

# **FCCI**

## **Research & Development Center**



### **Paper # 2**

## **Debt Profile of Pakistan**

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## Debt Profile of Pakistan

**Table – 1: Pakistan Debt and Liabilities Summary (Billion Rupees):**

	<b>Q1 FY 17-18</b>
<b>Pakistan's Total Debt and Liabilities</b>	<b>25,819.9</b>
<i>YoY Growth (in %)</i>	<i>9.8</i>
<i>As percent of GDP</i>	<i>71.9</i>
<b>Domestic Debt and Liabilities</b>	<b>16,853.6</b>
<b>External Debt and Liabilities</b>	<b>8966.3</b>

- **Concerns regarding the current Financial Position of Pakistan:**

- Eminent Pakistani economist, Dr. Hafeez Pasha has projected that by September next year, the government will run out of foreign currency reserves which will trigger a financial crisis. As per his analysis, the external financing needs of Pakistan will be around \$32 billion for the next 16 to 18 months, out of which only \$8 billion is expected to be received through CPEC financing and FDI inflows, whereas, the government will have to resort to borrowing to cover the rest.
- Dr. Pasha has said that, “Instead of undertaking much-needed reforms, the government is conducting a ‘holding operation’ that is aimed at keeping foreign

currency reserves at a level that will allow it to defer the crisis till June next year,”.

- Another leading Pakistani economist, Dr. Ashfaq Khan has said that the recent currency depreciation will have no positive impact on exports and the current account deficit. The government should instead try to control the current account deficit through a package to enhance exports and control imports together with rupee depreciation.
- The rupee may continue to remain under pressure for some time because of soaring trade and current-account deficits. Pakistan’s trade deficit reached a level of \$15 billion with exports of \$9 billion and imports of \$24.1 billion during first 5 months (July-November) of the current financial year. The current account deficit also increased by 122 percent to \$5.01 billion in the first four months (July-October) of the current fiscal year.
- The recent decrease in the value of the rupee will also lead to an increase in the value of external debt and liabilities as well as an increase in the cost of debt servicing. At Rs105.40 to a dollar, external debt and liabilities were equal to PKR 8.966 trillion till September 2017 that, due to the depreciation, have increased to PKR 9.4 trillion. Furthermore, due to the recent depreciation, Pakistan will require an estimated additional PKR 400 billion to service the same amount of debt.

**Table – 2: Pakistan Debt and Liabilities Details (Billion Rupees)**

	<b>FY 15-16</b>	<b>FY 16-17</b>	<b>Q1 FY 17-18</b>
<b>Pakistan's Total Debt and Liabilities (I +II)</b>	<b>22,577.1</b>	<b>25,062.1</b>	<b>25,819.9</b>
<i>YoY Growth (in %)</i>	<i>13.7</i>	<i>11.0</i>	<i>9.8</i>
<i>As percent of GDP</i>	<i>77.6</i>	<i>78.7</i>	<i>71.9</i>
<b>I. Pakistan's Total Debt (A+B+C)</b>	<b>21,563.4</b>	<b>24,001.7</b>	<b>24,789.6</b>
<i>YoY Growth (in %)</i>	<i>14.0</i>	<i>11.3</i>	<i>10.0</i>
<i>As percent of GDP</i>	<i>74.1</i>	<i>75.3</i>	<i>69.0</i>
A. Government Domestic Debt	13,625.9	14,849.2	15,375.5
B. PSEs Domestic Debt	568.1	822.8	827.9
C. External Debt (a+b+c+d)	7,369.4	8,329.7	8,586.1
a) Government External Debt	5,417.6	5,918.7	6,029.8
b) Non-government External Debt	1,003.1	1,429.6	1,549.9
c) Country's Debt from IMF	633.1	640.8	654.5
d) Intercompany External Debt from Direct Investor abroad	315.6	340.7	352.0
<b>II. Total Liabilities (D+E)</b>	<b>1,013.7</b>	<b>1,060.4</b>	<b>1,030.4</b>
<i>YoY Growth (in %)</i>	<i>7.6</i>	<i>4.6</i>	<i>4.9</i>
<i>As percent of GDP</i>	<i>3.5</i>	<i>3.3</i>	<i>2.9</i>
D. External Liabilities	377.1	373.8	380.2
E. Domestic Liabilities	636.6	686.5	650.2

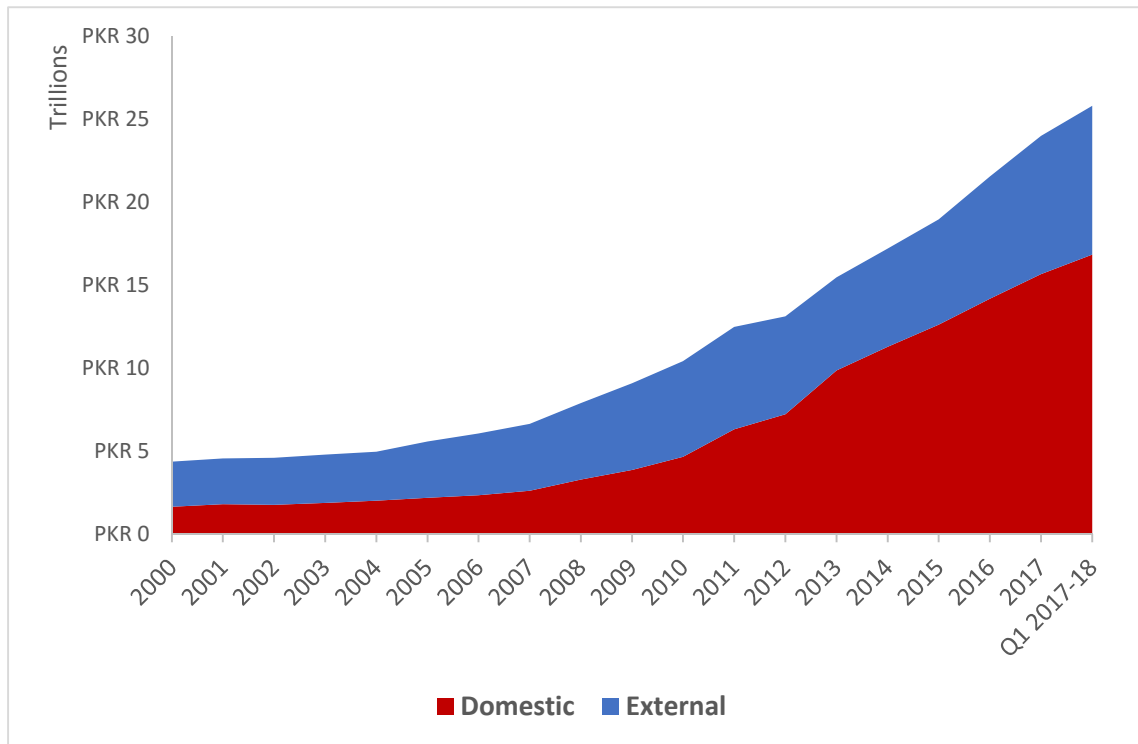
Source: State Bank of Pakistan

**Table – 3: Debt and Liabilities Servicing (Billion Rupees)**

	<b>FY 15-16</b>	<b>FY 16-17</b>
<b>Total Debt and Liabilities Servicing (III+IV+V)</b>	<b>1,611.1</b>	<b>1,876.8</b>
<i>YoY Growth (in %)</i>	-5.3	16.5
<i>As percent of GDP</i>	5.5	5.9
<b>Principal Repayment of External Debt and Liabilities (a+b+c+d)</b>	<b>320.9</b>	<b>466.9</b>
(a) Government External debt and Liabilities	253.0	391.4
(b) Non-government External debt	62.5	75.4
(c) Country's Debt from IMF	5.4	0.0
(d) Monetary Authorities external Liabilities	0.0	0.0
<b>Interest Payment on debt (a+b+c)</b>	<b>1,239.5</b>	<b>1,366.5</b>
(a) Government Domestic Debt	1,108.0	1,205.8
(b) PSE Debt	0.0	0.0
(c) External Debt	131.5	160.7
Government External debt	112.5	128.6
Non-government External debt	13.8	23.0
Country's Debt from IMF	5.3	9.0
<b>Interest Payment on Liabilities (a+b)</b>	<b>50.6</b>	<b>43.4</b>
(a) External Liabilities	9.1	9.1
(b) Domestic Liabilities	41.5	34.3

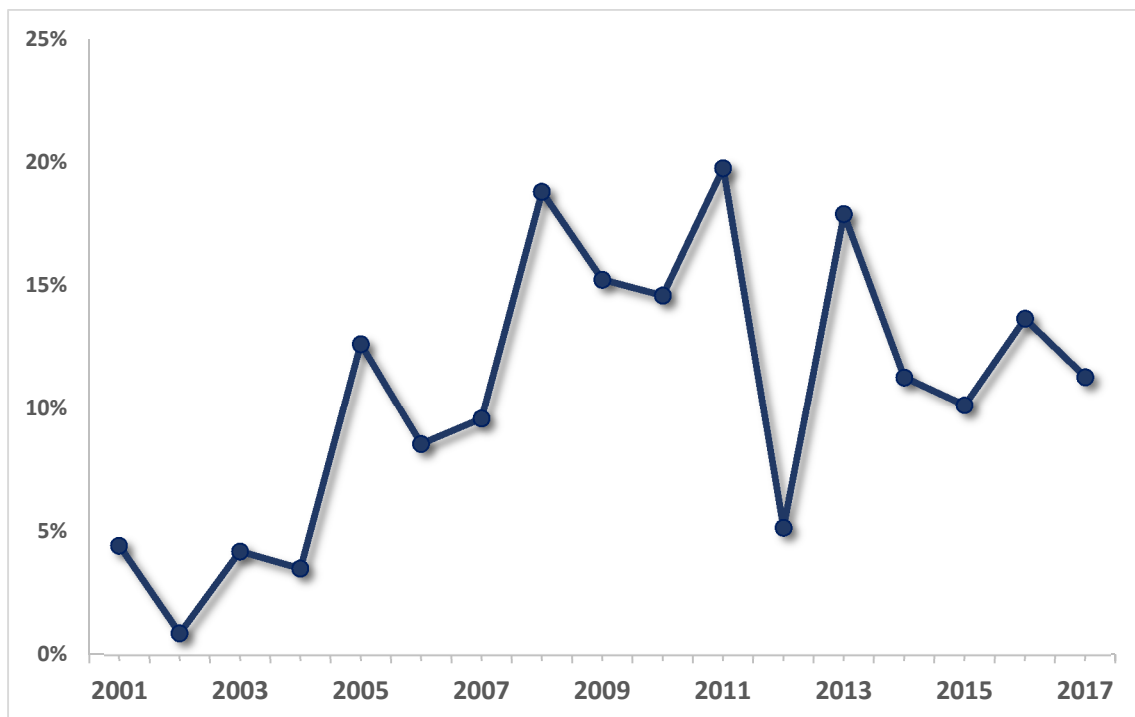
Source: State Bank of Pakistan

**Figure – 1: Pakistan Total Debt and Liabilities (PKR Trillion)**



Source: State Bank of Pakistan

**Figure – 2: Pakistan Total Debt and Liabilities (Annual % Increase)**



Source: State Bank of Pakistan

**Table – 4: Pakistan Historical Debt and Liabilities (Billion Rupees)**

<b>Year</b>	<b>Domestic</b>	<b>External</b>	<b>Total</b>
1976	28.70	584.46	613.16
1977	35.34	646.78	682.13
1978	41.74	736.54	778.28
1979	53.47	794.78	848.25
1980	60.84	888.42	949.26
1981	59.13	894.13	953.26
1982	82.88	894.74	977.63
1983	105.36	949.82	1,055.19
1984	126.87	965.84	1,092.71
1985	155.41	992.66	1,148.07
1986	203.21	1,116.70	1,319.90
1987	249.19	1,226.24	1,475.43
1988	289.46	1,317.13	1,606.58
1989	332.52	1,447.28	1,779.80
1990	378.89	1,548.97	1,927.86
1991	445.04	1,592.53	2,037.57
1992	524.57	1,788.26	2,312.83
1993	605.18	1,966.97	2,572.15
1994	697.47	2,101.61	2,799.08
1995	794.21	2,270.93	3,065.13
1996	907.26	2,291.63	3,198.90

1997	1,048.08	2,377.21	3,425.29
1998	1,190.19	2,346.92	3,537.10
1999	1,392.59	2,726.97	4,119.56
2000	1,646.62	2,712.08	4,358.70
2001	1,801.99	2,750.53	4,552.52
2002	1,760.37	2,832.85	4,593.21
2003	1,881.07	2,905.67	4,786.74
2004	2,012.81	2,942.39	4,955.20
2005	2,178.12	3,403.70	5,581.82
2006	2,337.40	3,722.90	6,060.30
2007	2,610.35	4,032.30	6,642.65
2008	3,274.68	4,616.10	7,890.78
2009	3,860.67	5,233.10	9,093.77
2010	4,654.04	5,767.83	10,421.87
2011	6,306.14	6,173.62	12,479.76
2012	7,220.72	5,905.25	13,125.97
2013	9,865.27	5,609.03	15,474.30
2014	11,298.28	5,922.93	17,221.21
2015	12,618.36	6,352.32	18,970.68
2016	14,193.99	7,369.44	21,563.43
2017	15,672.02	8,329.67	24,001.69
Q1 2017-18	16,853.60	8,966.30	25,819.90

*Source: State Bank of Pakistan*