30 instead of 9:00?

### **Beyond comfort: the economics of flexibility**

Some argue that flexible hours are about convenience. In reality, they are about economics. The daily commute extracts a hidden tax on both workers and the city. Employees spend thousands on fuel or ride-hailing; companies pay indirectly through lower morale, higher turnover and burnout. Karachi pays through endless congestion, pollution and lost time.

Flexible work policies reduce this triple burden. They lower operational costs (less office space, electricity), cut emissions and improve employee well-being. They also open the job market to women, parents and people with disabilities who cannot navigate Karachi's chaotic commute but can contribute meaningfully from home.

### **A humane future of work**

Saima, the software developer, does not dream of fewer tasks. She dreams of dignity: the ability to begin work at 10 after dropping her younger brother at school, without being labeled "undisciplined". She dreams of finishing tasks efficiently in six hours and spending her evenings with family, instead of being stuck in traffic.

Work should not be a punishment. It should be purposeful. Karachi, with all its urban dysfunction, cannot afford the luxury of rigid corporate traditions imported wholesale from another era. The question for our companies is simple: will they cling to the myth of productivity by attendance, or will they embrace the reality of productivity through flexibility?

(By Muhammad Ibtisam Mazahir The Express Tribune, 15, 08/10/2025)

## GDP growth rises to 3.04pc in FY25

The country's economy is estimated to have grown by 3.04 per cent in FY25, higher than the 2.68pc reported in May, mainly due to stronger performance in agriculture, industry and services during the fourth quarter, despite a decline in public education and health sectors.

The upward revision in the growth rate also stemmed from a smaller size of the economy — \$407 billion instead of \$411bn — and a lower per capita income of \$1,812 against \$1,824 estimated in May this year on the basis of the first three quarters.

"The updated growth rate of GDP for FY25 is 3.04pc as compared to 2.68pc estimated previously," the National Accounts Committee (NAC) announced on Wednesday. The revised rate covers the entire fiscal year (July 2024–June 2025), unlike the earlier figure based only on the first three quarters. "The economy posted a growth of 5.66pc during Q4 of FY25," it added.

The NAC said the education sector grew by 4.13pc compared to 4.43pc reported earlier, due to a decline in public education. Similarly, human health and social work activities slowed to 3.56pc from 3.71pc, also because of weaker public sector performance.

*Improvement reflects stronger Q4 gains in agriculture, industry and services despite weaker public education and health*

The NAC meeting, presided over by the secretary of planning and development, also revised the FY24 growth estimate to 2.58pc of GDP from 2.51pc announced in May, mainly because of better updated output from Fauji Oil Terminal, National Logistics Corporation and K-Electric.

Updated growth during the first three quarters of FY25 was reported at 1.8pc, 1.94pc and 2.79pc, compared to 1.37pc, 1.53pc and 2.40pc, respectively, approved by the NAC on a provisional basis before the budget for 2025-26.

The updated full-year growth rates for agriculture, industry and services were 1.51pc, 5.26pc and 3pc, compared to earlier estimates of 0.56pc, 4.77pc and 2.91pc, respectively. In agriculture, important crops showed a slight improvement from -13.49pc to -13.12pc, while other crops recorded a significant jump from 4.78pc to 19.55pc due to double-digit growth in green fodder (16pc), vegetables (12pc), fruits (10pc) and tobacco (25.7pc). Livestock growth slowed to 2.94pc from 4.72pc due to higher fodder inputs. Forestry and fishing grew by 2.66pc and 1.40pc, respectively.

These changes were driven by upward revisions in annual benchmarks for agriculture, which improved growth to 1.55pc in Q1 from 0.84pc, to 1.97pc in Q2 from 0.79pc and to 2.36pc in Q3 from 1.18pc. Industry also improved in all three quarters — to 0.32pc in Q1 from -0.91pc, to 0.21pc in Q2 from -0.99pc and to 1.23pc in Q3 from -1.14pc.

The services sector improved slightly to 2.36pc in Q1 from 2.28pc but was revised down to 2.45pc in Q2 from 2.59pc and to 3.45pc in Q3 from 3.99pc.

Growth in the fourth quarter was 5.66pc, supported by all three sectors: agriculture (+0.18pc), industry (+19.95pc) and services (+3.72pc). In agriculture, important crops declined by 17.55pc, but other crops grew by 17.99pc, driven by increases in green fodder (14.2pc), onion (12.6pc) and mangoes (26.4pc). Livestock, forestry and fishing also grew by 1.44pc, 3.6pc and 2.23pc, respectively.

Industry posted a strong recovery in Q4 with 19.95pc growth compared to a contraction of 3.06pc in the same period last year. All sub-sectors contributed positively: mining and quarrying (+1.94pc), large-scale manufacturing (+2.96pc), and particularly electricity, gas and water supply (+121.38pc), driven by higher subsidies, a lower deflator and a low base effect from last year's -31.59pc. Construction also grew by 17.65pc due to higher cement production and increased government infrastructure spending.

The services sector grew by 3.72pc in Q4, with all components showing positive contributions: wholesale and retail trade (+2.08pc), transportation and storage (+4.06pc), information and communication (+3.13pc), finance and insurance (+6.81pc), public administration and social security (+12.87pc), education (+3.71pc), health and social work (+2.51pc) and other private services (+3.03pc).

Industry grew by 5.26pc in FY25 compared to 4.77pc estimated earlier. Mining and quarrying improved from -3.38pc to -2.35pc due to better output in oil (3.5pc), limestone (31.6pc), marble (11.6pc) and exploration costs (26.1pc). Large-scale manufacturing, measured through the Quantum Index of Manufacturing, improved from -1.53pc to -0.69pc due to gains in beverages (1.61pc), tobacco (6.99pc), textiles (2.49pc), wearing apparel (5.7pc), coke and petroleum (5.33pc), pharmaceuticals (2.74pc), automobiles (46.15pc) and transport equipment (36.6pc).

(By Khaleeq Kiani Dawn, 09, 09/10/2025)

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## Economic balance

THE core of the Holy Prophet's (PBUH) movement was the economic and democratic organisation of society, because the fulcrum of the Quranic message is human integration on the principle of Tawhid (monotheism). So, the immediate task before him was to destroy the corrupt socioeconomic structures and build afresh, since social inequalities and economic disparities had sown pernicious divisions among men, and polytheism was the culmination of the same malaise.

The Prophet seemed certain that without achieving socioeconomic equilibrium, monotheism could not take root, as against previous and prevalent monotheistic traditions, the Quranic monotheism was organically linked to socioeconomic justice.

In the Quran, faith that does not compel one to intervene, build and mend is not faith at all (6:158). So, the Prophet persevered to create a just moral order on earth. Central to his moral initiative was human egalitarianism, hinged on socioeconomic equilibrium. However, he knew if economic reform did not precede socio-political and cultural reform, the movement would not take off. He, along with his followers, suffered repeated travails perpetrated by the Makkan oligarchy and soon after gaining political space in Madinah, established the 'Cooperative Commonwealth of Islam', exemplified by the pact of brotherhood, where people competed for virtue and mutual help, not wealth.

Economic reforms are a means to serve higher values, not an end in themselves, whereas the Marxist interpretation of history deems man as essentially an 'economic unit' and progress as 'economic progress', which man's nature and historical journey refute. However, equipped with the faculty of knowledge, man is a thinking machine whose physical fuel is economic factors. Once his economic needs are secured, his personality expands to creative scientific, intellectual, artistic, and moral channels whereby he both realises his own capacities and truly appreciates the meaning of God for the world. Thus, the pact of brotherhood of Madinah catalysed moral energies of the community to build an egalitarian sociopolitical order.

*Zakat covers all costs of the modern welfare state.*

Socioeconomic equilibrium is the foremost concern of the Quran as it augments the creative genius and cumulative performance of society. That is why it has spelt out socioeconomic moral principles, promulgated zakat, and prohibited riba to keep socioeconomic security intact. However, after the collapse of the central Islamic state, other taxes appeared without being integrated into zakat. During the colonial period, zakat disappeared altogether and became private charity.

As of now, to the modernists, huge social change and varying means of production and distribution demand reinterpretation of zakat heads and its rate. To them, as the Prophet's was a 'simple' and 'informal' government with tax collectors arguably the only civil servants, modern civil service expenditure falls in zakat heads. When the Quran mentions expenditure in the path of Allah, it means both jihad, ie, defence and social welfare, ie, health, education, etc. And facilitating travel implies communication expenditure. Thus, zakat covers all the costs of a modern welfare state.

If we replace a secular taxation system with zakat, which in fact is the state's prerogative, inspiration and commitment to contribute would increase. Our Constitution deals with zakat and riba as if both have little to do with positive economic impact. In fact, the Quran's socioeconomic programme can better serve as an alternative to Adam Smith's laissez-faire economy.

Mediaeval literature on riba inspires idealism and draws no lines between usury and interest. Hence equating riba with banking interest is incorrect. Riba is arguably larger in scope and meaning than the orthodox understanding. To Ibn Qayyim, any fiscal malpractice falls within the purview of riba. The Quran began to address riba in the early Makkan period and banned it in the mid-Madani period. Riba is a crime against state and society, yet we deal with it as a private sin.

The treasures of the earth and heavens belong to God, and thereby to society. Man possesses wealth and property as a trust, so God sets limits on their expenditure; in the ultimate sense, private assets are social wealth. The practice of devouring the wealth of others ultimately leads societies to socioeconomic suicide (4:29).

The preamble of our Constitution envisages an egalitarian order. However, zakat and riba are placed in isolated corners. We are standing at the precipice of default and socioeconomic suicide. The panacea lies in an egalitarian economic order since in Islam, the acts of worship of a society which does not bridge the gulf between the 'haves' and 'have-nots' are deemed hypocritical. Are we ready to take the plunge?

(By Ghulam Shabbir Dawn, 07, 10/10/2025)

## Deal with IMF

Pakistan's battered economy heaved a sigh of relief as a staff-level deal with the IMF was struck on the second review of EFF and first review of 28-month RSF. The outcome will see a staggering \$3.3 billion hit the coffers, providing some smooth sailing as exports and production continue to pose concern. While the agreement is subject to approval by the Fund's Executive Board, it is widely hoped that it will come through. The lenders have patted on the back of economic gurus for monetary discipline and for realising their promises in the realms of macroeconomic reforms and keeping inflation under IMF limits.

As the deal was announced, the PSX surged by 2000 points, reflecting renewed confidence among the investors. The to-do list, however, is quite daunting if future tranches from the IMF are to be realised. The foremost challenge include meeting primary budget surplus of 1.6% of GDP, enhancing tax collection, sustaining fiscal discipline, retaining the strength of currency, and ensuring energy sector reforms. Likewise, keeping inflation under the tab and zealously working for climate change reforms under the RSF will keep the manager on toes.

The Fund's delight was to notice that Pakistan has come a long way in browbeating scepticism by implementing reforms and overcoming current account deficit for the first time in 14 years. This, the Washington-based lender believes, has restored market confidence, with sovereign spreads narrowing. The euphoria, however, could be short-lived as an unusual monsoon has played havoc with the agrarian sector, and Pakistan is on the verge of losing at least 10% crop production.

This crunch is coupled with a downslide in exports, especially in textiles, necessitating efforts to enhance revenue collection, broaden burden-sharing between federal and provincial governments, and strengthen public financial management. With the economy forecast to grow below 2.4%, irrespective of a higher target set by the government, there is need to keep an eye on foreign exchange market, support price discovery and cushion external shocks.

(By Editorial, The Express Tribune, 14, 16/01/2025)

## Staff-level agreement with IMF unlocks \$1.2bn

Pakistan and the International Monetary Fund (IMF) have reached a staff-level agreement on the second review of the country's 37-month Extended Fund Facility (EFF) and the first review of the 28-month Resilience and Sustainability Facility (RSF).

The agreement, pending approval by the IMF Executive Board, is set to unlock around \$1.2 billion in financial assistance, comprising \$1bn under the EFF and \$200 million under the RSF, bringing total disbursements under the two arrangements to about \$3.3bn.

The IMF mission, led by Iva Petrova, conducted discussions from Sept 24 to Oct 8 in Karachi, Islamabad and Washington, DC.

At the conclusion of the discussions, Ms Petrova issued the following statement: "The IMF team has reached a staff-level agreement with the Pakistani authorities on the second review of the 37-month Extended Arrangement under the EFF and the first review of the 28-month arrangement under the RSF."

The IMF noted that Pakistan's economic programme, supported by the EFF, is entrenching macroeconomic stability and rebuilding market confidence.

The recovery remains on track, with the FY25 current account recording a surplus — the first in 14 years. The fiscal primary balance has surpassed programme targets, inflation remains contained, external buffers are strengthening and financial conditions have improved as sovereign spreads have narrowed significantly.

However, Pakistan continues to face challenges from recent floods, which affected nearly 7m people, caused over 1,000 deaths and inflicted severe damage on housing, infrastructure and agricultural land. The IMF projects FY26 GDP growth to be 3.25 to 3.5 per cent, reflecting the adverse impact on agriculture and infrastructure.

### Policy priorities

Finance Minister Muhammad Aurangzeb reaffirmed the country's commitment to the IMF-supported programmes, stating that the mission was on the ground for a couple of weeks and "we engaged in very constructive discussions with them on the benchmarks. Follow-up discussions have continued".

Under the agreement, Pakistan remains committed to meeting the FY26 budget primary surplus of 1.6pc of GDP, through sustained efforts to mobilise revenue via tax policy and compliance measures. Authorities have also reallocated provincial and federal budgets to provide urgent flood relief in affected areas.

The Benazir Income Support Programme (BISP) continues to be a central pillar of social protection. Officials plan to enhance its generosity, coverage and administrative capacity, while also scaling up health and education spending at the federal and provincial levels.

Similarly, the State Bank of Pakistan (SBP) remains committed to a prudent, data-dependent monetary policy. Inflation is expected to remain within the target range of 5-7pc, and the SBP stands ready to adjust its policy stance if price pressures intensify or expectations become unanchored.

As for energy sector reforms, authorities continue to work on preventing the accumulation of circular debt through timely tariff adjustments, upgrading transmission systems, privatising inefficient generation companies and transitioning to a competitive electricity market.

Under structural reforms for productivity, Pakistan is advancing reforms to boost productivity, improve governance and enhance the business environment for private sector development. Plans also include reducing government intervention in commodity markets and strengthening international trade through a new national tariff policy.

### Climate resilience, sustainability

The IMF highlighted Pakistan's focus on climate resilience under the RSF. "Policies supported by the RSF and aligned with national commitments are helping to strengthen resilience, including recently implemented reforms to promote green mobility and transport decarbonisation," Ms Petrova said.

Future plans include strengthening the climate information architecture, improving water system resilience, establishing coordinated disaster risk financing and aligning energy sector reforms with national mitigation commitments.

"The IMF team wants to express its sympathy to those affected by the recent floods, and is grateful to the Pakistani authorities, private sector and development partners for many fruitful discussions and their hospitality throughout this mission," Ms Petrova said.

### 'East Asia moment'

Meanwhile, Finance Minister Aurangzeb said the country's recent economic progress and reforms could mark "an East Asia moment" for Pakistan, as the government moves towards liberalising the economy and sustaining macroeconomic stability.

In a media interview following the staff-level agreement, Mr Aurangzeb commended the World Bank Group for supporting Pakistan's reform efforts and reaffirmed the government's commitment to sustaining the implementation of the reforms recommended by the international lenders. These measures, he said, would put the country on a "sustainable, outward-looking growth path."

Speaking to the American news channel CNBC, the finance minister noted that Pakistan's economic performance has been recognised by all three major global rating agencies, which have upgraded the country's outlook in recent months. "This validates Pakistan's improving economic trajectory and reform agenda," he said.

Mr Aurangzeb said the government believes Pakistan can experience an "East Asia moment" — a period of accelerated growth like the economic transformation seen in East Asian economies through liberalisation and export-led policies.

He recalled that Pakistan began implementing a series of tough economic reforms after finding itself on the verge of default in mid-2023. "Our policy of trade and economic liberalisation, together with the ongoing reform momentum, can set Pakistan firmly on a sustainable growth path," he added.

Commenting on the evolving global trade dynamics, the minister said Pakistan's economic focus was shifting away from protectionism. "We cannot continue to shield industries which have received protection for the longest time," he said. "If Pakistan has to grow, it has to have industries which are competitive and can export."

Mr Aurangzeb stressed that macroeconomic stability and structural reforms must advance together, pointing to progress in taxation, energy, privatisation of state-owned enterprises, and public finance management as key pillars of the government's reform strategy.

(By Anwar Iqbal Dawn, 01, 16/10/2025)

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### Prices of petrol, diesel fall; LNG rises

The government on Wednesday marginally reduced the prices of high-speed diesel (HSD) and petrol for the next fortnight.

Separately, the Oil and Gas Regulatory Authority (Ogra) notified a hike of up to two per cent in the price of Regasified Liquefied Natural Gas (RLNG).

In a late-night announcement, the Ministry of Finance said that after reviewing international market trends and on the recommendation of Ogra and relevant ministries, the government had revised fuel prices.

The ex-depot price of HSD was reduced by Rs1.39 per litre (0.5 per cent) to Rs275.41 from Rs276.81. HSD is the main fuel for the transport sector and is considered inflationary as it is widely used in heavy vehicles, trains, and agricultural machinery such as tractors, tube-wells and threshers. It also affects the prices of vegetables and other essential goods. However, transporters rarely pass on the benefit of lower prices to consumers.

The ex-depot price of petrol was decreased by Rs5.66 to Rs263.02 per litre from Rs268.68, showing a reduction of 2.11pc. Petrol is mostly consumed by private vehicles, small cars, motorcycles, and rickshaws, directly impacting the budgets of middle and lower-middle classes.

In a rare move, the government also reduced the prices of kerosene and light diesel oil. The price of kerosene was cut by Rs3.26 per litre (1.76pc) to Rs181.71 from Rs184.97, while light diesel oil was reduced by Rs2.74 per litre (1.65pc) to Rs162.76 from Rs165.59.

The government is currently collecting about Rs99 per litre on both petrol and diesel. Although general sales tax (GST) remains at zero on all petroleum products, the government is charging Rs79.50 per litre on diesel and Rs80.52 on petrol and high-octane products under the petroleum levy and climate support levy. This includes Rs2.50 per litre under the climate support levy.

In addition, around Rs17-18 per litre in customs duty is being collected on both petrol and HSD, regardless of whether they are locally produced or imported. Another Rs17 per litre goes to oil companies and dealers as distribution and sales margins.

Petrol and HSD are the main revenue sources, with monthly sales of around 700,000-800,000 tonnes each, compared to only about 10,000 tonnes of kerosene.

The government collected about Rs1.161 trillion through petroleum levy in FY2025 and expects this to increase by around 27pc to Rs1.470tr during the current fiscal year.

#### LNG price jumps

On top of about a 2.4pc increase last month, Ogra on Wednesday notified a hike of up to 2pc in the price of RLNG for sales at the transmission stage by the two Sui gas companies for the current month.

Karachi-based Sui Southern Gas Company Limited (SSGCL) serves consumers in Sindh and Balochistan and its system losses at distribution stage stand at 10.6pc. On the other hand, Lahore-based SNGPL provides gas to consumers in Punjab and Khyber Pakhtunkhwa and its system losses at distribution stage are reported at 7.47pc.

According to notification, the RLNG's sale price for SNGPL at the transmission stage has been increased by 1.79pc to \$11.44 per million British thermal units (mmBtu) for October against \$11.24 per unit in September.

The sale price at distribution stage for SNGPL has been raised by 2.81pc to \$12.23 per mmBtu for current month against \$12.01 in September.

The RLNG sale price for SSGCL has also been increased at transmission stage by 1.99pc to \$10.08 per mmBtu for October against \$9.86 in September.

The sale price at distribution stage for the company has also been increased by 2pc to \$11.23 per mmBtu for current month from \$11.01 last month.

Ogra said the increase in RLNG price was due to slight increase in delivered ex-ship (DES) price for October.

Ironically, the RLNG distribution prices for SSGCL at \$11.23 per mmBtu and for SNGPL at \$12.23 are almost \$2.72 and \$3.73 higher than the average DES, respectively. This is mainly because of the fact that both the LNG importers — Pakistan State Oil (PSO) and Pakistan LNG Limited (PLL) — and port authorities also charge profit margins on account of retainage and margins at the rate of 3.77pc of DES price on top of 7.4pc losses of SNGPL and 10.6pc losses of SSGCL.

The basket RLNG price was based on a total of eight cargoes for October, all under two LNG contracts between PSO and Qatar Gas at an average of about \$8.3 per mmBtu — five cargoes at \$9.10 and three cargoes at \$6.94 per mmBtu. PLL did not import any cargo this month, as it has been deferring its cargoes for many months owing to demand crash.

(By Khaleeq Kiani Dawn, 01, 16/10/2025)

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### Women bank's sell-off

The privatisation of First Women Bank Limited has come up as the federal government's first success in its protracted efforts to offload the loss-making state-owned enterprises and create some fiscal space to give a push to the national economy. The women bank's disinvestment marks the official transfer of a majority stake in this state institution to UAE government's International Holding Company - in what is the first-ever government-to-government transaction in Pakistan's banking sector.

While it is hoped that the women bank's privatisation will prove to be "the first drop of rain" amid the government's renewed push for disinvestment, there are serious challenges hindering the privatisation process that is pivotal to the pursuit of the policymakers for macroeconomic stabilisation. There is no denying that the government has failed to foster a stable macroeconomic environment to attract foreign investors in the various sectors of the economy. Major obstacles in the context include lack of transparency and accountability; absence of a robust regulatory framework to protect investors and ensure a competitive environment; a dilapidated road network; a near-archaic internet and telecommunication system; political instability; overstaffing; high energy prices; etc.

No wonder our financial czars are struggling to privatise even our flag-ship institution like PIA. There seems to be no takers either for our loss-making power distribution companies that continue to add to our circular debt burden. And many of our 24 state-owned enterprises – that have been put on sale under a revamped privatisation campaign – have been a bitter failure at finding any buyers.

The government's success to stabilise the economy and then push it into the growth phase largely depend upon the disposal of the state enterprises that are nothing else than a growing financial burden. There is need to focus on the irritants and pave way for a smooth privatisation drive.

(By Editorial, The Express Tribune, 14, 20/10/2025)

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### Doha signs protocol to invest \$3bn in Pakistan

Pakistan and Qatar have signed a protocol to formalise commitments across multiple sectors, including a pledge of \$3 billion in investment in Pakistan through the Qatar Investment Authority (QIA) or other designated investment vehicles.

The agreement aims to strengthen economic cooperation and deepen bilateral relations between the two countries.

The three-day Sixth Session of the Pakistan-Qatar Joint Ministerial Commission (JMC) on Economic, Trade and Technical Cooperation concluded on Thursday. The protocol was signed by Commerce Minister Jam Kamal Khan and Qatar's Minister of Commerce and Industry Sheikh Faisal bin Thani bin Faisal Al Thani.

According to an official statement, the protocol commits both sides to implementing the Amir of Qatar's earlier pledge to invest \$3bn in Pakistan. A key focus is strengthening direct engagement between the QIA and Pakistan's Special Investment Facilitation Council (SIFC) to streamline investment processes and create an enabling environment for Qatari investors. The SIFC will serve as the leading platform for facilitating investment in priority sectors.

#### *Deepens cooperation in transport, health, education, culture, solidifies bilateral relations*

In the transport sector, both sides agreed to explore cooperation on public transport systems, including rail, buses, and metro networks, with a focus on adopting green technologies such as electric, autonomous, and hydrogen-fuelled vehicles. Pakistan invited Qatari investors to participate in road infrastructure projects, such as the Kharian-Rawalpindi Motorway (M-13) and the Karachi-Hyderabad Motorway, through public-private partnerships or direct financing.

The delegations also discussed the need for an MoU on land transport and port cooperation. In civil aviation, the two countries agreed to continue collaboration and hold bilateral aeronautical authorities' consultations in the first quarter of 2026 to enhance aviation ties.

Education and health cooperation formed a major part of the talks. The two sides discussed the draft Second Executive Programme for 2025-2028 to promote collaboration in education, higher education and scientific research. They also considered a draft MoU on Technical and Vocational Education and Training between Qatar's Ministry of Education and Pakistan's National Vocational and Technical Training Commission to strengthen technical skills development.

In health, the protocol calls for activating an existing MoU through a joint working committee to implement joint programmes, attract Pakistani medical professionals to Qatar's Hamad Medical Corporation and facilitate the exchange of medical expertise. It also includes exploring mutual recognition of pharmaceuticals and medical devices to improve market access.

Cultural and media cooperation was another area of focus. Both countries agreed to develop a 'Year of Culture' programme featuring collaborations in film, museums and heritage. The protocol also provides for fast-track visa processing and streamlined procedures for cultural and academic exchanges.

Agreements were signed between the Qatar News Agency and the Associated Press of Pakistan to promote news exchange, joint productions and media training. Cultural exchange programmes between Pakistan Broadcasting Corporation and Qatar Radio were also prioritised.

In communications and information technology, both sides agreed to strengthen cooperation in e-government, smart cities, digital economy and digital transformation. Collaboration between Qatar Science and Technology Park and Pakistan's Special Technology Zones Authority will be pursued to support startups and promote innovation.

The protocol also emphasised the deployment of skilled Pakistani workers to meet Qatar's labour market needs. Both sides agreed to expedite a new MoU on labour cooperation, building on the 1987 employment agreement, and to share best practices in workforce management.

In their concluding remarks, both ministers reaffirmed their commitment to expanding trade and investment ties, stressing the importance of leveraging existing relations to promote joint ventures and economic growth.  
(By Mubarak Zeb Khan Dawn, 09, 24/10/2025)

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### Reshaping economic ties

TWO developments augur well for reshaping Pakistan's economic relationship with the world. First, the dismantling of USAID closes a long and painful chapter of dependence and misplaced expectations between Pakistan and America. Even if Washington attempts to revive a similar programme, Pakistan should avoid bilateral aid and its political strings. Second, the finance minister's declaration that Pakistan will not seek international aid for the 2025 floods is a turning point. Together, these two decisions can lay the foundation for a new model of economic engagement — bilateral, regional, and multilateral — based on dignity, self-reliance and mutual respect. Meanwhile, it's assumed the recent Pak-Afghan agreement in Doha will minimise security risks to the economy.

This shift comes at a time when Pakistan's global image has improved after the May 2025 conflict with India. Ties with China, Türkiye and Azerbaijan remain close, and new diplomatic openings have emerged. President Donald Trump's warmth towards Pakistan, the prime minister's inclusion in the ranks of Muslim leaders formulating the Gaza Plan, and development and defence initiatives with Saudi Arabia have enhanced our stature. How can Pakistan build its future economic relations on the foundation recently laid? Should this moment be seen yet again as a transient geopolitical opportunity to extract rents and sustain the economy through windfalls? Will we continue dispatching PMs and army chiefs abroad to solicit deposits from 'friendly' states, to bolster our reserves or avert default? Are we condemned to sacrifice economic sovereignty through repeated IMF programmes that offer temporary stability but leave the economy without job-creating growth?

The current convergence of favourable external circumstances provides a rare window to chart a new course. A benign geopolitical environment, coupled with renewed international respect, should compel us to rethink our economic strategy decisively, abandoning forever the path of dependence, rent-extraction and perpetual crisis management. The goal of Pakistan's external economic engagement should be the creation of a coherent and durable framework that frees the country from dependence on IMF programmes and annual rollovers from Saudi Arabia, China and the UAE. The new framework must prioritise the generation of non-debt-creating foreign exchange and mobilisation of domestic resources by raising the gross domestic savings rate and attaining debt sustainability, with remaining financing needs met through international capital markets.

A sustainable external position begins with a competitive export sector. Immediate reforms should focus on easing constraints on exports and industrial growth through a transparent, predictable export facilitation scheme, rationalisation of excessive taxation, restoration of export financing and realistic energy pricing — steps that must be implemented consistently and in genuine consultation with exporters. Frequent reversal of policies and bureaucratic unpredictability have undermined business confidence.

The second pillar is attracting FDI from countries with abundant capital and a strategic interest in Pakistan — China, Saudi Arabia, the UAE and Qatar, whose sovereign wealth funds seek higher global returns. Pakistan can position itself as a promising destination if it ensures i) security of investors, their personnel, and property; ii) non-interference by government agencies; and iii) freedom to repatriate profits, dividends and interest payments. During the early 2000s, FDI peaked at \$5 billion to \$6bn under an investment-friendly regime, underscoring what can be achieved through coherent policy and investor confidence. However, FDI must be export-oriented, medium-technology-intensive and employment-generating. Domestic investors should also be treated with parity and respect.

Third, demographic trends in advanced economies — especially Japan, South Korea, Germany, and Western Europe — offer significant opportunities. Aging populations and labour shortages are driving these countries to gradually open their markets to skilled foreign workers, despite populist opposition. Pakistan should negotiate country-specific manpower export agreements aligned with each nation's demographic and skill needs. It must identify the required technical, linguistic and social skills, and create targeted training programmes at home. Vocational institutes should work closely with host-country employers to ensure certification and employability. Managed migration of skilled workers can relieve domestic unemployment pressures and create sustained foreign exchange inflows through remittances.

*We have an unprecedented opportunity to redefine our external economic relationships.*

Fourth, Pakistan should actively seek scholarships from the US, UK, Canada, Australia, Germany and China for advanced studies in STEM disciplines. In return, it should bring foreign faculty to universities here to assist in curriculum design, modern pedagogy, assessment reform industry linkages and commercialisation of research. Universities must be freed from excessive bureaucratic control and granted autonomy with accountability within a reformed governance structure to become globally competitive.

Fifth, partnerships with China, Türkiye and Azerbaijan offer a promising frontier — transferring dual-use technologies from the defence sector to civilian industries. Our defence institutions and research organisations have significant technical expertise to be applied in manufacturing, electronics, precision engineering and materials science. Private sector participation should be encouraged.

Sixth, Pakistan's links with multilateral institutions must evolve. The World Bank's 10-Year Partnership Strategy for Pakistan has shifted its focus towards project lending in education, health, nutrition, water, technology, and infrastructure — true engines of long-term growth. This approach should replace past reliance on budgetary and balance-of-payments support, which fostered complacency and discouraged domestic resource mobilisation. Other multilateral partners must be encouraged to align their programmes with this development-oriented model. International cooperation must serve as a catalyst for capacity building, not a crutch for short-term financing. If applied with discipline, these measures can provide instruments for reshaping our economic ties based on productivity, partnership and self-reliance. The following framework illustrates potential areas of cooperation:

The US: Investment and joint ventures in mid- and high-technology industries; venture capital and private equity for startups; scholarships and faculty exchange. China, Türkiye, Azerbaijan: application of defence technologies to civilian industries; accelerated implementation of CPEC II. Japan, Korea, Germany: country-specific manpower export agreements. Saudi Arabia and GCC: sovereign wealth fund investment in projects such as Petrochemical complex and infrastructure.

The closure of the aid-dependent chapter and a more favourable geopolitical climate present an unprecedented opportunity to redefine our external economic relations. The path forward lies in building competitiveness, attracting investment and leveraging innovation to transition from a crisis-prone, aid-dependent state to a self-confident, productive economy integrated with the global system on an equal footing.

(By Ishrat Husain Dawn, 06, 25/10/2025)

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### Interest rate frozen amid inflation risks

The State Bank of Pakistan (SBP) on Monday left its policy rate unchanged at 11 per cent for the fourth consecutive monetary review, a decision widely anticipated by market participants and analysts amid persistent inflationary pressures and global economic uncertainties.

In its monetary policy statement, the central bank said the decision was taken to maintain price stability as headline inflation, measured by the Consumer Price Index (CPI), rose to 5.6 per cent in September from 3pc in August. Meanwhile, core inflation, which excludes volatile food and energy prices, remained steady at 7.3pc, reflecting persistent underlying pressures.

The policy rate has remained unchanged since May despite a significant gap between interest rates and inflation. While trade and industry have continued to call for lower borrowing costs to stimulate growth, independent economists have also advocated a gradual cut to support the recovery. "Considering robust growth in high-frequency indicators, uncertainties from volatile global commodity prices and potential domestic food supply frictions, the decision was deemed appropriate to sustain price stability," the Monetary Policy Committee (MPC) said.

The MPC noted that the September rise in inflation reflected higher food and energy prices, as well as sticky core inflation. However, it added that the recent surge in food prices appeared milder than anticipated due to slower price increases in major items such as wheat, sugar, and perishables.

#### *SBP's Monetary Policy Committee opts for caution to preserve price stability*

Inflation is expected to exceed the upper bound of the 5-7pc target range for several months in the second half of FY26 before returning to the range in FY27. The committee warned that the outlook remained vulnerable to global commodity volatility, domestic energy price adjustments, and uncertainty over key food items.

The MPC considered the real policy rate adequately positive to keep inflation within target over the medium term. It also revised the growth outlook upward, projecting real GDP growth in the upper half of the earlier forecast range of 3.25-4.25pc.

The SBP said major Kharif crops performed better than expected, while improved input conditions and post-flood recovery would support Rabi yields. Large-scale manufacturing (LSM) grew by 4.4pc in July-August FY26, compared to a slight contraction a year earlier. Sales of automobiles, cement, fertiliser and petroleum products, along with stronger private-sector credit demand and positive business sentiment, have improved the industrial outlook, the bank said.

External sector performance also showed improvement, with the current account posting a \$110 million surplus in September, reducing the first-quarter deficit to \$594m, broadly in line with expectations. Exports grew moderately while imports rose faster, widening the trade gap, though workers' remittances remained resilient.

The current account deficit is expected to stay within 0-1pc of GDP in FY26, supported by planned external inflows. The SBP projected foreign exchange reserves to reach \$15.5bn by December 2025 and \$17.8bn by June 2026.

On the fiscal front, both overall and primary balances were expected to post surpluses in Q1FY26. The Federal Board of Revenue (FBR) collected Rs2.9 trillion, up 12.5pc year-on-year, but still Rs198bn below target.

It noted contained budgetary borrowing and a slowdown in credit to non-bank financial institutions, which created space for the private sector. Private-sector credit expanded 17pc, supported by recovering demand and improved financial conditions.  
(By Shahid Iqbal Dawn, 09, 28/10/2025)

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### World Bank's assessment

Fall in poverty but no rise in standard of living! Doesn't that sound paradoxical? This assessment from World Bank on Pakistan's socio-economic situation is indeed confusing. Let's have a look at this assessment — contained in the Bank's flagship annual report 'Pakistan Development Update' released on Tuesday — with all its details.

The international lender claims that Pakistan's poverty rate has decreased to 22.2 per cent and is expected to drop further to pre-COVID levels this year, while simultaneously noting that the country's current economic growth rate is insufficient to reduce poverty and improve living standards. What resolves this paradox is the Bank's admission that the poverty reduction assessment is based on a simulation exercise, specifically on consumption data from 2019. While this underscores the emergent need for latest credible data, let's leave it here and move on to the Bank's forecast on the growth rate.

As the World Bank sees it, Pakistan's GDP growth rate is projected at around 3% for the current fiscal year, which is very low for a developing country. The low growth projection, according to the Bank, is directly attributed to catastrophic floods, which in the past have submerged farmland, destroyed infrastructure and shattered livelihoods, and will likely occur at regular intervals for many years to come.

To navigate these turbulent waters and reach any level of prosperity, the country must build an economy that is not only productive but also resilient enough to withstand the next inevitable shock. Progress requires the government to redouble its commitment to its reform agenda, including its tax and tariff policies, privatisation of non-performing state-owned enterprises, and investment in climate-resilient infrastructure.

The government also has to stop depending on remittances to carry the economy, because remittances are at best a lifeline, but at worst, a crutch that keeps the country from realising its true potential by depriving it of skilled workers. The policymakers need to take steps to break the cycle of rebuilding after every disaster.  
(By Editorial, The Express Tribune, 14, 30/10/2025)

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### Inflation jumps to 6.24pc in October

Food items and energy spiked the inflation, measured by Consumer Price Index (CPI), to 6.24 per cent in October against 5.6pc in September, the Pakistan Bureau of Statistics (PBS) reported on Monday.

As a result, average inflation (CPI) in the first four months (July-October) of FY26 also moved up to 4.73pc when compared to the same period of last fiscal year. A month-on-month increase in CPI was reported at 1.83pc in October over September. Rural areas suffered the most due to rising prices as rural CPI was reported to have increased by 2.26pc in October while their urban compatriots faced 1.54pc increase in inflation.

The PBS said the 6.24pc increase for October was caused by an across-the-board rise in prices, except recreation and culture, which dropped by 3.7pc.

On the other hand, national prices of food and beverages (non-alcoholic) increased by 5.6pc, clothing and footwear by 8.07pc, housing, water, fuels and energy by 4.24pc, health 9.7pc, transport 6.7pc, education 10.6pc and other goods and services by 18.2pc.

Major food items that impacted the household expenses included 127pc increase in the prices of tomatoes, sugar (345pc), butter (30pc), wheat (23pc), honey (18pc), wheat flour (15.7pc), vegetable ghee (12.50pc) and pulse moong (12pc). The prices of non-food items which went up included gas charges (23pc), electrical appliances for personal use (13.59pc), footwear (12.67pc), newspapers (11.93pc), woollen ready-made garments (11.66pc), transport services (11pc), solid fuel (10.63pc) and education (10.41pc).

On the other hand, the prices of onions were down in October over October of last year by 33.82pc, chicken (29.08pc), pulse gram (27.28pc), besan (22.27pc), pulse mash (21.80pc), tea (17.75pc), gram whole (17.49pc), potatoes (17.12pc), pulse masoor (5.41pc), beans (4.88pc) and fresh vegetables (2.13pc). Also, the electricity rates were down 15.59pc in October when compared to the same month last year followed by textbooks (10.61pc) and liquefied hydrocarbons (1.72pc).

Major food items driving the price index in October over September included tomatoes (58.64pc), onions (18.71pc), fresh vegetables (12.22pc), wheat (10.51pc), wheat flour (5.49pc), eggs (4.22pc), fish (3.83pc), wheat products (2.61pc), fresh fruits (2.44pc), butter (2.21pc), vegetable ghee (1.91pc) and cooking oil (1.02pc). These kitchen items are major part of the household budgets. Food items have almost 35pc share in overall national price index.

On top of this, some non-food items contributing to the monthly price hike included electricity charges which went up by 8.78pc, postal services (6.1pc), transport services (2.93pc), house rent (1.46pc), dental services (1.19pc) and tailoring (1.14pc).

On the other hand, the key kitchen items whose prices eased in October compared to September included chicken (21.52pc), potatoes (2.36pc), beans (1.93pc), Besan (1.81pc), pulse gram (1.74pc), gram whole (0.78pc) and pulse masoor and moog down by 0.32pc and 0.20pc, respectively.

### **Floods, border tensions fuel prices**

According to *Reuters*, the government last week forecast inflation in the 5 to 6 per cent range for October, noting that flood-related supply pressures and border closures with Afghanistan had pushed up prices of some essential goods. Floods in August swamped farmland and industrial hubs in Punjab, killing more than 1,000 people, displacing 2.5 million and damaging crops and factories, tightening food supplies across the country. The pressure was compounded by border clashes with Afghanistan that shut major crossings used for food and fuel trade. The two countries later agreed to extend a ceasefire, but crossings remained restricted after October 11, disrupting commerce and deepening shortages in Pakistan's northwestern regions.

The central bank said the overall economic outlook had improved, with better-than-expected crop yields, stronger industrial activity and a rebound in high-frequency indicators, though risks from global commodity volatility and domestic energy prices remain.

A private survey, meanwhile, showed manufacturing activity contracted for a second straight month in October, though the pace of decline slowed.

The HBL Pakistan Manufacturing PMI rose to 49.6 from 48.0 in September, with firms citing weak demand, higher taxes and power outages as key drags, even as business confidence remained cautiously optimistic. A reading below 50 indicates a contraction.

(By Khaleeq Kiani Dawn, 09, 04/11/2025)

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### **Govt to release key report ahead of IMF board meeting**

The government has given an undertaking to the International Monetary Fund (IMF) that it will publish the much-delayed Governance and Corruption Diagnostic (GCD) Assessment Report before the Fund's upcoming executive board meeting that will consider a \$1.2 billion disbursement for Pakistan.

Under the \$7bn Extended Fund Facility (EFF), publication of the IMF-prepared GCD report and a subsequent action plan to address governance weaknesses across federal and provincial tiers is a key structural benchmark.

The deadline, initially end-July and then reset to end-August and end-October 2025, remains unmet owing mainly to technical and factual disagreements between Pakistani authorities and the IMF team.

"We have reaffirmed the structural benchmark and, with mutual understanding with the IMF, have committed to publish the report before the [IMF executive] board meeting" later this month or early next month, an official said.

#### *Governance and Corruption Diagnostic Assessment is a structural benchmark under \$7bn bailout package*

He said it was a very comprehensive exercise conducted by the technical and legal teams of the IMF in consultation with other global organisations like the Organisation for Economic Co-operation and Development (OECD) and the Financial Action Task Force (FATF).

Drafts were exchanged repeatedly with Pakistani counterparts — including anti-corruption bodies, the superior judiciary, investigation agencies and the finance and law ministries — to secure "the best outcome" from international expertise covering more than 100 rules, the official added.

He said there had been serious disagreements on the interpretation of rules in the local and internal context, "for the best advice and implementation plan". The official claimed the disagreement phase was now over and a final draft had been shared with IMF headquarters in Washington for a final review before publication.

The two sides are believed to have discussed reducing the time gap between the publication of the GCD Assessment Report and a resultant governance action plan based on its recommendations for reform measures to address critical governance vulnerabilities.

Earlier, the GCD report was set for publication in July and the action plan rollout was scheduled for a gap of three months by the end of October. The latter may now be rolled out before December to become subject for the next biannual review.

There are compliance gaps around asset declarations by public servants. While the overarching civil servants' law has been amended to mandate electronic filing by Grade-17 and above officials, including beneficially owned assets and those of family members, for access by relevant institutions, tax authorities and banks, implementation remains uneven.

An IMF scoping mission had visited Pakistan early this year and held meetings at the Supreme Court, the Law and Justice Division, the Auditor General for Pakistan, parliamentarians, the National Accountability Bureau, the Federal Board of Revenue (FBR) and the State Bank of Pakistan.

It produced a comprehensive report identifying gaps and weaknesses in public finance management, FBR's tax system, and the Accountant General Pakistan Revenues' efforts to identify loopholes.

Under the existing governance mechanism, the majority of government officers have not been disclosing assets of their own and those of other family members to the tax authorities or the Establishment Division, and there was an insufficient institutional mechanism for accountability.

On top of that, many institutions, including regulatory bodies, have exemptions from such requirements of scrutiny and disclosures. No wonder there have been widespread reports of corruption and corrupt practices across the bureaucratic and political landscape, and Pakistan has been ranking high on the various international corruption perception indexes.

The IMF has been pressing for data-based red flags, due diligence, safeguard mechanisms and guidelines against corruption and misuse of public offices, resulting in sub-optimal decision-making and compromising the country's business and growth potential. The Paris-based FATF had also identified a series of weaknesses and made recommendations for course correction.

Pakistan and the IMF reached a staff-level agreement on the second review of \$7bn bailout package and the first review of \$1.4bn Resilience and Sustainability Fund (RSF) on Oct 14.

Under the agreement, Pakistan will get \$1bn disbursement under the EFF and \$200m under RSF upon approval of the IMF executive board. The board meeting has not been announced yet, but authorities suggest this would be convened any time after Nov 15.

(By Khaleeq Kiani Dawn, 01, 05/11/2025)

### Minister warns of climate threats to economy

Finance Minister Muhammad Aurangzeb on Thursday issued a stark warning about the country's future, urging swift mobilization of climate finance to confront what he described as "existential threats to national survival" posed by climate change and rapid population growth.

Speaking at a high-level plenary titled "Mobilising Finance for a Circular, Climate-Resilient South Asia" — held during the third day of the Sustainable Development Conference organised by the Sustainable Development Policy Institute (SDPI) — the minister said Pakistan must swiftly adapt its fiscal and regulatory systems to attract sustainable investment.

"Climate finance is now a global imperative," Mr Aurangzeb said. "With global GDP on the rise, Pakistan is pursuing structural reforms to stabilise the economy and strengthen investor confidence."

He noted that a stronger role for the private sector and innovative financial tools could accelerate the country's green transition. "The growing participation of the private sector is encouraging," he said, adding that digital platforms and fintech could become key enablers of climate-related innovation.

*Aurangzeb calls for digital, private capital to drive green transition*

The minister announced that Pakistan had established the Virtual Asset Regulatory Authority (VARA) through an ordinance to oversee crypto and digital assets, while a Pakistan Crypto Council had been set up to guide responsible ecosystem development. Formal legislation would soon follow, he said, viewing digital finance as a catalyst for climate-linked investment and innovation.

Mr Aurangzeb highlighted several recent financing commitments, including a \$1.3 billion climate financing arrangement with the IMF, a \$500 million pledge from the Asian Development Bank (ADB), and the World Bank's 10-year Country Partnership Framework expected to channel \$2 billion annually. He also revealed plans to issue Panda Bonds in the Chinese capital market.

#### Financing the transition

SDPI Executive Director Dr Abid Qaiyum Suleri reminded participants that "financing is the backbone of all climate action". He noted that while developed countries had promised \$1 trillion under the Paris Agreement, only \$300bn — mostly blended finance — was pledged.

He posed key questions: "Can the public sector absolve itself of responsibility? How much can the private sector contribute? And will blended finance really work in Pakistan?"

Chairman of the Pakistan Banking Association and CEO of Bank of Punjab, Zafar Masud, proposed establishing a Regional Climate Bank to coordinate and manage South Asia's climate finance. He argued that the region faces shared environmental challenges and called for climate financing to be embedded under the 27th Constitutional Amendment for long-term policy continuity.

Additional Secretary and Head of Climate Finance at the Ministry of Climate Change, Zulfiqar Younas, underscored the importance of circularity for resource-scarce economies like Pakistan. "We cannot afford wastage," he said, calling for regional collaboration to promote circular and climate-resilient development.

Chief Environmental Economist at UNEP, Dr Pushpam Kumar, said South Asian and African economies must leverage blended finance to stretch limited public funds. He urged for credible carbon pricing and "policy coherence" to create an enabling regulatory framework.

He also advocated for a shift beyond GDP as the sole measure of progress, suggesting that countries track inclusive wealth — the total of natural, human, and produced capital. "We must measure how much wealth we are gaining or losing each year," he stressed.

**\$10bn pharma exports**

Separately, Mr Aurangzeb said the government is targeting \$3 billion in pharma exports within the next three years and \$10bn over the following five.

The plan was discussed during a meeting with the Pakistan Pharmaceutical Manufacturers' Association (PPMA).

According to an official statement, the talks focused on boosting exports, ongoing reforms, and positioning Pakistan as a key player in the global pharmaceutical industry.

The PPMA delegation reported that pharmaceutical exports have surged by a record 34 per cent year-on-year — the highest increase on record — underscoring the sector's resilience and innovation despite persistent economic challenges

(By Mubarak Zeb Khan Dawn, 09, 07/11/2025)

**The circular debt enigma**

The relentless rise of power sector circular debt to nearly Rs1.7 trillion in the first quarter of the current fiscal year is a glaring alarm that stopgap financial measures are failing to cure the sector's diseased core. The Rs79 billion surge from July to September this year reflects the persistent drain that circular debt places on the national economy, demanding urgent and substantial reforms beyond short-term debt shuffling.

The Power Division attributes the recent increase to familiar demons, namely inefficiencies in power distribution companies (discos) and seasonal factors affecting bill collection. A deeper look at recent government reports and data reveals that without Rs198 billion in additional subsidies and prior-year recoveries, the debt would have ballooned by an additional Rs276 billion, driven by interest costs, pending generation expenses and widespread non-recovery of bills. The problem is further compounded by Rs229 billion in receivables from K-Electric.

A major headache for the government has been its inability to address factors that keep adding to the debt. In late September, the government signed a Rs1.225 trillion financing deal with a consortium of 18 commercial banks to permanently retire a portion of the legacy debt, using surcharges already on people's power bills. However, while the government may claim that it is thus erasing debt without increasing bills, this is only true within a narrow definition, because bill-paying citizens are already paying more than they should in the form of various line-loss and debt-related tariffs and surcharges.

Meanwhile, new debt continues to be added because the government still can't address line losses or inefficiencies in the management of discos, or sweetheart contracts handed out to many power producers.

A permanent solution for the debt requires more competition in the electricity marketplace and offloading discos to private parties, while ensuring effective regulation. Unfortunately, this remains wishful thinking.

(By Editorial, The Express Tribune, 14, 08/11/2025)

**Pakistan may get \$1.2bn from IMF on Dec 9**

The International Monetary Fund (IMF) has scheduled a meeting of its executive board on Dec 8 to approve immediate disbursement of \$1.2 billion to Pakistan under two concurrent programmes.

Pakistan and the IMF reached a Staff-Level Agreement (SLA) on the second review of the \$7bn Extended Fund Facility (EFF) and the first review of the \$1.4bn Resilience and Sustainability Fund (RSF) on Oct 14. Under the SLA, Pakistan will receive \$1bn in disbursements under the EFF and \$200m under the RSF. The \$1.2bn disbursement is expected to land in Pakistan's account on Dec 9, bringing total disbursements under the two arrangements to about \$3.3bn.

The executive board would hold two separate meetings on Dec 8 to approve SLAs with Pakistan and Somalia, according to the IMF's executive board calendar.

Before the board meeting, Pakistan is expected to publish much-delayed Governance & Corruption Diagnostic (GCD) Assessment Report prepared by a technical mission of the IMF, which is one of the key structural benchmarks (SB) under the EFF.

*Islamabad to publish governance and corruption report before executive board meets next month*

The benchmark deadline was end-July, which was later reset to end-August, and then again to end-October, but remains unmet so far, owing mainly to technical and factual disagreements between the Pakistan authorities and the IMF's expert team. Having addressed those points, Pakistan had assured the fund that it would publish the report before the board meeting, an official said, adding that it was a very comprehensive exercise conducted by the technical and legal teams of the IMF in consultation with other global organisations like the OECD and FATF.

The official said there had been a series of back-and-forth exchanges of draft papers and discussions with various Pakistani authorities, including the anti-corruption watchdogs, the superior judiciary, and investigation agencies, as well as the ministries of finance and law, to ensure the "best outcome" of the international expertise, which covers more than 100 rules.

The two sides are believed to have discussed reducing the time lag between the publication of the GCD Assessment Report and the resultant governance action plan based on its recommendations for reform measures to address critical governance vulnerabilities.

An IMF scoping mission had visited Pakistan early this year and had meetings at the Supreme Court of Pakistan, Law and Justice Division, Auditor General of Pakistan, parliamentarians, national accountability bureau, Federal Board of Revenue (FBR) and the State Bank of Pakistan and produced a comprehensive report identifying gaps and weaknesses in public finance management, tax system, and AGPR's efforts to identify loopholes.

Under the existing governance mechanism, the majority of government officers have not been disclosing the assets of themselves and their family members to the tax authorities or the Establishment Division, and there was an insufficient institutional mechanism for accountability. On top of that, many institutions, including regulatory bodies, enjoyed exemptions from such scrutiny and disclosure requirements. No wonder there have been widespread reports of corruption across the bureaucratic and political landscape, and Pakistan has ranked high on various international corruption perception indexes.

The IMF has been pressing for data-based red flags, due diligence, safeguard mechanisms, and guidelines against corruption and misuse of public offices, which have resulted in sub-optimal decision-making and compromised the country's business and growth potential. The Paris-based Financial Action Task Force (FATF) had also identified a series of weaknesses and made recommendations to address them.

The fund had acknowledged Pakistan's performance on financial and macroeconomic sectors under the EFF, entrenching macroeconomic stability and rebuilding market confidence. "The recovery remains on track, with the FY25 current account recording a surplus — the first in 14 years, the fiscal primary balance surpassing the programme target, inflation remaining contained, external buffers strengthening, and financial conditions improving as sovereign spreads have narrowed significantly", the IMF had announced on reaching SLA.

It had, however, highlighted that flood-related losses that affected nearly 7 million people, caused over 1,000 deaths, and severely damaged housing, public infrastructure, and agricultural land weighed on the outlook, particularly of the agriculture sector, bringing down the projected FY26 GDP to about 3.25-3.5pc. "The floods underscore Pakistan's high vulnerability to natural disasters and substantial climate-related risks, and the continuing need to build climate resilience", it said, adding the authorities' commitments under EFF and RSF were strong to maintain sound and prudent macroeconomic policies while advancing ongoing structural reforms.

(By Khaleeq Kiani Dawn, 09, 13/11/2025)

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## Why investors fear Pakistan

INVESTMENT in Pakistan, specifically foreign investment, aptly reflects the phrase 'so near yet so far' — ceremonial signings of MoUs galore, yet there is not much to rejoice over when one looks at the real investment numbers. An implication of this is that Pakistan has one of the world's lowest investment-to-GDP ratios, even within the South Asian region, with repercussions for the entire economy.

In hindsight, this predicament is a tad surprising given certain attributes like Pakistan being a market of 250 million (and increasing) people. Yet we find that even local investors prefer destinations like Dubai. How does one unravel this puzzle?

Let's turn to John Maynard Keynes — perhaps the most well-known figure in 20th-century economics. In chapter 22 of his magnum opus *The General Theory of Employment, Interest and Money (1936)*, he states: "But I suggest that the essential character of the trade cycle ... is mainly due to the way in which the marginal efficiency of capital fluctuates. ... [T]he marginal efficiency of capital depends, not only on the existing abundance or scarcity of capital-goods and the current cost of production of capital-goods, but also on current expectations as to the future yield of capital-goods. ... But, as we have seen, the basis for such expectations is very precarious."

Keynes introduces the reader to three important attributes of investment which give rise to fluctuations (sometimes sudden and violent) in economic activity — the investor is interested in what his/ her invested capital is bringing forth ('marginal efficiency'), investment is affected by relative abundance or scarcity of capital (capital is just not credit, something Pakistan's sets have historically been fixated on in their clamour for subsidised credit), and most importantly, the 'precarious' basis of their expectations.

*Without a system that addresses the causes of uncertainty, there will be little investment.*

From a public policy and economic growth point of view, the most important question, then, is how to make the overall business environment less precarious? The other way of asking this is — what can a government do to induce a certain modicum of certainty? It is an important question to dwell on because the direction of causality usually runs from this attribute to the other two, ie, less risk leads to higher investment, higher capital formation and higher capital efficiency.

### So how risky is Pakistan?

We begin with two recent instances. The first one relates to a person who bought about 137 kanals of land in the early 2000s to build his farmhouse. For some time, he was reportedly under pressure to sell his farmhouse but kept refusing. A few months ago, on returning from a short trip abroad, he was astonished to find that his property had been occupied by strangers, who claimed that it had been legally sold to them by him, with sale deeds containing his signature.

The second instance is also a recent one. A journalist on YouTube, who is often critical of the security state, found his bank account frozen like hundreds of others. But here is the astounding part. The journalist in question apparently has a penchant for

parrots. One fine day, the poor chap who sold him parrots, and who had nothing to do with the journalist's views or politics, found that his bank account has been frozen too.

In the first instance, the fraudulent property confiscation did not take place in some remote part of Pakistan. It happened in Islamabad, the capital of a nuclear-armed country and on which trillions are spent to govern hardly 906 square kilometres of land. A committee was formed by the highest administrative authority as news of this daylight robbery spread. Yet there were concerns when a member did not find anything wrong in the transaction. If property rights, one of the main tenets of economic growth and investment, cannot be protected even in the capital, what of the rest of the country?

In the second instance, the unmistakable feeling that an observer gets is that the country is being run by some sadistic, petty and insecure minds. When a person opens a bank account, it is not just a vault where his earnings rest; rather, it's an agreement based on trust that his earnings are secure from arbitrary confiscations and theft, guaranteed by the state. The message in this instance is that nothing is secure; the government can breach the trust anytime it wants under a flimsy pretext. It does not respect any rights or agreements and can confiscate a person's earnings whenever it deems fit.

These two instances are basically a microcosm of what has been happening in Pakistan for decades. Take the issue of property rights. A major portion of the millions of pending cases in courts across the country relate to disputes over property because there really is no mechanism for ensuring its sanctity. That these remain pending in courts for long also reflects the poor quality of the justice system, something that investors around the globe value.

When combined with other factors, such as the security situation, the quality of service provision and infrastructure, frequent political turbulence, excessive regulations, etc, and while keeping Keynes' quote in perspective, one cannot but conclude that in aggregate, Pakistan is a highly risky country where it is precarious to form expectations of a future that would make life easy for investors. Turmoil is frequent, and continuity missing.

We can dangle the \$6 trillion mineral riches or showcase samples in a suitcase, and hold a ton more of 'road shows', but without a system that addresses the issues giving rise to aggregate uncertainty, there would be no considerable investment in Pakistan (especially long-term investment). When major investments like Karkey and Reko Diq land in arbitration courts, everyone takes note.

Investors will always be wary of the long haul in such circumstances and prefer less risky options such as buying our debt in domestic and global financial markets. Simply put, prioritise substance over form.  
(By Shahid Mehmood Dawn, 06, 14/11/2025)

### **Experts discuss uncertainties of new global order, climate challenges at IBA conference**

Speakers at a conference hosted by the Institute of Business Administration (IBA) discussed the uncertainties of the emerging global order, climate risks and economic development strategies.

The Fifth Annual International Conference — A New Global Order, Yet Again — was organised in collaboration with IBA's School of Economics and Social Sciences (SESS) and the Centre for Business & Economic Research (CBER).

The conference brought together national and international experts.

Dr S Akbar Zaidi, executive director of IBA Karachi, opened the event, expressing gratitude to the World Bank and Asian Development Bank and emphasising the role of strong institutions, climate resilience, and historical perspective in shaping the future, according to a press release issued on Friday.

Chair of the National Assembly's Foreign Affairs Committee and former foreign minister Hina Rabbani Khar warned that selective sanctions and fractured global blocs are pushing the world towards a 2.6-3.6°C climate overshoot.

She highlighted China's rise in global manufacturing and US imports, and underscored Pakistan's climate vulnerability, strategic non-alignment, and the need for a foreign policy aligned with national interest and a stronger Global South voice.

Prominent attendees included World Bank Country Director for Pakistan Boloramaa Amgaabazar, IMF Resident Representative Mahir Binici, Lead Economist Asian Development Bank Farzana Noshab and former Chief Economist at the UK Foreign, Commonwealth & Development Office Qadir Khan.

The conference featured panel discussions on Pakistan's poverty, equity and resilience, trade and stability and the implications of a shifting multipolar world order.

Sessions on climate change and social protection, moderated by Dr Lubna Naz, explored strategies to protect vulnerable households from escalating climate risks.

(By Newspaper's Staff Reporter, Dawn, 14, 15/11/2025)

### **Misplaced optimism**

THE MQM-P's hope that the coalition led by the PML-N will soon amend the Constitution to incorporate its recommendations for empowering local governments is admirable. On Monday, party leader Mustafa Kamal claimed that its proposal to change the constitutional provisions on LGs would now be advanced as the 28th amendment. Hours later, Rana Sanaullah, adviser to the

prime minister on political affairs, said the 28th amendment, dealing with public issues such as local bodies, population, the National Finance Commission and health-related issues, could be introduced if there is “political consensus”. “There is a need to review how we can better serve the people according to the present needs of the provinces and the centre,” he said. The same day, Sindh Information Minister Sharjeel Memon indicated that his party, which has ruled the province since 2008, did not intend to support the proposed changes in Article 140-A, which calls for the establishment of local bodies as the third tier of governance by the provinces but is silent on the powers for locally elected representatives.

Political rhetoric on the importance of LGs aside, the reality is that the two major coalition partners — the PML-N and PPP — are least interested in the financial, administrative and political empowerment of the third tier of government. To its credit, the MQM-P has been trying to get the Constitution amended for this purpose for quite some time. However, its coalition partners sidestepped the initiative at the time of the introduction of both the 26th and 27th Amendments, at each occasion promising to include the recommendations in the next round. If this doesn't indicate the intent of the two major parties ruling Punjab and Sindh, what does? Delaying LG reform is not simply procrastination on their part; it is more of a refusal to accommodate the thought. Parties that have bigger stakes than the MQM-P in the status quo, as far as the current structure of governance goes, are not in favour of strengthening local democracy. It would force them to decentralise many of their powers, which would sound the death knell for their politics of patronage that has helped their political dynasties survive and retain control of their parties. If its coalition partners did not accommodate its proposals to amend the constitutional provisions on LGs in the last two legislations, they are unlikely to do so in the future.

(By Editorial, Dawn, 06, 19/11/2025)

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### **IMF highlights corruption risks across state institutions in Pakistan**

The International Monetary Fund (IMF), in its long-awaited Governance and Corruption Diagnostic Assessment (GCDA), has highlighted persistent corruption challenges in Pakistan driven by systemic weaknesses across state institutions and demanded immediate initiation of a 15-point reform agenda to improve transparency, fairness and integrity.

The report, publication of which is a precondition for the IMF executive board's approval of a \$1.2 billion disbursement next month, estimates that Pakistan could boost economic growth by about 5 to 6.5 per cent over five years if it implements a package of governance reforms beginning within the next three to six months.

The GCDA seeks an end to special treatment for a few influential public sector entities in direct government contracts and transparency in the affairs and decision-making of the Special Investment Facilitation Council (SIFC). It also recommends tighter limits on the government's financial powers without greater parliamentary oversight and streamlining of anti-corruption agencies. The government had been delaying the publication of the report since August.

“A unifying theme is the emphasis on increasing transparency and accountability in policy formulation, implementation and monitoring. This involves improving access to information and strengthening the capacity of state and non-state stakeholders to participate effectively in governance and economic decision-making,” the report said, calling for advancing rule-based governance.

It said Pakistan would obtain substantial economic benefits from improving governance, accountability and integrity along the lines recommended in the GCDA.

“Pakistan could generate between a 5pc to 6.5pc increase in GDP by implementing a package of governance reforms over the course of five years” beginning in three to six months, it said. The key areas include improvements in governance and anti-corruption, business regulation and regulation of foreign trade.

It said both the IMF and the government agreed that confronting and reducing corruption vulnerabilities was necessary for sustainable reform and that anti-corruption efforts are most successful when they combine initiatives to strengthen governance with initiatives to directly confront corruption and enhance integrity.

Indicators showed weak control of corruption over time with negative consequences for public spending effectiveness, revenue collection, and trust in the legal system.

The GCDA revealed systemic governance weaknesses across state functions and noted that the country was exposed to corruption risk generated by weaknesses in budgeting and reporting of fiscal information, and management of public financial and non-financial resources, particularly in capital spending, public procurement and the management and oversight of state-owned enterprises (SOEs).

It also identified an overly complex and opaque tax system administered by tax and customs authorities operating with insufficient capacity, management and oversight.

On top of this was a judicial sector that is organisationally complex, is unable to reliably enforce contracts or protect property rights due to problems with efficiency, antiquated laws, and the integrity of judges and judicial personnel.

#### **Procurement, SIFC**

The IMF demanded that all public sector procurements should eliminate preferences for SOEs, including special provisions for direct contracting and mandatory use of e-governance procurement for all state transactions within 12 months.

It called for immediately producing and making public the first annual report of the SIFC, including information on all investments it facilitated, including concessions provided (tax, policy, regulatory and legislative), along with detailed rationale and the outcomes.

It said that given its broad and disparate organisational functions and authority, it was essential for the SIFC to develop explicit protocols for undertaking its activities and enhanced transparency arrangements to enable effective oversight and accountability.

It also questioned the SIFC's creation in the first place and the immunity its staff enjoyed in decision-making. It said the council was created by amendment in the Board of Investment (BoI) law to accelerate investment and privatisation efforts, but the BoI continued to exist.

It noted that corruption vulnerabilities also have a significant impact on the fiscal performance of the public sector. While other factors also contribute to public sector performance, Pakistan's tax-to-GDP ratio is low and falling, mainly due to the complexity of the tax system, frequent changes in rules, and low public trust in the government.

It also noted that the government retained significant discretionary power over how public money was spent, given significant differences between enacted budgets and how public money was actually spent, in an environment with limited public transparency or parliamentary engagement in budgetary matters.

Discretionary allocations are skewed towards districts represented in the government or the senior bureaucracy, reflecting the vulnerability of the system to political influence. This resulted in low return on public investment.

(By Khaleeq Kiani Dawn, 01, 20/11/2025)

### **Karachi to become 5th largest city in world by 2050: UN**

The city of Karachi is expected to become one of the 10 largest cities in the world between 2025 and 2030 with a rapid population growth, which is expected to continue through mid-century.

According to the summary results of the 'World Urbanisation Prospects 2025', released by the United Nations, Karachi could rise to fifth place with a projected population of almost 33 million in 2050, overtaking Cairo (32 million), Tokyo (31 million), Guangzhou, China (29 million), Manila, Philippines (27 million), and Kolkata, India (24 million).

The report says the number of megacities quadrupled from eight in 1975 to 33 in 2025 — over half in Asia with 19 megacities, and projections indicate that there will be 37 megacities globally by 2050.

Fast-growing Dhaka is expected to become the world's largest city by mid-century.

Meanwhile, Tokyo is projected to fall in rank from third in 2025 to seventh in 2050, as its population shrinks to around 31 million.

In 2025, the world's most densely populated cities have more than 20,000 inhabitants per square kilometre. Many of these densely populated cities are also among the world's most populous, including Karachi with 25,000 people per square kilometre.

The global rural population is expected to peak sometime during the 2040s and then begin to gradually decline.

The two most populous countries, India and China, will also have the largest populations residing in towns between now and 2050.

From 2000 to 2025, the global population living in cities increased by 1.25 billion, but over half of this growth came from only a few countries.

India, China, Nigeria, Pakistan and the United States have collectively contributed over 500 million people to the global city population.

The world has become increasingly urban; more people live in cities today than in towns or rural areas.

In 1950, city living was relatively unusual: just 20 per cent of the world's 2.5 billion people lived in cities, defined as population centres. Following many decades of urbanisation, cities are now (in 2025) home to 45 per cent of the world's 8.2 billion people, more than double the proportion in 1950.

Rural communities are less densely populated than cities and towns.

Worldwide, more than 3,000 cities experienced population decline between 2015 and 2025, according to the report.

(By Amin Ahmed Dawn, 13, 20/11/2025)

### **GSP-Plus status**

WITH a review of actions taken to fulfil Pakistan's commitments under the GSP-Plus preferential tariff scheme around the corner, the authorities may want to put some thought into appeasing the upcoming monitoring mission. EU ambassador Raimundas Karoblis has indicated that Pakistan needs to "do more" to satisfy the requirements set out under the tariff scheme. It seems the mission's focus will be on the country's human rights situation, the death penalty, blasphemy laws, enforced disappearances, minority rights, women's rights, child labour and forced labour. The envoy described the mission's subsequent progress report as "one of the most important sources for assessing the progress and compliance with Pakistani commitments vis-à-vis the UN". Of course, as one would expect from a diplomat, the ambassador was quite circumspect on how the EU currently views Pakistan's standing. Nevertheless, it seems that the ruling set-up, which continues to take on an increasingly authoritarian colour, will have many questions to answer.

The Pakistani leadership seems to have had remarkable success so far in persuading US President Donald Trump of their indispensability to his foreign policy goals. It also appears that their ability to influence Mr Trump's opinion has yielded tangible benefits, especially in the form of lifelines being extended for Pakistan's floundering economy. Whether the EU can be just as easily convinced remains to be seen. To be blunt, Pakistan's human and labour rights records have always been sub-par. With the country's justice system now in a shambles, it is uncertain how long it will take for the situation to improve. At stake is the GSP-Plus scheme, which has helped Pakistan more than double its textile exports to the EU. Sadly, it appears that the authorities want to benefit from the scheme without having to show progress in meeting their obligations. It would be better for the government to start worrying more about how its policies may impact the economy in the long run.  
(By Editorial, Dawn, 06, 21/11/2025)

### A captive market

PRIVATE schools realise that due to the subpar quality of state schools, families will do all they can to ensure their wards attend private institutions. This has resulted in the total commercialisation of education, with private schools burdening parents with unreasonable costs. Taking note of parents' complaints, the Competition Commission of Pakistan has issued notices to 17 private school systems to inquire into alleged non-transparent selling practices, such as forcing parents to purchase mandatory branded school books, stationery and uniforms. Parents had also complained of arbitrary price hikes. Many schools disallow the purchase of cheaper generic notebooks. In August, the Senate Standing Committee on Education had also taken note of complaints that many private schools were hiking annual fees beyond the legal limit. As per the law, schools can only increase fees by 5pc every year. When asked about the CCP's concerns, a representative of a private schools' association observed that the "topic needs some clarity".

It is a fact that if it were not for private schools, Pakistan's education situation would be even more dire. As per official figures from 2021-22, private institutions educate 25.5m children, which is over 46pc of total enrolled students. The figures have likely increased. This makes students, in the words of the CCP, "captive consumers"; private schools know that in order to give their children a better future, parents will enrol their kids with them. While it is true that many of these school systems are not charity institutions, and need to cover their costs, economic realities must be kept in mind. Fees rise every year, but family budgets are stagnant or rapidly shrinking.

Therefore, private schools must not force parents to purchase expensive supplies from exclusive distributors, and must also reconsider arbitrary fee hikes. The long-term solution is a quality public sector education system. But until that dream is realised, private schools must not burden parents with exorbitant costs.  
(By Editorial, Dawn, 06, 23/11/2025)

### Growing population in Karachi poses challenge for urban planning

The Sindh government is working on a new master plan for Karachi, titled Greater Karachi Regional Plan 2047. While the key features of this plan have not yet been revealed, experts believe that the increasing population pressure on the city poses a major challenge for urban planning.

According to official statistics, Karachi is the only city in the country whose population has increased 44 times since the creation of Pakistan. At the time of independence, Karachi's population stood at 450,000 but it has now risen to over 20 million. As per the 2023 census, Karachi's population grew by 4 million in just five years, from 14.8 million in 2017 to 18.8 million in 2023.

A recent report by a World Bank-affiliated organization stated that Pakistan's overall annual population growth rate is 1.5 per cent, while in Karachi it is 6 per cent. According to the same report, Karachi's population will reach 28 million by 2030. Urban planning expert Zahid Farooq opined that sustainable urban planning was contingent upon reducing the population pressure on Karachi.

"For this, it is necessary to provide employment opportunities to migrants in their own regions. The main reason behind Karachi's fast population growth is the influx of people from K-P and other areas in search of jobs, because Karachi offers more employment opportunities compared to other cities," noted Farooq.

Reportedly, no other major city in the country has experienced such a sharp increase in population, largely due to migration. In fact, the population of Peshawar, the capital of Khyber-Pakhtunkhwa (K-P), declined by 1.9 million since a large number of people migrated to Karachi in search of livelihood, more so than from other regions of the country.

According to the Karachi Strategic Development Plan 2020, rapid population growth in the city is primarily due to internal migration, with people from various parts of the country moving to Karachi for employment. Additionally, a large number of Afghans, Bangladeshis, and people from other Asian countries are also settled in the city.

Farooq added that although several master plans have been developed for Karachi over different periods, none have been implemented due to political reasons. "The Greater Karachi Regional Plan 2047 is a positive step, however, such a plan should not be prepared merely in a drawing-room setting and instead should be made public. The plan must be discussed at all levels, from the Sindh Assembly and City Council down to the Union Councils, while incorporating feedback from experts across various fields," implored Farooq.

Pakistan People's Party Karachi leader Senator Waqar Mehdi informed that the Greater Karachi Regional Plan 2047 was being developed under the supervision of international experts to ensure better urban planning and meet the city's needs for the next 50 years. "Given the rapid growth of Karachi's population, a comprehensive master plan is essential. The new plan will take previous master plans into consideration as well," claimed Mehdi. It is worth noting that although several master plans for Karachi

have been formulated since the creation of Pakistan, not a single one has ever been implemented. After the country's formation, the Greater Karachi Plan 1952 was developed but never executed. Later came the Karachi Development Plan 1974-1985, which also remained unimplemented.

Then in 2007, during the tenure of former president General Pervez Musharraf, the Karachi Strategic Development Plan 2020 was prepared, yet implementation failed once again. According to the Karachi Strategic Development Plan 2020, the city is administratively divided among 20 federal, provincial, and local institutions, and the Karachi Metropolitan Corporation (KMC) controls only 31 per cent of the city.

The plan states that besides the Sindh government, various federal entities also hold administrative control over parts of the city, including six cantonments, the Defence Housing Authority, Port Qasim, Karachi Port Trust, Pakistan Railways, Pakistan Steel Mills, and the Export Processing Zone, among others.

(By Razzak Abro The Express Tribune, 04, 24/11/2025)

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### Crypto red flags

A LOT of money could be moving around unchecked. According to Chainalysis's 2025 Global Adoption Index, Pakistan ranks third globally in crypto adoption, with most activity driven by small investors. Likewise, a 2020-21 report by the FPCCI estimated that Pakistanis collectively held around \$20bn in cryptocurrencies. Research indicates that outside of Binance, a popular crypto exchange platform, much of the trading in cryptocurrencies occurs on local peer-to-peer platforms. These platforms enable direct transactions without Know-Your-Customer checks, allowing significant sums to move across borders with no oversight. The situation should trigger concern. The chairman of the Exchange Companies Association of Pakistan recently warned that people are buying dollars from foreign exchange companies and using them to purchase crypto. This, he believes, has resulted in roughly \$600m 'disappearing' from the formal system. If true, it could get Pakistan into trouble with the FATF yet again. Crypto can create openings for money laundering and terror financing, drawing unwanted attention from the FATF, whose requirements for regulating crypto include collecting and sharing originator and beneficiary information and ensuring that service providers are properly licensed and supervised. On the regulatory side, Pakistan is still in the early stages of building this framework. The Pakistan Crypto Council, formed earlier this year, has yet to issue comprehensive guidelines.

Meanwhile, the Pakistan Virtual Asset Regulatory Authority has begun the process of licensing service providers but is still only inviting expressions of interest from global exchanges. Given the scale of grassroots crypto activity and the ease with which unlicensed platforms operate, the potential for illicit financial flows is substantial, underscoring the need for a robust regulatory framework. The Ecap chairman's warning should prompt the authorities to complete their homework before global watchdogs start prying into the country's financial system again.

(By Editorial, Dawn, 06, 25/11/2025)

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### National unemployment rate rises to 7.1%

The new Labour Force Survey has revealed that the unemployment rate in Pakistan rose to the highest level in 21 years at 7.1% in the last fiscal year, which Minister for Planning Ahsan Iqbal said was the result of the International Monetary Fund (IMF) programme and climate-induced disasters.

The government on Tuesday unveiled the Labour Force Survey, which showed that the highest unemployment was in Khyber-Pakhtunkhwa (K-P), followed by Punjab. The lowest unemployment was in Sindh. The findings showed that the unemployment rate, which was 6.3% in 2021, went up to 7.1% during fiscal year 2024-25, said Dr Naeemuz Zafar, Chief Statistician of the Pakistan Bureau of Statistics (PBS), while sharing the main findings of the survey.

Official records showed that 7.1% was the highest unemployment rate since 2003-04, when the ratio had been recorded at 7.7%. Since then, unemployment has remained in the range of 5.3% to 6.9%. In 2018-19, the unemployment rate was 6.9%.

The unemployment rate increased due to climate disasters and the IMF's stabilisation programme, which constrained economic growth, said Ahsan Iqbal, while speaking on the occasion. He said that the global price cycle also impacted the employment status.

The PML-N government signed a three-year, \$7 billion IMF programme in September last year and agreed to implement around 50 conditions.

Out of the nearly 180 million working-age population, around 118 million, or two out of every three persons, were unpaid employees doing services at homes like cleaning, fetching water, taking care of children and raising chickens.

Nearly one-fourth of the unpaid workers were engaged in household jobs, 18.7% were engaged in livestock, 23% were taking care of children, 7% were fetching water for home, and 7.1% were engaged in raising chickens at home.

Former prime minister Imran Khan had said that people could earn good money by breeding hens and selling their eggs. The survey revealed that over 7% of the working-age people were doing this business, which helped restrict the overall unemployment rate to a single digit in the first year of the Shehbaz Sharif government.

Out of the total 5.9 million unemployed people, 4.6 million, or 77.5%, were literate. Nearly one million people with educational degrees were unemployed. The highest number of unemployed people was in the age group of 15 to 29 years, followed by the age group of 15 to 24 years.

The survey showed that the highest unemployment rate of 9.6% was in K-P, followed by 7.3% in Punjab, 5.5% in Balochistan and 5.3% in Sindh. Pakistan's average economic growth remained less than 3% for a long time, and the economy was not creating enough jobs to absorb new entrants. Every year, 3.5 million people enter the job market.

The planning minister said that the trend was shifting from agriculture to services, and as a result, the employment share in the agriculture sector went down in the last fiscal year. The increase in the number of people looking for jobs was more than the employment opportunities created by the economy, according to the survey.

The agriculture sector's share in total employment decreased by 4% to 33.1%. The manufacturing sector's share also marginally went down to 14.4%, underscoring the challenges industries face due to the double-digit interest rate, high energy costs and exorbitant taxes.

Wholesale and retail trade share in employment increased to 16% of total employment.

Successive governments were reluctant to hold the Labour Force Survey, but the current administration had to do it as part of the conditions agreed with the IMF. It is the second report in the past few days that Pakistan has released as part of the IMF conditions after publishing the Governance and Corruption Diagnostic Assessment.

The chief statistician said that the government released the livestock census and the Labour Force Survey as part of IMF conditions, while the Household Integrated Economic Survey would be released next month. The survey findings are based on a sample size of 54,832 households. The labour force participation rate, which is expressed as the labour force, employed plus unemployed, as a percentage of the 10-plus population, increased from 44.9% to 46.3%. Survey results indicated that the labour force increased from 71.8 million in 2020-21 to 83.1 million in 2024-25. This shows that 3.5 million per annum are added to the labour force, according to the chief statistician.

Employees constitute the largest group of 43.5%, followed by own account workers at 36.1%, contributing family workers at 19.1% and employers at 1.3%. Almost one-half of female workers toil as contributing family workers, and almost one-half of males are working as employees.

The share of employment in the informal sector is more than 72% of non-agricultural employment, with a higher share in rural areas than in urban areas. In contrast, formal sector activities are more concentrated in urban areas. The report showed that at the national level, the average monthly wage of paid employees increased significantly between 2020-21 and 2024-25, rising from Rs24,028 to Rs39,042.

The average monthly wage of males increased from Rs24,643 to Rs39,302 and that of females from Rs20,117 to Rs37,347. Ahsan Iqbal said that the wage gap between male and female workers had reduced by almost half during the survey period. The report disclosed that a significant proportion of respondents were engaged in domestic and care work, with 45.4 million women involved in household chores, 32.1 million in livestock operations and 20 million in caregiving responsibilities, highlighting their vital roles in these areas.

(By Shahbaz Rana The Express Tribune, 11, 26/11/2025)

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### 1.4m more jobless in four years

Pakistan's unemployed population surged by a staggering 31 per cent, or 1.4 million, rising from 4.5m in 2020-21 to 5.9m in 2024-25, highlighting mounting challenges in the country's labour market.

The rise in unemployment was observed across all age groups and both genders over the past four years, indicating a broad-based deterioration in labour market conditions, according to a government report released by Minister for Planning and Development Ahsan Iqbal on Tuesday.

The unemployment rate also showed an upward trend across all age groups. For the prime age group of 15-24 years, it was estimated at 12.6pc in 2024-25, up from 11.1pc in 2020-21.

Among individuals aged 15-29, the rate rose to 11.5pc from 10.3pc, reflecting growing joblessness among the youth. Overall, the average unemployment rate increased to 6.9pc, compared to 6.3pc in the previous labour force survey.

Among males, the unemployment rate climbed from 5.5pc to 5.9pc, while for females it increased more sharply from 8.9pc to 9.7pc. In rural areas, unemployment rose from 5.8pc to 6.3pc, and in urban areas, it edged up from 7.3pc to 8pc.

The Pakistan Bureau of Statistics (PBS) conducted the Labour Force Survey (LFS) 2024-25 at the provincial level. This was the 37th round in the series of surveys, with data collected electronically using tablets.

The findings revealed a notable rise in the Labour Force Participation Rate, indicating greater engagement of the working-age population in economic activities. The proportion of people aged 10 and above, who are either employed or actively seeking employment, increased from 44.9pc in 2020-21 to 47.7pc in 2024-25.

A sex-disaggregated analysis showed increases in participation rates for both males and females. Male participation rose from 67.9pc to 69.8pc, while female participation increased from 21.4pc to 24.4pc. Rural participation rose from 48.6pc to 52.3pc, and urban participation from 38.8pc to 40.8pc, reflecting broader workforce inclusion across regions.

The labour force, encompassing all persons aged 10 and above who are employed (including own-use producers) or unemployed, increased from 71.8m in 2020-21 to 85.6m in 2024-25, adding roughly 3.5m people per year.

For the first time, the LFS provides estimates of gig-economy labour supply. For primary jobs, 2.9pc of workers are engaged in gig-based work, while for secondary jobs, gig (short-term) work rises to 10.6pc, with women playing a more prominent role — 15pc of women with secondary jobs rely on gig work, compared to 9.8pc of men.

The share of agricultural employment declined from 37.4pc in 2020-21 to 33.1pc in 2024-25, while the services sector grew from 37.2pc to 41.2pc. Industry's share declined slightly to 24.9pc from 25.4pc.

The report highlighted robust wage growth, with average monthly wages rising from Rs24,000 to Rs39,000. The gender wage gap fell from Rs4,500 per month in 2020-21 to less than Rs2,000 in 2024-25.

The share of own-account workers increased from 35.5pc to 36.1pc, driven largely by women. Female entrepreneurship rose sharply from 19pc in 2020-21 to 25.2pc, while the share of contributing family workers — predominantly unpaid women — declined from 21.1pc to 19pc, reflecting greater female entry into paid labour.

Out of 179.6m working-age individuals in 2024-25, 117.4m are engaged in unpaid domestic and care activities. Among 92m men, 50.7m (55pc) perform unpaid work, while among 87.6m women, 66.7m (76pc) are engaged in unpaid domestic and care responsibilities.

Employees constitute the largest group (43.5pc), followed by own-account workers (36.1pc), contributing family workers (19.1pc), and employers (1.3pc). Nearly half of female workers are contributing family workers (49.7pc), while almost half of male workers are employees (49pc). Between the two surveys, the share of employees rose from 42pc to 43.5pc, and own-account workers from 35.5pc to 36.1pc, while contributing family workers declined from 21.1pc to 19.1pc, and employers from 1.4pc to 1.3pc.

In non-agricultural work, the informal sector continues to dominate, accounting for 72.1pc of jobs — 75.5pc in rural areas and 68.3pc in urban areas. Formal sector work is more common in cities, reaching 31.7pc.

Female participation is higher in the formal sector at 33.7pc, while male participation in the informal sector reaches 73pc. Formal work has grown slightly over time.

(By Mubarak Zeb Khan Dawn, 09, 26/11/2025)

### DawnMedia hosts 'Pakistan Population Summit 2025' tomorrow

The Pakistan Population Summit 2025, a dialogue on the country's high population rate, will be held in Islamabad from Dec 1 to 2.

Data compiled by research organisation Population Council, UK Aid and the United Nations Population Fund (UNFPA) shows the average annual growth rate in Pakistan — based on data from 2017 to 2023 — is 2.55 per cent, resulting in a population of 241.5 million, making it the fifth most populous country in the world.

The country is on course to cross 300 million within the next five years and edge towards 400 million by 2050.

According to a DawnMedia press release, the two-day event will take place at the Serena Hotel.

The event will take stock of the situation in Pakistan, as it faces the challenges of rising population growth outpacing available resources.

"Urgent and serious action is required to bridge the growing gap between demographic increase and sustainable resource management. Recognising the crucial implications of a high population growth rate on Pakistan's economy, social infrastructure, education, health, food and water security, and employment is critical," it said.

The summit is aimed at bringing together politicians, economists, development specialists, and private-sector leaders to establish a practical pathway to long-term growth.

Notable speakers expected to address the event include Prime Minister Shehbaz Sharif, Planning Minister Ahsan Iqbal and Finance Minister Muhammad Aurangzeb, among others.

The summit is being organised by DawnMedia in collaboration with the Ministry of Planning, Development and Special Initiatives; the Ministry of National Health Services, Regulations and Coordination; the Sindh government, the KP government, UK International Development and the World Bank Group as principal partners.

It is supported by the Karachi Water and Sewerage Corporation, while the Population Council and FCDO serve as strategic partners, while Pathfinder International, Population Services International, QZ Catalyst, and UNFPA contribute as knowledge partners. Ipsos and Repu Media-Acumen Media Intelligence also support the initiative as research partners.

(By Newspaper's Staff Reporter, Dawn, 12, 30/11/2025)

### Centre seeks Rs6.5tr revenue hike at 11th NFC meeting

Building the case on overburdening and rising debt servicing costs post-2010, the federal government on Thursday proposed mobilising additional consolidated revenues amounting to more than five per cent of GDP over the next three years (roughly Rs6.5 trillion per annum at the current exchange rate).

The suggestion came during the much-delayed inaugural meeting of the 11th National Finance Commission (NFC), which also sought legal opinion on whether provinces are bound by federal expenditure priorities.

The Centre urged the Federal Board of Revenue (FBR) to increase the tax-to-GDP ratio by 3 to 3.5 percentage points from around 10pc at present in three years and asked the provinces to enhance their share of revenues to 3pc of GDP — through taxes on property, agriculture income and sales tax on services — from the existing 0.28pc.

It argued that the measure was necessary to stabilise the rising fiscal deficit, which had gone up from close to 4pc to over 6.6pc now after the fiscal imbalance created since 2010 under the 7th NFC award, resulting in massive deterioration of the debt-to-GDP ratio.

The meeting, held over an official lunch in a “very good atmosphere”, was chaired by Federal Minister for Finance and Revenue Muhammad Aurangzeb and was attended by the chief ministers of Sindh and Khyber Pakhtunkhwa (both holding the finance minister portfolio), finance ministers of Punjab and Balochistan, four provincial non-statutory NFC members, KP chief minister’s adviser Muzammil Aslam, and federal and provincial finance secretaries.

Participants told journalists outside the Ministry of Finance that there was no demand for reducing the provincial share in the divisible pool from the existing 57.5pc as being speculated, nor any discussion about more or less responsibilities, as they were subjects of the Council of Common Interests (CCI) and the National Economic Council (NEC).

Fiscal requirements of Azad Kashmir and Gilgit-Baltistan would also be deliberated at a working-group level.

The participants decided with consensus to form seven different thematic working groups and call a second meeting of the NFC between Jan 8 and 15, depending on the reports of working groups before Jan 8.

These groups would deliberate on horizontal and vertical distribution of resources, how the provinces should advance taxation policies based on the latest experiences, impacts of debt servicing, poverty and so on.

A special working group was also agreed upon on the request of Khyber Pakhtunkhwa as to the fiscal and social impact of the merger of tribal districts and how to move forward with adequate resources.

Sindh Chief Minister Murad Ali Shah said the meeting was held in a very good environment and all stakeholders — the Centre and the provinces — explained their fiscal positions.

“It was agreed to form six to seven working groups. They will continue their consultations to take the process forward before the next NFC meeting,” he said, adding that a joint statement would be issued by the federal finance ministry.

Mr Aslam, the KP chief minister’s adviser on finance, said the beauty of the inaugural meeting was that the Centre acknowledged the issues facing Khyber Pakhtunkhwa’s merged districts (formerly Fata), and the larger provinces — Sindh and Punjab — supported KP’s cause in this regard.

He said the Sindh chief minister raised the issue of questions and discussions in certain quarters on provincial expenditures.

Mr Shah reminded that under Article 160 of the Constitution, the NFC was a forum of only revenue sharing and the provinces were not bound to follow “federal dictations” on the expenditure side, meaning that provinces were autonomous in setting their spending priorities. Their item-wise expenditure details are publicly available through respective budget documents and official websites.

Federal Finance Secretary Imdadullah Bosal reportedly suggested that a legal opinion might be required from the Attorney General of Pakistan for interpreting the constitutional provision and whether the provincial and federal spending priorities are in national alignment, and if a reduction or an increase in shares means absolute numbers or a percentage of the pie.

### **Centre’s fiscal challenges**

The Centre put on the table its fiscal challenges following the 7th NFC award in 2010 and its continuation for more than 15 years, putting a squeeze on the country’s defence and development expenditure that compromised infrastructure development and social standards, as a major part of the resources went into interest payments. This financially weakened the Centre and, as a result, the provinces as well.

This could only be addressed with the best revenue efforts, both by the Centre and the provinces. All participants agreed that a strong federation could transform strong federating units and vice versa.

Earlier, Finance Minister Aurangzeb recalled the constitutional importance and collaborative spirit of the NFC process and noted the inaugural gathering reflected a shared resolve to fulfil a vital constitutional responsibility. He promised Centre’s commitment to transparent and sincere dialogue, ready to listen to the provinces and work collectively in the national interest, an official statement said.

He also commended the provinces for their cooperation in signing the National Fiscal Pact and in achieving mandatory fiscal surpluses to support Pakistan’s compliance with IMF requirements.

### **KP CM thanks Centre**

KP Chief Minister Sohail Afridi was quoted as expressing gratitude to the federal government for holding the NFC meeting. “A strong federation and strong provinces will guarantee a strong and united Pakistan,” he said.

He highlighted the sacrifices of the people of Khyber Pakhtunkhwa made in the ‘war on terror’, which he said had resurfaced again.

Mr Afridi hoped the NFC would “address the ultra vires of the 7th NFC since June 2018 and include the population and other variables of the newly merged districts in the province of Khyber Pakhtunkhwa and update the share of the province to give them due representation”.

Punjab’s Finance Minister Mujtaba Shujaur Rehman also emphasised the need for consensus but stressed that “consensus-building will take a lot of effort on everyone’s part”, according to the statement.

Balochistan’s Finance Minister Shoaib Noshervani said the province would continue the path of cooperation and consensus and mentioned his province’s efforts in strengthening the federation through projects like Sui Gas, Saindak and Reko Diq.

After the meeting, KP Chief Minister Afridi told reporters that it was held in a cordial atmosphere and a decision was taken to form sub-committees for different issues, including the merged districts’ share.

“I raised the issue and said that it was unconstitutional to deprive KP of its due share. It was decided that the next meeting will be held in January,” he said.

When asked why the PTI government did not address the issue of provincial share when it was in power, he said it was because his party’s government, which came to power in 2018, was toppled in 2022.

(By Khaleeq Kiani Dawn, 01, 05/12/2025)

### **Saudi Arabia rolls over \$3bn loan for another year**

Saudi Arabia announced on Thursday that it would roll over a \$3 billion loan to Pakistan for another year, making it the first relief for Islamabad after the two countries signed a defence pact in September.

In FY25, \$16.3bn was rolled over out of a principal amount of \$22bn, while the central bank repaid the remaining amount by buying dollars from the interbank currency market.

“The Saudi Fund for Development (SFD), on behalf of the Kingdom of Saudi Arabia, has extended the term for the deposit of \$3bn maturing on Dec 8 for another year. The said amount has been placed with the State Bank of Pakistan (SBP) on behalf Pakistan,” said a statement issued by the central bank.

“The extension of the term of the deposit is a continuation of the support provided by Saudi Arabia to Pakistan, which will help in strengthening the country’s foreign exchange reserves and contribute to the country’s economic growth and development,” the SBP added.

The \$3bn deposit was placed with the SBP in 2021 and has been rolled over every year since then.

Pakistan also gets oil from Saudi Arabia on deferred payments to stabilise its paltry foreign exchange reserves.

A \$2bn current account surplus in FY25, the first in 14 years, has given enough room to the government for reducing the country’s external financing needs. However, the situation has changed considerably during the new fiscal year as the country posted a current account deficit of \$733 million during the first four months of FY26.

Since the trade deficit has been rising every month, it will maintain pressure on the current and external accounts. During the first five months of FY26, the country’s trade deficit rose over 37 per cent to \$15.47bn from \$11.28bn last year. This means exports are declining while imports are rising.

#### **Rollover by China**

The government has been trying to boost foreign exchange reserves of the State Bank and is currently negotiating for another rollover from China and the UAE, but financial experts think it would be difficult to get the concession from Beijing this year.

It is feared that Pakistan’s tilt towards the United States over the past year could make Beijing think twice on Islamabad’s request.

Pakistan is also ready to launch Panda bonds during the current financial year. Pakistan and Saudi Arabia signed a Strategic Mutual Defence Agreement (SMDA) on Sept 17, formalising their long-standing security partnership. Saudi Arabia has also assured Pakistan of making a \$10bn investment.

#### **Forex reserves**

The central bank’s foreign exchange reserves went up by \$14m during the week ended on Nov 28. The SBP’s reserves now stand at \$14.574bn.

According to the SBP, the country’s total liquid foreign reserves total \$19.588bn, including net foreign reserves of \$5.013bn held by commercial banks.

(By Shahid Iqbal Dawn, 09, 05/12/2025)

## IMF approves another \$1.2bn tranche for Pakistan

The International Monetary Fund (IMF) has approved a fresh disbursement of around \$1.2 billion to Pakistan under its dual-track bailout — the 37-month Extended Fund Facility (EFF) and the climate-focused Resilience and Sustainability Facility (RSF). The decision came on Monday, after the IMF Executive Board convened in Washington.

The board's statement highlighted that "Pakistan's strong programme implementation, despite the recent devastating floods, has maintained stability and improved financing and external conditions".

It stressed that the country's policy priorities remain centred on maintaining macroeconomic stability and advancing reforms to strengthen public finances, enhance competition, raise productivity and competitiveness, bolster the social safety net and human capital, reform state-owned enterprises (SOEs), and improve public service provision and energy sector viability.

The approval reflects the Fund's recognition of Pakistan's significant progress in stabilising the economy and rebuilding confidence amid a challenging global environment.

The board noted that Pakistan's fiscal performance has been strong, with a primary surplus of 1.3 per cent of GDP achieved in FY25, in line with programme targets. Gross reserves stood at \$14.5bn at end-FY25, up from \$9.4bn a year earlier, and are projected to continue rebuilding in FY26 and over the medium term. The board also noted that "inflation has increased, reflecting the impact of the floods on food prices, but this is expected to be temporary".

IMF Deputy Managing Director and Acting Chair Nigel Clarke said in a statement that "in the face of an uncertain global environment, Pakistan needs to maintain prudent policies to further entrench macroeconomic stability, while accelerating reforms necessary to achieve stronger, private-sector-led, and sustainable medium-term growth".

He highlighted the importance of "advancing reforms to raise revenues via tax policy simplification and base broadening", describing it as key to achieving fiscal sustainability and building the fiscal space necessary to boost climate resilience, social protection, human capital development, and public investment.

Mr Clarke also stressed that "reforms in the energy sector are critical to safeguarding its viability and improving Pakistan's competitiveness". He noted that timely power tariff adjustments had "helped reduce the stock and flow of circular debt", while emphasising that "subsequent efforts need to focus on sustainably reducing electricity production and distribution costs and addressing inefficiencies in the power and gas sector".

The board stated that RSF tranche is designed to support Pakistan's climate adaptation and disaster resilience agenda. Clarke explained that it backs initiatives to "strengthen natural disaster response and financing coordination, improve the use of scarce water resources, raise climate considerations in project selection and budgeting, and improve the information on climate-related risks in financing decisions".

The board noted that "the recent floods highlight the urgency of moving swiftly on climate-related reforms to build resilience to the frequent natural disasters that Pakistan faces. The authorities are making progress on such reforms, supported by the RSF".

The IMF welcomed Pakistan's publication of the Governance and Corruption Diagnostic Assessment, describing it as "a welcome step in accelerating governance reforms".

Mr Clarke added that "additional efforts should focus on SOE governance reforms and privatisation, enhancing the business environment, and improving economic data and statistics".

The board highlighted that Pakistan has made notable progress on structural reforms. "Efforts to advance structural reforms should continue to unlock growth potential and attract high-impact private investment," Mr Clarke said, stressing that sustained reform in state-owned enterprises, energy policy, and public service delivery is essential for lasting economic stability.

With this tranche, total disbursements to Pakistan under the EFF and RSF now stand at approximately \$3.3 billion, supporting both macroeconomic stabilisation and long-term structural reforms for climate resilience. Observers said that the funds will help provide breathing space for debt servicing, bolster import cover, and support critical investments, including infrastructure upgrades, water management, and other climate-adaptation measures under the RSF roadmap.

Officials in Islamabad welcomed the approval as a vote of confidence in Pakistan's reform efforts and macroeconomic management, while emphasising that the real test will be in turning these commitments into tangible economic recovery.

Analysts noted that continued discipline in fiscal and energy policy, governance reforms, and climate adaptation will be crucial to ensure that the relief is sustainable and that Pakistan can build resilience against future shocks.

The IMF's endorsement comes amid a challenging global backdrop, including commodity-price volatility, tight global financial conditions, and recurring climate-related disasters. Against this backdrop, the approval is being seen not just as a financial lifeline, but as a signal that disciplined reforms and effective use of funds can strengthen Pakistan's economic foundations and resilience to future shocks.

(By Anwar Iqbal Dawn, 01, 09/12/2025)

### IMF conditionalities

The recent approval of \$1.2 billion in IMF funding provides some vindication for the government, as it proves that the country is moving in the right direction and abiding by the terms of the \$7 billion bailout package. But while stabilising the teetering economy, achieving a primary fiscal surplus and rebuilding foreign exchange reserves are all genuine achievements of the sitting dispensation, the slate of 11 new loan conditions — bringing the total to 64 — should not be met with defiance and indignation, but with profound national introspection. The real issue is not the IMF's demands, but the chronic domestic failures that make them necessary.

It is a national embarrassment that our economic sovereignty must be repeatedly negotiated in Washington. For decades, we have cycled through IMF programmes, treating symptoms while ignoring the disease - a system where every policy seems to be designed to first protect elite interests, much akin to the worst aspects of trickle-down economics, wherein the rich are effectively subsidised by the state to support dubious claims that their wealth will make it downstream to the poor, rather than being funneled abroad.

The IMF's latest conditions are offensive only in that these are things we should have done ourselves several years ago. Public asset declarations for senior bureaucrats, action plans against corruption in ten high-risk departments, and the breakup of the elite-captured sugar cartel are not foreign impositions, but basic pillars of a functional state that we have failed to erect.

The IMF estimates that tackling elite privilege could boost Pakistan's GDP by over 5%, which is in itself reason enough to follow through. Inefficiencies, corruption and mismanagement in these problem areas have cost taxpayers billions of rupees and also taken a heavy non-monetary toll on the country. The path forward requires reforms. Who orders them is not important. Effective implementation is.

(By Editorial, The Express Tribune, 14, 14/12/2025)

### Policy rate cut

THE State Bank has surprised the market by slashing its policy rate by 50 basis points to 10.5pc. The move is underpinned by its assessment that the inflation outlook remains broadly unchanged. Benign global commodity prices and well-anchored inflation expectations, supported by a prudent monetary policy stance, have provided the necessary 'space' for easing.

Most financial analysts had, however, pushed back rate-cut forecasts to the later part of the second half of FY26 following the IMF's warning that inflation risks persisted and policy must stay "appropriately tight and data-dependent" to keep expectations anchored. The Fund expects inflation here to temporarily accelerate 8-10pc — above the SBP target range of 5-7pc — this fiscal before stabilising. In the second review of its \$7bn facility, the lender had stated that the tight stance had been pivotal in reducing inflation and should be maintained to ensure price stability and support the rebuilding of external buffers.

The SBP held its policy rate unchanged at 11pc for nearly seven months, after cutting it by 1,100bps between June 2024 and May 2025 as inflation fell sharply from a record high of over 38pc in 2023. The rate cut comes after the national coordinator of the SIFC had called for a reduction in borrowing costs to reflect the true picture of inflation to boost investment in the economy and accelerate growth.

The bank has also been under pressure from various business lobbies for rapid monetary easing to boost growth that has averaged 1.8pc in the last three years, with the manufacturing sector struggling. Recent unemployment data has given further impetus to the demand as labour force growth (3.9pc) has outpaced job creation (3.7pc).

In its monetary policy statement, the bank, which expects GDP growth for FY26 to remain in the upper half of the projected range of 3.25-4.25pc, despite flood losses, noted the availability of space to reduce the policy rate to support sustainable economic growth. Though the rate-cut shows SBP's confidence in the current economic trajectory, the meagre reduction means it still wishes to move cautiously rather than going for full-throttle growth as some lobbies want it to. Even if the move signals a strategic shift while attempting to balance the need to support a struggling economy with the imperative to maintain recently achieved macro-stability, the rate cut is too small to make a significant impact.

Indeed, the elevated rates are a major factor discouraging new investment. But they are far from the only reason for weak private investment in the country in recent years. Structural issues, such as punitive tax rates, high energy costs, policy inconsistency and the government's own budget constraints, have played an even bigger part in depressing investment and growth. Without broader fiscal, governance and business reforms, even a substantial rate cut is unlikely to rev up growth prospects.

(By Editorial, Dawn, 06, 17/12/2025)

### Civic breakdown persists as Sindh expands urban property tax

Urbanites, complaining about the missing civic amenities and crumbling infrastructure, will soon be getting property tax notices for their houses and shops located on dilapidated and dug up roads with overflowing sewage.

In order to meet the World Bank conditions for securing more loans, the Sindh government conducted door to door survey to optimize tax collection.

Chief Minister Murad Ali Shah on Wednesday told a World Bank delegation that door-to-door assessments for urban property tax have identified 3.1 million out of 3.3 million properties, with fund reallocations approved in the Project Steering Committee.

He chaired a sector-wise review meeting with a 10-member senior World Bank delegation, led by Country Director Bolormaa Amgaabazar, to assess ongoing development projects and chart future priorities for the province.

Speaking at the meeting, CM Shah described the partnership with the World Bank as a cornerstone of Sindh's reform and recovery agenda. "We aim for faster implementation, stronger results, and visible impact for citizens," he said.

Currently, 13 WB-supported projects are underway in Sindh, with a total cost of \$3.8 billion, of which \$1.96 billion has already been disbursed. For the fiscal year 2025-26, a baseline disbursement target of \$700.25 million has been set. Key projects in urban development, transport, and municipal services include the \$230 million Competitive and Livable City of Karachi project, the \$382 million Karachi Mobility Project, and the \$100 million Solid Waste Emergency and Efficiency Project.

The meeting was told that 161 Town Municipal Committee projects worth \$66.7 million are underway, with 47 already completed, achieving overall physical progress of 61%. Similarly, eight Karachi Metropolitan Corporation projects totaling \$19 million are in progress, with four projects in the procurement stage expected to be awarded by December 16, 2025.

Regarding the urban property tax survey, door-to-door assessments have identified 3.1 million out of 3.3 million properties, with fund reallocations approved in the Project Steering Committee.

Chief Minister Syed Murad Ali Shah has outlined significant progress across governance, infrastructure, education, health and social protection sectors, highlighting the go-live of Wave Two of the Sindh Business One Stop Shop System (SBOSS) on November 28, 2025. So far, 13 of 19 institutions have been integrated, 54 of 130 regulatory licences digitised and 4,089 e-permits issued. Wave Three, covering six institutions and the remaining 76 licences, is expected by May 2026.

(By Newspaper's Staff Reporter, The Express Tribune, 04, 18/12/2025)

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### Only 9pc of development budget used in five months

Development spending under the federal Public Sector Development Programme (PSDP) remained subdued in the first five months of the current fiscal year, with utilisation amounting to just 9.2 per cent of the Rs1 trillion annual allocation amid fiscal rationing to meet the IMF's contingency measures for growing revenue shortfall.

"Development spending remained modest, with Rs92 billion utilised against Rs196bn sanctioned, led mainly by infrastructure," the Ministry of Planning and Development said in its Monthly Development Outlook (December 2025). It added that foreign-funded projects showed relatively better utilisation, with Rs12.8bn spent out of Rs25.1bn sanctioned.

At Rs92bn, the July-November utilisation was 20pc lower than the Rs115bn spent in the same period last year. The ministry attributed the slowdown to "significant reduction in expenditure by provinces, special areas and the Ministry of Railways".

The government has given a written commitment to the IMF for contingency measures as part of the recent \$1.2bn disbursement, as a five-month revenue shortfall touched Rs430bn.

According to the undertaking, if Federal Board of Revenue (FBR) collections continue to lag in the second quarter of FY26, and other tax receipts fail to bridge the gap, the government will — in consultation with IMF staff — increase the federal excise duty (FED) on fertilisers and pesticides by five percentage points, introduce FED on high-value sugary items, and move items from the Eighth Schedule of the sales tax regime to the general GST framework.

"If by the end of the second quarter of FY26, there is a revenue shortfall due to the implementation of the National Tariff Policy, we will postpone an equivalent amount of expenditure until the last quarter of FY26," it added.

The report said ministries and divisions were sanctioned Rs196bn for the five-month period, against which Rs92bn was reported as expenditure.

The low release and utilisation of development funds come despite a 1.6pc budget surplus in the first quarter of the fiscal year, driven by elevated State Bank profits and petroleum levy collections, and as the government has sought to close hundreds of projects to focus resources on strategically important schemes at advanced stages of development for their early completion.

A sector-wise expenditure breakdown showed that the infrastructure sector had been allocated Rs626.767bn (63pc) in FY26, of which Rs55.238bn had been utilised till Nov 30. Within infrastructure, the transport and communication sector received the highest allocation of Rs333.484bn, which posted an expenditure of Rs30.433bn.

The energy sector and physical planning and housing sector recorded an expenditure of Rs3.52bn and Rs7bn against allocations of Rs122.653bn and Rs72.725bn, respectively. This meant the energy sector consumed less than 3pc in five months, while physical planning and housing utilised 9.6pc.

The water sector, with an allocation of Rs98bn, reported an expenditure of Rs14.281bn (14.6pc) in five months.

The utilisation was relatively better in the social sector. It was allocated Rs169.309bn (17pc) in the budget, wherein Rs60.75bn was allocated for the education sector, including higher education, which spent an amount of Rs12.292bn.

The health and nutrition sector utilised Rs211 million against an allocation of Rs16.8bn, accounting for only 1.25pc in five months. Furthermore, Rs21.7bn was allocated for "Others", of which only Rs2.122bn (9.8pc) could be utilised in five months.

The budget entailed an allocation of Rs11.167bn to promote transparency and good governance and to provide an enabling environment for investors, but only Rs1.015bn could be utilised in five months.

The science and information technology sector recorded an expenditure of Rs3.619bn as of mid-December against an allocation of Rs37.586bn, accounting for 9.6pc.

The food and agriculture sector spent Rs605m against its allocation of Rs5.1bn, while the industrial sector utilised Rs227m against Rs2.856bn and stood at 11.8pc and 7.9pc, respectively.

The report said the PSDP portfolio comprised 86 foreign-funded projects with a total foreign cost component of Rs4.2tr, of which 15 projects are fully foreign-funded, while the remaining 61 projects are implemented with counterpart local funding.

It said a PSDP review was conducted from Nov 10-12 to assess financial and physical progress on the ongoing development portfolio. The executing agencies revealed that Rs90bn had been utilised during the first quarter, and 313 projects were expected to be completed this fiscal year.

It said the government had decided to prioritise fast-moving schemes, strengthen project execution and ensure timely allocations to maximise development impact. The report said Pakistan's economic and development outlook was optimistic, supported by stronger fiscal management, moderating inflation and resilient remittance inflows.

"The development trajectory is steadily improving as high-priority initiatives in health, education, infrastructure, energy and governance are enhancing economic efficiency and social impact," it said.

Under the mechanism announced by the Ministry of Finance for the current fiscal year, the government should release 15pc of budgeted allocation in the first quarter, followed by 20pc in the second quarter, 25pc in the third and the remaining 40pc in the last.

(By Khaleeq Kiani Dawn, 01, 19/12/2025)

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### Senate body concerned over cost escalation of uplift projects in Sindh

Senate's Standing Committee on Planning, Development and Special Initiatives on Thursday expressed its concern over delays, cost escalation and lack of coordination between federal and provincial authorities on major infrastructure development projects in Sindh.

The projects include the bulk water supply scheme for Karachi, known as K-IV, major railway upgrade project ML-1 and motorway schemes for the province.

The meeting, held at the Sindh Secretariat, was chaired by Senator Qurat-ul-Ain Marri.

Committee members Jam Saifullah Khan, Atta-ur-Rehman, Dost Ali Jaiser, Zameer Hussain Ghumro and Ashraf Ali Jatoi attended the proceedings while Sadia Abbasi joined it online.

The committee was briefed on ongoing Public Sector Development Programme (PSDP) projects for 2025–26, including the Karachi water supply K-IV project, Sukkur-Hyderabad-Karachi Motorway (M-6), Karachi-Hyderabad Motorway (M-10) and the Main Line-1 (ML-1) railway project.

*Takes strong exception to province's exclusion from approval process of Thar Coal Rail Connectivity project*

Taking strong exception to the exclusion of Sindh government from the approval process of the Thar Coal Rail Connectivity project, Senator Marri questioned why the province was not taken into confidence despite being a partner in the project.

She asked whether anyone was held accountable for preparing and approving the PC-I without Sindh's involvement. She tasked Jam Saifullah Khan with identifying those responsible for the increase in the project cost from Rs53 billion to Rs90 billion and for bypassing the provincial government.

Jam Saifullah Khan reminded the railways secretary that a memorandum of understanding existed between the federal and Sindh governments on the Thar Coal project and warned that providing inaccurate information to the Senate committee amounted to disrespect. He directed the ministry to submit a comprehensive and accurate report within a month.

Briefing the committee, the railways secretary said the ML-1 project had been facing delays since 2015 due to various factors. He added that financial assistance was expected from the Asian Development Bank, after which the foundation stone of the Karachi-Rohri section would be laid next year.

Sindh Planning and Development Board Chairman Najam Shah informed the committee that multiple applications seeking no-objection certificates (NOCs) for overhead bridges and railway crossings were pending with Pakistan Railways. The committee directed the railways secretary to issue all pending NOCs and submit a compliance report within one month.

Responding to a query by Sadia Abbasi regarding the Karachi Green Line and Thar Coal Railway projects, CEO PIDCL Wasim Bajwa said work on the Green Line BRT was underway under the common corridor project. He said Rs3 billion allocated for the current year had already been utilised, adding that the project would be completed by October 31, 2026.

The committee also took notice of the absence of the communication secretary. Its chairperson expressed her displeasure over his repeated absence. She said the official would be summoned, rather than invited, to future meetings.

An official from the communications department informed the committee that tenders for the M-6 Motorway had been invited. The project comprised five sections, two of which were expected to be completed by June 2026, he said.

Sindh Irrigation Minister Jam Khan Shoro complained that following the dissolution of the Pakistan Works Department, Sindh had received only six of its 27 ongoing projects, while other provinces transferred all their projects within their jurisdictions.

Najam Shah further told the committee that federal funds for Sindh had not been released for two consecutive quarters. The committee directed the finance division to release the funds at the earliest.

While discussing road infrastructure, the secretary of roads said that the Tando Allahyar and Rohri road projects would be completed ahead of schedule, noting Chief Minister Syed Murad Ali Shah's personal interest in the schemes.

To a question regarding the proposed IT park in Karachi, Federal Secretary for Planning Awais Manzoor said the Korea-funded Ministry of IT project is currently in the tendering stage.

Briefing the committee on the K-IV water supply project, Additional Secretary Water Resources Mehar Ali Shah said the World Bank is financing the project, which is a joint federal-provincial initiative. Chairperson Marri stressed that completion of the KB Feeder Project is a World Bank condition and warned that further delays would also push up the cost.

She directed the federal and provincial irrigation departments to immediately convene a meeting with consultants, the Water and Power Development Authority and National Engineering Services Pakistan to resolve outstanding issues.

(By Imran Ayub Dawn, 13, 19/12/2025)

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### Development delayed

FEDERAL development spending is once again being used as a shock absorber for the government's persistent fiscal stress caused by its failure to broaden the tax net and collect targeted revenue. Though the actual utilisation of the budgeted expenditure for development is expected to speed up towards the end of the fiscal year, the numbers for the first five months of the current fiscal paint a familiar but troubling picture. In other words, with only 9.2pc of the federal development allocation of Rs1tr utilised by November, the state's promise of development is being deferred in the name of fiscal discipline. The spending is not only modest in absolute terms but also sharply lower than last year's, underscoring the pressures on the budget despite official claims of economic and fiscal stability.

The government's explanation that reduced spending by the provinces, special areas and the railways was responsible for low utilisation is totally absurd. It is the centre itself which is throttling not only its own uplift spending but also provincial programmes amid a tax collection shortfall of Rs430bn and failure to control its wasteful current expenditure. The goal is to produce an IMF-mandated primary surplus, which stood at 1.6pc of GDP at the end of the first quarter of the fiscal year. Even the development slowdown could not have helped it show the required primary surplus without State Bank profits and a massive increase in the petroleum development levy. More concerning is the commitment given to the IMF that development expenditure will be postponed to the last quarter of FY26 if revenues continue to lag. This effectively turns development into a residual expenditure. Not just that, the government has also agreed to take additional measures in the second half of the fiscal year to meet the tax target. Postponement of development means depriving people of essential public services and economic infrastructure. It also amounts to delaying growth and job creation, while reinforcing regional disparities and poverty. Our fiscal woes do not have to translate into a development dilemma. The government has enormous room to slash its bloated non-development spending. However, that requires strong political will and a long-term growth policy vision. The incumbent rulers, like their predecessors, have done little to convince the people that they have what it takes to ensure economic stability without compromising budget integrity and growth.

(By Editorial, Dawn, 06, 20/12/2025)

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### City's development goals remain unfulfilled

As 2025 nears its ends, Karachi's incomplete infrastructure and delayed projects continue to harm public health. In the shadows of hollow promises, broken roads, blocked sewers, and rising pollution have led to a surge in respiratory illnesses particularly affecting vulnerable groups.

During the past year, glaring gaps between claims and ground reality were observed in the infrastructure development sector. The Sindh government failed to complete several important projects even in 2025. One major project was the construction of the Bhutto Highway from Qayyumabad to the M-9 Motorway in Karachi.

According to the Sindh government's announcement, this project was to be completed by December 2025, but work could not be finished within the stipulated time. In a meeting held in the last week of November, the Chief Minister of Sindh was informed that the highway had been opened from Qayyumabad to Qaidabad, while barely 65 per cent of the work up to the M-9 Motorway had been completed.

Similarly, the Sindh government has been working for several years on a land record digitization project but work could not be completed even in 2025. In January 2024, the Board of Revenue informed the then caretaker government that the revenue record of rights would be digitized within the next six months and linked with the e-registration and e-mutation systems.

The Board of Revenue also assured that the city survey record of the entire province would be digitized within six months. However, even in 2025, this project could not be completed. Concurrently, even after nearly 40 years, the Sindh government has failed to carry out development work in one of Karachi's major housing projects, Hawksbay Scheme 42, and the same situation persisted in 2025. This project was launched in 1984 and covers 6,000 acres, with plots allotted to more than 75,000 people.

However, due to the lack of development work, including electricity and water supply, most people have still been unable to construct their homes. The Lyari Development Authority, responsible for implementing the project, announced in 2025 that it was issuing leases to plot holders, but even as the year comes to an end, this promise could not be fulfilled.

Regional planner, Dr Syed Nawaz-ul-Huda opined that the unbalanced approach of the federal and Sindh governments regarding the ongoing mega projects in Karachi has been continuing for a long time. "Projects related to water, sewerage, and mass transit were announced two decades ago, but their construction work started late, and now bureaucratic obstacles are being created in their completion as well. In principle, all these projects should be under the supervision of local government institutions, which are directly accountable to the public," said Dr Al-Huda.

Apart from fueling public grievances, sluggish development work has also instigated a rise in health ailments. Head of the Ear Nose and Throat (ENT) Department at Jinnah Hospital, Professor Dr Abdul Razzaq Dogar stated that incomplete development projects instigated dust, which worsened air pollution in Karachi, causing a 30 to 35 rise in flu, allergies, and other respiratory diseases.

"Incomplete development projects, broken roads, and poorly maintained sewer systems are a major cause of respiratory issues, affecting 90 per cent of the city. Blocked sewer lines and polluted surroundings allow germs to enter homes, seriously impacting children and making healthy living conditions difficult in Karachi," said Dr Dogar.

Medical Superintendent of the Civil Hospital, Dr Khalid Bukhari, confirmed that due to dust in Karachi, the number of patients had increased. "Due to the growing influx of patients, the demand for oxygen in the hospital has also risen. Incomplete city infrastructure and weather conditions are affecting even healthy individuals. When oxygen levels in the body drop, oxygen has to be administered to maintain adequate levels," explained Dr Bukhari.

(By Razzak Abro, Syed Ashraf Ali and Tufail Ahmed, The Express Tribune, 04, 27/12/2025)

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### Misgovernance & low growth

ECONOMISTS agree that cities are the primary engines of economic growth. All our development partners have been telling us that, without addressing Karachi's infrastructure issues, Pakistan cannot achieve its growth targets.

On Aug 29, 2025, this newspaper published my [article](#) on how Karachi has been deprived of its rightful share of more than Rs3 trillion since 2010. Had that amount been spent on Karachi, we would not have reached this chaotic situation.

With Karachi's consistent neglect, Pakistan has been suffering from a low average growth syndrome since 2010. The Prime Minister's Economic Transformation Agenda and Implementation Plan (2024-29) sets a growth target of six per cent. In the first year of the plan, we achieved only 2.7pc. Pakistan will continue to remain in a low-growth quagmire unless it improves the infrastructure of its growth engine, Karachi, which contributes 50pc of the country's exports and handles 76pc of its trade. Let's check one issue that has become critical to its population and industry: water.

Most of us, including our most vocal political leadership, are under the impression that the completion of the [Greater Karachi Water Supply Scheme \(K-IV\)](#) will resolve the city's water crisis. They are overlooking the fact that the Sindh government has turned K-IV, a water supply project, into a highly complex and insoluble inter-provincial issue. Given the Sindh government's reluctance to provide funds for K-IV since 2007, the federal government took up the matter in December 2014, and former prime minister Nawaz Sharif directed that K-IV be completed within three years.

In January 2015, the media reported that Bilawal Bhutto-Zardari directed the provincial government to resolve Karachi's water shortage "on an emergency basis" and complete K-IV at the earliest. But even after 11 years, there is no sign of K-IV's completion. The Sindh government is also moving at a snail's pace on the augmentation project for water distribution pipelines, which has been pending since 2016. Even if by any chance K-IV is completed and the augmentation of pipelines carried out, Karachi's water issue won't be resolved. Why?

Karachi needs 1,200-1,300 MGD (million gallons per day) of water. However, it gets roughly 550 MGD from Keenjhar Lake and 100 MGD from Hub Dam. The fact that most of this water reaches consumers through water tankers is another issue. The shortage is estimated to be 650 MGD or roughly 50pc of Karachi's needs.

Ironically, the provincial government has also been refusing to provide additional water for Karachi out of Sindh's share in the Indus Water Accord and has approached the Indus River System Authority for a separate allocation to increase the supply to Karachi from 1,200 cusecs (roughly 775 MGD) to 2,400 cusecs (roughly 1,550 MGD). Irsa reminded Sindh that the IWA signed by the four provinces specifically mentions that Sindh's allocation includes water for Karachi's urban and industrial use and that such supplies for the metropolitan city will be given priority. The Sindh government was supposed to abide by the accord's specific provisions and develop infrastructure to provide water for Karachi from its own allocation rather than seeking it from the share of the other provinces. Has any other province ever asked Irsa for separate water allocation for its cities or the federal government to provide funds?

After failing to convince Irsa on the issue (in 2004, 2011 and 2015), the Sindh government decided to reduce the planned capacity of K-IV by 390 MGD — from 650 MGD to 260 MGD — till such time Irsa separately allocates water for Karachi. For this curtailed project of 260 MGD, the Sindh government will line the K.B. Feeder Canal (a project which has yet to begin), and the water saved

from seepage will be provided for K-IV (Phase I). So, the present K-IV project is a curtailed version; even if it is completed, it will only solve one-third of the problem.

Let's check how much 390 MGD or 600 cusecs being denied to Karachi comes to: just 0.9pc of Sindh's water resources of 67,000 cusecs. When I served as project director for the National Programme for Improvement of Watercourses, we lined around 13,000 watercourses in Sindh within three years (2004-2007), saving an estimated 13,000 cusecs of water seepage. Such is the negligible volume of 600 cusecs required for Karachi. The city of 25m people (almost 40pc of Sindh) has been made to beg the federal government for funds for K-IV (amounting to only 4pc of Sindh's annual development programme) and ask other provinces for water (for only 0.9pc of Sindh's resources).

For 1,000 gallons of water, the agricultural landowners (using 95pc of the water resources of Sindh) pay only 20 paisas compared to a tanker in Karachi which costs Rs1,000 for the same quantity.

In short, whenever the curtailed K-IV and pipeline augmentation are completed (an eternity, it seems), these won't be sufficient to cater for even one-third of the city's needs. There seems to be no intention on the part of the Sindh government to even start designing the remaining part of K-IV as it is not ready to give 0.9pc of its water share, and is, instead, waiting for Irsa to allocate water for Karachi. Meanwhile, Irsa says that it deals with provincial shares, not cities' shares.

Karachi pays 90pc of Sindh's taxes and 60pc of federal taxes, yet it has not received its rightful share of more than Rs3tr since 2010 from the Sindh government, the NFC beneficiary. The IWA provides for preferential treatment for Karachi's water needs, but the Sindh government won't abide by it even if it means only a tiny fraction of the province's water resources. Then what is the logical solution to these issues that are impeding national growth, while also contributing to the unending misery of Karachi's residents?

(By Mohammad Younus Dagha Dawn, 06, 31/12/2025)