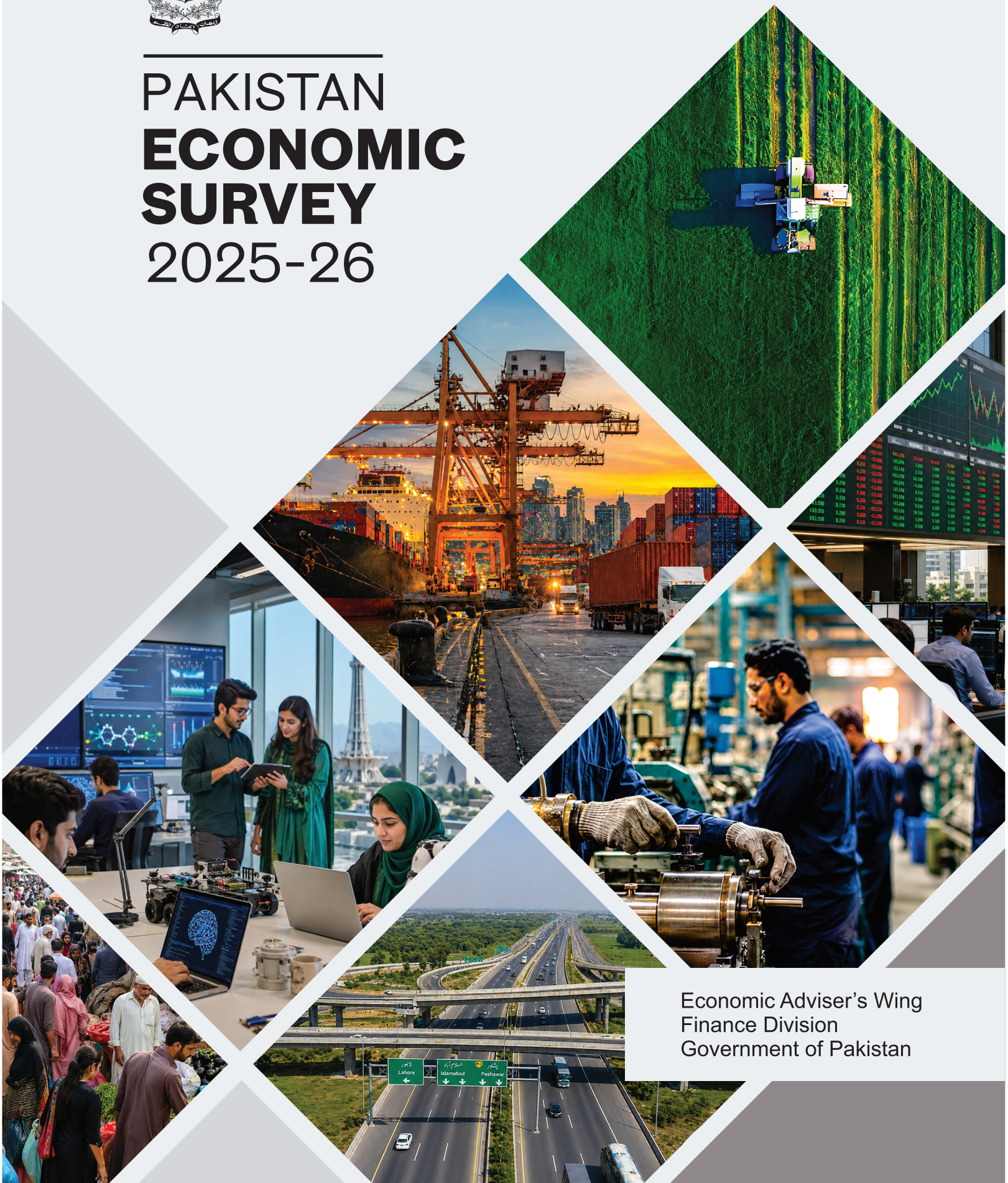
PAKISTAN ECONOMIC SURVEY 2025-26



Economic Adviser's Wing
Finance Division
Government of Pakistan

PAKISTAN
ECONOMIC SURVEY
2025-26

GOVERNMENT OF PAKISTAN
FINANCE DIVISION
ECONOMIC ADVISER'S WING

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FOREWORD

Pakistan entered FY 2026 with restored macroeconomic stability, and during the year the Government consolidated recovery, strengthened confidence, and advanced the transition toward sustainable, inclusive and private-sector-led growth in a demanding environment. The monsoon floods of 2025 tested communities, infrastructure, agriculture and public-service delivery across affected areas, creating additional fiscal and welfare pressures. Through coordinated federal and provincial efforts, the Government carried forward relief and recovery measures, supported food security, strengthened climate resilience, and preserved the hard-earned gains of stabilization.

Global conditions also placed pressure on Pakistan's economy during FY 2026. Volatile energy prices, disruptions in supply chains, tight global financial conditions and heightened regional uncertainty affected emerging and energy-importing economies. The conflict in the Middle East further intensified risks through fuel prices, freight costs, insurance premiums, food and fertilizer markets and remittance channels. In this difficult environment, Pakistan maintained economic stability, ensured orderly energy and supply management, and advanced its reform agenda with consistency and resolve.

The economy posted provisional GDP growth of 3.70 percent in FY 2026, compared with 3.18 percent last year. Large-scale manufacturing recorded a broad-based recovery, inflation declined markedly from crisis-period levels, and the external account strengthened. The current account moved into surplus during the latter part of the fiscal year, while foreign exchange reserves rose to multi-year highs. Workers' remittances remained robust, value-added exports and technology-related inflows strengthened, and Pakistan's equity and sovereign debt markets reflected improving confidence in the country's macroeconomic direction.

The Government also delivered one of the strongest fiscal performances in recent years. It kept fiscal consolidation on track, achieved a historic primary surplus, improved public debt indicators and extended average debt maturities. Pakistan also returned to international capital markets and launched its Panda Bond initiative at competitive pricing. These developments demonstrated investor confidence and strengthened Pakistan's credibility in global financial markets.

The Government continued to implement a broad and difficult structural reform agenda under the IMF-supported programme and through continuous engagement with development partners. It advanced reforms in tax administration, digitization of the economy, tariff rationalization, energy-sector restructuring, pension reform, public debt management, rightsizing of government, SOE reforms and priority privatization transactions. It operationalized a competitive multi-buyer electricity market, advanced the restructuring and closure of loss-making entities, shifted pension arrangements toward contributory systems, expanded digital invoicing, and enforcement systems.

Pakistan also strengthened digital and financial inclusion during the year. The expansion of digital payments, digital public infrastructure, fintech innovation and financial-access initiatives helped broaden participation, support formalization and improve the delivery of public services. At the same time, initiatives in digital assets, blockchain, tokenization and financial innovation positioned Pakistan to participate more effectively in the evolving global digital economy.

The Government remained mindful of the welfare impact of adjustment and shocks. It protected vulnerable segments of society through social protection measures, preserved priority spending on human capital, infrastructure and climate resilience, and continued to focus on policies that support employment, productivity and private investment. These efforts demonstrate that Pakistan can combine stabilization with a renewed growth agenda when institutions coordinate effectively and policy direction remains consistent.

The Pakistan Economic Survey 2025-26 presents a comprehensive account of the country's economic performance during the outgoing fiscal year. It highlights key developments across major sectors of the economy and reflects the Government's efforts to strengthen resilience, restore stability, deepen reforms, improve investor confidence and lay the foundation for sustainable and inclusive prosperity.

I commend Mr. Imdad Ullah Bosal, Finance Secretary, Ms. Nasheeta Maryam Mohsin, Special Secretary Finance, and Dr. Hasan Muhammad Mohsin, Economic Adviser, along with their teams, for compiling this valuable document in a timely and professional manner.

I remain confident that prudent economic management, institutional strengthening, structural reforms and collective national resolve will enable Pakistan to build a stronger, more resilient, competitive and forward-looking economy and advance steadily toward sustainable and inclusive prosperity.

Senator Muhammad Aurangzeb
Minister for Finance and Revenue

Islamabad, June, 2026

MESSAGE

The Pakistan Economic Survey 2025-26 presents a detailed assessment of the national economy's performance during the outgoing fiscal year. As the flagship annual publication of the Ministry of Finance, it provides a comprehensive analysis of macroeconomic developments, sectoral trends, public finance, external sector dynamics, social indicators, and major policy initiatives undertaken by the Government.

The FY 2026 was marked by considerable external and domestic challenges. Global economic conditions remained uncertain due to geopolitical tensions, fluctuating commodity prices, tighter international financial conditions, and disruptions in global trade and energy markets. The Middle East conflict further intensified these challenges by driving volatility in oil prices, raising transportation and insurance costs, and eroding investor confidence worldwide.

Despite these challenges, Pakistan's economy demonstrated remarkable resilience supported by prudent macroeconomic management, coordinated fiscal and monetary policies, and timely administrative interventions. During the year, the Government advanced important reforms, including pension reforms, the continuation of federal austerity measures, stricter expenditure management, progress on expanding the Treasury Single Account, and ongoing rightsizing of federal entities. These measures strengthened spending discipline, improved cash management, and helped contain fiscal risks while protecting priority expenditures.

Reflecting the positive impact of these measures, GDP growth for FY 2026 has been estimated at 3.70 percent, driven by 2.89 percent growth in agriculture, 3.51 percent in industry, and 4.09 percent in services. The year also witnessed continued progress in macroeconomic stabilization, supported by stronger external buffers, easing inflationary pressures, and a more stable economic environment, boosting investor confidence.

The preparation of the Pakistan Economic Survey is a collaborative effort involving numerous Ministries, Divisions, Provincial Governments, and autonomous and semi-autonomous organizations. I sincerely appreciate the timely cooperation and valuable contributions from all stakeholders in the provision of data, information, and analytical input.

I would particularly like to acknowledge the professional commitment and hard work of the officers and staff of the Economic Adviser's Wing under the leadership of Dr. Hasan Muhammad Mohsin, Economic Adviser, in compiling and finalizing this important publication.

I hope that the Pakistan Economic Survey 2025-26 will serve as a useful reference document for policymakers, researchers, academics, development partners, investors, and all those interested in understanding Pakistan's economic progress and policy direction.

Imdad Ullah Bosal
Finance Secretary

Islamabad, June, 2026

PREFACE

The Pakistan Economic Survey 2025-26 provides a comprehensive overview of the country's economic performance. It incorporates the latest available information for the first nine to ten months of FY 2026 along with detailed time-series data across various sectors of the economy.

The Survey highlights both the achievements and challenges of the economy while presenting analytical discussions on major sectors and policy initiatives. It also reflects the Government's continued focus on structural reforms, fiscal sustainability, investment facilitation, export competitiveness, digital transformation, climate resilience, and inclusive development.

The preparation of such a comprehensive document requires extensive coordination and cooperation among numerous institutions. I sincerely thank all Ministries, Divisions, Provincial Governments, Departments, and Agencies for their valuable support and timely provision of data and information. I am particularly grateful to the State Bank of Pakistan, Pakistan Bureau of Statistics, Federal Board of Revenue, Securities and Exchange Commission of Pakistan, Budget Wing, Debt Management Office, HRM Wing, and other Wings of the Finance Division for their continued assistance and collaboration.

I remain deeply indebted to Senator Muhammad Aurangzeb, Minister for Finance & Revenue, Mr. Bilal Azhar Kayani, Minister of State for Finance, Mr. Imdad Ullah Bosal, Finance Secretary and Ms. Nasheeta Maryam Moshin, Special Secretary Finance for their continuous guidance, encouragement, and support throughout the preparation of this publication. Their leadership and policy direction have been instrumental in ensuring the timely completion and analytical quality of the Survey.

Pakistan Economic Survey 2025-26 appreciates the strategic input and technical contribution of Dr. Rashid Amjad, Mr. Zafar ul Hassan, Dr. Shahzada M. Naeem Nawaz, Dr. Saleem Mohsin, Dr. Haroon Sarwar, Muhammad Fida, Dr. Saima Bashir, Dr. Mahmood Khalid, Mr. Zille Hasnain and Dr. Nasir Iqbal. In particular, the views and comments of Dr. Imtaz Ahmad, Chief Economist along with his Planning team are highly appreciated.

Special appreciation is extended to the officers and staff of the Economic Adviser's Wing whose dedication, professionalism, and tireless efforts made the compilation and publication of this Survey possible.

It is hoped that the Pakistan Economic Survey 2025-26 will serve as a valuable source of information and reference for policymakers, researchers, students, investors, development practitioners, and the general public. Constructive suggestions and feedback for further improvement of future editions are warmly welcomed.

Dr. Raja Hasan M. Mohsin
Economic Adviser

Islamabad, June, 2026

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Overview of the Economy

Global Economic Review

The global economy showed resilience in 2025 despite heightened trade tensions and persistent policy uncertainty. Trade tensions eased somewhat during the year, with the US effective tariff rate estimated at 13.5 percent by April 2026, compared with 18.7 percent in the October 2025 forecast. Supply chains also adjusted gradually, helping sustain global economic activity. Financial conditions remained broadly accommodative despite episodes of market volatility and rising sovereign bond yields. As a result, global growth was estimated at 3.4 percent in 2025, slightly higher than 3.3 percent in 2024.

However, the global outlook weakened in early 2026 following the outbreak of conflict in the Middle East. Disruptions in energy supply routes and damage to critical production facilities increased uncertainty in global energy markets and added downside risks to growth. At the same time, renewed trade tensions, elevated public debt, and concerns regarding slowing productivity growth continued to weigh on the global economic outlook. According to the World Economic Outlook (April 2026), global growth is projected to moderate to 3.1 percent in 2026, while global headline inflation is expected to rise to 4.4 percent from 4.1 percent in 2025.

Among advanced economies, the US economy grew by 2.1 percent in 2025 but projected to increase to 2.3 percent in 2026, supported by expansionary fiscal policy, monetary easing, and continued momentum in the technology sector. China's growth remained at 5.0 percent in 2025 but projected to moderate to 4.4 percent in 2026 due to the adverse effects of higher US tariffs on exports. In the UK, growth was estimated at 1.3 percent in 2025 and expected to slow to 0.8 percent in 2026 amid slower monetary easing. Similarly, growth in the Euro Area was estimated at 1.4 percent in 2025 and projected at 1.1 percent in 2026 due to continued weakness in manufacturing activity and pressures arising from euro appreciation.

Growth in emerging market and developing economies is projected to slow to 3.9 percent in 2026 from 4.4 percent in 2025. The impact of Middle East conflict is expected to vary across countries depending on their energy dependence, trade exposure, remittance linkages, and financial vulnerabilities.

Global trade remained resilient in 2025. According to IMF estimates, the volume of global trade in goods and services expanded by 5.1 percent during the year. However, trade growth is projected to moderate to 2.8 percent in 2026 amid persistent geopolitical tensions and continued uncertainty in the global trade environment. Reconfiguration of supply chains and changing trade patterns continued to reshape global trade dynamics, particularly in Asia.

Pakistan Economic Review

The economy accelerated its growth momentum in FY 2026 and recorded a growth of 3.70 percent compared to 3.18 percent last year. The improvement owes to effective macroeconomic management, better fiscal account, growth in Large Scale Manufacturing (LSM) sector, resilience of agriculture sector to floods of 2025, exchange rate stability and reforms under the IMF Extended Fund Facility (EFF) Programme.

Inflation rose from 7.3 percent in March 2026 to 10.9 percent in April 2026 due to rise in global oil prices and supply disruptions amid Middle East crisis. Average inflation for July-April FY 2026 was recorded at 6.2 percent, higher than 4.7 percent recorded during the same period of previous year.

Fiscal discipline improved as substantiated by a marked reduction in fiscal deficit to 0.7 percent of GDP during July-March FY 2026 from 2.6 percent of GDP during the same period last year. The improvement is attributed to growth in both tax and non-tax revenues and a significant decline in mark-up expenditure. Primary surplus rose to 3.2 percent of GDP from 3.0 percent recorded during the same period last year. On the external front, the current account recorded a marginal surplus of US $ 72 million during July-March FY 2026 compared to a surplus of US $ 1.7 billion in the same period last year. Workers' remittances remained a key source of external sector support, rising by 8.2 percent to US $ 30.3 billion.

Executive Summary of the Chapters

Growth and Investment: The real, fiscal, financial, and external sectors continued to demonstrate resilience and gradually strengthening growth momentum in FY 2026. Pakistan's GDP grew by 3.70 percent, supported by growth across all major economic sectors. The agriculture sector recorded a growth of 2.89 percent, driven by important crops and livestock. The industrial sector posted a growth of 3.51 percent, supported by a sharp growth (6.11 percent) in the Large-Scale Manufacturing (LSM). The service sector as the largest contributor to GDP (58.42 percent of GDP) expanded by 4.09 percent, supported by a strong growth in information and communication services (7.52 percent).

The GDP, valued at current market prices, reached Rs 126.9 trillion (US $ 452.1 billion), showing 11.3 percent increase from the previous year's Rs 114.0 trillion (US $ 408.2 billion). The exchange rate remained remarkably stable at 280.65 Rs/US $ compared to 279.35 Rs/US $ in FY 2025. Thus, with improved economic activity, per capita income rose to US $ 1,901 from US $ 1,751 in the previous year.

The investment-to-GDP ratio remained stable at 14.38 percent, mainly supported by growth in private sector capital formation. National savings were recorded at 14.13 percent of GDP, resulting in contained foreign savings (0.24 percent of GDP), indicating limited reliance on external financing. Total Gross Fixed Capital Formation (GFCF) stood at Rs 16,071.2 billion, marking a 10.9 percent increase over FY 2025. Private investment grew by 12.8 percent, reflecting improved macro-economic stability and a supportive base for sustaining growth momentum in the upcoming years.

Agriculture: During 2025-26, the agriculture sector recorded a growth of 2.89 percent, compared to 1.53 percent during the same period last year. Government initiatives and timely support measures helped the crop sub-sector demonstrate resilience in the wake of the 2025 floods, enabling it to perform better than expected. The sub-sector recorded growth of 1.44 percent, compared with a contraction of 1.01 percent in 2024-25, mainly on account of better production of important crops. Important crops, including cotton, rice, sugarcane, maize, and wheat, registered an overall growth of 0.65 percent compared to last year. Better performances in sugarcane, wheat, and rice ultimately offset production declines in cotton and maize. Sugarcane registered the highest growth at 6.2 percent (rising from 84.24 to 89.45 million tonnes), followed by wheat at 4.3 percent (increasing from 28.40 to 29.61 million tonnes), and rice at 2.8 percent (up from 9.72 to 9.99 million tonnes). Other crops recorded growth of 2.43 percent despite flood-related disruptions, mainly supported by higher production of pulses, vegetables, and fruits, which increased by 31.4 percent, 12.6 percent, and 2.8 percent, respectively. Cotton ginning and miscellaneous which have a share of 1.04 percent in agriculture and 0.24 percent in GDP, registered a marginal growth of 0.07 percent mainly due to lower cotton production.

The livestock sub-sector, expanded by 3.75 percent, compared with 2.95 percent in 2024-25. This performance was supported by a 3.46 percent increase in output, notwithstanding a 4.5 percent decline in green fodder availability. In this regard, the establishment of the NAFSC and the National Meat Sector Transformation and Export Council has provided renewed policy impetus for strengthening food security, transforming the livestock sector, and promoting agriculture and meat export. Forestry and fishing sectors also posted moderate growth rates of 2.02 percent and 1.66 percent, respectively.

Fertilizer nutrient offtake during 2025-26 (July-March) was 3,795 thousand tonnes which was 11.4 percent more than the corresponding period of the previous year. Nitrogen and Phosphate offtake was 3,035 and 712 thousand tonnes, respectively whereas Potash offtake was 48 thousand tonnes. The 9 months data of current fiscal year indicate that nitrogen and potash offtake increased by 14.8 and 26.2 percent, respectively while phosphate offtake decreased by 1.9 percent due to higher price.

The monsoon season (July-September) 2025 recorded 172.8 mm actual rainfall against the

normal average rainfall of 140.9 mm showing an increase of 22.6 percent. During the post-monsoon season (October-December) 2025, rainfall was recorded at 21.2 mm, showing a decrease of 19.7 percent against the normal average rainfall of 26.4 mm. However, during the winter (January-March) 2026, rainfall remained below at 68.5 mm against the normal average rainfall of 78.1 mm, showing a decrease of 9.6 percent.

Canal head withdrawals during Kharif 2025 were recorded at 60.56 MAF, showing a marginal increase from 60.48 MAF in Kharif 2024. In contrast, withdrawals during Rabi 2025-26 rose 10.7 percent to 31.35 MAF compared to 29.43 MAF in Rabi 2024-25.

As per the agriculture expansion plans of financial institutions (FIs), it is expected that disbursement will reach Rs 3,062 billion in FY 2026, which is 19 percent higher than last year's disbursement of Rs 2,577 billion.

Manufacturing and Mining: Manufacturing sector recorded a growth of 6.6 percent on the back of robust performance of Large-Scale Manufacturing (LSM) during FY 2026. The Quantum Index of Manufacturing (QIM) during July-March FY 2026 recorded a growth of 6.5 percent over the corresponding period last year. Based on QIM data, the growth of LSM (FISIM adjusted) has been estimated at 6.1 percent for FY 2026. This revival was supported by favourable macroeconomic conditions, stable exchange rate, contained inflationary pressures and relatively easing monetary policy. Out of 22, 16 manufacturing sectors reported growth including Food, Textiles, Wearing Apparel, Coke & Petroleum Products, Non-Metallic Mineral Products, Automobiles, Beverages and Electrical Equipment.

On a year-on-year (YoY) basis, QIM grew by 11.1 percent in March 2026, compared to a contraction of 2.4 percent in the same month last year. While, on a month-on-month (MoM) basis, it declined by 5.2 percent.

The Mining and Quarrying sector recorded a marginal growth of 0.4 percent in FY 2026. This marks the first positive growth in the sector after four consecutive years of contraction, with the last expansion recorded in FY 2021. During July-March FY 2026, significant growth was recorded in the extraction of magnesite (164.8 percent), rock salt (109.9 percent), gypsum (67.0 percent), iron ore (41.5 percent), ocher (31.7 percent), limestone (25.1 percent), and coal (6.5 percent). On the other hand, production of sulphur declined by 68.0 percent, followed by chromite (-51.3 percent), soap stone (-24.7 percent), barytes (-20.7 percent), natural gas (-3.7 percent) and crude oil (-0.6 percent).

Fiscal Development: Fiscal consolidation efforts remained firmly on track during FY 2026, further reinforcing fiscal discipline and macroeconomic stability. During July-March FY 2026, fiscal deficit narrowed significantly to 0.7 percent of GDP (Rs 856.4 billion) from 2.6 percent of GDP (Rs 2,970.0 billion) in the corresponding period last year. Primary surplus also improved to 3.2 percent of GDP (Rs 4,091.5 billion) from 3.0

percent of GDP (Rs 3,468.7 billion) last year, largely supported by lower markup payments, contained current expenditures, improved revenue mobilization, and continued provincial support to overall fiscal consolidation.

Total revenue increased by 10.7 percent to Rs 14,799.3 billion during July-March FY 2026. Tax revenue increased by 11.3 percent to 10,166.6 billion while non-tax revenue grew by 9.5 percent to Rs 4,632.7 billion. The increase in tax revenues was contributed by growth in both federal (FBR) and provincial tax collections. FBR tax collection increased by 10.1 percent to Rs 9,305.9 billion, while provincial tax revenues increased by 25.8 percent to Rs 860.7 billion. The growth in non-tax revenue was mainly contributed by higher collections of petroleum levy and SBP profits.

Total expenditure declined by 4.2 percent to Rs 15,655.6 billion, mainly driven by a significant reduction in markup payments. Current expenditure decreased by 2.2 percent to Rs 14,267.4 billion, while markup payments declined by 23.2 percent to Rs 4,947.9 billion. Federal non-markup current expenditure, however, registered an increase of 18.8 percent. Development expenditure was recorded at Rs 1,947.1 billion with a growth of 26.8 percent over the corresponding period of last year. Spending under both federal and provincial development programmes increased by 7.6 percent and 31.6 percent, respectively.

During July-April FY 2026, FBR net provisional tax collection increased by 10.3 percent to Rs 10,262.6 billion. The government is also advancing significant fiscal reforms in coordination with provinces, including measures under the National Fiscal Pact to improve revenue mobilization, strengthen expenditure efficiency, and rebalance intergovernmental fiscal responsibilities. These reforms are critical for ensuring long-term fiscal sustainability and creating fiscal space for higher, inclusive, and sustainable economic growth.

Money and Credit:

During July-March FY 2026, Broad Money (M2) expanded by Rs 2,741 billion, increasing by 15.4 percent (YoY) as compared to a 13.0 percent increase in the same period last year. The expansion in M2 was driven by both Net Foreign Assets (NFA) and Net Domestic Assets (NDA) of the banking system. The NFA increased by Rs 816.7 billion, driven by a current account surplus and higher foreign exchange reserves. Similarly, the NDA increased by Rs 1,924 billion despite lower budgetary borrowing than in the previous year. The government sector borrowing for budgetary support increased by Rs 850.6 billion, as compared to the borrowing of Rs 1,320.9 billion during the same period last year. This moderation reflects a remarkable decline in fiscal deficit on account of continued fiscal consolidation. The decline in borrowing for budgetary support together with earlier monetary easing, improved business sentiment, and a recovery in economic activity. During July-March FY 2026, private sector credit increased by Rs 934.1 billion, driven by higher demand for working capital and fixed investment loans across key

sectors.

Capital Markets and Corporate Sector: Pakistan's capital markets, specifically the equity market, performed well compared to major global stock markets in FY 2026. The KSE-100 index demonstrated significant growth of 18.4 percent during July-March FY 2026. This increase can be attributed to strong corporate earnings, a decline in both the policy rate and inflation, the successful review of the IMF-EFF Programme, and subsequent tranche disbursements, all of which contributed to a stable macroeconomic environment that bolstered investor confidence.

Pakistan Stock Exchange (PSX) market capitalization recorded Rs 15,237 billion (US $ 53 billion) on 30 June 2025. It closed at Rs 16,534 billion (US $ 59.23 billion) on 31 March 2026, reflecting an increase of 8.5 percent (Rs 1,297.5 billion) in the period under review.

Following the first auction of government debt securities (GDS) through capital market infrastructure institutions in December, 2023, the government has conducted 32 GDS auctions raising Rs 5.099 trillion, as of March, 2026. Different types of sovereign Sukuk instruments including discounted, fixed rate and variable rate Sukuks of different maturities have been issued which are available for trading at PSX. During July-March FY 2025, a net inflow of Rs 226.69 billion was recorded under National Savings Schemes.

During July-March FY 2026, the Securities & Exchange Commission of Pakistan (SECP) issued 53 certificates of Shariah-compliant securities to the corporate Sukuk issuers under the Shariah Governance Regulations, 2023, amounting to Rs 229.6 billion. This growth in corporate Sukuk issuances reflects rising investor confidence underscoring the increasing sophistication and maturity of Shariah-compliant financial instruments in the country. In the sovereign Sukuk segment, total issuances worth Rs 1.86 trillion were carried out and secondary market trading surpassed Rs 1.38 trillion during this period, reflecting robust market activity and investor participation. In the secondary capital market, 308 (57.5 percent) securities out of a total 536 listed securities are Shariah-compliant, with a market capitalization of Rs 10.6 trillion (64 percent) out of total market capitalization of Rs 16.5 trillion as of March 31, 2026.

Inflation: The CPI inflation for the period July-April FY 2026 was recorded at 6.2 percent as against 4.7 percent during the same period last year. Inflation measured by Sensitive Price Indicator (SPI) stood at 4.1 percent as against 4.8 percent during the same period last year. Wholesale Price Index (WPI) increased by 2.3 percent as compared to 2.2 percent during the same period last year.

The inflation remained broadly stable during the first three quarters of FY 2026. However, the emergence of an external shock amid geopolitical tensions at the end of third quarter has increased its vulnerability to renewed price pressures, warranting continued vigilance and timely policy response to preserve macroeconomic stability.

Trade and Payments: Global trade experienced

significant disruptions in 2025 due to substantial tariff increases by the United States, which contributed to rising trade restrictions and global policy uncertainty. Additional pressures emerged in February 2026 as the conflict in the Middle East escalated, leading to heightened volatility in energy markets, higher shipping and insurance costs, and disruptions to regional trade and supply chains. Despite this challenging global backdrop, Pakistan's external sector demonstrated resilience, supported by strong remittance inflows, lower primary income outflows, and improved financial account inflows. As a result, during July-March FY 2026, the current account recorded a surplus of US $72 million. Workers' remittances remained a key source of external sector support, rising by 8.2 percent to US $ 30.3 billion, aided by policy and regulatory measures encouraging inflows through formal channels.

The merchandise trade deficit widened to US $ 27.9 billion from US $ 22.7 billion a year earlier, reflecting a 6.9 percent increase in imports amid the recovery in domestic economic activity. Export performance remained under pressure, declining by 8 percent due to subdued external demand and regional geopolitical tensions that disrupted trade and shipping channels. However, the services account showed improvement as the deficit narrowed to US $ 2.1 billion from US $ 2.3 billion last year, primarily due to robust growth in information technology exports, which increased by 19.8 percent and outpaced the growth in services imports.

The primary income deficit declined by US $ 364 million to US $ 6.4 billion owing to lower interest payments. On the financing side, the financial account recorded a net inflow of US $ 194 million compared to a net outflow of US $ 1.0 billion last year, largely due to higher official disbursements. Foreign exchange reserves rose to US $ 21.8 billion by end-March 2026 (US $ 16.4 billion with SBP and US $ 5.4 billion with commercial banks), which also contributed to the exchange rate stability being maintained at Rs 281.1 per US $ during July–March FY 2026.

Looking ahead, the IMF projects global trade volume growth to slow to 2.8 percent in 2026, down from an estimated 5.1 percent in 2025, before recovering modestly to 3.8 percent in 2027 (WEO, April 2026).

Public Debt: Total public debt was recorded at Rs 83,285 billion by end March 2026, comprising Rs 57,566 billion in domestic debt and Rs 25,720 billion in external debt. External public debt stood at US $ 92.2 billion by end-March 2026. During the first nine months of FY 2026, public debt growth remained contained at 3.4 percent, compared with 6.7 percent during the same period last year, supported by a strong primary surplus, prudent borrowing strategy, and active debt management operations. Several key developments were witnessed in the public debt domain during the period, as highlighted below:

- Within domestic debt, the government relied primarily on medium to long-term instruments, including Pakistan Investment Bonds (PIBs) and Government Ijarah Sukuk, to finance the fiscal deficit. The fiscal deficit

was financed entirely through domestic borrowing sources. The government also introduced a 15-year zero-coupon PIB, successfully raising Rs 263 billion on a realized value basis. These measures helped improve the maturity profile of domestic debt, as reflected in the increase in Average Time to Maturity from 3.5 years in March 2025 to 3.86 years in March 2026.

- In the auction of domestic debt securities, robust market participation was witnessed. Total bids received for Treasury Bills stood at Rs 31,767 billion, with acceptance of Rs 13,443 billion. Pakistan Investment Bonds received bids of Rs 22,507 billion, with acceptance of Rs 5,303 billion, while Government Ijarah Sukuk, including Bai-Muajjal, attracted participation of Rs 6,635 billion, with acceptance of Rs 2,250 billion. The government followed a calibrated strategy focused on medium- to long-term maturities and fixed-rate instruments to manage cost and rollover risks while maintaining strong investor engagement.
- The government continued its strategic Liability Management Operations by conducting buybacks amounting to approximately Rs 2.1 trillion worth of government debt securities, thereby rationalizing debt servicing costs.
- The government expanded Shariah-compliant financing options through the introduction of a 10-year zero-coupon fixed-rate Sukuk instrument. During July–March FY 2026, the Government successfully raised approximately Rs 2.25 trillion through Shariah-compliant Sukuk issuances. These measures increased the share of Shariah-compliant instruments in government securities from 12.7 percent in March 2025 to 14.5 percent in March 2026.
- Debt portfolio risk indicators also improved during the period. The share of fixed-rate debt in government securities increased significantly from 19.0 percent in March 2025 to 27.6 percent in March 2026, indicating improved management of interest rate risk and a gradual shift toward more predictable debt servicing obligations.
- External budgetary disbursements were recorded at US $ 6.1 billion, including US $ 2.7 billion from multilateral sources, US $ 1.1 billion from bilateral development partners, US $ 2.0 billion from Naya Pakistan Certificates, and US $ 0.2 billion from commercial banks. The Government also received US $ 1.2 billion under the IMF's Extended Fund Facility during July–March FY 2026.
- Out of the total external public debt stock of US $ 92.2 billion, multilateral loans remained the largest component at US $ 42.5 billion, while IMF debt stood at US $ 9.9 billion. Paris Club debt was recorded at US $ 5.5 billion, while bilateral loans from non-Paris Club countries amounted to US $ 19.0 billion. The external debt portfolio continued to be largely supported by long-term and concessional financing from multilateral and bilateral sources, helping limit refinancing risks and support debt sustainability.

As part of its debt management strategy, the Government remains committed to maintaining

fiscal discipline through prudent borrowing, enhanced revenue mobilization, expenditure rationalization, and active debt portfolio management. With a narrower fiscal deficit, improved primary balance, and continued reliance on medium to long-term instruments, public debt growth is expected to remain contained over the medium term.

Education: Pakistan's literacy rate has improved from 61 percent in 2022-23 to 63 percent in 2024-25, with male literacy at 73 percent and female literacy at 54 percent. School attendance has increased from 61 percent to 67 percent nationally, reflecting broader access improvements. Out of School Children (OOSC) in Pakistan have declined from 38 percent in 2023 (Male: 35 percent, Female: 42 percent) to 28 percent in 2025 (Male: 25 percent, Female: 31 percent), demonstrating significant progress across all provinces particularly in Balochistan where the number decreased from 69 percent to 45 percent, followed by Punjab (32 percent to 21 percent, Sindh (47 percent to 39 percent),) and Khyber Pakhtunkhwa (30 percent to 28 percent).

The education system continues expanding across all levels. Primary enrollment reached 25.38 million students in FY 2024, with middle-level enrollment growing substantially by 14.9 percent to 10.8 million. Technical and vocational education, prioritized through 4,746 institutes, remains crucial for employment-oriented training, with enrollment at 0.46 million students.

Education expenditure stood at Rs 962.0 billion in FY 2025, representing 0.8 percent of GDP. Federal, provincial, and local governments allocated substantial funds for development: Punjab allocated Rs 100 billion for school education, Sindh Rs 102.8 billion, Khyber Pakhtunkhwa Rs 13.5 billion and Balochistan Rs 24.84 billion. Development Programmes prioritize modernizing curricula, establishing smart classrooms, and expanding technical education. Higher Education Commission (HEC) received a revised allocation of Rs 34.9 billion for implementing 147 development projects in public sector universities and institutions. Major initiatives include scholarship programmes, digital learning support, research and innovation projects, and expansion of higher education infrastructure.

The National Vocational and Technical Training Commission (NAVTTC) trained over 100,000 youth in FY 2025, with 366,157 skill assessments conducted for overseas employment. The Prime Minister's Laptop Scheme distributed 74,427 laptops to students, with 54 percent female participation.

Pakistan’s federal and provincial governments are implementing education reforms focused on expanding access, promoting equity, improving infrastructure, strengthening teacher training, integrating digital learning, and enhancing institutional governance. Despite progress in literacy and enrollment, challenges related to quality, infrastructure, and regional disparities persist. Continued improvements in curriculum development, teacher capacity, and industry-academia linkages remain important for strengthening the education system and

advancing Sustainable Development Goal 4 (SDG-4).

Health & Nutrition: Pakistan's health and nutrition sector recorded significant progress during recent years, supported by sustained government interventions, reforms and policies aimed at strengthening human capital and advancing universal health coverage. Key health indicators improved, with life expectancy rising to 67.8 years, immunization coverage increasing to 73 percent, and reductions observed in neonatal and infant mortality rates. Significant initiatives were undertaken to modernize and expand healthcare delivery, including development of the National Digital Health Hub, implementation of the Pakistan Multisectoral Health Workforce Strategy, expansion of disease control programmes for diabetes and Hepatitis-C, strengthening of nursing and midwifery services, and continued investments in cancer treatment infrastructure. Provincial governments also accelerated reforms through expanded healthcare infrastructure, digital monitoring systems, human resource development, and targeted service delivery programmes.

On the nutrition front, Pakistan continued efforts to address malnutrition, stunting, micronutrient deficiencies, and food insecurity through coordinated multisectoral interventions. Government programmes such as the Benazir Nashonuma Programme, National Multisectoral Nutrition Programme, SOPRAN initiative, and Pak-Korea Nutrition Center strengthened maternal and child nutrition services, anemia reduction efforts, and nutrition awareness. Food availability indicators showed moderate improvement in calories and key food groups during FY 2026, although rising food costs and changing dietary patterns continued to affect household nutrition outcomes. Provincial governments implemented a broad range of nutrition-sensitive programmes covering maternal and child health, school feeding, WASH, agriculture, livestock, and food security. Despite continued challenges relative to regional benchmarks, Pakistan's ongoing investments in healthcare systems, nutrition interventions, digitalization, and institutional reforms demonstrate a strong commitment toward achieving SDG-3 targets and improving overall population's health and nutrition well-being.

Population, Labour force and Employment: In Pakistan, population dynamics remain central to economic planning and social service delivery. According to the National Institute of Population Studies, Training and Research (NIPST&R), the estimated population of Pakistan is 252.09 million in 2025, with a 2.07 percent population growth rate comprising 129.64 million males and 122.45 million females. The country's demographic profile is marked by a large youth cohort: 26.56 percent of the population is aged 15-29 years, while 56.9 percent falls within the working-age group of 15-64 years. The Government remains focused on addressing population-related priorities through strengthened family planning programmes, improved reproductive health services, awareness initiatives, and broader measures to promote human welfare and rights. In this regard, the important legislative measures including "ICT Child Marriage Restraint Act

2025", "ICT Domestic Violence Act 2026", and "National Commission for Minorities Rights Act 2025" were enacted to enhance legal safeguards, improve access to justice, and strengthen institutional mechanisms for human rights protection.

According to the latest Labour Force Survey 2024-25, the working-age population increased from 159.8 million to 179.6 million, reflecting Pakistan's expanding labour supply. The employed labour force also rose from 67.25 million to 77.2 million, indicating an increase in employment opportunities during the period. At the same time, the number of unemployed persons increased from 4.5 million to 5.9 million, with the unemployment rate rising from 6.3 percent to 7.1 percent, highlighting the need to further accelerate job creation in line with labour force growth. The labour force participation rate also improved from 44.9 percent to 46.3 percent, indicating greater engagement of the population, including youth and women, in the labour market.

To harness the potential of its growing workforce, the Government is actively supporting this transition through youth financing, skills development, digital access, employment-oriented policies, and expanded overseas employment facilitation. Programmes such as the Prime Minister's Youth Skills Development Programme and the Prime Minister's Youth Business and Agriculture Loan Scheme, along with labour market reforms and demand-driven training initiatives. These measures are helping to align human capital with domestic and international opportunities. Together, these initiatives aim to enhance productivity, improve employability and support livelihoods. With sustained policy focus and coordinated implementation, Pakistan can better translate its demographic potential into inclusive growth and improved living standards.

Transport & Communication: The transport and communication sector remains a critical enabler of economic growth, trade facilitation, and social integration by supporting the efficient movement of people, goods, and information. The Government allocated Rs 333 billion to the sector during FY 2026 to support infrastructure modernization, regional integration through supply chains, and the development of an efficient transport and communication system.

Within the transport sector, road infrastructure continued to receive significant policy emphasis. Under PSDP 2025–26, the National Highway Authority (NHA) managed a portfolio of 71 projects with an allocation of Rs 226.98 billion aimed at strengthening the national road network and expanding strategic connectivity corridors. Progress was achieved in several major motorway and highway projects, while CPEC-related initiatives continued to support infrastructure expansion and regional integration.

Pakistan Railways remained an important component of the transport network, carrying 24.16 million passengers and generating gross earnings of Rs 63.56 billion during July–March FY 2026. In the aviation sector, Pakistan International Airlines (PIA) demonstrated operational improvement and financial recovery,

generating revenue of Rs 212 billion and achieving a record operating profit of Rs 16 billion, supported by the restoration of international operations and improvements in efficiency. Maritime activities displayed mixed trends, with Karachi Port recording a 4 percent increase in cargo handling, Port Qasim Authority reporting 8 percent growth in cargo throughput, while Pakistan National Shipping Corporation (PNSC) recorded a profit before tax of Rs 8.0 billion during the period under review.

In the communication sector, Pakistan Post continued to modernize its services through digital initiatives and expansion of international cooperation. Pakistan's electronic media industry maintained its growth trajectory, with PEMRA regulating 142 domestic satellite television channels and 240 FM radio licenses while contributing Rs 1.1 billion to the national exchequer during July–March FY 2026.

Pakistan Television Corporation (PTV) continued to strengthen nationwide coverage and modernize broadcasting infrastructure through PSDP-supported initiatives. Meanwhile, Pakistan Broadcasting Corporation (PBC) expanded its outreach through extensive awareness campaigns, digital engagement strategies, and enhanced social media presence, while supporting dissemination of government initiatives and strengthening the projection of the national narrative. Overall, the sector continued to contribute significantly toward improving connectivity by expanding digital infrastructure and improving transport network to promote economic activity, and strengthening Pakistan's long-term development framework.

Energy: Pakistan's energy sector is the foundational backbone of the economy, trade competitiveness, and overall quality of life. During the first nine months of FY 2026, Pakistan continued to face challenges related to energy affordability, sustainability and security due to the current crisis, driven by geopolitical tensions and disruptions around the Strait of Hormuz. Nonetheless, several strategic reforms, capacity enhancements, and modifications in the energy mix indicate a gradual progression towards a more resilient and diversified energy landscape.

As of March 2026, the total installed electricity generation capacity stood at 49,651 MW, with a progressive shift toward cleaner energy sources. Hydel, nuclear, and renewable sources collectively accounted for 50.8 percent of the installed capacity, up from previous years, while the share of thermal power declined to 49.2 percent. In terms of electricity generation, Pakistan produced 92,835 GWh during July-March FY 2026, of which 53.1 percent was contributed by hydel, nuclear, and renewable sources, reflecting a welcome transition toward indigenous and environment-friendly energy sources.

During July-March FY 2026, total consumption of petroleum products across all sectors amounted to 13.64 million metric tonnes (MMT), reflecting a YoY increase of 3.5 percent, as compared to 13.17 MMT in the same period of FY 2025. The transport sector, which remains the leading consumer, experienced 6.7 percent increase in

consumption, rising from 10.5 MMT in July-March FY 2025 to 11.2 MMT (82.5 percent of total demand) during same period of FY 2026. This growth indicates heightened mobility, a rebound in trade and logistics, and an increased demand for fuel from road transport and commercial vehicles. Furthermore, Pakistan imported 13.8 MMT of petroleum products in the period under review, an increase from 12.5 MMT during the same timeframe in FY 2025, representing a 10.5 percent rise in quantity. The total import bill in monetary terms increased to US $ 8.9 billion from US $ 8.4 of last year representing a 6.3 percent rise. This reflects a combination of higher import volumes and international oil prices volatility.

During July-March FY 2026, the average natural gas consumption was approximately 2,929 million cubic feet per day (MMCFD), including 613 MMCFD from re-gasified liquefied natural gas (RLNG). During this period, 149,908 additional gas connections including 148,225 Domestic, 1,578 Commercial and 105 Industrial were provided across the country. The highest gas consumption levels originated from the power sector, domestic use, and fertilizer production, accounting for 924 MMCFD, 772 MMCFD, and 764 MMCFD, respectively

Information Technology: The information technology and telecommunication sector continued to strengthen Pakistan's transition toward a digitally enabled, innovation-driven, and knowledge-based economy through sustained progress in connectivity, exports, digital governance, infrastructure development, and human capital formation. The focused areas during FY 2026 were artificial intelligence (AI), broadband expansion, 5G readiness, cybersecurity, and innovation-led growth. The Information Technology (IT) recorded robust growth during FY 2026. ICT export remittances increased by 19.7 percent to US $ 3.38 billion during July-March FY 2026, compared to US $ 2.83 billion during the corresponding period last year.

Tech freelancer exports surged by 51 percent to US $ 856.3 million, reflecting the growing strength of Pakistan's freelance economy. Pakistan Software Export Board (PSEB) actively promoted Pakistan's IT industry through participation in 20 international technology events, resulting in 4,228 qualified B2B leads and reported business worth US $ 73.9 million. PSEB also expanded Software Technology Parks (STPs), managed more than 50 STPs nationwide, facilitating more than 350 IT and IT-enabled services (ITeS) companies and continued work on major IT Park projects in Islamabad and Karachi.

Human capital development remained a major focus area. Various Programmes under Pakistan Software Export Board (PSEB) and Ignite supported AI training, semiconductor design, freelancing, startup incubation, and advanced digital skills. DigiSkills.pk conducted over 5.14 million trainings during July-March FY 2026, while freelancers trained under the Programme earned approximately US $ 1.65 billion. The government also approved Pakistan's Artificial Intelligence Policy 2025 to accelerate AI adoption, innovation, skills development, and digital transformation across key sectors of the

economy.

The telecommunication sector demonstrated strong performance during FY 2026. Total telecom subscriptions reached 207.2 million, while broadband subscribers increased to 161 million by March 2026, Broadband penetration rose to 64.2 percent. Telecom revenues reached Rs 837 billion during July-March FY 2026, while the sector contributed Rs 285 billion to the national exchequer. Telecom investment amounted to US $ 567 million during the period. Pakistan achieved major milestones in digital infrastructure and regulatory reforms.

PTA successfully conducted the 5G spectrum auction on 10th March 2026, generating approximately US $ 509.6 million through the auction of 480 MHz spectrum across multiple bands. PTA also retained its "G5 Regulator Advanced Level" status by the ITU, reflecting Pakistan's progress in regulatory governance and digital transformation. Additionally, adoption of Wi-Fi 7, advancement of the National Fiberization Plan, satellite communication licensing initiatives, and strengthening cybersecurity frameworks further enhanced Pakistan's digital ecosystem.

Social Protection: Poverty has declined significantly over the longer term, however, the recent shocks placed renewed pressure on household welfare. The national poverty headcount increased to 28.9 percent in 2024-25, while inequality also rose, reflecting the impact of COVID-19, increase in inflation, climate and flood shocks, and economic adjustment. At the same time, the Government remained actively engaged through expanded social protection and pro-poor spending.

During July-March FY 2026, pro-poor expenditures reached Rs 4.66 trillion, with notable increases in social security and welfare, disaster response, roads and bridges, and environment, water supply & sanitation, and education & health. BISP remained the flagship cash transfer programme, supporting poor households through UCTs, CCTs, education, nutrition, and digital payment reforms. PBM, Zakat, WWF, EOBI, and PPAF continued to support vulnerable groups through welfare grants, pensions, livelihood support, community infrastructure, and financial inclusion. Microfinance services also supported low-income households through credit, savings, and insurance.

Climate Change: Climate change has become a defining global challenge, with far-reaching implications for human well-being, economic stability and sustainable development. According to the Intergovernmental Panel on Climate Change, human-induced climate change is intensifying weather and climate extremes in every region of the world, causing widespread losses and damages to both natural and human systems. Approximately 3.3 to 3.6 billion people currently live in highly climate-vulnerable environments, where structural development constraints further amplify exposure and reduce adaptive capacity. The continued greenhouse emissions are expected to drive global temperatures to 1.5 °C in the near term,

intensifying compound heatwaves, droughts and extreme precipitation events. Climate change is further transforming rare and recurring hazards into a new normal of persistent risks, while the human and economic costs of insufficient climate action continue to escalate.

Pakistan stands among the most severely affected countries, where climate change has shifted from a distant threat to a present reality, posing escalating challenges to its economy and population. Despite contributing less than 1 percent to global emissions and only 0.4 percent of historic emissions, the country bears a disproportionately high burden of climate impacts. This was evident in 2025, which ranked as Pakistan's second warmest year in the past 65 years, with a national mean temperature of 23.9 °C and rainfall 3 percent below average. Shifting monsoon dynamics intensified extreme precipitation, while excessive heat and rainfall triggered multiple floods, from the catastrophic 2022 event to the widespread 2025 floods that struck all four provinces and Azad Jammu & Kashmir. The 2025 floods alone caused Rs 822 billion in damages, claimed over 1,039 lives and displaced more than 4 million people, emerging as a major downside driver to Pakistan's economic growth. The country thus remains on the frontline of a global climate crisis it has contributed little to create.

Given its vulnerability, the Government of Pakistan advanced climate resilience, adaptation, mitigation and green development initiatives through strategic policy reforms, climate finance and international engagement. Pakistan positioned itself as a leading voice among developing countries at COP30, while initiatives such as the Monsoon 2026 Strategic Plan, Pakistan Climate Prosperity Plan, Pakistan Green Taxonomy and carbon market operationalization supported the transition toward a climate-resilient and low-carbon economy. In addition, complementary Programmes including CDREP Sub-Programme II, Green Climate Fund Glaciers to Farms, District Adaptation Plans and the Sustainable Actions for Ecosystem Restoration Pakistan projects, further strengthened this trajectory.

At the provincial level, Punjab established Environment and Climate Change Endowment Fund and expanded AI-based monitoring, air quality systems and anti-smog measures. Sindh advanced wastewater treatment, vehicular emission monitoring, renewable energy initiatives and landfill modernization. Khyber Pakhtunkhwa prioritized biodiversity conservation and forestry initiatives, while Balochistan enhanced climate governance by establishment of a dedicated Climate Change Unit, industrial pollution control, hospital waste management and plastic enforcement. Collectively, these initiatives reflect growing federal and provincial efforts to strengthen environmental governance, resilience and sustainable development.

GROWTH AND INVESTMENT

FY2026

GDP Growth	3.70% ▲
▪ Agriculture	2.89% ▲
▪ Industries	3.51% ▲
▪ Services	4.09% ▲
Per Capita Income (US$)	1,901 ▲
Investment	14.38% (as % of GDP)
Savings	14.13% (as % of GDP)

Chapter 1

Growth and Investment

In FY 2026, Pakistan's economy demonstrated sustained improvement and continued to rebuild confidence, reflecting the resilience created by prudent government policies and timely economic management despite the July-August floods, external uncertainties, regional geopolitical risks, and the Middle East crisis that emerged in the third quarter. Despite these shocks, the economy continued to strengthen its growth momentum, supported by prudent fiscal and monetary management, strong remittance inflows, improved investor confidence, and buoyant financial conditions. High-frequency indicators remained robust: inflation remained contained to a single digit and within the target range, the exchange rate remained stable, and the current account was broadly balanced. The primary balance strengthened further, the fiscal deficit narrowed, and the Pakistan Stock Exchange rallied and maintained a bullish trend. On the back of these positive developments, real GDP growth is recorded at 3.7 percent in FY 2026.

Amid global uncertainties arising from the Middle East conflict, trade fragmentation, and financial market volatility, the IMF projects a slowdown in global economic activity. While global inflation has moderated, underlying risks from volatile energy markets, climate-related disruptions, and structurally weak productivity growth persist. Growth in Pakistan's major trading partners, including the United States, China, and the United Kingdom, is projected to remain moderate, posing downside risks to Pakistan's external sector and investment outlook (WEO, 2026). Against this challenging global backdrop, Pakistan's economy continued to demonstrate resilience, supported by prudent economic management, reform momentum, and timely policy responses.

The external account position remained resilient during FY 2026, owing to rising remittances and broadly sustained exports of goods and services, despite a pickup in imports. In the first nine months, the current account posted a surplus of US $ 72 million, supported by sustained growth in services exports. Export gains were led by key textile categories such as knitwear, readymade garments, and bedwear, while the import bill rose largely due to increased demand for essential items, including petroleum, agriculture, chemical, and electrical machinery. Services exports maintained a positive trend, in which ICT exports witnessed a strong growth of 19.8 percent, reflecting the sector's increasing contribution to the external account. Remittance inflows remained a major stabilizing force, showing a significant increase of 8.2 percent during July-March FY 2026, with an inflow of US $ 30.3 billion against US $ 28.0 billion in the same period last year, with major contributions from the Gulf region, particularly Saudi Arabia and the UAE. On the investment front, net foreign direct investment recorded inflows of US $ 1.4 billion, led by China and Hong Kong, with the power sector and financial services attracting the largest shares. As of April 17th, 2026, foreign exchange reserves stood at US $ 20.6 billion, including US $ 15.1 billion held by the SBP, reflecting strengthened external buffers.

In FY 2026, the savings-investment balance remained broadly stable, reflecting continued improvement in macroeconomic conditions and domestic resource mobilization. National savings were recorded at 14.13 percent of GDP,

while the investment-to-GDP ratio stood at 14.38 percent. As a result, foreign savings remained at 0.24 percent of GDP, indicating limited reliance on external financing. This was also consistent with the broadly balanced external account position. Investment activity continued to be supported by private sector participation and public sector development expenditure. The overall savings and investment profile reflects improving macroeconomic stability and provides a supportive base for sustaining growth momentum in the upcoming years.

On the fiscal front, consolidation efforts continued during FY 2026, owing to improved revenue mobilization and prudent expenditure management. During the first three quarters, tax revenues grew by 11.3 percent while non-tax revenues increased by 9.5 percent, mainly driven by higher receipts from the petroleum levy, profits of the State Bank of Pakistan, and other non-tax sources. On the expenditure side, total expenditure declined by 4.2 percent to Rs 15,655.6 billion during the same time period. Current expenditure decreased by 2.2 percent to Rs 14,267.4 billion, primarily due to savings in markup payments. At the same time, development expenditure and net lending increased by 18.7 percent, indicating a shift toward growth-supportive outlays. As a result, the primary surplus increased to Rs 4,091.5 billion, equivalent to 3.2 percent of GDP. These outcomes-demonstrate improved fiscal discipline and the effectiveness of ongoing policy measures in strengthening macroeconomic stability.

Economic activity remained resilient during FY 2026, despite the July-August floods and the Middle East crisis. At the sectoral level, the agriculture sector recorded positive growth of 2.89 percent in FY 2026, compared with 1.53 percent last year, reflecting its underlying resilience and the impact of continued policy support. The crop sector improved from a contraction of 1.01 percent in FY 2025 to growth of 1.44 percent in FY 2026, largely driven by the recovery in important crops, which increased by 0.65 percent compared with a contraction of 13.19 percent last year. Livestock remained the main driver of agricultural growth, recording a sustained 3.75 percent increase, supported by improved output and relatively favourable fodder conditions. This consistent performance underscores the sector's critical role in supporting food security and rural livelihoods. Forestry and fishing also posted positive growth, contributing to overall agricultural activity. The government ensured the timely availability of agricultural inputs and credit to improve productivity and resilience, as reflected in the sector's improved performance and positive outlook for the coming years.

The industrial sector grew by 3.51 percent in FY 2026. Large-scale manufacturing rebounded sharply from a marginal contraction of 0.69 percent in FY 2025 to growth of 6.11 percent in FY 2026, supported by improved domestic demand, easing input constraints, and better supply conditions. Small-scale manufacturing and slaughtering also maintained positive momentum. Mining and quarrying recorded positive growth after last year's contraction, signaling recovery in mineral extraction and quarrying activities. However, the electricity, gas, and water supply industry contracted due to a decline in subsidies, slow growth in the output of WAPDA and companies, and an increase in the deflator. The construction sector recorded growth of 5.73 percent in FY 2026, contributing positively to overall industrial performance.

The services sector emerged as a key driver of economic activity, recording growth of 4.09 percent in FY 2026, higher than the 3.14 percent recorded last year. As the largest contributor to national GDP, the sector's steady upward trajectory underscores its resilience and growing momentum. Wholesale and retail trade rebounded strongly to 3.71 percent from modest growth of 0.48 percent last year, supported by improved domestic demand, higher agricultural and manufacturing output, and increased import volumes. Information and communication services also posted a strong growth of 7.52 percent, led by a surge in computer programming and consultancy, along with publishing activities. The education and health

sectors recorded considerable growth of 5.23 percent and 6.85 percent, respectively, mainly driven by positive contributions from the public sector. The overall performance reflects the sector's resilience and signals a positive outlook for future growth.

Inflation remained contained during the first ten months of FY 2026, on account of easing global commodity prices, exchange rate stability, and improved domestic supply conditions. Moreover, administrative measures aimed at curbing hoarding, smuggling, and speculative activity helped anchor prices. Furthermore, the government continues to support price stability through targeted interventions, including subsidized essential commodities via Sasta Bazaars, and strengthened coverage of the BISP Kafalat program to protect vulnerable households. Following renewed external price pressures from the Middle East crisis, particularly through energy markets triggered an uptick in domestic prices, the State Bank of Pakistan tightened monetary policy by raising the policy rate to 11.5 percent to contain inflation.

Maintaining its upward trajectory, real GDP growth was recorded at 3.7 percent during FY 2026, with agriculture recovering to 2.89 percent, industry expanding by 3.51 percent, and services accelerating to 4.09 percent. Building on this growth momentum, the government's continued focus on fiscal consolidation, enhanced revenue mobilization, alignment of provincial agricultural income tax with federal frameworks, tax base broadening, energy pricing, and privatization reforms is expected to further strengthen macroeconomic stability and support sustainable growth. The ongoing IMF Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) have helped strengthen the macroeconomic environment, rebuild investor confidence, and attract private investment. Furthermore, the government is addressing long-term challenges such as climate change through climate finance initiatives, including access to the RSF and the successful launch of the Green Sukuk, which reinforce the path toward inclusive and sustainable growth.

1.1 Global Economic Perspective and Pakistan Economy

In the latest World Economic Outlook (WEO) of April 2026, the IMF revised the global growth outlook downward following the outbreak of war in the Middle East and the resulting disruptions in energy markets, trade flows, and financial conditions. Global growth, estimated at 3.4 percent in 2025, is projected to slow to 3.1 percent in 2026, then recover marginally to 3.2 percent in 2027. The downgrade reflects heightened geopolitical tensions, elevated energy and food prices, tighter financial conditions, and persistent trade fragmentation. Global headline inflation, after declining to 4.1 percent in 2025, is projected to rise again to 4.4 percent in 2026, then moderate to 3.7 percent in 2027, largely due to higher commodity prices and renewed supply-side pressures. Advanced economies are expected to experience modest growth slowdowns, with stronger resilience in net energy exporters such as the United States and Canada, while energy-importing economies, including the Euro area, Japan, and the United Kingdom, are likely to face weaker growth prospects. Emerging markets and developing economies remain more vulnerable to the conflict because of their greater exposure to energy price shocks, remittance fluctuations, and tightening financial conditions.

For Pakistan, the economic outlook remains closely tied to evolving global economic conditions. The WEO projects Pakistan's real GDP growth at 3.6 percent for FY 2026, a modest upward revision from 3.2 percent, and a GDP growth of 3.5 percent in FY 2027, down from an earlier projection of 4.1 percent. The revised outlook suggests a slightly stronger near-term growth momentum, supported by the industrial sector. However, the moderation in FY 2027 underscores the expected adverse impact of elevated global energy prices, subdued international trade growth, and continued uncertainty in global financial markets. Headline inflation is forecast at 7.2 percent for FY 2026, above SBP's target range, indicating persistent cost pressures. On the external front, the current account deficit is projected to widen from 0.4 percent of GDP in FY 2026 to 0.9 percent in FY

2027, driven by higher oil import costs and moderating remittance growth.

The uncertainty surrounding global economic conditions, particularly in major trading partners such as the United States, China, and the United Kingdom, carries significant implications for Pakistan's economy. For instance, escalating geopolitical tensions and weakening global trade activity could influence export demand and investment sentiments, with potential spillovers into emerging markets like Pakistan. In addition, fluctuations in global risk premiums and financial market dynamics may exert pressure on external financing costs and the exchange rate, limiting Pakistan's efforts to stabilize its macroeconomic environment. Potential disruptions in remittance inflows from the Middle East region also remain a key concern if regional economic activity weakens further. Moreover, increasing geopolitical uncertainty and climate-related vulnerabilities continue to highlight the importance of strengthening economic resilience and maintaining reform momentum. In response, the Government is prioritizing the continuation of structural reforms, prudent fiscal management, and proactive engagement with international partners for achieving durable and inclusive economic growth in Pakistan.

1.2 Size of the Economy in FY 2026

In FY 2026, the GDP at current market prices increased by 11.3 percent, up from 8.3 percent in FY 2025. The size of the economy reached Rs 126.9 trillion, up from Rs 114.0 trillion last year. The acceleration in GDP growth signals a robust rebound in economic momentum, reflecting a strengthening of domestic demand and productive activity. Gross National Income (GNI) growth mirrors GDP growth, indicating that a large share of domestic value-added remains within the country, benefiting local households and reinvestment. (Fig-1A).

Net primary income (NPI) rose by 12.6 percent in FY 2026, largely due to higher workers' remittances from the Gulf, the United States, and the European Union, along with returns on foreign investments. This increase highlights the growing contribution of external earnings to national income, complementing domestic stability measures for more balanced growth. GNI per capita (Rs) shows consistent growth, but the US $ series reveals the impact of exchange rate movements, where early years highlight periods of currency weakness, while convergence in later years signals greater external value stability (Fig-1B).

Fig-1A: Performance of Economy at Current Prices (% Growth)

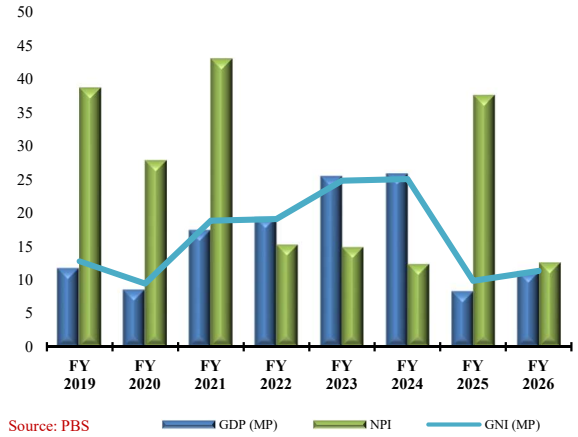
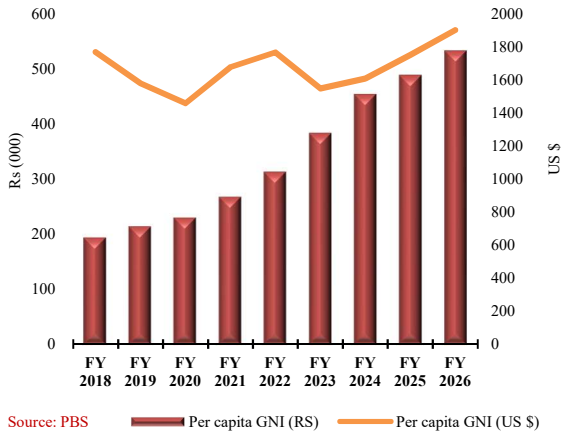


Fig-1B: GNI Per Capita



1.2-a Aggregate Demand in FY 2026

Aggregate demand picked up gradually in FY 2026, growing by 10.89 percent, an increase from 8.39 percent last year, underpinned by public sector consumption and private sector investment (Table 1.1). Total consumption (including private and government consumption), which accounted for 93.6 percent

of GDP, showed a growth of 12.1 percent in FY 2026 relative to last year (7.5 percent), and contributed 11.3 percentage points to aggregate demand.

Table 1.1: Composition of GDP (at Current Prices): Expenditure Approach

	FY2024	FY2025	FY2026	FY2024	FY2025	FY2026	FY2024	FY2025	FY2026
	As Percent of GDP (MP)			Growth Rates (%)			Point Contribution		
Household Consumption	83.81	82.55	82.64	28.27	6.68	11.37	23.69	5.52	9.40
NPISH Consumption	0.92	0.99	1.00	25.28	16.02	11.92	0.23	0.16	0.12
General Government Consumption	8.86	9.31	9.94	7.78	13.79	18.80	0.69	1.28	1.87
Total Consumption [C]	93.59	92.85	93.57	25.97	7.45	12.12	24.31	6.92	11.34
Gross Fixed Investment	11.49	12.71	12.67	17.99	19.79	10.89	2.07	2.51	1.38
Private	9.05	9.45	9.59	22.43	13.16	12.84	2.03	1.24	1.23
The public, including the General Public	2.44	3.26	3.08	4.01	44.32	5.26	0.10	1.44	0.16
Changes in Stock	1.60	1.60	1.60	25.87	8.31	11.25	0.41	0.13	0.18
Valuables	0.11	0.11	0.11	25.87	8.31	11.25	0.03	0.01	0.01
Total Investment [I]	13.20	14.42	14.38	18.95	18.30	10.94	2.50	2.64	1.57
Exports (Goods & Services) [X]	10.38	9.99	8.93	24.51	4.25	-0.57	2.54	0.42	(0.05)
Imports (Goods & Services) (M]	17.17	17.26	16.88	20.25	8.84	8.82	3.48	1.53	1.49
Net Exports [X-M]	-6.79	-7.27	-7.95	14.28	15.87	21.74	(0.97)	(1.15)	(1.73)
Aggregate Demand [C+I+X]	117.17	117.26	116.88	25.01	8.39	10.89	29.31	9.84	12.73
Domestic Demand [C+I]	106.79	107.27	107.95	25.06	8.79	11.96	26.76	9.43	12.91
GDP (MP)	100.00	100.00	100.00	25.87	8.31	11.25	25.87	8.31	11.25

NPISH: Non-profit institutions serving households

Source: Pakistan Bureau of Statistics

Investment posted growth of 11.0 percent, with the investment-to-GDP ratio remaining stable at 14.4 percent. Private sector contribution to growth remained higher than that of the public sector, indicating a gradual recovery in capital formation and improving investor confidence. Although net exports remained under pressure due to external headwinds, including the Middle East conflict and slowdown in global trade, the demand-side recovery was mainly supported by domestic factors. This reflects the economy's increasing reliance on internally anchored growth, supported by improved macroeconomic stability and continued policy efforts to revive investment.

1.2-a(i) Consumption

Total consumption expenditure comprises household final consumption expenditure, consumption by Non-Profit Institutions Serving Households (NPISH), and general government final consumption expenditure. Similar to previous years, household consumption remained the dominant component of aggregate demand, accounting for 82.6 percent of GDP in FY 2026 (Table 1.1). Household consumption growth showed improvement and reached 11.4 percent, while its contribution to overall consumption growth remained the highest at 9.4 percentage points, underlining the central role of private consumption in sustaining economic activity.

NPISH consumption continued to account for a relatively small share of GDP at 1.0 percent. Nevertheless, it recorded a growth of 11.9 percent during FY 2026, reflecting the continued engagement of charitable, welfare, and development-oriented institutions in providing support to vulnerable segments of society and contributing to community welfare initiatives. General government consumption recorded a modest recovery in FY 2026 following the relatively subdued performance observed in FY 2025. Its share in GDP increased to 9.94 percent, supported by the easing of fiscal constraints and a gradual pickup in administrative and development-related expenditures. Moderation in inflationary pressures during the earlier part of FY 2026 helped support purchasing power and consumer confidence, despite some upward

pressure emerging later in the year. Easing inflationary pressures helped stabilize purchasing power and supported consumer confidence. Moreover, sustained inflows of workers' remittances, along with targeted social protection and cash support programs, continued to support lower-income households and maintain overall consumption levels.

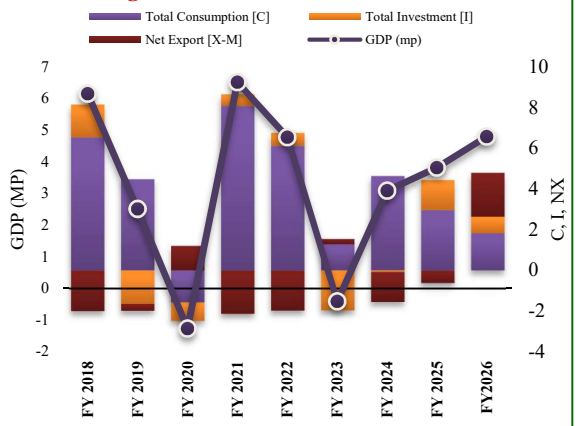
1.2-a(ii) Investment

In FY 2026, the investment-to-GDP ratio stood at 14.38 percent, while national saving remained close to 14.13 percent of GDP, indicating a relatively contained saving-investment gap. The national income identity implies that net exports are equal to the difference between national savings and investment. A negative savings-investment gap reflects reliance on foreign savings, where domestic investment exceeds national savings and is financed through external inflows. In Pakistan, the investment-to-GDP ratio has remained broadly stable at around 14 percent over recent years, although still relatively low compared to regional peers. Moreover, after remaining weak during the previous three years, the contribution of investment to real GDP growth improved to 1.48 percentage points in FY 2025 and remained positive at 0.82 percentage points in FY 2026, as illustrated in Fig-2A.

The expenditure-side composition of growth indicates a relatively balanced contribution from domestic demand and the external sector during FY 2026. While the contribution of total consumption to GDP growth moderated to 1.82 percentage points in FY 2026 from 2.96 percentage points in FY 2025, it continued to remain an important driver of economic activity. At the same time, the contribution of net exports turned significantly positive at 2.16 percentage points in FY 2026 compared to a negative contribution in FY 2025 (Fig. 2A), reflecting improvement in the external sector position and relatively contained import demand. The return of foreign saving to a positive level in FY 2026 further indicates moderate utilization of external resources to support domestic investment activity.

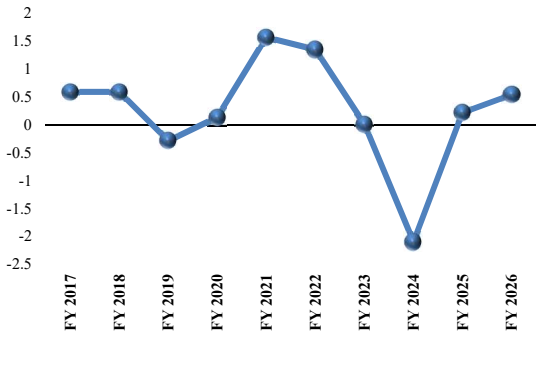
The inverse of the Incremental Capital Output Ratio (ICOR) reflects the efficiency of investment in generating additional output (Fig-2B). The trend suggests that the recovery in growth has been accompanied by improvement in investment efficiency and resource utilization, and better output generation from incremental investment. Although inflationary pressures and global uncertainties continue to pose challenges, ongoing macroeconomic stabilization efforts and improving business conditions are expected to support investment efficiency and growth prospects going forward.

Fig-2A: Contribution in Real GDP



Source: PBS

Fig-2B: Inverse of Incremental Capital Output Ratio (ICOR)



Source: EA Wing's Calculations

Box 1: Oil-Price Shock and Pakistan's Economy

Pakistan remains highly dependent on imported petroleum, with a significant share of its oil supplies originating from the Gulf region and vulnerable to disruptions in the Strait of Hormuz. The recent escalation

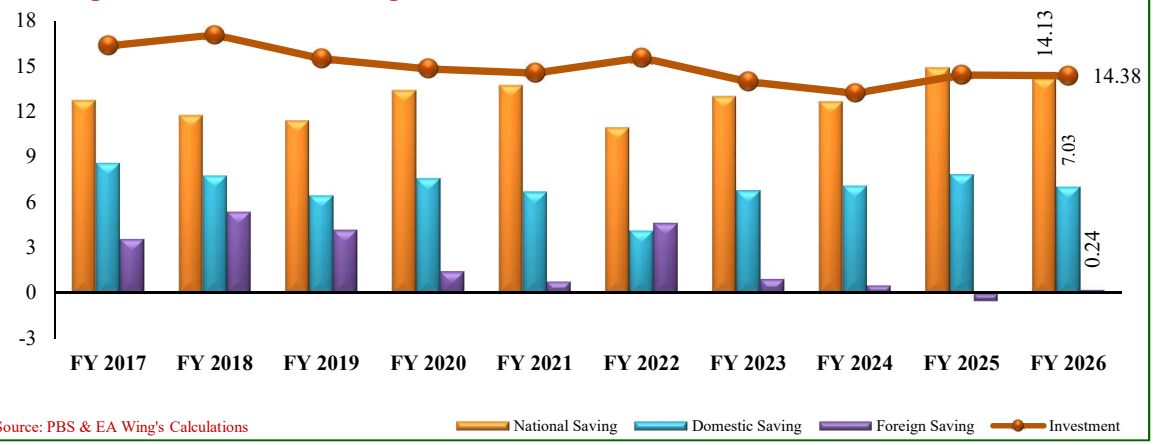
of the Middle East conflict and heightened risks around the Strait of Hormuz posed an external supply-side challenge for Pakistan, given its dependence on imported petroleum. The sharp rise in international oil prices during March-April 2026 increased pressures on the import bill, production costs, and domestic price stability. Nevertheless, timely policy response, prudent macroeconomic management, stable external buffers, energy conservation measures, and continued coordination on energy supply helped mitigate the impact and supported the economy's resilience during FY 2026.

The oil price shock can transmit to the economy through multiple channels. Higher diesel and petrol prices increase transportation, and industrial production costs, which may feed into cost-push inflation. The increase in headline inflation from 5.6 percent in December 2025 to 7.3 percent in March 2026 partly reflected these emerging external cost pressures. Higher energy prices can also affect production margins, business costs, and household purchasing power, particularly in energy-intensive sectors. On the external side, elevated oil prices raise the import bill and may add pressure on the current account, foreign exchange reserves, and exchange rate expectations. However, the impact remained manageable due to contained inflation, stable exchange rate conditions, improved external buffers, and timely policy measures.

The policy response to oil-price shocks requires price stabilization, fiscal prudence, and protection of vulnerable segments. In this context, the government avoided broad-based untargeted subsidies and instead relied on targeted support, energy conservation measures, prudent fiscal management, and continued coordination with multilateral and bilateral partners. External inflows under multilateral arrangements and support from bilateral partners helped ease balance of payments pressures, support foreign exchange reserves, and maintain market confidence during a period of elevated global commodity price volatility.

In FY 2026, national savings were recorded at 14.13 percent of GDP compared to 14.89 percent in FY 2025, while domestic savings moderated to 7.03 percent of GDP from 7.87 percent last year (Fig-3). Investment, however, remained broadly stable at 14.38 percent of GDP compared to 14.42 percent in FY 2025, indicating continuity in investment activity despite prevailing domestic and global uncertainties. Foreign saving stood at 0.24 percent of GDP in FY 2026 against a negative 0.47 percent in FY 2025. The modest positive foreign savings level indicates that the savings-investment gap remained contained, while supporting investment activity and growth momentum during the year.

Fig-3: Investment and Saving as % of GDP



Source: PBS & EA Wing's Calculations

Over the medium term, the savings-investment trend highlights the importance of strengthening domestic resource mobilization, encouraging higher savings, and improving investment efficiency to support sustainable economic expansion. In this regard, the Government's reform agenda under URAAN Pakistan, the National Economic Transformation Plan 2024-2029, provides a strategic framework for enhancing productivity, promoting export-led growth, attracting investment, and improving competitiveness across key sectors. Alongside this, initiatives under the Special Investment Facilitation Council (SIFC) are facilitating

investment by improving coordination, reducing procedural bottlenecks, and supporting priority sectors. Together, these measures are expected to strengthen the investment climate, mobilize productive resources, and support long-term, inclusive, and sustainable growth.

Reflecting these efforts, Gross Fixed Capital Formation (GFCF) at current market prices is provisionally estimated at Rs 16,071.2 billion in FY 2026, showing an increase of 10.9 percent over FY 2025. Private sector investment remained the major component of total GFCF and increased by 12.8 percent to Rs 12,161.9 billion, indicating continued investment activity in the economy. Public sector investment also recorded a growth of 11.6 percent and reached Rs 751.7 billion, while general government investment increased by 3.9 percent to Rs 3,157.6 billion in FY 2026.

1.2-a(ii)A Public Sector Enterprise GFCF

Public sector Gross Fixed Capital Formation (GFCF) for FY 2026 is estimated at Rs 751.7 billion, registering an 11.6 percent increase over Rs 673.7 billion in FY 2025. A sector-wise breakdown reveals broad-based growth across industries. Agriculture, Forestry, and Fishing saw a modest 3.4 percent rise, while Mining and Quarrying jumped 25.9 percent, largely driven by OGDC's investment activities. The most striking expansion occurred in Manufacturing, which surged by 96.8 percent. Electricity, Gas, and Water Supply grew by 5.1 percent, led by WAPDA's higher investment, and Construction rose 7.4 percent. Transportation and Storage recorded a robust 51.2 percent increase, supported by investment data from CAA and PNSC. Communication witnessed 31.1 percent growth, reflecting investment trends by Ufone and expected proceeds from the 5G spectrum auction. Finally, the Finance and Insurance industry climbed 7.7 percent, driven by higher capital formation in banks and insurance companies.

1.2-a(ii)B General Government GFCF

Estimates of Gross Fixed Capital Formation (GFCF) for the General Government sector in FY 2026 are derived from budgetary data of federal, provincial, and district governments. Provisional figures place total GFCF at Rs 3,157.6 billion, a 3.9 percent increase over the revised estimate of Rs 3,040.2 billion in FY 2025. At the sub-national level, performance was mixed: federal and district governments recorded robust growth of 10.1 percent and 52.2 percent, respectively, while provincial governments reported a contraction of 4.7 percent. A sector-wise breakdown within the General Government sector shows that Public Administration and Social Security grew by 2.4 percent, Education rose sharply by 31.9 percent, whereas Human Health and Social Work declined marginally by 1.0 percent.

1.2-a(ii)C Private Sector GFCF

Private sector GFCF in FY 2026 is estimated at Rs 12,161.9 billion, up 12.8 percent from Rs 10,778.5 billion in FY 2025. Agriculture, forestry & fishing rose 8.7 percent to Rs 3,593.3 billion, driven by higher imports of agricultural machinery and tube-well installations. Livestock grew 10.8 percent, while forestry and fishing increased 4.2 percent and 2.8 percent, respectively, mainly due to imports of live animals and deflator effects. Mining & quarrying grew 12.9 percent to Rs 157.9 billion in FY 2026 as against Rs 139.8 billion in FY 2025, reflecting higher exploration spending.

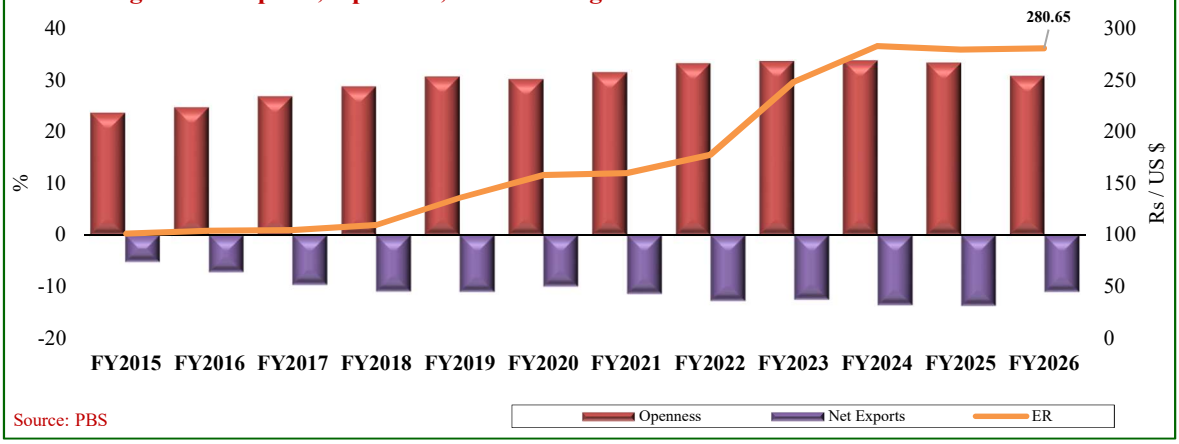
Large-Scale Manufacturing remained virtually flat at Rs 1,030.0 billion (-0.1 percent) in FY 2026 against Rs 1030.8 billion during FY 2025 due to conservative reporting by private companies, while Small-Scale Manufacturing surged (25.1 percent) to Rs 310.0 billion, supported by SME financing. Electricity, gas & water supply increased (7.6 percent) to Rs 273.6 billion, driven by changes in expenditures reported by gas distribution companies, WAPDA, and IPPs. Construction jumped (60.4 percent) to Rs 130.0 billion. Among service industries: Wholesale & retail trade (62.5 percent), accommodation & food services (12.8 percent), transportation & storage (6.2 percent). Information & communication soared (109.8 percent), finance & insurance rose (13.0 percent), real estate (3.5 percent), education (3.0 percent), human health & social work (9.9

percent), and other private services (9.2 percent), have also posted growth.

1.2-a(iii) Net Exports

In FY 2026, net exports remained negative, reflecting the continued need to strengthen export capacity and diversify Pakistan's export base. Trade openness, measured as the ratio of exports and imports to GDP, remained around 30 percent, indicating scope for deeper integration with global markets. The exchange rate remained stable at Rs 280.65 per US dollar, compared with Rs 279.35 per US dollar in FY 2025, reflecting a marginal depreciation of only 0.5 percent over the previous fiscal year. The stability of the exchange rate, despite a challenging global environment and earlier episodes of volatility, reflects improved macroeconomic management and strengthened external account conditions. It helped reduce uncertainty for investors, contain imported inflation, and limit pressures on external debt servicing. The stable rupee also indicates that the market has largely absorbed earlier adjustments, supported by prudent foreign exchange management and improved external buffer. Going forward, the Government's focus on export promotion, investment facilitation, and competitiveness under URAAN Pakistan and SIFC is expected to support stronger external sector performance over the medium term.

Fig-4: Net Exports, Openness, and Exchange Rate



Source: PBS

1.2-b Quarterly Aggregate Demand Dynamics

This section reviews quarterly movements in aggregate demand to better understand the timing, composition, and policy relevance of demand-side developments. The expenditure-side performance in FY 2026 indicates an investment-led growth trajectory, as shown in Fig-5, total investment-to-GDP increased to 14.7 percent in FY 2026 Q3 from 13.2 percent in Q1. In FY 2026, aggregate demand exhibited signs of greater stability and rebalancing. Total consumption remained moderate, while continued fiscal support and monetary easing helped sustain domestic demand. At the same time, total investment increased, signaling improved business confidence and capital formation, which is essential for long-term productive capacity. Net exports also improved compared with the previous fiscal year, indicating a narrower trade deficit. This combination of stable consumption, rising investment, and an improved external gap points toward a more balanced and sustainable growth structure.

1.2-b(i) Quarterly Consumption

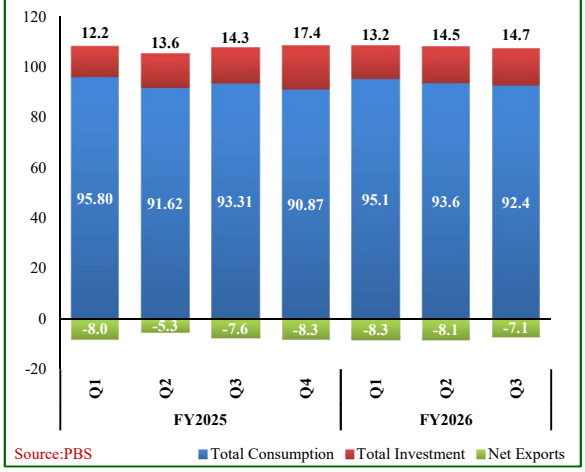
In FY 2026, the total consumption-to-GDP ratio declined moderately from 95.1 percent in Q1 to 92.4 percent in Q3 (Fig-6), reflecting households' precautionary shift toward higher savings. Over the same period, the quarterly total investment-to-GDP ratio rose modestly from 13.2 percent to 14.7 percent, indicating that households are reallocating resources toward future productive capacity, which signals

improved financial discipline (Fig-5). Given that inflation remained largely contained throughout FY 2026, this reduction in private consumption cannot be attributed to lower purchasing power. Instead, it signals a shift from a consumption-driven model toward a more balanced, investment-led growth path.

1.2-b(ii) Quarterly Investment

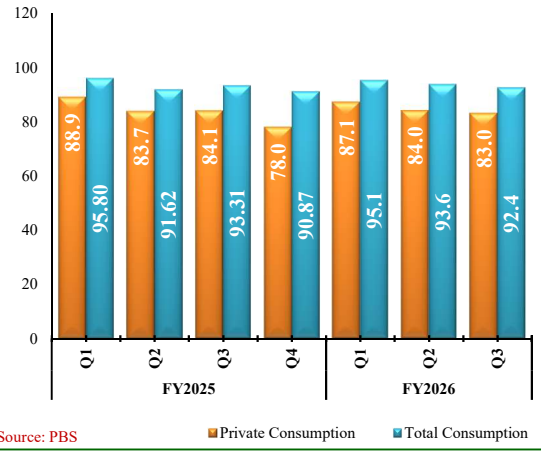
In FY 2026, total investment continued its gradual recovery, with the investment-to-GDP ratio rising from 13.2 percent in Q1 to 14.7 percent in Q3. This steady improvement reflects a broad-based strengthening of the investment climate, underpinned by exchange rate stability, contained inflationary pressures, and timely execution of the Public Sector Development Program (PSDP), which has helped catalyze private investment, with the private investment-to-GDP ratio also registering an increase (Table 1.1). The cautious monetary policy stance during FY 2026, together with continued implementation of the reform agenda, supported macroeconomic stability and helped preserve business confidence. Renewed investment activity in construction, information technology, and large-scale manufacturing indicates a gradual shift toward productive capacity expansion. Going forward, the investment outlook is expected to remain supported by macroeconomic stability, reform implementation, and investment facilitation measures, while timely policy responses will help manage external risks arising from geopolitical developments and global oil price volatility.

Fig-5: Quarterly Expenditures (% of GDP)



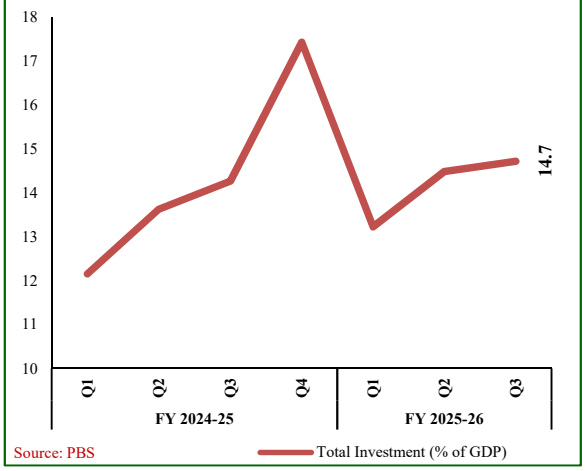
Source:PBS

Fig-6: Quarterly Consumption (% of GDP)



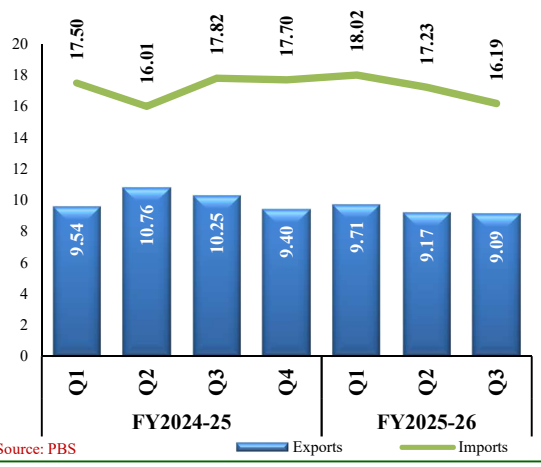
Source: PBS

Fig-7: Quarterly Total Investment (% of GDP)



Source: PBS

Fig-8: Quarterly Expenditure (% of GDP)



Source: PBS

1.2-b(iii) Quarterly Net Exports

As shown in Fig-8, exports remained stagnant at around 9 percent of GDP, while imports stayed elevated at around 16 percent of GDP, driven largely by essential and energy-related purchases. The trade deficit slightly widened in the third quarter amid the Middle East crisis and high oil import costs. To support external stability, the government has been pursuing structural reforms aimed at boosting export competitiveness, diversifying export products, and reducing imports through a tariff rationalization policy.

1.3 Economic Performance FY 2026 - Production Side

GDP growth for FY 2026 is provisionally estimated at 3.7 percent, up from 3.18 percent in FY 2025, indicating a gradual but steady economic recovery (Table 1.2). Agriculture growth recovered to 2.89 percent in FY 2026 from 1.53 percent last year, contributing 0.68 percentage points, up from 0.36 percentage points last year. Industry showed with 3.51 percent growth, while the service sector has become the primary engine of economic expansion, contributing 2.39 percentage points in FY 2026, which is more than agriculture and industry combined.

Table 1.2: Sectoral Point Contributions at Constant Prices FY 2016

	FY2024	FY2025	FY2026	FY2024	FY2025	FY2026	FY2024	FY2025	FY2026
	As a percentage of GDP			Growth Rates (%)			Point Contribution		
A. Agriculture	24.01	23.62	23.44	6.4	1.53	2.89	1.54	0.36	0.68
B. Industry	17.76	18.17	18.14	-0.97	5.56	3.51	-0.17	1.01	0.64
Commodity Producing Sector (A+B)	41.77	41.79	41.58	3.14	3.24	3.16	1.31	1.36	1.31
C. Services Sector	58.23	58.21	58.42	2.25	3.14	4.09	1.31	1.83	2.39
GDP (GVA)	100	100	100	2.62	3.18	3.70	2.62	3.18	3.70

Source: Pakistan Bureau of Statistics

1.3-a Agricultural Sector

The agriculture sector grew by 2.89 percent in FY 2026, up from 1.53 percent in FY 2025 (Table 1.3). Among important crops, wheat production rose by 4.3 percent to 29.605 million tons, rice by 2.8 percent to 9.998 million tons, and sugarcane by 6.2 percent to 89.45 million tons. However, cotton contracted by 0.5 percent to 7.052 million bales, and maize declined by 2.68 percent to 8.794 million tons. Other crops posted robust growth of 2.43 percent despite a high base, driven by gram (50.4 percent), potato (27.6 percent), banana (30.8 percent), turmeric (25.1 percent), and chillies (9.2 percent). Cotton ginning grew modestly at 0.07 percent due to lower cotton output. Livestock accelerated to 3.75 percent (from 2.95 percent), supported by a 3.46 percent output increase and a 4.5 percent decline in green fodder prices. Forestry and fishing recorded normal growth of 2.02 percent and 1.66 percent, respectively.

Table 1.3: Components of Agriculture Sector FY 2026

	Share in Agriculture	Share in GDP	Growth Rate (%)
Agriculture, Forestry, and Fishing		23.44	2.89
1. Crops	34.01	7.97	1.44
i) Important Crops	17.32	4.06	0.65
ii) Other Crops	15.64	3.67	2.43
iii) Cotton Ginning	1.04	0.24	0.07
2. Livestock	62.45	14.64	3.75
3. Forestry	2.26	0.53	2.02
4. Fishing	1.29	0.30	1.66

Source: Pakistan Bureau of Statistics

1.3-b Industrial Sector

The industrial sector grew by 3.51 percent in FY 2026, compared to 5.56 percent in FY 2025. Table 1.4 shows that mining and quarrying posted a modest growth of 0.38 percent, driven by increases in coal (4.73 percent), limestone (3.72 percent), and other minerals (4.36 percent), while natural gas (–2.63 percent) and crude oil (–0.38 percent) declined. The manufacturing sector registered a strong recovery. Based on the Quantum Index of Manufacturing, LSM grew by 6.11 percent, a sharp turnaround from the –0.69 percent contraction last year. Notable growth was observed in food (9.77 percent), tobacco (11.70 percent), petroleum products (10.92 percent), rubber products (14.26 percent), electrical equipment (11.87 percent), automobiles (61.66 percent), transport equipment (39.93 percent), furniture (20.45 percent), and other manufacturing (football, 23.06 percent). However, pharmaceuticals (–5.14 percent) and machinery & equipment (–8.72 percent) recorded negative growth. Electricity, gas, and water supply contracted by 10.63 percent, reflecting a 24.9 percent decline in subsidies (from Rs 1,190 billion to Rs 893 billion), slower output from distribution companies, and a 2.7 percent rise in the electricity deflator. The construction sector grew by 5.73 percent, down from 8.77 percent last year, supported by higher construction-related expenditure across private, public, and general government sectors.

Table 1.4: Components of Industry FY 2026

	Share in Industry	Share in GDP	Growth Rate (%)
Industrial Activities		18.14	3.51
1. Mining and Quarrying	7.70	1.40	0.38
2. Manufacturing	66.86	12.13	6.61
i) Large Scale	45.05	8.17	6.11
ii) Small Scale	14.00	2.54	8.50
iii) Slaughtering	7.80	1.42	6.19
3 Electricity, Gas, and Water Supply	12.50	2.27	-10.63
4. Construction	12.95	2.35	5.73

Source: Pakistan Bureau of Statistics

1.3-c Services Sector

The services sector posted a robust growth of 4.09 percent in FY 2026, higher than the 3.14 percent recorded last year. This performance reflects mixed trends across subsectors, with several offsetting factors contributing to the overall growth (Table 1.5).

Table 1.5: Components of Services FY 2026

	Share in Services	Share in GDP	Growth Rate (%)
Services Sector		58.42	4.09
1. Wholesale & Retail Trade	30.47	17.80	3.71
2. Transport & Storage	17.72	10.35	2.31
3. Accommodation and Food Services Activities (Hotels & Restaurants)	2.55	1.49	3.94
4. Information and Communication	5.40	3.15	7.52
5. Finance and Insurance Activities	2.52	1.47	0.32
6. Real Estate Activities (OD)	10.03	5.86	3.63
7. Public Administration and Social Security (General Government)	7.60	4.44	8.54
8. Education	5.47	3.19	5.23
9. Human Health and Social Work Activities	3.01	1.76	6.85
10. Other Private Services	15.23	8.90	3.69

Source: Pakistan Bureau of Statistics

Wholesale and retail trade grew by 3.71 percent, supported by output growth in agriculture and manufacturing, along with import volumes. Transport and storage expanded by 2.31 percent, driven by railways (16.69 percent), pipeline transport (3.48 percent), postal services (20.29 percent), and road transport (3.33 percent); water and air transport declined by 2.12 percent and 2.91 percent, respectively. Information and communication posted a strong growth of 7.52 percent, led by computer programming and consultancy (19.17 percent) and publishing activities (2.54 percent). Finance and insurance recorded modest growth of 0.32 percent, reflecting a high base of 9.10 percent last year and a higher deflator. Public administration and social security (general government) grew by 8.54 percent, based on federal and provincial budgets. Education expanded by 5.23 percent, and human health and social work activities by 6.85 percent, both driven by positive public sector contributions. Other private services rose by 3.69 percent, supported by professional, scientific, and technical activities (3.94 percent) and administrative and support services (3.42 percent).

1.3-d Sectoral GDP in Quarters

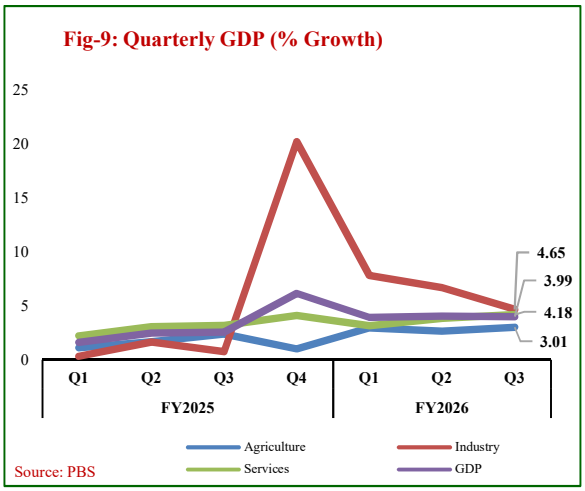
The quarterly growth profile for FY 2026 indicates a resilient and progressively strengthening economy. As shown in Fig. 9, agriculture remained stable, industry delivered a strong rebound in the first two quarters, though moderating in Q3 due to the oil-price shock, and services gained momentum throughout the period. The overall GDP growth stayed consistently near 4 percent in FY 2026 Q3, demonstrating the economy's ability to absorb external shocks while maintaining broad-based expansion. The agriculture sector's steady growth is supported by improved crop output and robust livestock activity, marking a clear recovery from the subdued growth of the previous fiscal year. The industrial sector recorded robust growth in Q1 and Q2, driven by a strong rebound in large-scale manufacturing and construction, before moderating in Q3 as the delayed impact of rising energy costs and tighter monetary conditions took hold. The services sector demonstrated accelerating growth from Q1 to Q3, driven by strong contributions from wholesale and retail trade, information and communication (ICT), public administration, and health services.

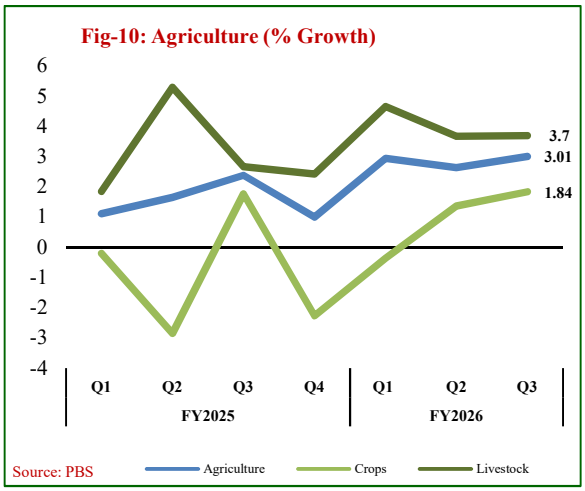
1.3-d(i) Agriculture-Quarterly GDP Growth

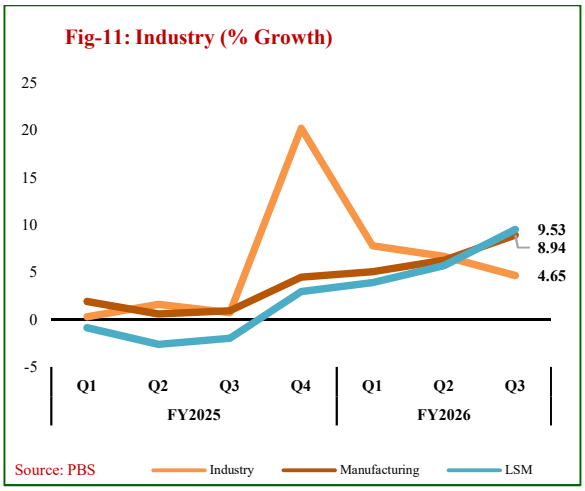
The agriculture sector exhibited consistent and improving quarterly performance in FY 2026 (Fig-10), marked by growth in crops and steady contributions from livestock. Important crops staged a growth of 1.10 percent in Q3 FY 2026 as compared to a contraction of 9.67 percent in the same period last year, due to an increase in the annual benchmark of wheat, rice, and sugarcane. Other crops have also moderately expanded due to an increase in the output of green fodder, potatoes, and grams. After contracting sharply in Q1 and Q2, cotton ginning recorded growth of 6.44 percent in Q3, signaling a recovery in cotton availability. Livestock posted a robust expansion of 3.68 percent in Q2, and 3.70 percent in Q3, driven by positive output growth and lower green fodder prices (-3.6 percent). Forestry and fishing remained in positive territory, contributing steadily to overall agricultural output.

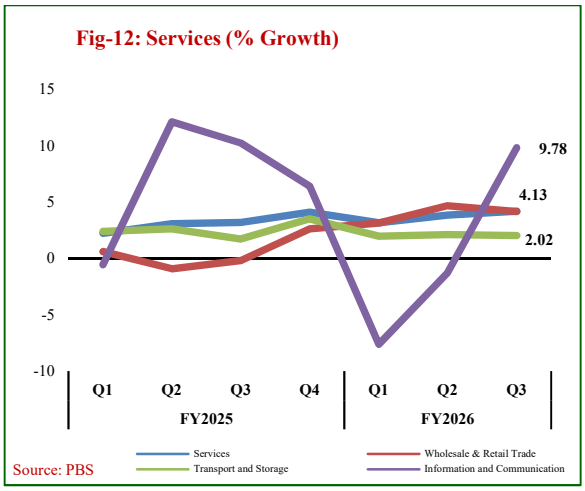
1.3-d(ii) Industry-Quarterly GDP Growth

The industrial sector posted a strong growth of 7.80 percent in Q1 FY 2026. Despite the current oil price shock, the industrial sector maintained robust growth of 4.65 percent in Q3 FY 2026, outperforming the 0.75 percent growth recorded in Q3 FY 2025. Manufacturing emerged as the key driver of industrial expansion, with growth accelerating from 5.08 percent in Q1 to 8.94 percent in Q3. As depicted in Fig. 11, LSM reported a remarkable recovery, rising from 3.93 percent in Q1 to 5.71 percent in Q2 and surging to 9.53 percent in Q3, reflecting a strong rebound in domestic demand and improved supply conditions. Small-scale manufacturing and slaughtering maintained normal, stable growth throughout the period.









1.3-d(iii) Services-Quarterly GDP Growth

The services sector quarterly performance demonstrates a sustained and broad-based momentum throughout the first three quarters of FY 2026, with Q3 growth reaching 4.18 percent. Wholesale & Retail Trade grew by 4.13 percent in Q3, driven by higher output in agriculture and manufacturing, which boosted trade volumes and domestic demand. Information & Communication rebounded strongly to post 9.78 percent growth in Q3 from a reduction of -7.63 percent in Q1, reflecting signs of digital momentum after earlier contractions. Finance & Insurance recorded 2.90 percent growth in Q3, a solid performance given the high base of 12.39 percent in the same quarter last year, driven by increases in non-life insurance and stockbroker activity. This resilient performance underscores the sector's role as the primary anchor of Pakistan's economic expansion.

1.4 Economic Outlook

Despite facing external sector uncertainties and domestic challenges, Pakistan's economy has maintained a path of gradual stabilization and growth during FY 2026. This performance was supported by disciplined macroeconomic management, improved fiscal balances, exchange rate stability, and broadly contained inflation. Real GDP growth for FY 2027 is projected to continue its upward trajectory, supported by the consistent implementation of pro-growth reforms. Growth in FY 2026 stood at 3.7 percent, up from 3.18 percent last year. Inflation remained contained for most of FY 2026, but escalating global energy prices linked to the Middle East conflict pushed headline inflation to 7.3 percent in March 2026. In response, the SBP raised its policy rate by 100 basis points to 11.5 percent in April 2026, the

first hike in nearly three years, to anchor inflation expectations.

Over the medium term, the government's reform agenda is expected to reinforce macroeconomic stability and strengthen the economy's growth potential, with a focus on SME development, energy sector transformation, digitalization, and gradual export enhancement. Nevertheless, global uncertainties, particularly ongoing conflicts and oil price volatility, may influence inflation and macroeconomic conditions in the near term, requiring continued policy vigilance. Despite these challenges, continued policy discipline and structural reforms are expected to strengthen resilience and competitiveness, supporting sustainable and inclusive economic growth over the medium term.

AGRICULTURE

GROWTH

Agriculture	2.89% ▲
Crops	1.44% ▲
Livestock	3.75% ▲
Forestry	2.02% ▲
Fishing	1.66% ▲

INPUTS

Agriculture Credit (Jul-Mar FY2026)	15% ▲
Fertilizer Off-Take (Jul-Mar FY2026)	3.8 (Million Tonne)
Certified Seeds Availability (Jul-Mar FY2026)	767.9 (Million Tonne)

Chapter 2

Agriculture

Agriculture plays an important role in Pakistan's economy by supporting food security, employment, poverty reduction, and the supply of raw materials to industry. The sector contributes 23.4 percent to national GDP and accounts for 33.1 percent of employment. The production and availability of food crops remain important for national food security. In this context, continued attention to climate conditions, water resources, precipitation patterns, and farm input costs is important for sustaining sectoral performance. Recognizing the importance of agriculture, the government is pursuing pro-agriculture policies to maximize sectoral benefits, including the uninterrupted and affordable supply of inputs and productivity enhancement initiatives. In this regard, formulation of National Agriculture & Food Security Council (NAFSC) and National Meat Sector Transformation & Export Council under the leadership of Prime Minister are the most significant developments for ensuring food security and boosting agriculture exports.

2.1 Agriculture Performance 2025-26

During 2025-26, the agriculture sector recorded a growth of 2.89 percent, compared to 1.53 percent during the same period last year. Government initiatives and timely support measures helped the crop sub-sector demonstrate resilience in the wake of the 2025 floods, enabling it to perform better than expected. The sub-sector recorded growth of 1.44 percent, compared with a contraction of 1.01 percent in 2024-25, mainly on account of better production of important crops. Notably, Kharif crops performed relatively well, as flood-related damages remained lower than initially anticipated and production levels generally exceeded those of 2024-25, except for cotton and maize.

Important crops, including cotton, rice, sugarcane, maize, and wheat, registered an overall growth of 0.65 percent compared to last year. Better performances in sugarcane, wheat, and rice ultimately offset production declines in cotton and maize. Sugarcane registered the highest growth at 6.2 percent (rising from 84.24 to 89.45 million tonnes), followed by wheat at 4.3 percent (increasing from 28.40 to 29.61 million tonnes), and rice at 2.8 percent (up from 9.72 to 9.99 million tonnes). However, maize and cotton production contracted by 2.7 percent and 0.5 percent, respectively.

Other crops recorded growth of 2.43 percent despite flood-related disruptions, mainly supported by higher production of pulses, vegetables, and fruits, which increased by 31.4 percent, 12.6 percent, and 2.8 percent, respectively. This improvement helped offset relatively subdued performance in certain crop categories. Cotton ginning and miscellaneous having share of 1.04 percent in agriculture and 0.24 percent in GDP registered a marginal growth of 0.07 percent mainly due to lower cotton production.

The livestock sub-sector, a major component of agriculture and an important contributor to the overall economy, expanded by 3.75 percent, compared with 2.95 percent in 2024-25. This

performance was supported by a 3.46 percent increase in output, notwithstanding a 4.5 percent decline in green fodder availability. In this regard, the establishment of the NAFSC and the National Meat Sector Transformation and Export Council has provided renewed policy impetus for strengthening food security, transforming the livestock sector, and promoting agriculture and meat export. Forestry and fishing sectors also posted moderate growth rates of 2.02 percent and 1.66 percent, respectively.

Table 2.1: Agriculture Growth (Base = 2015-16) Percent

Sector	2020-21	2021-22	2022-23	2023-24	2024-25 (R)	2025-26 (P)
Agriculture	3.52	4.21	2.24	6.40	1.53	2.89
1. Crops	5.83	8.22	-1.17	10.86	-1.01	1.44
i) Important Crops	5.82	5.50	0.45	17.08	-13.19	0.65
ii) Other Crops	7.95	11.90	-1.39	0.10	19.74	2.43
iii) Cotton Ginning	-13.08	9.22	-22.84	47.23	-18.99	0.07
2. Livestock	2.38	2.25	3.70	4.38	2.95	3.75
3. Forestry	3.35	0.70	17.40	-1.01	2.88	2.02
4. Fisheries	0.73	0.35	0.60	0.97	1.43	1.66

R: RevisedP: Provisional

Source: Pakistan Bureau of Statistics

Water availability during Kharif 2025 stood at 60.6 million acre-feet (MAF), broadly in line with Kharif 2024, (Table 2.2). During Rabi 2025-26, water availability improved to 31.4 MAF, compared with 29.4 MAF in Rabi 2024-25. Overall, irrigation water resources remained under close management during 2025-26 to support agricultural activities.

Table 2.2: Surface Water Availability Million Acre Feet

Period	Kharif (Apr-Sep)	Rabi (Oct-Mar)	Total	% increase/decrease over the average system usage (103.5 MAF)
Average system usage	67.1	36.4	103.5	-
2017-18	70.0	24.2	94.2	-9.0
2018-19	59.6	24.8	84.4	-18.5
2019-20	65.2	29.2	94.4	-8.8
2020-21	65.1	31.2	96.3	-7.0
2021-22	65.1	27.4	92.5	-10.6
2022-23	43.3	29.4	72.7	-29.8
2023-24	61.9	30.6	92.5	-10.6
2024-25	60.5	29.4	89.9	-13.1
2025-26	60.6	31.4	92.0	-11.1

Source: Indus River System Authority

2.1-a Crop Position

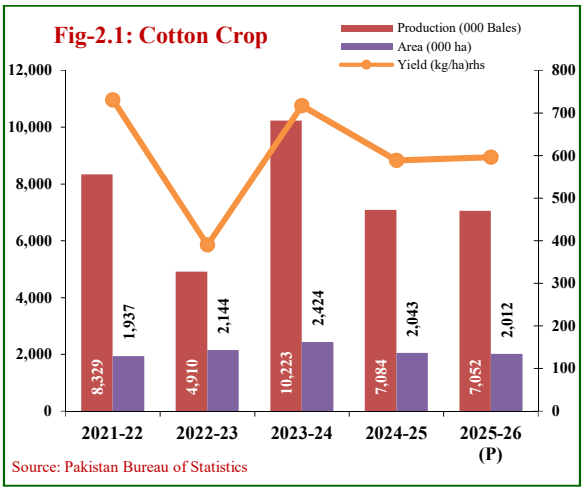
During 2025-26, important crops accounted for 17.32 percent of the value added in the agriculture sector and contributed 4.06 percent to the national GDP. Meanwhile, other crops contributed 15.64 percent to agricultural value addition and 3.67 percent to GDP.

2.1-a(i) Important Crops

Cotton

During 2025-26, area sown under cotton crop recorded at 2.01 million hectares (ha) witnessing 1.5 percent decline in area compared to 2.04 million ha last year (Fig-2.1). While production

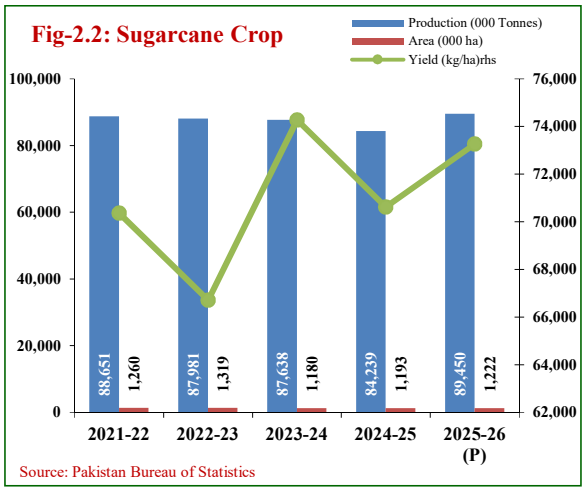
of cotton marginally declined by 0.5 percent to 7.05 million bales from 7.08 million bales last year. It contributed 0.4 percent in GDP and 1.8 percent in value addition. The slight decrease in production was mainly associated with a reduction in area sown, as farmers continued to adjust cropping choices in response to relative returns and competing Kharif crop options. Encouragingly, cotton yield improved marginally over the previous year, supported by better input use, particularly fertilizer application facilitated through Punjab's Kissan Card scheme.



Sugarcane

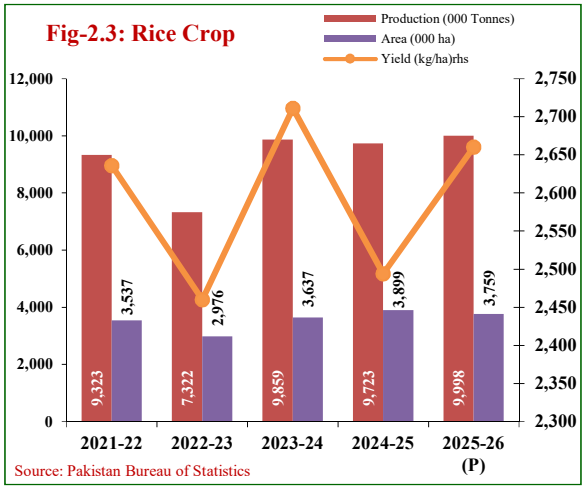
Sugarcane provides raw material to the 2nd largest agro-based sugar industry and a major source of livestock fodder during the winter season. It continues to play an important role in Pakistan's economy by contributing 0.8 percent to GDP and 3.2 percent to agricultural value addition.

During 2025-26, the area under sugarcane cultivation expanded by 2.4 percent to 1.22 million ha and production increased by 6.2 percent to 89.45 million tonnes, driven by a 3.7 percent improvement in yield to 73,200 kg/ha (Fig-2.2). This was mainly driven by higher expected returns compared to competing crops like cotton and maize, thereby encouraging farmers to expand sugarcane cultivation.



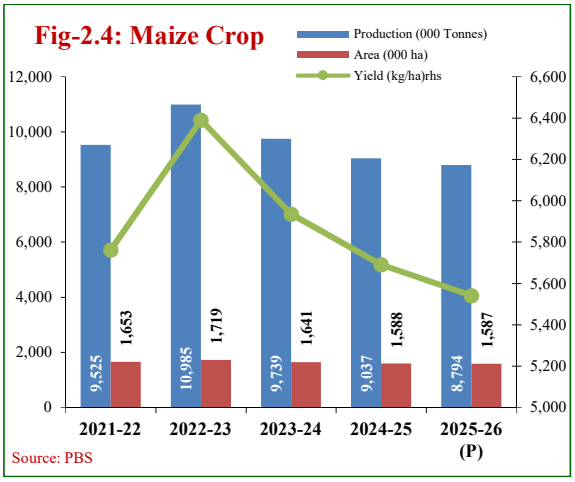
Rice

Rice being the staple food second to wheat and the second largest export commodity after cotton, contributed 0.5 percent to GDP and 2.2 percent to agricultural value addition. During 2025-26, despite 3.6 percent decline in area as compared to last year, the production of rice increased by 2.8 percent to 9.99 million tonnes from 9.72 million tonnes. The increase was driven by a 6.6 percent improvement in yield, which reached 2,660 kg/ha (Fig-2.3), supported by better water availability in major rice-growing areas. While monsoon floods initially posed concerns, subsequent assessments indicated that the impact on the crop remained limited, with additional water availability supporting crop performance in some areas. The decline in cultivated areas largely reflected farmers' sowing decisions in response to prevailing rice prices and alternative crop options.



Maize

During 2025-26, maize was sown on 1.59 million ha showing a marginal decrease of 0.1 percent over last year where as its production declined by 2.7 percent to 8.79 million tonnes from 9.04 million tonnes (Fig-2.4). It has contribution of 0.5 percent in GDP and 2.3 percent in agriculture value addition. The moderation in production was mainly due to lower yields following flood-related effects in some maize-growing areas, while the cultivated area remained largely stable. In addition, the growing use of maize in poultry feed continued to influence planting decisions in line with feed demand and prevailing price signals.



Wheat

Wheat is the staple crop and it ensures food security of the country. During 2025-26, wheat was cultivated over an area of 9.48 million ha, compared to 9.07 million ha last year, reflecting an increase of 4.4 percent (Fig-2.5). Wheat production increased by 4.3 percent to 29.61 million tonnes, compared with 28.40 million tonnes last year, supported by an expansion in area sown. The Interim Wheat Policy 2025-26, together with favourable input conditions at the time of sowing, provided important support to crop performance. Improved availability of certified seeds, fertilizers, and irrigation water also contributed to higher production, while post-flood soil moisture and nutrient conditions supported yields in some areas. Consequently, wheat output exceeded the previous year's level and remained close to the target of 29.7 million tonnes. Wheat accounted for 7.7 percent of value added in agriculture and 1.8 percent of GDP.

2.1-a (ii) Other Crops

During 2025-26, the area and production of selected Kharif and Rabi crops exhibited mixed trends. The production of gram, potato, chillies, moong, and bajra increased by 50.4 percent, 27.6 percent, 23.5 percent, 15.2 percent, and 7.2 percent, respectively, mainly due to expansion in the cultivated area. On the other hand, production of onion, mash, masoor, barley, and jowar declined by 2.2 percent, 3.7 percent, 8.0 percent, 6.6 percent, and 12.3 percent, respectively.

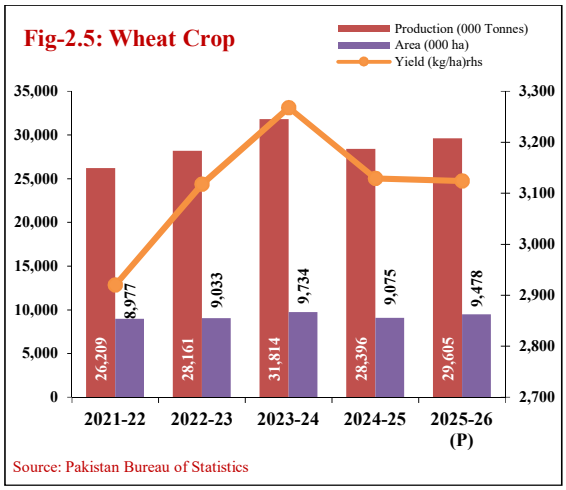


Table 2.3: Area and Production of Other Kharif and Rabi Crops Area: 000 Hectares; Production: 000 Tonnes

Crops	2024-25		2025-26 (P)		% Change in production
	Area	Production	Area	Production	
Bajra (Pearl Millet)	229.5	251.9	249.9	270.1	7.2
Jowar (Sorghum)	45.6	37.7	40.4	33.1	-12.3
Gram	707.0	171.9	782.0	258.6	50.4
Barley	41.2	44.9	38.9	42.0	-6.6
Rapeseed & Mustard	424.6	520.8	481.1	521.0	0.0
Tobacco	74.8	238.4	74.8	238.3	0.0

Table 2.3: Area and Production of Other Kharif and Rabi Crops Area: 000 Hectares; Production: 000 Tonnes

Crops	2024-25		2025-26 (P)		% Change in production
	Area	Production	Area	Production	
Masoor	6.3	4.3	5.5	4.0	-8.0
Moong	185.4	131.2	211.4	151.1	15.2
Mash	7.5	5.9	6.8	5.6	-3.7
Potato	386.7	10,010.2	476.2	12,775.6	27.6
Onion	166.2	2,747.1	162.9	2,688.0	-2.2
Chillies	55.1	191.1	57.7	236.0	23.5

P: Provisional

Source: Pakistan Bureau of Statistics

Oilseeds

During 2025-26 (July-March), 3.65 million tonnes of edible oil (including 0.67 million tonnes extracted from 2.91 million tonnes of imported oilseed) was imported. Values of imported edible oil and oilseeds stood at US $ 3.21 billion and US $ 1.34 billion, respectively.

Local production of edible oil during 2025-26, is estimated to remain 0.55 million tonnes. Total availability of edible oil during 2025-26 (July-March) from imported and local production stood at 4.17 million tonnes. The area and production of major oilseed crops are given in Table 2.4.

Table 2.4: Area and Production of Major Oilseed Crops Area: 000 Acres; Production: 000 Tonnes

Crops	2024-25			2025-26 (P)		
	Area	Production		Area	Production	
		Seed	Oil		Seed	Oil
Cottonseed	5,048	1,807	217	5,049	1,800	216
Rapeseed & Mustard	1,055	469	178	1,209	614	233
Sunflower	150	97	39	171	123	49
Canola	170	100	40	210	130	52
Total	**6,423**	**2,473**	**474**	**6,639**	**2,667**	**550**

P: Provisional (Targets 2025-26)

Note: Oil Recovery %age: Cotton 12%, Rapeseed & Mustard 38%, Canola 40% and Sunflower 40%.

Source: Pakistan Oilseed Department (POD), Provincial Crop Reporting Services

Based on imports during July-March FY 2026, the edible oil import bill is estimated to reach around US$ 6.0 billion during the year. Total availability of edible oil from domestic and imported sources stood at 4.17 million tonnes during July-March FY 2026 and, on a pro-rata basis, is projected at 5.36 million tonnes for the full year, reflecting an increase of 15.5 percent over FY 2025. Domestic production is expected to meet around 10 percent of total edible oil requirements, broadly in line with the previous year.

To reduce import dependence and strengthen domestic edible oil production, the Pakistan Oilseed Department has submitted a "Comprehensive Plan for Enhancing Indigenous Production of Edible Oil for Import Substitution." The plan sets out a phased roadmap to raise self-sufficiency to 27 percent in the short term, 40 percent in the medium term, and 70 percent over the long term.

2.1-b Livestock and Poultry

2.1-b(i) Livestock

Animal husbandry plays a crucial role in Pakistan's rural economy, involving over 8 million rural families in livestock production. This sector is a key source of livelihood, contributing approximately 35-40 percent of their total income. On a broader scale, the livestock industry has become the primary driver of agricultural growth, accounting for 62.4 percent of agriculture's value addition and 14.6 percent of GDP in 2025-26. The sector has

experienced steady growth, with its gross value addition increasing from Rs 6,004 billion in FY 2025 to Rs 6,229 billion in FY 2026, reflecting a growth of 3.75 percent.

Recognizing its potential for economic growth, food security, and poverty reduction, the government has prioritized livestock development. The strategy focuses on a private-sector-led approach, with public-sector support through policy interventions. To enhance animal productivity, regulatory measures have been introduced to improve veterinary health services, modernize husbandry and breeding practices, and advance reproductive technologies such as Embryo Transfer Technique (ETT) and In Vitro Fertilization (IVF). Efforts are also underway to expand artificial insemination services, promote balanced livestock nutrition, and control economically significant diseases like Foot-and-Mouth Disease (FMD), Peste des Petits Ruminants (PPR), Lumpy Skin Disease (LSD), and Avian Influenza, which impact trade and the economy.

Box-I: Pakistan's Meat Sector Transformation

The livestock sector is increasingly being positioned as a strategic driver of export-led agricultural growth, with a population exceeding 250 million animals.

Pakistan's meat exports increased from US $ 196 million in 2015 to around US $ 427 million in 2024, while total meat exports in FY 2025 exceeded US $ 500 million. Despite this progress, Pakistan's share in global meat exports remains below one percent, highlighting substantial untapped potential in international markets.

To unlock this potential, the Government has initiated a plan aimed at developing disease-free, traceable and export-oriented meat value chains. The reform agenda focuses on improving livestock genetics, controlling Foot & Mouth Disease (FMD), promoting commercial feedlot farming, strengthening cold-chain logistics, and increasing frozen and value-added meat exports, particularly for high-growth markets such as China and the Gulf region.

Under the transformation strategy, the meat sector is targeted to grow at around 6 percent annually, while exports are projected to rise from approximately US $ 500 million to nearly US $ 700 million by 2028.

To ensure coordinated implementation, the Prime Minister has constituted the National Meat Transformation & Export Council as the apex policy and oversight body. The Council comprises Chief Ministers of all provinces alongside key federal stakeholders, including MNFSR, Ministry of Commerce, Ministry of Foreign Affairs, SBP, NAFSA, NADRA, Pakistan Halal Authority, PARC, SIFC and representatives of the private sector.

The Council's Terms of Reference (ToRs) include approval of the national roadmap and annual action plans; setting targets for production, exports and disease control; harmonization of federal and provincial regulations; oversight of FMD control and traceability systems; facilitation of investment in feedlots, processing and cold-chain infrastructure; coordination of market access negotiations; and quarterly review of implementation progress and inter-agency coordination.

Source: Ministry of National Food Security & Research

The government aims to harness the livestock sector's potential to drive economic growth, enhance food security, and improve rural livelihoods through the diversification of the livestock business. To address investment challenges in value-added livestock exports, plans are underway to establish dedicated export meat processing zones and disease-free compartments for FMD, PPR, Highly Pathogenic Avian Influenza (HPAI), and other livestock diseases. Additionally, efforts are being made to develop modern slaughterhouses that align with international standards. To further strengthen the sector, the government is introducing time-limited financial support schemes to encourage investment and expansion.

Breed improvement is a key priority, with efforts to establish a nucleus herd and identify breeds best suited to Pakistan's diverse agro-ecological

zones. The government is also facilitating the import of high-yielding exotic dairy, beef, and mutton breeds, along with genetic materials such as sexed semen, ova, and embryos. These initiatives aim to boost livestock productivity, create employment opportunities, and strengthen both the economy and national food security.

The estimated livestock population and production for the last three years are calculated by applying inter-census growth rate parameters from the Livestock Census 1996-2006 to the projected population figures, as complete production record figures from the 2024-25 Census have yet to be published.

The national herd population of livestock for the last three years is given in Table 2.5.

Table 2.5: Estimated Livestock Population

million numbers

Species	2023-24[1]	2024-25[1]	2025-26[1]
Cattle	57.5	59.7	61.96
Buffalo	46.3	47.7	49.1
Sheep	32.7	33.1	33.5
Goat	87.0	89.4	91.8
Camels	1.2	1.2	1.2
Horses	0.4	0.4	0.4
Asses	5.9	6.0	6.2
Mules	0.2	0.2	0.2

[1]: Estimated figure based on inter-census growth rate of Livestock Census 1996 & 2006

Although the PBS 7th Agricultural Census 2024-25 has published the headcounts for major species (Cattle: 55.8 million; Buffalo: 47.7 million; Sheep: 44.5 million; Goat: 95.8 million; Camels: 1.5 million), which serve as the new official baseline. However, completely reconciled production parameters aligned to census counts are pending; therefore, we continued to apply the inter-censual 1996 & 2006 growth rate methodology pending full census production report publication

Source: Ministry of National Food Security & Research

The milk and meat production data for the last three years are given in Table 2.6.

Table 2.6: Estimated Milk and Meat Production

000 Tonnes

Species	2023-24[1]	2024-25[1]	2025-26[1]
Milk (Gross Production)	**70,071**	**72,343**	**74,689**
Cow	26,099	27,083	28,104
Buffalo	41,887	43,132	44,414
Sheep[2]	42	43	44
Goat	1,074	1,103	1,133
Camel[2]	968	981	994
Milk (Human Consumption)[3]	**56,474**	**58,300**	**60,185**
Cow	20,880	21,667	22,484
Buffalo	33,509	34,505	35,531
Sheep	42	43	44
Goat	1,074	1,103	1,133
Camel	968	981	994
Meat[4]	**5,809**	**5,967**	**6,314**
Beef	2,630	2,548	2,634
Mutton	817	835	854
Poultry meat	2,362	2,583	2,826

1: The milk and meat production figures for the indicated years are calculated by applying milk production parameters to the projected population of respective years based on the inter-census growth rate of Livestock Census 1996 & 2006. Complete production record figures from the PBS 7th Agricultural Census 2024-25 are yet to be published; these estimates will be revised upon their availability.

2: Milk for human consumption is derived by subtracting 20 percent of wastage (15 percent from faulty transportation and lack of chilling facilities and 5 percent from suckling calf nourishment) from the gross milk production of cows and buffalo.

3: The figures for meat production are for red meat and do not include edible offal.

Source: Ministry of National Food Security & Research

The estimated production of other livestock products for the last three years is given in Table 2.7.

Table 2.7: Estimated Livestock Products Production

Products	Units	2023-24[1]	2024-25[1]	2025-26[1]
Eggs	million Nos.	25,212	26,696	28,279
Hides	000 Nos.	20,051	20,727	21,426
Cattle	000 Nos.	10,240	10,626	11,026
Buffalo	000 Nos.	9,694	9,982	10,278
Camels	000 Nos.	118	120	121
Skins	000 Nos.	65,181	66,703	68,262
Sheep Skin	000 Nos.	12,376	12,523	12,671
Goat Skin	000 Nos.	33,530	34,439	35,372

Table 2.7: Estimated Livestock Products Production

Products	Units	2023-24[1]	2024-25[1]	2025-26[1]
Fancy Skin	000 Nos.	19,275	19,741	20,220
Lamb Skin	000 Nos.	3,676	3,719	3,763
Kid Skin	000 Nos.	15,599	16,022	16,456
Wool	000 Tonnes	49.6	50.2	50.8
Hair	000 Tonnes	32.7	33.6	34.5
Edible Offal's	000 Tonnes	475	489	503
Blood	000 Tonnes	80.4	82.5	84.6
Casings	000 Nos.	65,851	67,388	68,964
Guts	000 Nos.	21,344	22,061	22,801
Horns & Hooves	000 Tonnes	71.1	73.2	75.4
Bones	000 Tonnes	1,063.0	1,095.5	1,129.1
Fats	000 Tonnes	335.8	345.8	356.1
Dung	000 Tonnes	1,540	1,587	1,637
Urine	000 Tonnes	464	477	491
Head & Trotters	000 Tonnes	303.2	311.9	320.8
Fowls & Hens	million Nos.	95.5	97.0	98.5
Ducks, Drakes & Ducklings	million Nos.	0.32	0.31	0.31

Note: Figures for livestock products for the indicated years are calculated by applying production parameters to the projected population of respective years based on the inter-census growth rate of the Livestock Census 1996-2006. These estimates will be revised upon publication of complete production record figures from the PBS 7th Agricultural Census 2024-25.

Source: Ministry of National Food Security & Research

2.1-b (ii) Poultry

The poultry sector is a dynamic and essential part of Pakistan's livestock industry, generating employment for over 1.5 million people nationwide. With a gross value addition of Rs 999 billion in 2025-26, it has seen significant expansion, achieving an impressive average annual growth rate of 8.1 percent over the past decade. This rapid progress has positioned Pakistan as the world's eleventh-largest poultry producer, underscoring its vast potential for further growth and innovation. Additionally, the poultry industry plays a crucial role in the country's food supply, contributing approximately 43.3 percent to Pakistan's total meat production.

To enhance and expand the poultry industry, the development strategy focuses on disease prevention, modernizing production methods, value-added processing, improved husbandry practices, and product diversification. To support these initiatives, the Government of Pakistan has introduced farmer-friendly policies and interventions aimed at strengthening both rural and commercial poultry production.

Despite its growth and potential, the poultry sector faces several challenges, including disease outbreaks, high cost of poultry feed and quality, high production costs, and market fluctuations. Addressing these challenges is essential for sustaining the industry's growth and ensuring long-term food security in the country.

The estimated production of commercial and rural poultry and poultry products over the last three years is given in Table 2.8.

Table 2.8: Estimated Domestic/Rural & Commercial Poultry

Type	Units	2023-24[1]	2024-25[1]	2025-26[1]
Domestic Poultry	**million Nos.**	95.50	96.98	98.48
Cocks	million Nos.	13.92	14.30	14.69
Hens	million Nos.	47.17	48.02	48.88
Chicken	million Nos.	34.41	34.66	34.91
Eggs[2]	million Nos.	4,717	4,802	4,889
Meat	000 Tonnes	135.01	137.72	140.47
Duck, Drake & Duckling	**million Nos.**	0.32	0.31	0.31
Eggs[2]	million Nos.	14.49	13.89	13.32

Table 2.8: Estimated Domestic/Rural & Commercial Poultry

Type	Units	2023-24[1]	2024-25[1]	2025-26[1]
Meat	000 Tonnes	0.44	0.42	0.40
Commercial Poultry	**million Nos.**	1,792.46	1,968.71	2,163.73
Layers	million Nos.	78.41	83.90	89.72
Broilers	million Nos.	1,873.69	2,061.06	2,267.17
Breeding Stock	million Nos.	16.61	17.44	18.31
Day Old Chicks	million Nos.	1,957.07	2,152.78	2,368.06
Eggs[2]	million Nos.	20,480	21,880	23390
Meat	000 Tonnes	2,226.54	2,445.14	2,685.65
Total Poultry				
Day Old Chicks	million Nos.	1,991	2,187	2,403
Poultry Birds	million Nos.	2,065	2,260	2,474
Eggs	million Nos.	25,212	26,696	28,279
Poultry Meat	000 Tonnes	2,362	2,583	2,826

1: The figures for the indicated years are statistically calculated using the statistics for 2005-06.
2: The figures for Eggs (Farming) and Eggs (Desi) are calculated using the poultry parameters for egg production.

Source: Ministry of National Food Security & Research

Livestock Sector Projects

i. Antimicrobial Resistance (AMR) Initiatives in Pakistan

Building on the achievements of Phase I (2019-June 2023), the UK government has allocated an additional £6 million for Phase II (January 2024-December 2025) of the Fleming Fund Country Grant (FFCG) Pakistan. This phase aims to strengthen AMR surveillance, enhance laboratory capacities, and promote data-driven policymaking under the oversight of the M/oNFSR AMR Coordination Unit (AMR-CU). A key milestone includes the launch of the National AMR Surveillance Strategy in Aquaculture, alongside multiple training workshops on AMR surveillance, microbiology techniques, and bio-inventory management.

To foster collaboration and data sharing, several MoUs were signed with private sector stakeholders. Surveillance programmes in aquaculture and animal health were also initiated, ensuring a more comprehensive approach to AMR monitoring. Public engagement was a major focus, highlighted by the nationwide observance of World AMR Awareness Week (WAAW) 2024, which featured awareness walks, symposiums, and stakeholder engagement events.

Additionally, a Technical Working Group (TWG) was formed to streamline AMR data reporting and inform policy development. A workshop on data-driven decision-making was conducted to strengthen evidence-based policymaking. These initiatives are instrumental in generating high-quality AMR data, promoting responsible antimicrobial use, and ensuring the long-term sustainability of AMR containment efforts in Pakistan.

ii. Pakistan's Collaboration with the World Organization for Animal Health (WOAH) on Animal Health and Trade

Adhering to WOAH standards is crucial for ensuring sanitary trade between countries, as required under WTO agreements. As a WOAH member, Pakistan must regularly report animal disease data to facilitate international trade and inform trading partners. To streamline this, WOAH manages the online World Animal Health Information System (WAHIS), where the Animal Husbandry Commissioner's office submits biannual reports and immediate notifications for Transboundary Animal Diseases (TADs), zoonotic diseases, and emerging or re-emerging animal diseases critical information for regional and global markets.

WOAH-sponsored technical experts have played a key role in legislative advancements and have successfully completed their contribution to the drafting of The Pakistan Animal Health, Welfare, and Veterinary Public Health Act. This

draft legislation is designed to align Pakistan's disease surveillance, animal welfare, and veterinary public health policies with international best practices.

Beyond legislative support, WOAH's involvement extends to vital programmes such as the WOAH Laboratory Training Programme, Performance of Veterinary Services (PVS) evaluations, and veterinary service gap analysis. These efforts reflect WOAH's commitment to enhancing Pakistan's veterinary services, ultimately strengthening the country's animal health sector and its global trade position.

iii. Pandemic Fund initiative in Pakistan:

The Pandemic Fund initiative in Pakistan, supported by the World Bank and executed through three implementing agencies Food and Agriculture Organization (FAO), World Health Organization (WHO), and Asian Development Bank, FAO Pakistan in collaboration with M/o NFS&R is leading the animal health component, including livestock, wildlife, and aquaculture, with an allocation of approximately US $ 8.7 million. This component provides direct technical and operational support to the Government of Pakistan to strengthen prevention, detection, and response to pandemics. It focuses on integrated zoonotic disease surveillance, strengthening veterinary laboratory systems and sample referral networks, workforce development, and community engagement. Key elements include institutionalizing a functional One Health governance mechanism, enhancing cross-sectoral coordination and data sharing, establishing early warning and response systems, and promoting practical One Health implementation at field level, thereby improving national preparedness and resilience against emerging health threats.

iv. Action to Support Implementation of Codex AMR texts (ACT)

The project in Pakistan going to end May 2026, supported by Republic of Korea and executed by FAO Pakistan, has strengthened governance and policy frameworks through ATLASS and RVDF assessments, contributed to the revision of National Action Plan on AMR (NAP AMR 2.0), through FAO-PMP assessment and the adoption of Codex AMR texts to promote risk-based food safety governance.

ACT also contributed to the development of surveillance and evidence systems, including generation of pilot foodborne AMR baseline data, formulation of a national AMR sampling plan for raw and processed foods, and capacity building of laboratory personnel in WHONET and antimicrobial susceptibility testing standardization. ACT supported Pakistan for submission of AMR data to the In FARM system for the first time. In addition, the project strengthened good practices at the production level by training 189 national trainers on Codex AMR standards and promoting prudent antimicrobial use, including alternatives to antibiotic growth promoters.

FAO ACT interventions provided strong foundations that can be institutionalized and scaled by national stakeholders to sustain AMR efforts in the country. This includes integrating surveillance systems into routine government functions, utilizing trained human resources as a national pool of trainers, operationalizing laboratory networks through domestic financing, and embedding Codex-based risk management approaches into regulatory frameworks.

PSDP Projects and Other Policy Measures

National Programme for Animal Disease Surveillance, FMD & PPR Control, Track & Traceability in Compliance with National and International Standards: The National Programme for Animal Disease Surveillance, FMD & PPR Control, and Track & Traceability in compliance with National and International Standards, was approved in principle during the Central Development Working Party (CDWP) meeting on October 10th 2025 worth Rs 7,350 million. The programme is designed to strengthen national disease surveillance and control systems, enabling Pakistan to move from FMD Stage 2 to FMD Progressive Control Pathway (PCP) Stage 3 through the launch of official control programme for FMD. The project will also advance PPR eradication efforts in line with WOAH global commitment. The second component of the project pertains to the

establishment of the National Animal Identification and Traceability System. During the last quarter of FY 2026, Rs 55.9 million was released to commence implementation of the project. The initiative is strategically important for improving compliance with international sanitary standards, strengthening animal health governance systems, and facilitating the reduction of trade barriers for livestock and livestock products.

Expansion of Export Markets

Following key steps have been taken in 2025-26 to explore the export potential of livestock sector:

a) Actively pursued the registration of slaughterhouses and dairy companies with international regulatory bodies (e.g., GACC for China) to increase exports of meat, dairy, and other animal-origin products.

b) Facilitate the registration of new meat exporters with key trade partners, including Saudi Arabia, UAE, Iran, and Uzbekistan.

c) Developed and submitted technical dossiers to potential new markets such as Russia, Malaysia, China, Oman, Vietnam, Hong Kong, and Singapore to ensure compliance with their import requirements.

d) Successfully obtained sanitary equivalence with Azerbaijan for export of meat and dairy products.

Submission of Animal Disease Data to the World Organization for Animal Health (WOAH):

Adhering to WOAH standards is crucial for ensuring sanitary trade between countries, as required under WTO agreements. As a WOAH member, Pakistan must regularly report animal disease data to facilitate international trade and inform trading partners. To streamline this, WOAH manages the online World Animal Health Information System (WAHIS), where the Animal Husbandry Commissioner's office submits biannual reports and immediate notifications for Transboundary Animal Diseases (TADs), zoonotic diseases, and emerging or re-emerging animal diseases-critical information for regional and global markets.

Harmonization of Trade Regulations:

1) Strengthen veterinary health certificate agreements with key destinations to facilitate the smooth trade of livestock and animal products.

2) Align sanitary protocols with China, such as the signing of the donkey meat protocol.

The list of harmonized health certificates for the July-March FY 2026 is given in Table 2.9:

Table 2.9: Harmonized Health Certificate

S #	Harmonization of Veterinary Health Certificate	Country	Import/Export
1	Veterinary Health Certificate for Bovine Semen	France	Import
2	Veterinary Health Certificate for Day old Chicks/ Hatching Eggs	New Zealand	Import
3	Veterinary Health Certificate for Dairy Products	China	Export
4	Veterinary Health Certificate for live fish, feed meal from fish and food products	Russia	Import
5	Veterinary Health certificate for Bovines	Netherlands	Import

Source: Ministry of National Food Security & Research

New Export Avenue for Donkey Meat and Other Products

The export of donkey meat, hides, and related products offers a niche market with strong growth potential, driven by rising demand in China where donkey meat, milk, and Eijiao (gelatin) are valued for their nutritional and medicinal properties. To support this trade, the Federal Government has signed sanitary protocols with China for these exports, encouraging foreign investment, strengthening bilateral ties, and creating employment and

livelihood opportunities for local farmers. A new license has been granted to M/s Shahzad and Shao to establish a donkey slaughterhouse in the Gwadar Free Zone, raising the total number of licensed companies to two beside M/s Hangeng Trade.

2.1-c Forestry

Pakistan's forests cover an estimated 4.11 million hectares, which is about 4.7 percent of the country's total land area. Among the different forest types, coniferous forests make up the largest share, followed by scrub forests, riverine forests, mangroves, and irrigated plantation forests. However, forest resources continue to face serious pressure, with around 11,000 hectares lost every year due to deforestation.

To address these challenges, the Ministry of Climate Change and Environmental Coordination, together with provincial and territorial governments, is carrying out large-scale afforestation and ecosystem restoration projects. Through the Green Pakistan Programme, which has been allocated Rs 122.15 billion, nearly 2.26 billion plants have been planted, regenerated, or distributed across the country to improve forest cover and strengthen climate resilience.

Despite these initiatives, Pakistan remains highly vulnerable to climate change because of its low forest cover, rapid land-use changes, population growth, rural poverty, and heavy dependence on natural resources. Although the forestry sector directly contributes only about 0.5 percent to the GDP, the overall value of forest ecosystem services including environmental protection, water regulation, biodiversity support, and livelihood benefits is estimated at 11.48 percent of GDP. This highlights the critical role forests play in Pakistan's environmental sustainability and economic well-being.

2.1-d Fisheries

Fisheries are a vital component of Pakistan's economy, providing essential livelihoods for coastal communities. Beyond marine fisheries, inland fishing activities encompass rivers, lakes, ponds, and dams throughout the country. While the fisheries sector's direct contribution to the GDP remains modest, it plays a crucial role in bolstering national income through substantial export revenues. This sector contributes 1.29 percent in the agriculture sector while its contribution to GDP is meager 0.30 percent. Despite its relatively modest share in the GDP, the fisheries sector's impact extends far beyond economic figures, contributing to food security, employment, and sustainable resource management. During July-March FY 2026, total fish production reached 642.18 thousand metric tonnes (MT), comprising 427.18 thousand MT from marine fisheries and 215.00 thousand MT from inland waters.

The government is actively working to improve the fisheries sector and boost exports. The federal and provincial fisheries departments are implementing various initiatives, including strengthening extension services, introducing innovative fishing methods, developing value-added products, increasing per capita fish consumption, enhancing socio-economic conditions for fishermen, and reviewing the deep-sea fishing policy of 2018.

Following the resumption of exports to EU countries, several consignments of fish, cuttlefish, and shrimps were sent from four (4) companies. These shipments successfully cleared 100 percent of laboratory analysis at the EU border. Enlistment of Fish Processing Plants in the Non-European Union (Non-EU): Kingdom of Saudi Arabia (KSA) (11), General Administration of Customs of the People's Republic of China (GACC) (174) and Russia (16 in-process).

Pakistan's export of fish and fisheries products has seen consistent growth, reflecting rising global demand for seafood. Pakistan's top buyers included China, Thailand, United Arab Emirates (UAE), Malaysia and Japan. In July-March FY 2026, Pakistan exported a total of 200 thousand MT of fish and fisheries products,

earning approximately US $ 405.1 million in export revenue. (Table 2.10)

Table 2.10: Exports of Fish and Fisheries Products FY 2026 (July-March)

Countries	Quantity (000 MT)	Value (US$ million)
EU	1.97	9.1
Non-EU	198.0	396.0
Total	199.9	405.1

Source: Marine Fisheries Department

2.2 Agriculture Inputs

2.2-a Fertilizer

Fertilizer is the most important and expensive input contributing 30 to 50 percent towards increase in crop yield. Its share in cost of production of major crops is around 10 to 15 percent. Farming community spends Rs 1,200 billion per annum on purchase of fertilizer. An increase in prices of fertilizer by Rs 100 per 50 kg bag puts additional financial burden of Rs 20 billion on farmers. Fertilizer nutrient offtake during 2025-26 (July-March) was 3,795 thousand tonnes which was 11.4 percent more than the corresponding period of the previous year. Nitrogen and Phosphate offtake was 3,035 and 712 thousand tonnes, respectively whereas Potash offtake was 48 thousand tonnes. Current fiscal year first nine months' data indicate that nitrogen and potash offtake increased by 14.8 and 26.2 percent, respectively while phosphate offtake decreased by 1.9 percent as compared to the same time frame of last year. Reduction in phosphate offtake can be attributed to its high prices.

Overall domestic production of fertilizers in nutrient terms during July-March FY 2026 decreased slightly by 0.5 percent over the same period FY 2025. Import of fertilizer also decreased by 20.0 percent. This resulted in decrease in availability of fertilizer by 2.8 per cent.

Price of nitrogenous fertilizers during 2025-26 (July-March) witnessed decline while that of phosphate fertilizers showed upward trend. Price of urea and CAN decreased by 4.5 and 4.8 percent, respectively each during 2025-26 (July-March) compared with same time frame of last year which may be attributed to sufficient buffer stocks (> 300 thousand tonnes per month). Prices of DAP, NP and SSP showed upsurge by 18.3 percent, 16.6 percent and 12.5 percent, respectively. About half of DAP demand is met through import. Therefore, increase in its price in international market had impact on domestic market also.

Total availability of urea during Rabi 2025-26 was 4,382 thousand tonnes, comprising 1,148 thousand tonnes of opening inventory and 3,234 thousand tonnes of domestic production (Table 2.11). Total offtake was 3,564 thousand tonnes, leaving inventory of 803 thousand tonnes for upcoming Kharif 2026. Availability of DAP during Rabi 2025-26 was 1,044 thousand tonnes comprising 392 thousand tonnes of opening inventory, 381 thousand tonnes of local production and 271 thousand tonnes of imported supplies. DAP offtake was 835 thousand tonnes leaving an inventory of 214 thousand tonnes for coming Kharif 2026.

Table 2.11: Fertilizer Supply Demand Situation 000 Tonnes

Description	Rabi (Oct-Mar) 2025-26 (Actual)		Kharif (Apr-Sep) 2026 (Estimated)	
	Urea	DAP	Urea	DAP
Opening stock	1,148	392	803	214
Imported supplies	0	271	0	40
Domestic Production*	3,234	381	3,044	441
Total Availability	4,382	1,044	3,847	695
Offtake/Demand@	3,564	835	3,364	686
Write on/off	-15	5	0	0
Closing stock	803	214	483	9

*: Domestic production is based on data provided by fertilizer industry with assumption that two SNGPL based plants will remain operational during Kharif 2026 while FFC (PQ) will remain shur down.
@:Urea Offtake for Kharif 2026 is based on Provincial demand whereas DAP offtake is based on last 5-year average.

Source: National Fertilizer Development Centre

Kharif 2026 will start with opening inventory of 803 thousand tonnes of urea. Total availability will be 3,847 thousand tonnes, comprising of 3,044 thousand tonnes of domestic production (Table 2.11). Offtake is projected around 3,364 thousand tonnes reflecting 483 thousand tonnes of buffer stock at the end of Kharif 2026. DAP availability during Kharif 2026 is estimated about 695 thousand tonnes, which includes 214 thousand tonnes of opening inventory and domestic production of 441 thousand tonnes. Offtake of DAP during Kharif season is estimated around 686 thousand tonnes.

Supply/demand gap will be filled through imports by private sector.

2.2-b Seeds

Seed is a key input in agriculture that enhances crop productivity and supports food security. Certified seed ensures better harvests and lowers production risks through strict quality control and regulation. Seed certification is a legally approved system that maintains quality during seed production and many countries promote its use to improve agricultural profitability according to international standards.

The area, seed requirement, and seed availability during 2025-26 (July-March) are given in Table 2.12.

Table 2.12 Area, Seed Requirement and Seed Availability 2025-26 (July-March)

Crop	Area (000 Ha)	Total seed requirement (MT)	Seed Availability (MT)			
			Public	Private	Imported	Total
Wheat	9,262	1,143,857	42,242	549,970	0	592,213
Cotton	2,005	39,619	312	20,560	0	20,872
Paddy	3,630	53,796	1,644	51,827	15,296	68,767
Maize	1,481	36,581	1,979	3,492	17,435	22,906
Pulses	1,086	39,102	817	1410	0	2,227
Oilseeds	830	4,100	177	4,688	931	5,796
Vegetables	236	7,080	5	2,953	2876	5,835
Fodders	2,038	61,140	845	19,003	20,087	39,935
Potato	268	670,250	0	0	9,384	9,384
Total	**20,836**	**2,055,525**	**48,021**	**653,902**	**66,009**	**767,932**

Source: FSC&RD, Ministry of National Food Security & Research

Achievements of the Seed Sector July-March FY 2026

The Federal Seed Certification & Registration Department (FSC&RD) play a vital role in strengthening Pakistan's agricultural and seed sector through regulatory reforms, quality assurance, and institutional development. The key activities undertaken in the seed sector by FSC&RD, including company registrations, renewals, inspections, testing, and certification efforts during the period are given in Table 2.13.

Table 2.13: Seed Sector Achievements FY 2026 (July-March)

Sr. No.	Activity	Details / Progress
1	Enlisting Data	A total of 298 challans were received under account head C03139 for enlisting purposes
2	Updated National Register of Enlisted Varieties	The updated National Register of Enlisted Varieties containing 7,814 entries was compiled and circulated on 17-10-2025.
3	Issuance of NOC for Name Availability	A total of 505 variety names were made available for the enlisting of new varieties
4	Central Seed Testing Laboratory (CSTL)	Progress of CSTL as follow
	Testing For National Scheme	A total of 267 seed lots were tested, including fodders, cereals, pulses, vegetables, and oilseed crops.
	Testing For ISTA Scheme	A total of 221 lots/samples were tested, including vegetables, pulses, Ferula, Pistachio, grasses, fodders, cereals, and oilseeds. Most ISTA certificates were used for seed export purposes, while others were issued for testing services requested by foreign agencies.
	Optimization of Testing Procedures	Testing procedures for Ferula, Chilgoza, and Pistachio seeds were optimized for seed purity and germination testing. Commercial samples of card-embedded seeds/seed tapes were also tested for the first time.
	Proficiency Testing (PT)	PT tests including Festuca rubra, Beta vulgaris, Oryza sativa, Pinus sylvestris, and Chenopodium quinoa were conducted for seed purity, germination, 1000-seed weight, moisture, and TZ tests. The laboratory secured "A" grades in most tests.
	Capacity Building and Training	Training and capacity-building activities were conducted for 213 agriculture students.
5	DUS Trials	A total of 215 trials of different crops were conducted for DUS (Distinctness, Uniformity, and Stability) studies.

Source: FSC&RD, Ministry of National Food Security & Research

2.2-c Farm Machinery

Farm mechanization continued to play an important role in improving crop productivity and agricultural growth. However, the limited availability of tractors and other agricultural machinery remained a key challenge. During July-March FY 2026, tractor production stood at 21,623 units compared to 23,581 units in the corresponding period of last year, showing a decline of 8.30 percent. Likewise, tractors sales decreased by 12.6 percent recorded at 20,292 units during July-March FY 2026 against 23,230 units in the same period last year.

2.2-d Irrigation

Irrigation plays a critical role in enhancing agricultural productivity, ensuring food security, stabilizing farm incomes, and reducing vulnerability to monsoon variability and river flow fluctuations. Given agriculture's significant contribution to employment, rural livelihoods, and national output, the performance of the irrigation sector remains critical to Pakistan's macroeconomic stability and longterm growth. The country receives, on average, 138.4 MAF of water annually from its western rivers (Indus, Jhelum, Chenab, and Kabul) and eastern rivers (Ravi and Sutlej).

Indus Basin Irrigation System (IBIS) ranks as the fourth largest contiguous irrigation network in the world, following Australia, India, and China. Pakistan's surface irrigation infrastructure comprises three major reservoirs; Tarbela Dam, Mangla Dam, and Chashma Barrage with a combined live storage capacity of approximately 13.44 MAF. The system further includes 19 barrages, 12 link canals (with a combined capacity of 143,000 cusecs), an extensive network of main and branch canals, and two siphons. It is spanned over nearly 64,000 kilometers to irrigate approximately 47 million acres to support national food security and agricultural production.

Seasonal rainfall including hill torrents and intense storm events, provides an important supplementary source of water. When effectively harnessed through small dams, watershed management, and aquifer recharge, this rainfall can significantly enhance water availability, boost agricultural productivity, and strengthen the resilience of rain-fed farming systems.

In addition to surface water and rainfall, groundwater constitutes a major supplementary source, contributing approximately 50 MAF annually (National Water Policy-2018), particularly in areas with limited or seasonal surface water. The country has an extensive network of tubewells, especially in the arid regions of Sindh, Balochistan, Khyber Pakhtunkhwa, and Punjab. The reliance on groundwater in Gilgit Baltistan and AJK is also increasing and AJK reports presence of 572 tubewells, both in public and private sectors. However, groundwater sustainability is emerging as a serious concern. In Sindh, aquifers are largely brackish, limiting usable supplies. Across the Indus Basin, groundwater extraction increasingly exceeds natural recharge rates. Consequently, the Indus Basin aquifer system is now ranked among the most stressed underground water reserves globally.

Pakistan has one of the world's largest contiguous irrigation networks; however, increasing demand and evolving climatic and hydrological conditions continue to place pressure on available water resources. Per capita annual water availability has declined to below 1,000 cubic meters, underscoring the need for sustained and coordinated water resource management. The situation is shaped by a range of factors, including limited storage capacity, transboundary water considerations, gaps in water accounting, allocation and accountability, conveyance losses, rapid population growth, climate change impacts, groundwater management needs, glacier melt, water pollution, rising urban water demand, waterlogging and salinity, and financing and implementation requirements for major water sector initiatives. Addressing these challenges requires continued progress on the National Water Policy, strengthened implementation of national and provincial water legislation, improved hill torrent and groundwater management, and timely investment in priority water infrastructure.

The monsoon season (July-September) 2025 recorded 172.8 mm actual rainfall against the normal average rainfall of 140.9 mm showing an increase of 22.6 percent. During the post-monsoon season (October-December) 2025, rainfall was recorded at 21.2 mm, showing a decrease of 19.7 percent against the normal average rainfall of 26.4 mm. However, during the winter (January-March) 2026, rainfall remained below at 68.5 mm against the normal average rainfall of 78.1 mm, showing a decrease of 9.6 percent. Rainfall recorded during the reference period is given in Table 2.14.

Table 2.14: Pakistan's Rainfall* Recorded During 2025-26 (in Millimetres)

	Monsoon Rainfall (Jul-Sep) 2025	Post Monsoon Rainfall (Oct-Dec) 2025	Winter Rainfall (Jan-Mar) 2026
Normal**	140.9	26.4	78.1
Actual	172.8	21.2	68.5
Shortage (-)/excess (+)	+31.9	-5.2	-9.6
% Shortage (-)/excess (+)	+22.6	-19.7	-12.3

*: Area Weighted **: Normal/Long Period Average of 1961-2010

Source: Pakistan Meteorological Department

In view of rainfall variability, the government has taken an important step toward rainwater conservation through the approval of Rainwater Harvesting Provisions for the Building Code of Pakistan.

Canal head withdrawals during Kharif 2025 were recorded at 60.56 MAF, showing a marginal increase from 60.48 MAF in Kharif 2024. In contrast, withdrawals during Rabi 2025-26 rose 10.7 percent to 31.35 MAF compared to 29.43 MAF in Rabi 2024-25.

Table 2.15: Canal Head Withdrawals (Below Rim Stations) Million Acre Feet

Province	Kharif (Apr-Sep) 2024	Kharif (Apr-Sep) 2025	% Change in Kharif 2025 Over 2024	Rabi (Oct-Mar) 2024-25	Rabi (Oct-Mar) 2025-26	% Change in Rabi 2025-26 Over 2024-25
Punjab	31.77	28.36	-10.7	15.56	16.45	5.7
Sindh	26.16	28.95	10.7	12.15	13.22	8.8
Balochistan	1.59	2.18	37.1	1.04	1.12	7.7
Khyber Pakhtunkhwa	0.95	1.07	12.6	0.67	0.55	-17.9
Total	**60.48**	**60.56**	**0.1**	**29.43**	**31.35**	**6.5**

Source: Indus River System Authority

Water scarcity poses significant risks to Pakistan's economic growth and social well-being, particularly for communities in underdeveloped regions, where water is scarce and agricultural activity is affected. To address these challenges, the government prioritizes and further needs to invest in adoption of modern water conservation techniques, such as rainwater harvesting, aquifer recharging, lining of unlined water channels, and the use of drip and sprinkler irrigation. In addition, effective management of hill torrents and floods, enhancement of water productivity, enforcement of penalties for over extraction of groundwater, and construction of new dams to increase water storage are essential measures.

Pakistan's National Water Policy-2018 outlines following measurable reform targets to be achieved by 2030:

- **Reduction of conveyance losses:** 33 percent Reduction (15.24 MAF) in the estimated 46 MAF river flows lost during conveyance, through lining of watercourses.
- **Enhancement of storage capacity:** Increase live storage capacity by up to 10 MAF.
- **Improvement in water use efficiency:** Achieve a 30 percent increase in water use efficiency through modern irrigation techniques. This improvement is expected to

raise overall irrigation efficiency from 39 percent to 50.7 percent, resulting in higher future agricultural production and enhanced food security.

Modernization and monitoring: Refurbish irrigation infrastructure, implement real-time monitoring of water distribution for transparent water accounting, and develop a unified, authoritative database for reliable assessment of water resources.

Key Achievements of July-March FY 2026

- During the current FY 2026, an allocation of Rs 97.354 billion (9.7 percent of total PSDP) was earmarked for 34 water sector development projects and studies, reflecting the Government's continued prioritization of water security and irrigation infrastructure development. Major allocations include Rs 31.198 billion for Mohmand Dam, Rs 27.797 billion for Diamer Basha Dam, Rs 10 billion for Improvement of Kalri Baghar Feeder and Keenjhar Lake (PCC Lining), Rs 4.411 billion for Installation of Telemetry System for realtime discharge monitoring at 27 key sites on Indus Basin Irrigation System, and Rs 1.875 billion for Remodeling of Pat feeder Canal System in Balochistan. The allocated funds are projected to be fully utilized by end-June 2026.
- Construction activities continued on two projects of national importance; Diamer-Bhasha Dam and Mohmand Dam. In view of the country's declining water availability, these projects are critical to strengthening Pakistan's water and energy security. Upon completion, the two dams will add approximately 7.076 MAF of additional water storage capacity and contribute over 5,300 MW of hydropower to the national grid, thereby helping mitigate both water and power shortages while supporting agricultural growth.
- Work on Kachhi Canal Phase-I (Remaining works) progressed steadily during the period under review. The project will bring an additional 30,000 acres of culturable command area (CCA) under irrigation and is expected to be completed by June 2026, contributing to enhanced agricultural productivity in Balochistan. After completion of Phase-I, the target of 1,02,000 acres of CCA will be achieved.
- The revised PC-I of Khyber Pakhtunkhwa Irrigated Agriculture Improvement Project was processed through the CDWP forum. It is a large-scale initiative designed to enhance the efficiency, productivity, and sustainability of irrigated agriculture in Khyber Pakhtunkhwa, including the newly merged districts. The project aims to address key challenges in water management by upgrading and rehabilitating approximately 14,260 community watercourses, installing 11,650 acres of high-efficiency irrigation systems (HEIS), training and mobilization of 14,260 Water Users Associations (WUAs), constructing 5,000 water storage tanks, and providing 500 laser land leveling units.

2.2-e Agricultural Credit

In order to strengthen agriculture financing in Pakistan and encourage financial institutions (FIs) to expand their agriculture credit portfolios, the State Bank of Pakistan (SBP) has shifted away from allocating indicative agricultural credit targets to bank's own agriculture credit expansion plans (ACEPs). As per the agriculture expansion plans submitted by the FIs, it is expected that disbursement will reach Rs 3,062 billion in FY 2026, which is 19 percent higher than last year's disbursement of Rs 2,577 billion. Currently, 46 formal FIs are providing agriculture loans to the farming community that include 5 major commercial banks, 12 medium and small sized commercial banks, 6 Islamic banks, 2 specialized banks and 11 microfinance banks (MFBs) besides 10 Microfinance Institutions/Rural Support Programmes (MFIs/RSPs).

During July-March FY 2026, the FIs have disbursed Rs 2,161.6 billion, which is 71 percent of the annual credit expansion plans submitted by FIs for FY 2026 and 15 percent higher than Rs 1,880.4 billion disbursed during the same

period last year. Further, the outstanding portfolio of agricultural loans has increased by Rs 214.8 billion and reached Rs 1,166.3 billion at end March 2026 compared to Rs 951.4 billion same period last year, witnessing 22.6 percent growth. In terms of outreach, the number of outstanding borrowers has reached 2.96 million at end March 2026 with a 1.2 percent year on year (YoY) growth. The group wise breakup of agriculture lending during July-March FY 2026 against the annual agriculture credit expansion plans is given in the Table 2.16.

Table 2.16: Supply of Agriculture Credit by Institutions Rs billion

Banks	ACEPs FY 2025	FY 2025 (July-March)		ACEPs FY 2026	FY 2026 (July-March)		% Change over the Period
		Disbursed	Achieved (%)		Disbursed	Achieved (%)	
5 Big CBs	1,335.0	1,063.80	79.69	1,627.0	1,052.16	64.67	-1.09
ZTBL	90.04	51.79	57.51	92.04	70.43	76.52	36.00
PPCBL	10.60	7.89	74.45	15.2	6.12	40.24	-22.50
DPBs (12)	655.81	395.19	60.26	757.41	620.55	81.93	57.02
IBs (6)	204.09	163.73	80.22	251.17	181.04	72.08	10.58
MFBs (11)	245.26	177.88	72.53	287.45	209.73	72.96	17.91
MFIs/RSPs (10)	31.52	20.15	63.92	31.39	21.62	68.86	7.28
Total	2,572.3	1,880.42	73.10	3,061.66	2,161.64	70.60	14.96

CBs: Commercial Banks, **ZTBL:** Zarai Taraqiati Bank Limited, **PPCBL:** Punjab Provincial Cooperative Bank Ltd, **DPBs:** Domestic Private Banks, **IBs:** Islamic Banks, **MFBs:** Microfinance Banks, **MFIs/RSPs:** Microfinance Institutions/Rural Support Programmes

Source: SBP

The details of sector and purpose-wise disbursement are given in Table 2.17 & 2.18.

Table 2.17: Disbursement to Farm & Non-Farm Sectors Rs billion

Sector (Land Holding/Farm size)		FY 2025 (July-March)		FY 2026 (July-March)		% Growth over the Period
		Disbursement	% Share in Total	Disbursement	% Share in Total	
A	**Farm Sector**	1,031.62	54.86	1,193.92	55.23	15.73
i	Subsistence Holding	391.72	20.83	554.66	25.66	41.60
ii	Economic Holding	120.78	6.42	170.06	7.87	40.81
iii	Above Eco. Holding	519.12	27.61	469.20	21.71	-9.62
B	**Non-Farm Sector**	848.80	45.14	967.72	44.77	14.01
i	Small Farms	217.39	11.56	319.93	14.80	47.17
ii	Large Farms	631.41	33.58	647.79	29.97	2.59
Total (A+B)		1,880.42	100.00	2,161.64	100.00	14.96

Source: SBP

Table 2.18: Disbursements by Sector & Purpose Wise Rs billion

Sector & Purpose		FY 2025 (July-March)		FY 2026 (July-March)		% Growth over the Period
		Disbursement	% Share in Total	Disbursement	% Share in Total	
A	**Farm Sector**	1,031.62	54.86	1,193.84	55.23	15.73
i	Production Loans	922.56	49.06	1,060.17	49.04	14.92
ii	Development Loans	109.06	5.80	133.67	6.18	22.57
B	**Non-Farm sector**	848.80	45.14	967.80	44.77	14.02
i	Working Capital	787.15	41.86	901.01	41.68	14.47
ii	Fixed Investment	61.66	3.28	66.79	3.09	8.33
Total (A+B)		1,880.42	100.00	2,161.64	100.00	14.96

Source:SBP

SBP's Initiatives for the Promotion of Agriculture Financing

For promotion of agricultural financing, some of the major initiatives taken by SBP in collaboration with federal and provincial governments are as under:

a) **PM's Youth Business and Agriculture Loan Scheme (PMYB&ALS):** The first

three phases of PMYB&ALS have been successfully completed, with banks achieving 100 percent of their assigned targets. In FY2025, 20 banks disbursed Rs 32 billion to young agriculture entrepreneurs under the scheme. For FY 2026, 21 banks were assigned a higher agricultural financing limit of Rs 65 billion under PMYB&ALS. During Jul-March FY 2026, the banks have disbursed Rs 40 billion to agriculture sector under the scheme.

b) Implementation of Electronic Warehouse Receipt Financing (EWRF): To reduce post-harvest losses and stabilize prices, SBP introduced EWRF in 2022, enabling farmers, traders, and processors to store produce in accredited warehouses and access bank financing against stored commodities. During July-March FY 2026, the number of accredited warehouses increased to 35, with a combined storage capacity of approximately 380,000 metric tons. During the same period, the banks extended financing of Rs 3.0 billion to 507 farmers through EWRF.

c) Adoption of Digital Land Records for Agriculture Financing: Efforts for adoption of digital land record systems are underway in all provinces of Pakistan. In Punjab province, 30 banks are integrated with Punjab Land Records Authority (PLRA) and using Land Record Management Information system for processing of agriculture financing. During July-December FY 2026, 70,347 fards were generated by bank users and 25,291 charge creation cases were processed using PLRA's system. Other provinces and regions, like Sindh, Khyber Pakhtunkhwa, Balochistan, AJK and GB are also on various stages of digitizing land records.

d) Revised Crop Loan Insurance Scheme Plus (CLIS+)

To strengthen the resilience of the agriculture sector and provide enhanced risk protection to farmers against climate-induced shocks, the SBP, in collaboration with the government, SECP, ADB, Insurance Association of Pakistan (IAP), and SUPARCO, launched the revised Crop Loan Insurance Scheme Plus (CLIS+) on April 20, 2026.

The upgraded scheme expands the scope and effectiveness of risk coverage by including;

1) potato as a notified crop,
2) establishing a co-insurance consortium to improve claim-paying capacity,
3) introducing technology-based calamity assessment through SUPARCO for greater efficiency and transparency, and
4) providing one-time income loss support of Rs. 15,000 for male farmers and Rs 17,500 for female farmers, along with enhanced personal accident coverage of Rs 250,000 for male and Rs 275,000 for female farmers.

During FY 2025, the Government reimbursed premium claims amounting to Rs 400 million each under CLIS and LISB. During July-March FY 2026, the government reimbursed premium claims amounting to Rs 200 million under CLIS and Rs 140 million under LISB.

e) Risk Coverage Scheme for Small Farmers & Underserved Areas: In August 2025, SBP, in collaboration with the Government introduced a comprehensive 'Risk Coverage Scheme for Small Farmers & Underserved Areas'. The scheme provides first-loss risk coverage of up to 10 percent to banks for lending to small farmers. The scheme also offers a subsidy of Rs 10,000 per borrower to banks, to the extent of the net increase in number of borrowers each year, in order to help meet the operational costs of onboarding new borrowers. The scheme will remain valid for three years (FY 2026-FY 2028), during which, disbursements of Rs 100 billion per year are expected, along with addition of 250,000 new borrowers annually. Thus, a cumulative disbursement of Rs 300 billion and 750,000 new borrowers is anticipated over the scheme's duration.

Box-II: Zarkhez-e

Zarkhez-e is a technology-enabled digital lending ecosystem designed to facilitate access of small farmers to formal agricultural credit, particularly those traditionally excluded from the banking system due to various limitations and challenges. The platform was launched under SBP's broader financial inclusion agenda and is supported through regulatory frameworks issued vide ACFID Circular Letter No. 1 of 2025 and ACFID Circular No. 2 of 2025 relating to the Risk Coverage Scheme for Small Farmers and Underserved Areas.

The initiative integrates digital loan application processing, an automated mechanism for borrowers' validation through various institutions, institutional risk sharing, and a multi-bank sequential financing mechanism to improve both outreach and credit decision efficiency. Farmers can apply through a simplified digital Loan Application Form (LAF), supported by mobile-enabled access points and assisted facilitation channels. This reduces dependence on manual branch-based lending processes and significantly lowers access barriers for first-time borrowers. The initiative was launched on October 14, 2025.

Source: SBP

Concluding Remarks

The agriculture sector demonstrated resilience during 2025-26, reflecting the impact of continued policy support and timely initiatives by the federal and provincial governments. Recovery in the crop sub-sector, sustained growth in livestock, improved availability of key inputs, and targeted support measures helped the sector maintain momentum despite pressures from climate variability, floods, water stress, input costs, and market conditions. Improved performance of major crops, particularly wheat, rice, and sugarcane, supported overall growth, while other crops, livestock, forestry, and fisheries also contributed positively.

The outlook for 2026-27 remains encouraging, supported by the Government's continued focus on agricultural transformation and productivity enhancement. Timely availability of quality seed, fertilizer, irrigation water, farm mechanization, affordable agricultural credit, and favourable weather conditions will remain important for sustaining this momentum. Going forward, initiatives relating to digital financing, efficient water use, edible oil import substitution, livestock productivity, and market-oriented reforms are expected to further strengthen farm incomes, food security, exports, and sustainable agricultural growth.

MANUFACTURING AND MINING

(Jul-Mar FY2026)

LSM Growth Rate	6.5% ▲
Textile Growth	0.7% ▲
Wearing Apparel	6.6% ▲
Food	9.8% ▲
Coke & Petroleum Products	10.9% ▲
Chemicals	-1.4% ▼
Pharmaceutical	-5.1% ▼
Mining & Quarrying	0.4% ▲

Chapter 3

Manufacturing and Mining

The Manufacturing and Mining sectors remain critical to Pakistan's industrial base, jointly contributing 13.5 percent to GDP. Within manufacturing, Large-Scale Manufacturing (LSM) plays a dominant role, accounting for 67.4 percent of the manufacturing sector and 8.2 percent of GDP, followed by Small-Scale Manufacturing (SSM) and Slaughtering, which contribute 2.5 percent and 1.4 percent to GDP, respectively.

The manufacturing sector recorded a strong growth in FY 2026, increasing by 6.6 percent, up from 2.0 percent in the previous year. This improvement was supported by relatively favorable macroeconomic conditions, including easing inflation, lower interest rates, exchange rate stability, and strengthening external and fiscal sector balances, which collectively created a more supportive environment for industrial activity.

The recovery was broad-based across industrial sub-sectors. LSM rebounded strongly, growing by 6.1 percent against a contraction of 0.7 percent last year, reflecting improved production and demand conditions. Small-Scale Manufacturing maintained its steady momentum with growth of 8.5 percent, while slaughtering activity grew by 6.2 percent, contributing positively to overall manufacturing performance.

In contrast, the mining and quarrying sector posted a modest growth of 0.4 percent in FY 2026, indicating a gradual recovery in extraction activities amid a broadly stabilizing economic environment and improving linkages to industrial demand.

3.1 Performance of Large-Scale Manufacturing:

Historically, the LSM sector has shown considerable volatility over the past decade, reflecting the economy's exposure to both domestic and external shocks (Fig-3.1). Based on QIM data for the duration of July-March, it is observed that after recording a strong growth of 10.6 percent in FY 2022, the sector contracted sharply by around 7.0 percent in FY 2023 due to import restrictions, exchange rate pressures, elevated energy costs, and tight financial conditions. Although the pace of contraction moderated in FY 2024 and FY 2025, industrial activity remained subdued amid high inflation and weak purchasing power. The strong turnaround of 6.5 percent growth in FY 2026 indicates a broad-based revival in industrial activity.

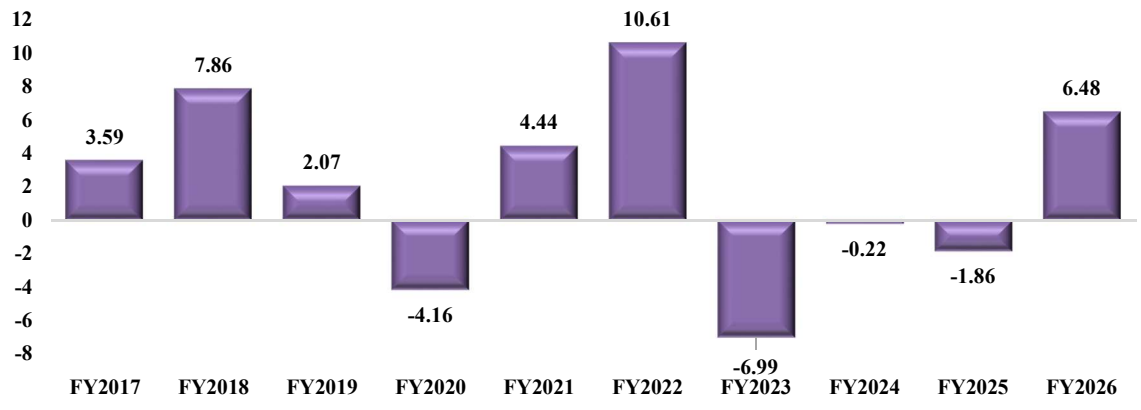
The rebound in LSM was primarily supported by relative monetary easing, as the policy rate declined substantially to 10.5 percent by December 2025, from its peak of 22 percent in FY 2024, reducing borrowing costs and improving liquidity conditions for businesses. Although the policy rate was subsequently raised to 11.5 percent at the end of April 2026 in response to emerging geopolitical risks, liquidity conditions during most of FY 2026 remained comparatively supportive. The earlier monetary easing is expected to continue supporting industrial activity in the coming months. This improvement in financial conditions was also reflected in credit flows to industry, where lending to high-weighted manufacturing sectors expanded during July-March FY 2026, with either working capital or fixed investment

financing showing an upward trend. The increase in working capital financing supported short-term production needs amid improving liquidity, while the rise in fixed investment lending indicates a gradual revival in capacity expansion. Within manufacturing, credit growth was broad-based, with notable contributions from food products, textiles, wearing apparel, non-metallic mineral products and motor vehicles.

In addition, tariff rationalization measures introduced under the National Tariff Policy supported industrial activity by facilitating easier access to imported raw materials, intermediate goods, and industrial machinery at relatively lower costs, thereby improving competitiveness and production efficiency.

The improved performance also reflects easing inflationary pressures, a stable exchange rate, better foreign exchange availability, and a gradual recovery in domestic demand. Improved availability of imported inputs and reduced supply-side disruptions enabled industries to operate at relatively higher capacity utilization levels compared to previous years.

Fig-3.1: LSM Growth % (July-March)



On a year-on-year (YoY) basis, LSM grew by 11.1 percent in March 2026, compared to a contraction of 2.4 percent in the same month last year. Meanwhile, on a month-on-month (MoM) basis, LSM declined by 5.2 percent in March 2026, compared to 8.8 percent decline in February 2026.

Table 3.1 presents group-wise growth trends in the manufacturing sector for July-March FY 2025 and FY 2026. Out of 22 industrial groups, 16 recorded positive growth during July-March FY 2026, with the main contribution from Food, Wearing Apparel, Automobile and Coke & Petroleum products.

Table 3.1: Group-wise growth for July-March 2024-25 vs July-March 2025-26

S.No.	Manufacturing Items	Weight	% Change (July-March)		(%) Point Contribution (July-March)	
			2024-25	2025-26	2024-25	2025-26
1	Food	10.69	-3.21	9.77	-0.60	1.79
2	Beverages	3.84	1.70	7.69	0.07	0.32
3	Tobacco	2.07	12.89	11.70	0.17	0.18
4	Textile	18.16	2.46	0.75	0.40	0.13
5	Wearing Apparel	6.08	7.62	6.60	1.14	1.08
6	Leather Products	1.23	1.29	-2.25	0.01	-0.02
7	Wood Products	0.18	0.94	-1.50	0.00	0.00
8	Paper & Board	1.63	0.35	0.06	0.01	0.00
9	Coke & Petroleum Products	6.66	4.95	10.92	0.34	0.79
10	Chemicals	6.48	-5.50	-1.44	-0.45	-0.11
	- Chemical Products	2.55	-12.24	-2.21	-0.38	-0.06
	- Fertilizers	3.93	-1.34	-1.02	-0.07	-0.05
11	Pharmaceuticals	5.15	2.30	-5.14	0.13	-0.31
12	Rubber Products	0.24	-2.92	14.26	-0.01	0.03

Table 3.1: Group-wise growth for July-March 2024-25 vs July-March 2025-26

S.No.	Manufacturing Items	Weight	% Change (July-March)		(%) Point Contribution (July-March)	
			2024-25	2025-26	2024-25	2025-26
13	Non-Metallic Mineral Products	5.01	-10.45	8.18	-0.68	0.49
14	Iron & Steel Products	3.45	-10.94	-6.33	-0.51	-0.27
15	Fabricated Metal	0.42	-17.16	7.26	-0.06	0.02
16	Computer, electronics, and Optical products	0.03	2.55	1.24	0.00	0.00
17	Electrical Equipment	2.05	-15.91	11.87	-0.47	0.30
18	Machinery and Equipment	0.39	-32.69	-8.72	-0.17	-0.03
19	Automobiles	3.10	40.00	61.66	0.68	1.50
20	Other transport Equipment	0.69	33.63	39.93	0.15	0.24
21	Furniture	0.51	-61.07	20.45	-1.94	0.26
22	Other Manufacturing (Football)	0.32	-13.41	23.06	-0.06	0.09

Source: Pakistan Bureau of Statistics

The food group recorded a strong growth of 9.8 percent during July-March FY 2026 against the contraction of 3.2 percent last year. Notable growth of 31.0 percent observed in the production of sugar, bakery products, and chocolate & sugar confectionery, supported by better crop harvests, thus contributing to the overall growth of food group. Wheat and rice milling and cooking oil also remained positive with 1.4 percent and 1.2 percent growth in production during the reviewed period. In contrast, tea blended, vegetable ghee, and starch & its products observed contraction of 10.0 percent, 3.0 percent, and 0.02 percent, respectively. Meanwhile, the beverages sector posted a growth of 7.7 percent, driven by strong performance in juices, syrups & squashes.

The textile sector growth remained moderate at 0.7 percent during July-March FY 2026, compared to a growth of 2.5 percent in the same period last year. Growth in yarn (1.8 percent), cloth (0.2 percent), woolen & worsted cloth (32.4 percent) and woolen blankets (7.8 percent) were the key contributors to the sector's performance. Moreover, the increasing demand for fixed investment borrowing, along with an increase in textile machinery imports (20.9 percent), signals the industry's intent to expand and modernize operations, reinforcing positive growth prospects in the coming months. However, challenges persist in the jute segment, where output of jute goods declined sharply by 35.3 percent due to continued operational inefficiencies.

The wearing apparel sector sustained its growth momentum with 6.6 percent growth during July-March FY 2026, against 7.6 percent in the same period last year. The continued expansion reflects the strengthening position of the readymade garment industry, driven by improved competitiveness and rising demand in both domestic and international markets. This is further evidenced by a 5.9 percent increase in export quantity and a 3.8 percent rise in export values during July-March FY 2026.

Coke and Petroleum products posted a strong growth of 10.9 percent in July-March FY 2026, against 4.9 percent last year. The main contributors to this performance were high-weighted products such as high-speed diesel (18.1 percent), motor spirit (14.5 percent), diesel oil (309.6 percent**),** jet fuel oil (7.5 percent) and petroleum products n.o.s. (53.1 percent), reflecting increased demand from the transport, industrial, and power generation sectors.

The automobile sector maintained its growth momentum, recording a growth of 61.7 percent during July-March FY 2026, against the growth of 40.0 percent in the same period last year. This robust performance reflects improved macroeconomic fundamentals, including declining inflation, exchange rate stability, and a lower policy rate, which collectively reduced borrowing costs and restored consumer and investor confidence. Other transport equipment also performed well with 39.9 percent growth during the period under review.

Tobacco, paper & board, and computer, electronics & optical products remained positive with 11.7 percent, 0.1 percent, and 1.2 percent, respectively. Although their weights in the manufacturing index are relatively small, their

positive contributions reflect improving industrial activity in these segments.

The pharmaceuticals sector contracted by 5.1 percent during July-March FY 2026, compared to a 2.3 percent increase in the same period last year. This deceleration reflects a more subdued performance in liquids/syrups, injections and capsules, while galenical, ointments, and tablets witnessed the growth of 100 percent, 6.5 percent and 0.9 percent, respectively. The sector collectively contributed a negative 0.31 percentage points to cumulative LSM growth.

The chemicals sector contracted by 1.4 percent during July-March FY 2026, against the contraction of 5.5 percent last year. Within this group, chemical products declined by 2.2 percent, driven by reduced output in industrial chemicals and basic materials, while fertilizer production declined marginally by 1.0 percent.

The non-metallic mineral products grew by 8.2 percent during July-March FY 2026, against 10.5 percent contraction in the same period last year. The expansion was largely driven by rising demand from construction-related activities, reflected in a 9.1 percent increase in cement production. Growth in electrical equipment by 11.9 percent further reinforced the improving momentum in construction and allied industrial activities. The iron and steel sector continued to underperform, recording a contraction of 6.3 percent during the period under review. However, imports of iron and steel increased by 5.5 percent in value terms and 10.5 percent in quantity terms during the period under review, indicating a shift toward imported products to meet domestic demand.

Other manufacturing (football) recorded substantial growth of 23.1 percent during July-March FY 2026, supported by strong external demand for footballs ahead of the FIFA World Cup 2026, reinforcing Pakistan's strong position in the international sports goods market.

Furniture production also turned positive with 20.5 percent growth after a sharp contraction of 61.1 percent last year. The production of selected LSM items is shown in Table 3.2.

Table 3.2: Production of selected industrial items of Large Scale Manufacturing

S. No.	Name of items	Unit of Quantity	Weight	Production (Jul-Mar)		% change (Jul-Mar)	(%) Point Contribution (Jul-Mar)
				2024-25	2025-26	2025-26	2025-26
1	Deep freezers	Nos.	0.167	60,483	74,345	22.92	0.03
2	Jeeps and Cars	Nos.	2.715	96,795	157,518	62.73	1.34
3	Refrigerators	Nos.	0.246	518,101	561,127	8.30	0.01
4	Upper leather	000 Sq. M	0.398	8,653	7,923	-8.44	-0.02
5	Cement	`000' Tonnes	4.650	28,546	31,152	9.13	0.50
6	Liquids/syrups	`000' Litres	1.617	154,547	143,710	-7.01	-0.24
7	Phos. fertilizers	N. Tonnes	0.501	563,974	573,515	1.69	0.01
8	Tablets	`000' Nos.	2.725	12,105,368	12,216,734	0.92	0.02
9	Cooking oil	Tonnes	1.476	475,913	481,625	1.20	0.03
10	Nit. fertilizers	N. Tonnes	3.429	2,643,314	2,606,193	-1.40	-0.06
11	Cotton cloth	000 Sq. M	7.294	657,853	659,104	0.19	0.01
12	Vegetable ghee	Tonnes	1.375	1,102,620	1,069,554	-3.00	-0.05
13	Cotton yarn	Tonnes	8.882	1,987,851	2,024,066	1.82	0.14
14	Sugar	Tonnes	3.427	5,770,230	7,557,244	30.97	1.76
15	Tea blended	Tonnes	0.485	102,430	92,143	-10.04	-0.05
16	Petroleum Products	`000' Litres	6.658	10,661,707	11,856,499	10.92	0.79
17	Cigarettes	Mil. Nos.	2.072	26,320	29,399	11.70	0.18

Source: Pakistan Bureau of Statistics

3.2 Textile Industry

Textiles and apparel are the largest manufacturing and employment generation sector of Pakistan, which contributed 59.7 percent to national exports and 24.2 percent to industrial value-addition during July 2025 to March 2026. The sector uniquely connects

agriculture with industry and exports, creating strong backward and forward linkages across the economy. Pakistan derives its competitive advantage from a vertically integrated supply chain from ginning, yarn to fabric manufacturing, processing and finally to apparel, home textiles, and products of technical textiles. The textiles and apparel sectors serve as a platform for micro, small, medium and large-scale manufacturing, which are hallmarks of progressive industrialization and socio-economic development.

Pakistan's textile and apparel sector exports reflected a marginal overall decline of 0.5 percent (from US $ 13,656 million to US $ 13,582 million) during July-March, FY 2026, as compared to the corresponding period of FY 2025, despite modest growth in value-added product categories.

Table 3.3: Export of Textile Sector

Category	July-March 2025-26	July-March 2024-25	% Change
Textiles and Apparel Exports (Million US $)	13,581.8	13,655.9	-0.5
Pakistan's Total Exports (Million US $)	22,741.7	24,718.1	-8.0
Textile and Apparel as % of Country Exports	**59.7**	**55.2**	-

Source: Ministry of Commerce and Pakistan Bureau of Statistics

Apparel Sector:

Apparel category remained the largest contributor, accounting for 51 percent of total textile exports in July-March FY 2026. The segment recorded an increase of 1.1 percent in value-terms, driven by higher shipments valued at US $ 6,950 million compared to US $ 6,877 million in July-March FY 2025.

Table 3.4: Export of Apparel Sector

Unit of Measure	July-March 2025-26	July-March 2024-25	% Change
Knitted Apparel			
Quantity (TH.DOZ)	186,080	194,274	-4.22
Value (Million US $)	3,742.2	3,785.3	-1.14
Woven Apparel			
Quantity (TH.DOZ)	63,678	60,134	5.89
Value (Million US $)	3,208.0	3,091.5	3.77
Total Apparel (Knitted & Woven)			
Quantity (TH.DOZ)	249,758	254,408	-1.83
Value (Million US $)	6,950.3	6,876.8	1.07

Source: Ministry of Commerce and Pakistan Bureau of Statistics

Textile Made-Ups Sector:

Textile Made-ups maintained its position as the second-largest category, with strong demand in international markets, particularly in home textiles. Backed by established manufacturing capabilities and competitive production capacity, Pakistan exports a diverse range of made-up products, including bed wear, towels, and other Made ups items.

Table 3.5: Export of Made-Ups

Unit of Measure	July-March 2025-26	July-March 2024-25	% Change
Bed Wear			
Quantity (M.T)	395,751	391,331	1.13
Value (Million US $)	2,380.2	2,374.3	0.25
Towel			
Quantity (M.T)	166,266	173,044	-3.92
Value (Million US $)	801.5	818.7	-2.10
Other Made Ups			
Value (Million US $)	591.7	588.1	0.60

Source: Ministry of Commerce and Pakistan Bureau of Statistics

Carpets, Rugs and Mats:

Pakistan exports a diverse range of handmade carpets and rugs to the international market, mainly made-up of woolen materials. Carpets exports decreased by 12.9 percent in value terms in July-March FY 2026 as compared to the corresponding period of the last financial year.

Table 3.6: Export Performance

Category	July-March 2025-26	July-March 2024-25	% Change
Carpets, Rugs and Mats			
Quantity (TH. SQM)	1,664	2,281	-27.05
Value (Million US $)	36.7	42.1	-12.92
Tents, Canvas and Tarpaulins			
Quantity (M.T)	30,568	32,684	-6.47
Value (Million US $)	100.1	101.1	-1.02

Source: Ministry of Commerce and Pakistan Bureau of Statistics

Tents, Canvas and Tarpaulins:

Pakistan supplies a range of durable and competitively priced products to international markets for commercial, humanitarian, and outdoor applications. Exports of these products declined by 1.0 percent in value-terms in July-March FY 2026 as compared to the corresponding period of the last financial year.

Cotton Yarns Sector:

Pakistan benefits from a strong domestic cotton base and an integrated spinning industry, enabling it to serve regional and international markets with a wide range of yarn products. Exports of cotton yarns increased by 4.4 percent in value-terms in July-March FY 2026 as compared to the corresponding period of the last financial year.

Table 3.7: Export Performance of Cotton Sector

Category	July-March 2025-26	July-March 2024-25	% Change
Cotton Yarns			
Quantity (M.T)	229,559	200,959	14.23
Value (Million US $)	562.2	538.4	4.42
Cotton Cloth			
Quantity (M.T)	243,901	264,351	-7.74
Value (Million US $)	1,268.6	1,424.5	-10.94

Source: Ministry of Commerce and Pakistan Bureau of Statistics

Cotton Cloth Sector:

Pakistan exports a wide range of cotton fabrics to international markets, serving both the apparel and home textile industries. Exports of cotton cloth declined by 10.9 percent in value-terms in July-March FY 2026 as compared to the corresponding period of the last financial year.

Non-Cotton Materials:

These products are becoming an important part of Pakistan's textiles and apparel export basket, reflecting a gradual diversification of the industry beyond cotton. These materials support the production of blended yarns, fabrics and other value-added products catering to evolving global market demand.

3.3 Automobile Industry

The auto industry showed growth across all sectors during July-March FY 2026, except for the farm tractor sector, where production and sales were down by 8 percent and 13 percent, respectively. Other sectors experienced significant growth, ranging from 51 percent to 88 percent. Although the long-standing sales tax issues have largely been resolved, several factors continue to hinder the growth of farm tractor sector of the auto industry. The ongoing tractor subsidy scheme in Punjab has led many farmers to focus on availing these subsidies, while regular buyers are postponing their purchases. For these regular buyers, access to financing has largely stalled due to the unavailability of funds. Additionally, wartime conditions have significantly increased costs for local tractor OEMs.

Table 3.8: Export Performance of Non-Cotton

Category	July-March 2025-26	July-March 2024-25	% Change
Artificial and Synthetic Materials			
Quantity (M.T)	55,028	64,105	-14.16
Value (Million US $)	271.8	303.9	-10.56
Yarns other than Cotton Yarn			
Quantity (M. Doz)	8,769	8,919	-1.69
Value (Million US $)	23.9	25.4	-5.92
Other Textile Materials			
Value (Million US $)	592.2	561.5	5.47

Source: Ministry of Commerce and Pakistan Bureau of Statistics

Passenger car production and sales increased by 51.3 percent and 45.5 percent, respectively, during the period under review. The local production and sales of electric cars during the period were reported as 240 and 263 units, while 150 units and 132 were produced and sold during the corresponding period last year. The new technology cars are rapidly penetrating the market, driven by strong consumer demand, due to rising fuel prices.

The production of heavy commercial vehicles - trucks and buses - registered robust growth of 87.8 percent and 28.9 percent, respectively, during the period under review. Truck production reached 5,301 units during July-March FY 2026, up from 2,822 units in the same period last year. Similarly, bus production rose to 704 units from 546 units over the corresponding period. Despite this growth, the overall volume of locally produced trucks and buses remains modest relative to the size of the domestic market. A significant portion of

demand continues to be met through imports, while the local heavy commercial vehicle industry operates at around 80 percent idle capacity, indicating substantial underutilization of existing manufacturing potential.

In the category of other locally produced vehicles - including Light Commercial Vehicles (LCVs), jeeps, and pickups - production and sales witnessed substantial growth, increasing by 24.0 percent and 34.9 percent, respectively. In addition to shifting consumer preferences, this surge reflects overall market expansion, driven partly by new entrants capturing market share and the growing presence of Chinese manufacturers in recent years.

In the two/three-wheeler sector, production reached 1,433,074 units during the period under review, compared to 1,090,806 units in the same period last year, reflecting a growth of 31.4 percent. Limited public transport options have made two- and three-wheelers attractive alternatives for many people. Furthermore, their affordability ensures that these vehicles remain accessible to the average consumer. The adoption of electric vehicles (EVs) in the two-wheeler segment has also risen significantly, largely due to higher fuel prices. As consumer confidence and affordability continue to improve, the market share of EVs is expected to grow even further.

The production and the sales of the auto industry during July-March FY 2026 are shown below:

Table 3.9: Production of Automobiles

Category	Installed Capacity	No. of Units		
		2024-25 (July-March)	2025-26 (July-March)	% Change
Car	341,000	76,339	115,495	51.3
LCV/Jeeps/ SUV/Pickup	52,000	26,177	32,465	24.0
Bus	5,000	546	704	28.9
Truck	29,000	2,822	5,301	87.8
Tractor	100,000	23,581	21,623	-8.3
2/3 Wheelers	2,500,000	1,090,806	1,433,074	31.4

Source: Pakistan Automotive Manufacturer Association

The auto industry gained some momentum in FY 2026. Encouragingly, the adoption of new technologies, the entry of new market players, and rising investment trends indicate that this fast-growing sector is well-positioned to maintain its growth trajectory. Engineering Development Board (EDB) in collaboration with the Ministry of Industries and Production (MOI&P), has taken the following initiatives to boost the production of automobile sector:

New Energy Vehicle Policy 2025-2030

The New Energy Vehicle Policy 2025-2030, formulated by the EDB/MOIP, aims to transform Pakistan's transport sector by promoting electric and other new energy vehicles (NEVs). The policy targets 30 percent of new vehicle sales by 2030, approximately 2.2 million vehicles, to comprise NEVs, including e-bikes, scooters, rickshaws, cars, light commercial vehicles, buses, and trucks. To support adoption, the policy offers cost-sharing subsidies through Pakistan Accelerated Vehicle Electrification (PAVE), viability gap funding, and infrastructure development support, laying the foundation for a sustainable, low-emission transport ecosystem in the country.

Auto Industry Development and Export Policy 2021-2026

Building on the successes of the 2016-21 policy, the Auto Industry Development and Export Policy (AIDEP) 2021-26 aimed to promote competition across the supply chain and expand consumer choice. EDB developed incentives for electric two- and three-wheelers as well as heavy commercial vehicles, which were approved by the Economic Coordination Committee under the EV Policy 2020. These incentives for electric vehicles, along with additional support for four-wheelers, SUVs, and heavy commercial vehicles, were integrated into AIDEP 2021-26. The installed capacity for cars and SUVs has been increased from 418,500 to 600,000 units to meet the threshold for domestic production aimed at exports.

Original Equipment Manufacturers (OEMs) are required to comply with 17 shortlisted WP-29 vehicle safety regulations, whereas in total 62 regulations are becoming mandatory from July 2026. Further, more than seventy licenses were issued to two- and three-wheeler EV manufacturers, while four-wheeler licenses were issued to EV, PHEV, and hybrid manufacturers,

comprising 02 EV companies, 03 PHEV and seven hybrid companies.

Pakistan Auto Show (PAPS) 2025

EDB participated in the Pakistan Auto Show (PAPS) 2025, highlighting Pakistan's automotive manufacturing capabilities. The event was organized by the Pakistan Association of Automotive Parts and Accessories Manufacturers (PAAPAM). The CEO, EDB, inaugurated PAPS 2025 and encouraged auto parts manufacturers to innovate and secure international export orders, emphasizing the need for focus on exporting Made-in-Pakistan vehicles to enhance Pakistan's automotive presence globally.

The event demonstrated the rapid shift towards electric and hybrid mobility in Pakistan, reflecting the industry's alignment with global trends in sustainability and innovation. It provided an excellent platform for automakers to showcase advancements and for consumers and investors to explore emerging opportunities in the automotive sector.

International Trade and Industrial Fair (ITIF - 2025)

The EDB participated in the International Trade and Industrial Fair (ITIF - 2025), held alongside the Electric Vehicle Asia Expo 2025 at the Expo Centre, Karachi. Organized by E-Commerce Gateway, the event attracted a wide array of international delegates, industry leaders, and policymakers, providing a strategic platform for promoting Pakistan's trade and industrial capabilities.

The fair facilitated the dissemination of key policy frameworks, including the NEV Policy 2025-30, underscoring Pakistan's commitment to sustainable industrial growth and renewable energy adoption. Participation in ITIF 2025 enabled the EDB to engage with potential investors, strengthen trade linkages, and showcase Pakistan's competitive advantages in emerging sectors such as electric mobility and green technologies.

This engagement reflects Pakistan's continued efforts to integrate with global markets, attract foreign investment, and promote industrial innovation, aligning with the country's broader economic development objectives.

3.4 Fertilizer Industry

Fertilizer is a critical input in crop production, having a 10 to 15 percent share in the cost of major crops and a 30 to 50 percent contribution towards crop yield enhancement. Therefore, growth of the fertilizer industry is essential for overall economic development and the prosperity of the farming community, besides national food security.

There are ten urea manufacturing plants, one Diammonium Phosphate (DAP), three nitrophos (NP), four Single Super Phosphate (SSP) (out of which one plant is idle), two Calcium Ammonium Nitrate (CAN), two plants of blended NPKs and four plants of Sulphate of Potash (SOP), having a total production capacity of 9,727 thousand product tonnes per annum. In product terms, fertilizer production during July-March FY 2026 stood at 7,056 thousand tonnes, 0.3 percent less compared to the corresponding time frame of the last year. In nutrient terms, fertilizer production was 3,205 thousand tonnes, which was 0.5 percent lower compared to last year.

Urea is the main fertilizer having a 68 percent share in overall production capacity. Its installed production capacity (6.7 million tonnes per annum) is sufficient to meet domestic demand, provided all plants are operational at full capacity year-round. Two SNGPL-based plants (Fatima Fert and Agritech) have no permanent gas allocation and were operational on and off during previous years. However, uninterrupted gas supply to two SNGPL-based urea manufacturing plants has been ensured by the Federal Government since April 2023, which has led to sufficient buffer stock (> 300 thousand tonnes) and subsequently price stability in the market. Currently, the FFC (Port Qasim) plant is facing gas curtailment because of gas shortage as a result of Gulf War. All the urea manufacturing plants need to be operational at full capacity to prevent fertilizer shortage during the coming Rabi 2026-27. It is heartening that system gas from Mari Energies has been allocated for FFC

(Port Qasim, Fatima Fert and Agritech plants and gas availability issues for these plants will be resolved after codal formalities and infrastructure development.

DAP accounted for 96 percent share in the total import volume of fertilizer as almost half of its domestic demand is met through imported supply. DAP imports were 453 thousand tonnes during July-March FY 2026 compared to 627 thousand tonnes last year. Import volume in terms of fertilizer nutrient was 335 thousand tonnes compared to 419 thousand tonnes in previous year, showing a decrease of 20.0 percent.

Urea and DAP are two major fertilizers having combined share of 80 percent in total fertilizer use. Urea and DAP offtake during the period was 5,418 and 1,176 thousand tonnes, respectively. Urea offtake increased by 16.8 percent while DAP decreased by 4.6 percent compared to last year.

Nutrient offtake during July-March FY 2026 increased by 11.5 percent to 3,795 thousand tonnes. Nitrogen and Phosphate offtake were 3,035 and 712 thousand tonnes, respectively, whereas Potash offtake was 48.2 thousand tonnes. Thus, nitrogen and phosphate offtake increased by 14.8 and 26.2 percent, respectively, whereas potash offtake decreased slightly by 1.9 percent compared to last year.

3.5 Cement Industry

The cement industry in Pakistan has witnessed a substantial increase in production capacity over the years, rising from 45.62 million tonnes in FY 2016 to 84.58 million tonnes in FY 2026. This expansion reflects significant investment and growth potential within the sector. Capacity utilization increased notably to 60.2 percent in FY 2026, from 55.1 percent last year. The increase is primarily driven by improved domestic demand, signaling higher construction activity.

Exports have recorded a notable upward trend, reflecting the industry's resilience and adaptability. This growth underscores Pakistan's competitive edge in regional and global markets, especially as economic conditions in neighboring countries stabilize and construction demand picks up.

Northern Region

Domestic consumption in the north was recorded at 26.4 million tonnes during the first nine months of FY 2026, compared to 23.5 million tonnes despatched last year, thus showing a growth of 12.0 percent. However, exports from the north declined by 28.8 percent and stood at 0.8 million tonnes during the period, compared to 1.1 million tonnes during the same period last year.

Southern Region

Domestic consumption in the south increased by 3.5 percent and reached 5.2 million tonnes during July-March FY 2026, while exports increased by 13.5 percent to 6.1 million tonnes, with total despatches of the region reaching 11.3 million tonnes.

Cumulative

Cumulatively, the Cement industry recorded a growth of 9.7 percent during the period under review, with total despatches standing at 38.5 million tonnes compared to 34.503 million tonnes last year. Domestic consumption increased by 10.5 percent to 31.6 million tonnes, while exports grew by 6.2 percent to reach 6.9 million tonnes.

Table 3.10: Cement Production Capacity & Despatches

Million Tonnes

Years	Production Capacity	Local Desp-atches	Exports	Total Desp-atches	Capacity Utilization % age
2015-16	45.62	33.00	5.87	38.87	85.21
2016-17	46.75	35.65	4.66	40.32	86.23
2017-18	48.61	41.15	4.75	45.89	94.40
2018-19	55.90	40.34	6.54	46.88	83.88
2019-20	63.53	39.97	7.85	47.81	75.26
2020-21	69.14	48.12	9.31	57.43	83.07
2021-22	69.29	47.64	5.26	52.89	76.33
2022-23 R	74.40	40.01	4.57	44.58	59.92
2023-24 R	83.70	38.18	7.11	45.29	54.11
2024-25	84.58	37.42	9.21	46.63	55.12
2025-26 (July-March)	84.58	31.60	6.94	38.54	60.15

R : Revised

Source: All Pakistan Cement Manufacturers Association

3.6 Small and Medium Enterprises

Small and Medium-sized Enterprises (SMEs)

are recognized as a crucial force in job creation and industrial growth, contributing to employment generation, strengthening value addition, and supporting broader economic expansion. To empower SMEs in fulfilling their significant role in economic development, the Small and Medium Enterprises Development Authority (SMEDA) has undertaken a range of initiatives during the period July-March FY 2026, as highlighted below:

3.6.1 SME Cluster Showcase Expo 2026

SMEDA organized Pakistan's first-ever SME Cluster Showcase Expo 2026 as a flagship initiative to promote cluster-based SME development, strengthen enterprise linkages, enhance export competitiveness, and support inclusive growth through greater integration of SMEs into domestic and international value chains. The Expo showcased over 30 SME clusters from across Pakistan, including Gilgit-Baltistan and Azad Jammu & Kashmir, representing sectors such as sports goods, surgical instruments, honey, dates, carpets, handicrafts, home appliances, and agri-based industries. It facilitated the participation of 174 MSMEs, including women-led and micro enterprises, along with 25 partner institutions providing financial, regulatory, and business support services. The event promoted B2B, B2G, B2I, and G2G engagements, strengthened knowledge sharing through participation of international SME agencies, and highlighted innovation through the "Bananas in Pakistan Bio-Economy" initiative aimed at utilizing banana waste as a sustainable alternative to cotton fiber. Participation of key public institutions, chambers of commerce, trade bodies, and corporate sponsors further reinforced public-private collaboration and showcased Pakistan's export-ready SME potential.

3.6.2 Putting SMEDA on International Stage

- **Established SMEDA Stall at BIOPROM RUSSIA**
  - Participated in BIOPROM Exhibition.
  - Overall Footfall - 3,500+ Visitors
  - SMEDA stall was visited by the Deputy PM of Russia

- **D8 SME Conference**
  - 1st Virtual Session of D8 SME Governmental Bodies hosted by Pakistan
  - Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Turkiye, and Azerbaijan participated
  - D8 SME Governmental Bodies MOU signed.

- **OIC SMENET**
  - Participated in OIC-SMENET held in Baku, Azerbaijan
  - SME Networking b/w OIC Member countries
  - COP 29 Commitment - SMEs' Green Transitioning & Sustainability.
  - Roadmap to establish a B2B networking portal for OIC member countries.

3.6.3 Supporting and Developing SME Sector

SMEDA has developed a comprehensive Business Plan comprising 8 strategic pillars for the development of the SME sector:

- SME Policy & Ecosystem Formalization
- Deepening Inclusion (Women & Youth)
- Expanding Market Access
- Strengthening Value Chains
- Strengthening SMEDA Brand & Operations
- Boosting Competitiveness (incl. Micro)
- Unlocking Capital & Investment
- Building Climate Resilience

3.6.4 Key SME Development Initiatives and Progress

During the stated period, key initiatives have been undertaken, and progress has been made in the following areas:

Enhancing SMEs Access to Finance

- **Financial Literacy Program -** The program promotes financial literacy and awareness

among SMEs through free web-based financial tools, including forecasting models, breakeven calculators, and financial statement templates, alongside training sessions conducted in collaboration with SBP and banks on financing options, documentation, collateral requirements, and subsidized schemes. It also facilitates matchmaking between SMEs and banks through searchable loan databases and service provider directories. During FY 2026, 291 SMEs were trained, 10 web-based tools were developed with 129 registered users, and the tools recorded 3,438 visitors.

- **SME Credit Scoring Model** - SMEDA has been tasked with implementing an SME Credit Scoring Services Project to develop a standardized credit risk assessment model for SMEs. The model would incorporate local and international best practices, predictive indicators, sub-sector sensitivities, gender inclusivity, and early warning signs. Results will be accessible to financial institutions. The model has been developed and is in the testing phase.

Boosting Exports

- **SME Certification, International Accreditation and Quality Improvement Program** - Limited market access, especially international, is a major barrier to SME growth in Pakistan, largely due to a lack of resources, competitiveness, and recognition of quality standards. To address this, a program has been launched to help SMEs obtain national and international certifications, particularly in export-potential sectors. It offers training, financial support, and access to accreditation bodies to improve quality, compliance, and global market integration. The following progress has been made in the mentioned period:
  - 75 Applications received and 27 approved
  - 07 Grants cases finalized for Committee's Approval
  - 40 cases under consideration, assessment, and evaluation.
  - 1000 facilitated through training and awareness program on international certification and compliance.
- **Export Assistance Program for SMEs** - To enhance SME exports, an Export Assistance Program funded through the Export Development Fund (EDF) has been launched to address barriers such as limited market access, low awareness of global standards, and resource constraints. The program aims to assess 3,000 SMEs, train 1,500 enterprises, provide export grants to 950 firms, and generate an estimated US $ 153 million in exports. During FY 2026, SMEDA engaged international consultant A.T. Kearney to develop export readiness assessment tools, training modules, MIS and grant management systems, and operational frameworks for SME export support. Preliminary reports on export readiness, cluster mapping, benchmarking, training needs, and operational reforms have been completed, while consultative and validation workshops were conducted across major cities with SMEs, trade associations, and chambers of commerce.
- **SME Sub-contracting** - The SME Subcontracting Program aims to enhance market access by promoting inter-firm linkages between large manufacturers and small enterprises within four identified clusters. Two anchor firms per cluster will partner with at least 10 SMEs each, with support provided for technology upgrades and meeting buyer requirements. The program targets 80 SMEs, with projected sales growth of Rs 4.8 billion.

Women Entrepreneurship Development - Womenpreneurship Portal (WP) - WP is envisioned as an aggregator platform that will host a wide range of resources and services relevant to women entrepreneurs. The platform is a first-of-its-kind portal, powered by Artificial Intelligence (AI), Machine Learning (ML), and Large Language Models (LLMs), that will serve as a one-stop digital platform for WEs, offering multi-lingual audio, script, and video content, and enabling access to relevant information and services through strategic partnerships.

Developing Climate Resilience

- **Bananas in Pakistan Bio-Economy - Transforming the Waste into Textile:** Food & Agriculture Organization (FAO), in collaboration with the Government and the private sector, formulated the subject project funded by the Global Environment Facility (GEF) to reduce the use of chemicals in the value chains of the fashion and construction industries by utilizing banana waste as a substitute for cotton fiber. SMEDA will provide technical assistance and implementation support to FAO for the establishment of the project.
- **Climate Change Vulnerability Index:** This strategic tool helps SMEs assess their vulnerability to climate change by categorizing them based on readiness and resilience. It supports SMEs and policymakers in developing targeted strategies to enhance mitigation and adaptation capacities, improving overall resilience to climate impacts. During the period in question, a survey of 200 SMEs was completed, and the Dashboard for CCVI Assessment is operationalized.
- **Calculation of Carbon Footprint of Manufacturing SMEs:** A study of calculating the carbon footprint of manufacturing SMEs in the five key export sectors has been initiated. Sectors include: Textiles, Leather, Electric Fans, Sports Goods, & Surgical Instruments. During the stated period, the following progress has been made:
  - Calculator for Carbon Emission Calculation of Manufacturing SMEs developed.
  - Pilot Survey completed.
  - Survey of 100 SMEs is in progress.

3.6.5 International Development Partners' Funded Projects and Special Initiatives

- SMEDA, in collaboration with the International Labour Organization (ILO), has initiated the SME and Workers Formalization project to develop a national roadmap for formalizing SMEs and home-based workers, removing barriers to registration and simplifying processes. The progress made till March 2026 is as follows:
  - National Roadmap on SME & Worker Formalization was launched.
  - Three trainings (one in Lahore and two in Karachi) were conducted regarding ILO 204.
  - Helpdesk services established at SMEDA Lahore & Karachi offices.
  - Development of SME toolkit initiated, which includes a self-assessment checklist for enterprises to review their readiness for formalization, a step-by-step guide to formalization of enterprise unit & workers, required compliances, licensing, and templates for documentation. The final draft was sent to the ILO for review.

3.6.6 National SME Policy

- Implementation and execution of the National SME Policy through the National Coordination Committee (NCC) and Provincial Working Groups (PWG) is in progress.

3.6.7 SME Development Projects

- **Product Development Center for Composites-Based Sports Goods -** The project aims to provide common facility services in the manufacturing of composite sports goods, i.e. Hockey sticks, Baseball and Cricket bats, Billiard Ques, Rackets, Fishing Tackle, Golf sticks, etc.
- It will also provide a skilled workforce to the industry for composites-based sports goods and laboratory testing of products and raw materials.
- **Acquisition of Land for Establishment of SME Facilitation Centers at Various Locations.** The objective of the SME Facilitation Center is to facilitate SMEs in obtaining business development services. The Facilitation Center will comprise of SME Training Institute (SMETI), SME Incubation Center (SMEIC) and Women Business Development Center (WBDC).

SME Facilitation Centers will serve as a one-stop shop to provide business development, incubation and training services.

- **1000 Industrial Stitching Units (Phase-II)** - The project aims to boost value addition and export enhancement in the field of garments through matching grants to new business startups as well as existing SMEs having adequate experience in textiles. Under this project, 60 percent funding for the machines will be provided from PSDP, and 40 percent would be borne by the owner of the stitching unit. Under Phase II, 350 industrial stitching units shall be established across Pakistan.

3.7 Performance of Mining and Quarrying

Mining and quarrying sector recorded a modest growth of 0.4 percent in FY 2026, compared to a contraction of 3.7 percent in the previous year. This marks the first positive growth in the sector after four consecutive years of contraction, with the last expansion recorded in FY 2021. The recovery indicates gradual improvement in mining and extraction activities amid stabilization in overall economic conditions and industrial demand.

The component-wise performance of principal minerals extraction showed a mixed trend during July-March FY 2026 (Table 3.11). Significant growth was recorded in the extraction of magnesite (164.8 percent), rock salt (109.9 percent), gypsum (67.0 percent), iron ore (41.5 percent), ocher (31.7 percent), limestone (25.1 percent),), and coal (6.5 percent). On the other hand, production of sulphur declined by 68.0 percent, followed by chromite (51.3 percent), soap stone (24.7 percent), barytes (20.7 percent), natural gas (3.7 percent) and crude oil (0.6 percent). The mixed performance reflects divergent trends across mineral categories amid a gradual recovery in overall extraction activity.

The Government is focusing on accelerating development of the mining and quarrying sector through policy reforms, institutional strengthening, and promotion of value addition across key mineral segments. In this regard, under the facilitation framework of the Special Investment Facilitation Council (SIFC), mining and minerals have been prioritized as a strategic sector for attracting domestic and foreign investment, improving regulatory coordination, and unlocking large-scale mineral potential through a more streamlined and investor-friendly environment.

During July-March FY 2026, value addition and modernization efforts were further strengthened in the gemstones and dimension stone sectors through the interventions of Pakistan Gems and Jewellery Development Company (PGJDC) and Pakistan Stone Development Company (PASDEC). In the gemstones sector, a high-level committee finalized recommendations for a National Gemstone Policy, approved in principle in January 2026, which includes the establishment of a Gems and Jewellery Development Authority, certification and warranty mechanisms, an innovation fund, an e-commerce platform, and dedicated gemstone centers of excellence in Gilgit-Baltistan and AJK. PGJDC also revived key training and grading services at its Lahore facility, strengthening skill development and value addition.

In the marble and granite segment, PASDEC continued promoting mechanized quarrying and industrial development during July-March FY 2026. The company provided mechanized mining machinery to more than 25 mines through subsidized machinery pools, while also expanding model mechanized quarries to demonstrate modern extraction techniques. These interventions supported improved productivity, reduced wastage, enhanced production of export-quality square blocks, and encouraged the adoption of mechanized mining practices. Additionally, Marble City Risalpur continued to support industrialization, with 82 factories operational and 48 under development, contributing to employment generation and regional development in less developed areas.

Table 3.11: Extraction of Principal Minerals

Minerals	Unit of Quantity	2023-24	2024-25	July-March		%Change FY 2026/FY 2025
				2024-25	2025-26	
Coal	000 M.T	19,260.0	18,523.0	13,422.0	14,293.0	6.5
Natural Gas	000 MMCFT	1,141	1,053	802.0	772.0	-3.7
Crude Oil	M.Barrels	25.8	22.8	17.5	17.4	-0.6
Chromite	000 M.T	252.0	246.0	191.0	93.0	-51.3
Magnesite	000 M.T	2.1	1.2	0.8	2.1	164.8
Dolomite	000 M.T	518.1	776.3	591.6	693.9	17.3
Gypsum	000 M.T	2,079.0	1,816.0	1,385.0	2,313.0	67.0
Lime Stone	000 M.T	47,240.0	65,151.0	48,984.0	61,281.0	25.1
Rock Salt	000 M.T	3,185.0	2,900.0	2,281.0	4,787.0	109.9
Sulphur	000 M.T	9.5	35.1	32.3	10.3	-68.0
Barytes	000 M.T	139.0	127.0	82.0	65.0	-20.7
Iron Ore	000 M.T	676.3	617.6	442.7	626.2	41.5
Soap Stone	000 M.T	220.0	374	158.0	119.0	-24.7
Marble	000 M.T	6,785.0	8,287.0	6,656.0	6,480.0	-2.6
Ocher	000 M.T	53.6	99.4	80.2	105.6	31.7

*: Provisional

Source: Pakistan Bureau of Statistics

Each province has its own Mines and Minerals Department tasked with overseeing the exploration and promotion of investments in their mineral resources. These departments play a crucial role in harnessing the mineral endowments within their respective provinces, ensuring that the resources are utilized efficiently and sustainably. In recent years, there has been a concerted effort across all provinces to adopt scientific methods to explore and exploit mineral resources. The following initiatives have been taken during the period of July-March FY 2026.

i. Major Initiatives of Punjab:

- During FY 2026, special focus has been given towards the promotion of Pink Rock Salt, which is unique and renowned for its quality worldwide. Not only 41 blocks for rock salt mining have been identified, but the auction of the vacant blocks has generated handsome revenue of Rs 470 million for the public exchequer. In addition to the above, an ADP Scheme for FY 2026-2027, extendable to 2033, titled "Chief Minister Punjab Value Addition Financing for Pink Salt" with a cost of Rs 1540 million has been introduced to facilitate the value addition in the Rock Salt sector and to uplift the local salt industry for manufacturing of export quality products using rock salt as raw material. Under this scheme, provision of soft loans up to Rs 50 million with zero percent markup for hand holding of the existing and new entrants has been designed to facilitate the industry involved in the value addition of Pink Rock salt.
- The Provincial Cabinet has approved the initiative for the establishment of the Mineral Processing Zone at Quaid Abad, District Khushab. It will bring industrialization and promote quality assurance in rock salt products to attract foreign investment in Pakistan through mineralization.
- Directorate General of Mines & Minerals, Punjab, has engaged Bank of Punjab for the collection of bid money to facilitate the potential bidders/investors through e-payments. The prospective bidder can now participate in bidding without wasting their time in any office, and can participate in bidding by registering on the e-auction module.
- To facilitate the existing concessionaires, the following two new businesses have been registered on the e-Biz portal of Government in collaboration with the Punjab Information Technology Board.
    - Dues clearance certification for mining

concessions.
- Online application for renewal of mining leases.
- By this facilitation, the process of dues clearance and renewals of mining concessions will be much easier and more urgent.

ADP SCHEMES

Directorate General Mines & Minerals has currently executed the following ADP Schemes:

- Construction of Catch Water (Saline) Drain in District Sargodha.
- Procurement of Drone Technology for Survey Mapping
- Automation & Integration of Existing Developed Systems of DG Office on Centralized Platform
- Clean and Green initiatives of Mines and Minerals Department at District Khushab, Mianwali, Sargodha & Chakwal field offices of the Directorate General Mines & Mineral Punjab
- Drone-Based Surveillance and Mapping for Efficient Mining Management in Mineral-Rich Districts of Punjab Province
- Consultancy Services for Further Investigation of 05 Placer Gold Blocks in District Attock from Inferred to Indicated Category along with Determination of Reserve Price & Mining Plan
- CM Punjab Value Addition Financing for Pink Salt

ii. Major Initiatives of the Sindh

The Government of Sindh is actively promoting the sustainable development of the mineral sector through one ongoing and one proposed scheme, aimed at strengthening institutional capacity and enhancing resource mapping and exploration. Details are as follows:

- **Scheme-1:** Strengthening & Rehabilitation of Directorate General Mines & Mineral Development
  - Establishment of Mineral Testing lab
  - Purchase of geological / lab equipment for exploration activity
  - Purchase of vehicles for field monitoring and for officers

- **Scheme-2:** Profile Study for Identified Minerals for Reserve Estimation in Sindh
  - To determine the available minerals quantity, quality and search for new minerals in the province.
  - Foreign / Local investment could be attracted through the available data and information generated through this study.
  - The data and information collected through the study will be made available to the public and private investors.
  - The publication of maps and reports on Identified Mineral Resources of Sindh will promote activities both in the public and private sectors
  - Maximize revenue from the extraction, marketing and royalties on the minerals of the area could be determined through this study.
  - Generation of economic and employment opportunities for locals, and will improve the social conditions of the local population as well.
  - Enhancement of the capacity of small mining operators, for more attraction in the mineral sector.
  - Modern mining methods will be introduced to minimize the wastage of minerals.

iii. Major Initiatives of Balochistan

- **Automation Project:** An agreement has been successfully executed with Jazz Pakistan JV CG World technologies for the provision of cloud infrastructure services, support license agreement (SLA), licenses and training. The deployment of the system at the Headquarters is in progress to ensure digitalization of departmental operations. The department has also acquired a domain for its portal. The system will be live in the coming months. This initiative will

strengthen data management, improve transparency, and enhance decision-making through real-time information availability.

- **Mobile Testing Units:** The Government of Balochistan Mines and Minerals Development Department initiated a project "Provision of Mobile Testing Units" for the Directorate General Mines and Minerals Balochistan (Khuzdar, Hub and Chagai) with a total estimated cost of Rs 90 million. Under the project, three (03) Mobile Testing Units have been procured and deployed in the field. These units are being utilized for on-site monitoring and testing of mineral samples. The initiative is contributing towards improved transparency in mineral transportation, verification of mineral quality at source, and monitoring of mineral-carrying vehicles, thereby minimizing revenue leakage and ensuring regulatory compliance.
- **Siah Diq Project Feasibility Completion:** Koh-e-Sultan Mining Company, a joint venture between Chinese MCC, GoB-owned Balochistan Mineral Resources Limited (BMRL), Mari Minerals and Sanjrani Mining Company, completed the work on the feasibility study of the Siah Diq copper project. The project will produce 399.3k tonnes of copper concentrate per annum with a mine life of 27+ years.
- **Balochistan Mines Health & Safety Act, 2026**: The Government, with the coordination of the Federal Government, finalized the draft for the new Balochistan Mines Health and Safety Act, 2026. The new Act will replace the colonial-era Mines Act, 1923, and will provide a modern regulatory framework for improved monitoring, enhanced occupational health and safety standards, and protection of mine labour, ensuring safer and sustainable mining operations.
- **Geo-Resource Survey of Balochistan:** The Geo-Resource Survey Project has been launched as a flagship initiative aimed at identifying potential mineral zones across Balochistan. As part of the initial phase, two (02) blocks have been identified for detailed survey and geological mapping. The project will facilitate scientific resource assessment, attract investment, and support evidence-based planning for mineral sector development.
- **Mineral Investment Facilitation Authority (MIFA)**: An introductory meeting of the Mineral Investment Facilitation Authority (MIFA) was held on 22nd April 2026. During the meeting, revision of royalty rates and other licensing parameters was discussed to improve the investment climate in the mining sector. The proposals are under consideration and will be finalized in subsequent meetings.
- **Exploration Licenses:** Six (06) mineral titles have been granted to public and private entities in different areas of Balochistan, particularly Washuk, Chagai, and Qila Saifullah for exploration and mining activities. These agreements are expected to promote mineral sector development, generate employment opportunities for local communities, and enhance revenue generation for the Government of Balochistan.

iv. Major Initiatives of Khyber Pakhtunkhwa

- Sixteen Joint Check Posts have been established across fourteen districts at strategic locations. These posts have been equipped with digital surveillance systems to monitor mineral transportation, curb under-reporting, and ensure effective regulatory oversight.
- Enforcement actions have been intensified through regular inspections and strict implementation of mining laws and regulations. Field formations are conducting monthly inspections to ensure compliance and deter illegal mining activities.
- The sector has demonstrated strong revenue mobilization, with collections amounting to Rs 9,403.19 million during July-March FY 2026, reflecting improved governance and sectoral performance.
- A total of 4,682 mineral titles have been granted to eligible applicants in accordance with prescribed legal procedures, indicating

enhanced efficiency, transparency, and facilitation of investment in the sector.

- Notable achievements during the period include the successful auction of Block-D (Phosphate) in District Abbottabad, which attracted the highest bid of Rs 2.75 billion. This reflects strong investor confidence and underscores the economic potential of the province's mineral resources.

Concluding Remarks

The performance of the manufacturing and mining sectors in FY 2026 reflects a gradual strengthening of industrial activity amid improving macroeconomic stability. Manufacturing posted a broad-based recovery, driven by a strong rebound in Large-Scale Manufacturing alongside sustained growth in Small-Scale Manufacturing and slaughtering activities. In contrast, the mining and quarrying sector showed only a modest recovery, with output expanding marginally after a prolonged period of contraction. While the extraction of several key minerals recorded notable increases, the overall sector continued to exhibit uneven performance across mineral categories, reflecting structural constraints and the need for further modernization.

Going forward, the outlook remains subject to emerging external risks, particularly heightened geopolitical tensions and broader regional instability. These developments have already contributed to rising global energy prices and are expected to keep inflationary pressures elevated through higher production and transportation costs, thereby posing challenges for industrial cost structures and external sector stability. In this context, government will continue to focus on maintaining macroeconomic stability, deepening structural reforms, and accelerating export-oriented industrial transformation to sustain growth momentum across both manufacturing and mining sectors.

FISCAL DEVELOPMENT

Jul-Mar FY2026

Total Revenue (Rs. Trillion) 14.80

Tax Revenues	11.3% Rs 10.17 tr ▲	
Non-Tax Revenues	9.5% Rs 4.63 tr ▲	

Total Expenditure (Rs. Trillion) 15.66

Current Expenditure	-2.2% Rs 14.27 tr ▼	
Dev. Exp. & Net Lending	18.7% Rs 1.83 tr ▲	
Fiscal Deficit (% of GDP)	0.7% (Lower than last year)	
Primary Surplus (% of GDP)	3.2% ▲	

Chapter 4

Fiscal Development

Pakistan's fiscal performance continued to strengthen during FY 2026, supported by sustained revenue growth, prudent expenditure management, and an effective debt management strategy. Despite domestic and external challenges, including early-year floods and regional geopolitical conflicts, a strong primary surplus of 3.2 percent of GDP was achieved during July–March FY 2026. Lower interest payments further reinforced fiscal consolidation and helped contain the fiscal deficit at 0.7 percent of GDP. The improvement was further supported by a stronger provincial surplus, underscoring coordinated fiscal discipline and the government's commitment to sustaining fiscal sustainability while creating space for priority development and social sector spending.

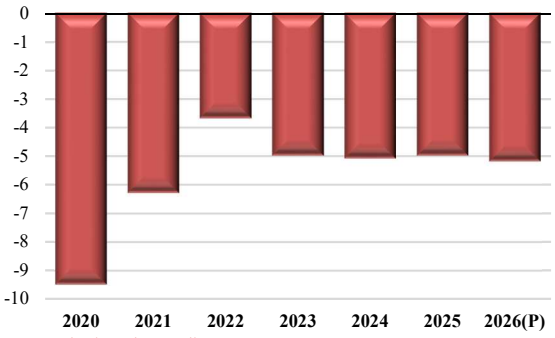
Despite improvement in fiscal accounts, the outlook remains exposed to risks from both external and domestic factors. Particularly, the Middle East conflict and associated volatility in global oil prices may increase fiscal pressures due to higher energy prices, potential subsidy needs, and possible revenue losses from slower activity. Domestically, climate-related shocks, energy sector liabilities, and increased support needs for vulnerable groups may add pressure on public finances.

To address these risks and safeguard fiscal sustainability, the government will continue to pursue a gradual fiscal consolidation path while accelerating efforts to broaden the tax base to generate resources needed for higher social and development spending. At the same time, the reform agenda will continue to focus on stronger federal-provincial fiscal coordination, improved expenditure efficiency, and better public financial management to ensure that available resources are allocated effectively to priority sectors and vulnerable segments.

Global Fiscal Performance

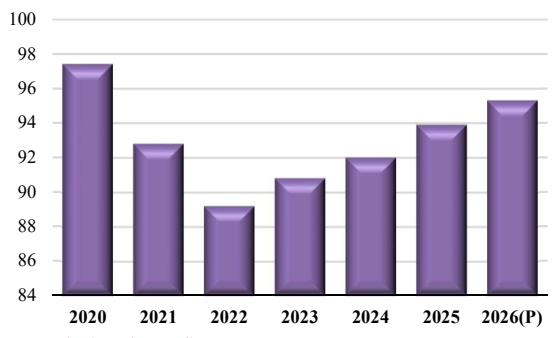
The global fiscal outlook has continued to deteriorate, reflecting persistent structural pressures and rising uncertainty**.** Despite some economic resilience, global fiscal deficits remained elevated at around 5.0 percent of GDP in 2025, while public debt increased further to about 94 percent of GDP.

Fig-1(a): Global Fiscal Deficit % of GDP



Source: Fiscal Monitor, April 2026. IMF

Fig-1(b): General Govt Debt % of GDP



Source: Fiscal Monitor, April 2026. IMF

The fiscal position is being shaped by a combination of factors, including higher interest payments, increased spending pressures, and heightened geopolitical and economic uncertainty. Rising borrowing costs have significantly increased debt-servicing burdens, as tighter and more volatile financial conditions, coupled with heightened uncertainty, have driven up global interest payments [1]

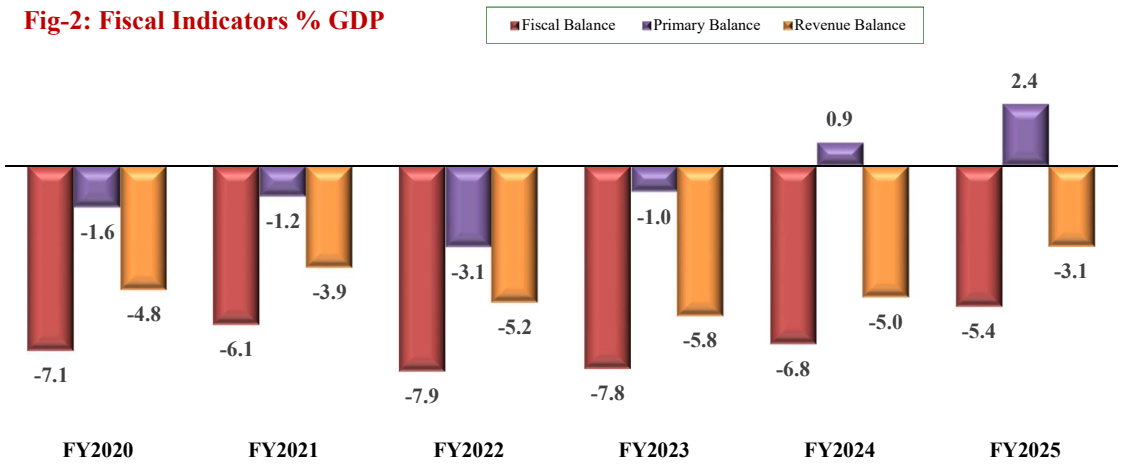
At the same time, global fiscal risks have intensified due to trade fragmentation, protectionist policies, and ongoing geopolitical tensions. Recent conflicts and supply disruptions have contributed to higher commodity prices, tighter financial conditions, and weaker growth prospects, further straining fiscal balances.

Pakistan's economic and fiscal outlook remains sensitive to the current global economic environment particularly through energy price volatility, supply-chain disruptions from the Middle East conflict, external financing costs, and import-related pressures. These factors may affect revenue performance and limit fiscal space. Nonetheless, the Government remains committed to strengthening resilience through gradual fiscal consolidation, targeted protection for vulnerable groups, and structural reforms aimed at building fiscal buffers and supporting sustainable long-term growth.

Overview of Pakistan's Fiscal Performance (FY 2025)

A review of key fiscal indicators shows continued improvement in FY 2025, building on the consolidation achieved in the previous year. The fiscal deficit narrowed further to 5.4 percent of GDP in FY 2025, compared to 6.8 percent in FY 2024, reflecting sustained fiscal consolidation efforts. Similarly, the primary balance improved significantly, recording a surplus of 2.4 percent of GDP in FY 2025, up from 0.9 percent in FY 2024, indicating strengthened fiscal discipline and enhanced capacity to manage debt obligations. The revenue deficit also declined to 3.1 percent of GDP in FY 2025, compared to 5.0 percent in FY 2024, reflecting stronger revenue growth relative to current expenditures. Overall, these trends highlight the impact of prudent fiscal management, improved revenue mobilization, and expenditure rationalization in strengthening fiscal outcomes.

Fig-2: Fiscal Indicators % GDP



Source: Budget wing and EA Wing calculations

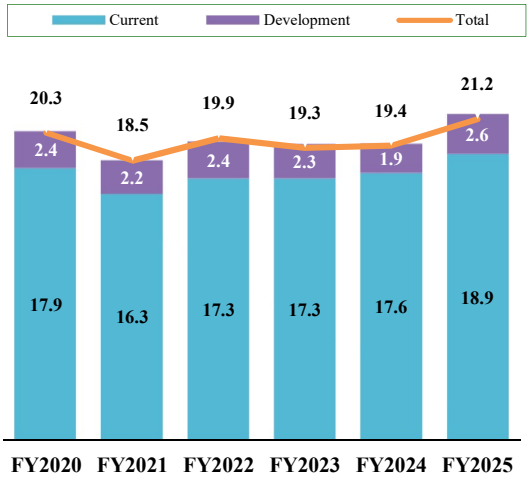
Total expenditure as a percentage of GDP increased stood at 21.2 percent in FY 2025 against 19.4 percent in FY 2024. This suggests that while growth in some expenditure components was contained, overall spending remained elevated due to debt servicing, development requirements, and other essential expenditure needs.

[1] Fiscal Monitor (IMF). April 2026

Within total expenditure, growth in current expenditure moderated to 15.9 percent in FY 2025 from a higher level of 28.5 percent in FY 2024. This moderation was largely driven by a sharp deceleration in markup payment expenditure, which slowed to 8.9 percent in FY 2025 from an elevated 43.3 percent in FY 2024, indicating a relative easing of debt-servicing pressures.

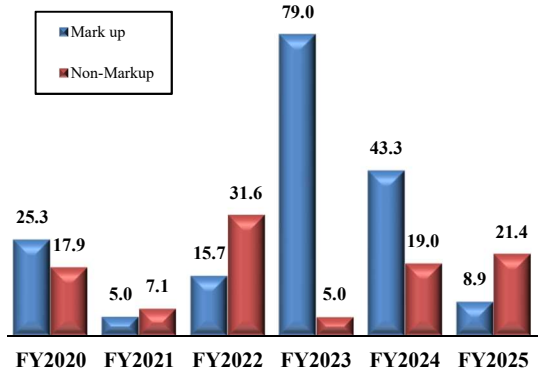
In contrast, non-markup current expenditure increased further to 21.4 percent in FY 2025, compared with 19.0 percent in FY 2024, reflecting higher requirements under subsidies, grants, pensions, defence-related spending, and running of civil government. This indicates that while markup pressures eased in FY 2025, non-interest spending remained a main contributor to current expenditure growth. Nevertheless, improved revenue performance and moderation in markup payments helped strengthen the fiscal position, contributing to further improvement in the primary surplus during FY 2025.

Fig-3: Expenditure % of GDP



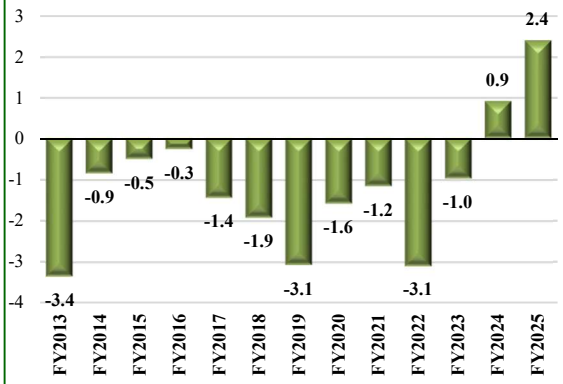
Source: Budget wing and EA Wing calculations

Fig-4(a): Growth in Current Expenditure (%)



Source: Budget Wing & MFPU (EA Wing) calculations

Fig-4(b): Primary Balance % of GDP



Source: Pakistan Fiscal Operations and EA wing calculations

The trend in component-wise spending is presented in Table 4.1.

Table 4.1: Trends in Components of Expenditure (% of GDP)

Year	Total Expenditure	Current Expenditure	Markup Payments	Defence	Development Expenditure*	Non-Interest Non-Defence Exp
FY 2017	19.1	14.6	3.8	2.5	4.8	12.8
FY 2018	19.1	14.9	3.8	2.6	4.0	12.7
FY 2019	19.1	16.2	4.8	2.6	2.7	11.7
FY 2020	20.3	17.9	5.5	2.6	2.4	12.2
FY 2021	18.5	16.3	4.9	2.4	2.2	11.2
FY 2022	19.9	17.3	4.8	2.1	2.4	13.1
FY 2023	19.3	17.3	6.8	1.9	2.3	10.6
FY 2024	19.4	17.6	7.7	1.8	1.9	9.9
FY 2025	21.2	18.9	7.8	1.9	2.6	11.5
FY 2026 (B.E)	19.8	17.5	6.3	2.0	2.3	11.5

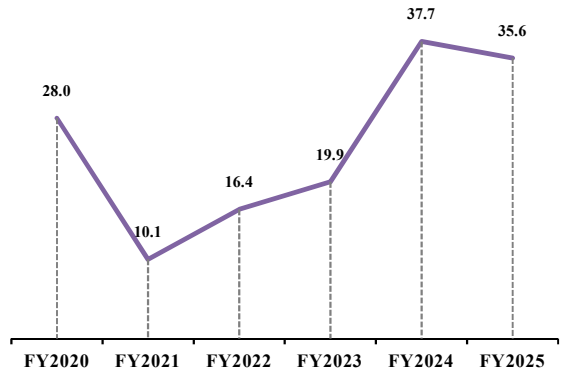
* Excluding net lending

Source: Budget Wing, Finance Division and EA Wing's Calculations

Development expenditure increased sharply by 47.2 percent in FY 2025, compared with 7.1 percent in FY 2024, indicating a notable recovery in development spending. This improvement was supported by better fiscal management.

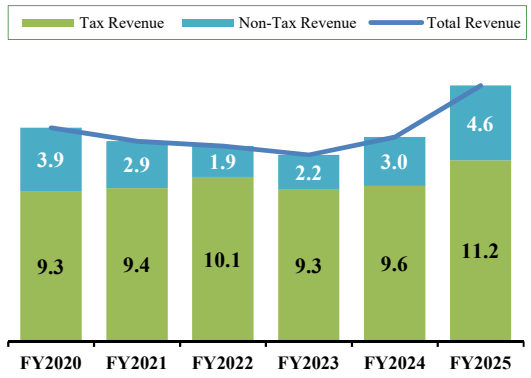
Revenue performance also strengthened significantly in FY 2025, further strengthening the fiscal position. Total revenue increased by 15.8 percent of GDP in FY 2025, compared with 12.6 percent of GDP in FY 2024. This improvement was driven by both tax and non-tax revenues. Tax revenue rose to 11.2 percent of GDP from 9.6 percent of GDP, while non-tax revenue increased to 4.6 percent of GDP from 3.0 percent of GDP, indicating improved domestic resource mobilization.

Fig-5: Revenue Growth (%)



Source: Budget Wing & MFPU (EA Wing) calculations

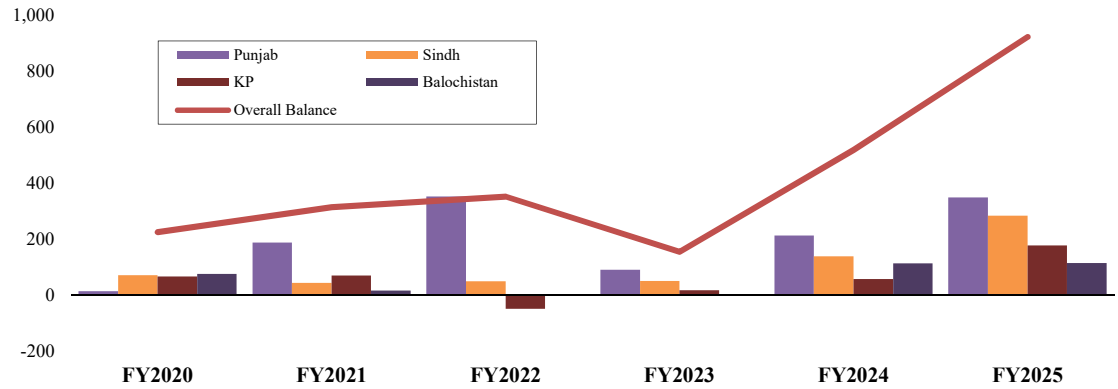
Fig-6: Revenues % of GDP



Source: Budget Wing & MFPU (EA Wing) calculations

Non-tax revenue remained a main contributor to overall revenue growth in FY 2025, increasing by 65.7 percent. This performance was mainly driven by substantially higher receipts from SBP profits (169.5 percent), followed by dividend income (110.6 percent), and petroleum levy, (19.7 percent). Federal non-tax revenues grew by 79.6 percent in FY 2024 and 67.6 percent in FY 2025, remaining the dominant contributor, while provincial non-tax revenues also recorded steady growth of 34.5 percent and 40.5 percent, respectively.

Fig-7: Provincial Balance (Rs Billion)



Source: Pakistan Fiscal Operations

Provinces also contributed significantly to improving overall fiscal performance during FY 2024 and FY 2025. All four provinces posted a cumulative surplus of Rs 518.2 billion in FY 2024, which increased substantially to Rs 921.5

billion in FY 2025, thereby supporting the consolidated fiscal position.

Punjab, Sindh, Khyber Pakhtunkhwa, and Balochistan generated surpluses of Rs 212.2 billion, Rs 137.6 billion, Rs 56.2 billion, and Rs 112.3 billion, respectively, in FY 2024. These surpluses increased further in FY 2025 to Rs 348.5 billion (Punjab), Rs 283.0 billion (Sindh), Rs 176.2 billion (Khyber Pakhtunkhwa), and Rs 113.8 billion (Balochistan).

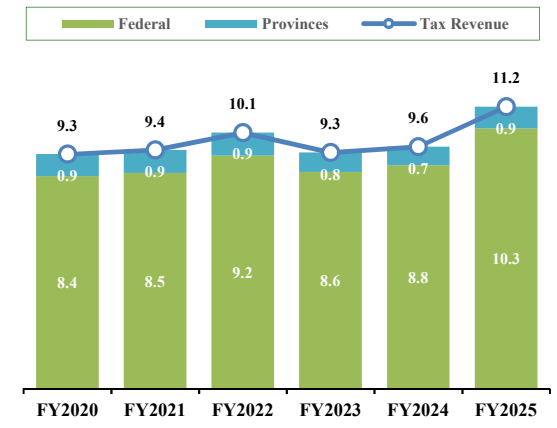
During FY 2025, fiscal consolidation efforts remained on track, supported by improved revenue mobilization, prudent expenditure management, and easing markup payment pressures. Better expenditure control helped contain non-essential spending, while higher revenues strengthened the overall fiscal position. As a result, the gap between revenues and expenditures narrowed, and the primary balance improved further, reflecting continued fiscal discipline. These developments helped preserve macroeconomic stability, and created room for priority social and development spending over the medium term.

Structure of Tax Revenues

Taxation serves as a key instrument for domestic resource mobilization and supports a more equitable distribution of income. Sustained improvement in tax revenues enables the Government to finance domestic investment, social protection, and public service delivery, which are essential for inclusive and sustainable economic growth.

Mobilizing adequate tax revenues remains crucial for achieving inclusive and sustainable economic growth. Historically, Pakistan has struggled with a low tax-to-GDP ratio due to structural weaknesses, which constrained fiscal space for priority investments, particularly in human capital. Over the period FY 2020 – FY 2024, the overall tax-to-GDP ratio (federal and provincial) largely remained within a narrow range of 9.3-10.1 percent. However, a notable improvement is observed in FY 2025, where it increased to 11.2 percent, indicating a meaningful enhancement in revenue mobilization. At the federal level, more than 90 percent of taxes are collected by the FBR; however, its contribution to GDP remained relatively modest, hovering around 8.4-9.2 percent during FY 2020–FY 2024, before rising significantly to 10.3 percent in FY 2025. Persistent challenges such as exemptions and concessions, low compliance, weak enforcement, a narrow tax base, and fragmentation across provinces have continued to weigh on tax collection. The narrow tax base, in particular, reflects a disconnect between sectoral contributions to GDP and their tax contributions.

Fig-8: Tax Revenues % of GDP

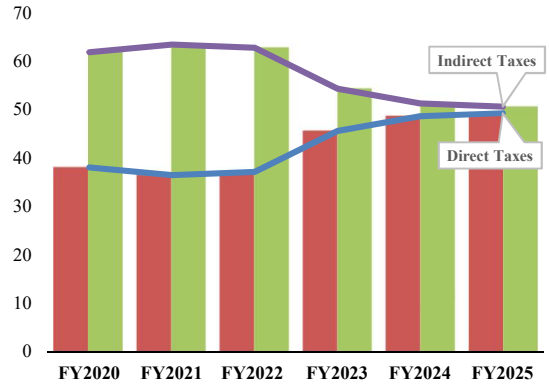


Source: Budget Wing & MFPU (EA Wing) calculations

During FY 2024, FBR revenue collection improved substantially by 30 percent, reaching Rs 9,311.0 billion, with the tax-to-GDP ratio increasing to 8.8 percent. This momentum continued in FY 2025, with FBR revenues rising further to Rs 11,744.3 billion, and the ratio improving to 10.3 percent of GDP. Growth remained broad-based across all major components.

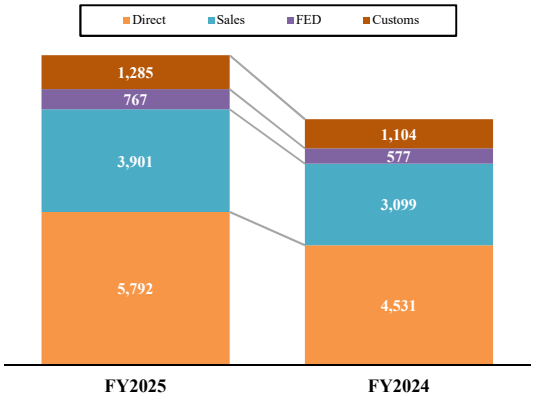
Pakistan's tax structure has traditionally relied heavily on indirect taxation. However, a gradual shift toward direct taxation is evident. The share of direct taxes in total FBR collection increased from 36.5 percent in FY 2021 to 48.7 percent in FY 2024, and further to 49.3 percent in FY 2025. Correspondingly, the share of indirect taxes declined from 63.5 percent to 50.7 percent in FY 2025, reflecting progress toward a more equitable tax structure.

Fig-9: Share in Total FBR Tax (%)



Source: FBR & MFPU (EA Wing) calculations

Fig-10: FBR Tax Collection (Rs Billion) FY 2025



Source: FBR & MFPU (EA Wing) calculations

Component-wise, direct taxes amounted to Rs 5,791.7 billion in FY 2025, while indirect taxes amounted to Rs 5,952.6 billion, comprising sales tax (Rs 3,901.4 billion), customs duties (Rs 1,284.6 billion), and federal excise (Rs 766.6 billion). While indirect taxes still constitute a slightly larger share, the continued rise in direct taxes indicates the effectiveness of policy and administrative measures aimed at improving progressivity.

Overall, the recent performance reflects a broad-based strengthening of tax revenues, supported by policy reforms and improved administration. The sustained increase in the tax-to-GDP ratio, alongside a gradual shift toward direct taxation, underscores the government's commitment to enhancing revenue mobilization and ensuring fiscal sustainability. The structure of FBR tax revenues is given in Table 4.2:

Table 4.2: Structure of Federal Tax Revenue Rs Billion

Year	Total (FBR)	Tax Rev as % of GDP	Direct Taxes	Indirect Taxes			
				Customs	Sales	Excise	Total
FY 2017	3,367.9	9.5	1,344.2	496.8	1,329.0	197.9	2,023.7
			*[39.9]	{24.5}	{65.7}	{9.8}	[60.1]
FY 2018	3,843.8	9.8	1,536.6	608.4	1,485.3	213.5	2,307.2
			[39.7]	{26.4}	{64.4}	{9.3}	[60.0]
FY 2019	3,828.5	8.7	1,445.5	685.6	1,459.2	238.2	2,383.0
			[37.8]	{28.8}	{61.2}	{10.0}	[62.2]
FY 2020	3,997.4	8.4	1,523.4	626.6	1,596.9	250.5	2,474.0
			[38.1]	{25.3}	{64.5}	{10.1}	[61.9]
FY 2021	4,745.0	8.5	1,731.3	748.4	1,988.3	277.0	3,013.7
			[36.5]	{24.8}	{66.0}	{9.2}	[63.5]
FY 2022	6,148.5	9.2	2,284.9	1,010.7	2,532.2	320.7	3,863.6
			[37.2]	{26.2}	{65.5}	{8.3}	[62.8]
FY 2023	7,163.8	8.6	3,269.8	930.9	2,593.3	369.8	3,894.0
			[45.6]	{23.9}	{66.6}	{9.5}	[54.4]
FY 2024	9,311.0	8.8	4,530.7	1,104.1	3,098.8	577.5	4,780.3
			[48.7]	{23.1}	{64.8}	{12.1}	[51.3]
FY 2025	11,744.3	10.3	5,791.7	1,284.6	3,901.4	766.6	5,952.6
			[49.3]	{21.6}	{65.5}	{12.9}	[50.7]
FY 2026 (B.E)	14,131.0	10.9	6,902.0	1,588.0	4,753.0	888.0	7,229.0
			[48.8]	{22.0}	{65.7}	{12.3}	[51.2]

*[] as % of total taxes and {} as % of indirect taxes

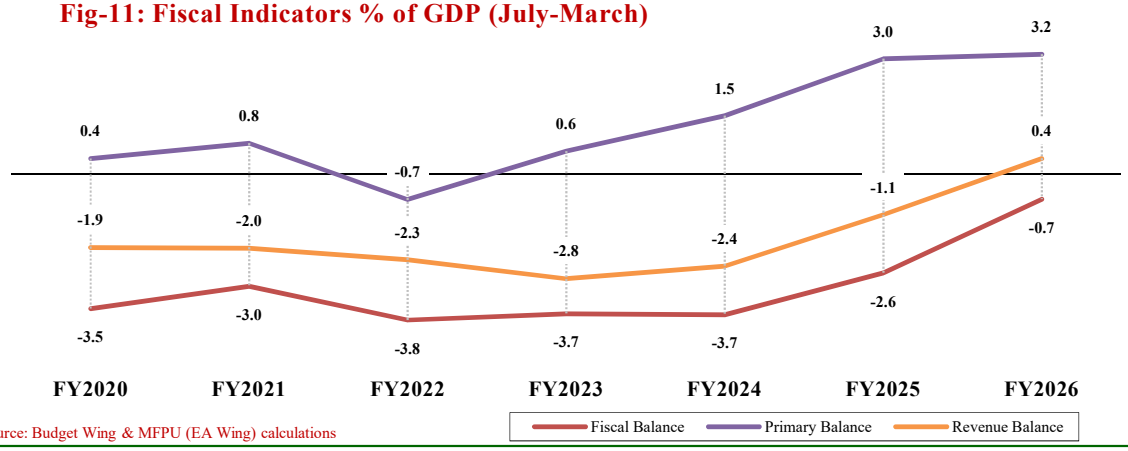
Source: Estimates by FBR & MFPU (EA Wing)

Fiscal Performance (July-March FY 2026)

Fiscal consolidation continued to reinforce fiscal discipline during the current fiscal year, supported by improved revenue mobilization, prudent expenditure management, and lower debt-servicing pressures. During July-March FY 2026, the overall fiscal deficit was contained at 0.7 percent of GDP, marking one of the lowest fiscal deficits recorded during the first nine

months of a fiscal year. This performance reflect a sustained improvement in fiscal management, with the primary surplus strengthening further and the overall deficit remaining significantly lower than last year. Effective consolidation efforts also contributed to macroeconomic stability and helped strengthen investor and multilateral confidence. However, the Middle East crisis has added fresh risks to the fiscal outlook, particularly through higher global oil prices, inflationary pressures, possible subsidy requirements, and higher financing costs. Going forward, maintaining the consolidation path will require continued expenditure discipline, stronger revenue mobilization, and careful management of energy-price pass-through while protecting vulnerable segments through targeted support.

Fig-11: Fiscal Indicators % of GDP (July-March)



Source: Budget Wing & MFPU (EA Wing) calculations

According to the consolidated revenue and expenditure accounts, fiscal performance remained encouraging during July-March FY 2026. Total revenue increased by 10.7 percent to Rs 14,799.3 billion, compared with Rs 13,367.0 billion in the corresponding period last year. At the same time, total expenditure declined by 4.2 percent to Rs 15,655.6 billion from Rs 16,337.0 billion last year, reflecting the impact of expenditure control and lower markup payments. Consequently, during July-March FY 2026, the overall fiscal deficit narrowed significantly to 0.7 percent of GDP, compared to 2.6 percent of GDP during the same period last year. The primary surplus increased to Rs 4,091.5 billion (3.2 percent of GDP) during July-March FY 2026, compared with Rs 3,468.7 billion (3.0 percent of GDP) in the corresponding period of FY 2025.

Table 4.3: Consolidated Revenue & Expenditure of the Government

	FY 2026 B.E	July-March (Rs Billion)		Growth
		FY 2026	FY 2025	
A. Total Revenue	20,662.4	14,799.3	13,367.0	10.7
% of GDP	15.9	11.7	11.7	
a) Tax Revenue	15,351.0	10,166.6	9,137.3	11.3
% of GDP	11.8	8.0	8.0	
Federal (FBR Taxes)	14,131.0	9,305.9	8,453.1	10.1
% of GDP	10.9	7.3	7.4	
Provincial Tax Revenue	1,220.0	860.7	684.3	25.8
b) Non-Tax Revenue	5,311.4	4,632.7	4,229.7	9.5
% of GDP	4.1	3.7	3.7	
B. Total Expenditure	25,699.1	15,655.6	16,337.0	-4.2
% of GDP	19.8	12.3	14.3	
a) Current Expenditure	22,631.0	14,267.4	14,588.2	-2.2
% of GDP	17.5	11.2	12.8	

Table 4.3: Consolidated Revenue & Expenditure of the Government

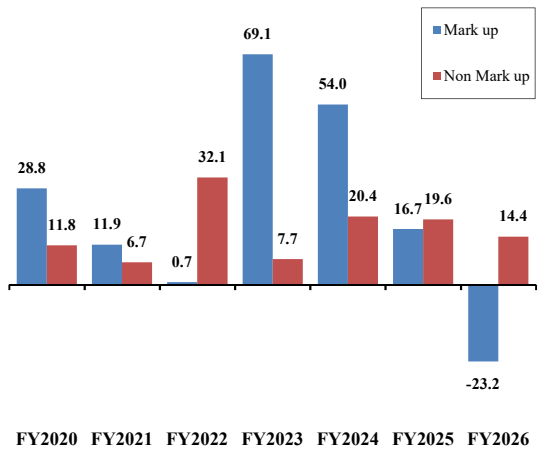
	FY 2026 B.E	July-March (Rs Billion)		Growth
		FY 2026	FY 2025	
Federal	16,136.0	9,870.3	10,581.9	-6.7
Markup Payments	8,206.7	4,947.9	6,438.8	-23.2
% of GDP	6.3	3.9	5.6	
Defence	2,550.0	1,689.9	1,424.0	18.7
% of GDP	2.0	1.3	1.2	
Provincial	6,495.0	4,397.0	4,006.3	9.8
b) Development Expenditure & net lending	3,068.1	1,831.8	1,543.2	18.7
% of GDP	2.4	1.4	1.4	
PSDP	2,972.0	1,947.1	1,535.6	26.8
c) Net Lending	96.1	-115.2	7.5	-1,629.7
d) Statistical discrepancy	0.0	-443.6	205.7	-315.6
C. Overall Fiscal Balance	-5,036.7	-856.4	-2,970.0	-71.2
As % of GDP	-3.9	-0.7	-2.6	
D. Primary Balance	3,169.9	4,091.5	3,468.7	18.0
% of GDP	2.4	3.2	3.0	
Financing	5,036.7	856.4	2,970.0	-71.2
i) External Sources	105.5	-105.5	19.5	-641.0
ii) Domestic	4,931.2	961.9	2,950.5	-67.4
- Bank	1,970.6	752.3	1,331.5	-43.5
- Non-Bank	2,874.1	209.6	1,619.0	-87.1
Privatization Proceeds	86.6	-	-	
GDP at Market Prices	129,567	126,870	114,039	11.3

Source: Budget Wing, Finance Division

Expenditure

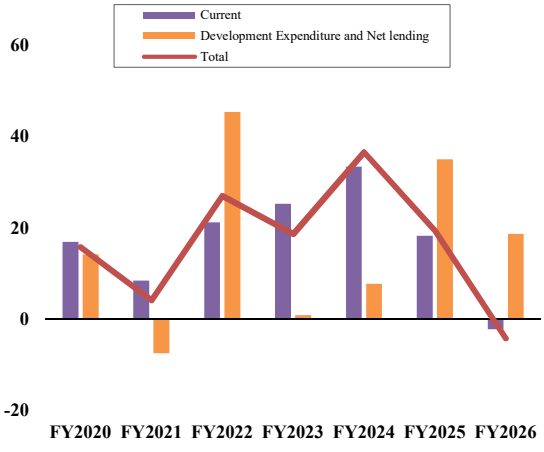
Total expenditure declined by 4.2 percent to Rs 15,655.6 billion (12.3 percent of GDP), during July-March FY 2026, compared to Rs 16,337.0 billion (14.3 percent of GDP), in the corresponding period last year. The decline in expenditure was mainly driven by lower current expenditure, particularly due to a notable reduction in markup payments amid easing interest rates.

Fig-12: Growth in Current Expenditures (July-March)



Source: Budget Wing & MFPU (EA Wing) calculations

Fig-13: Growth in Expenditure (July-March)

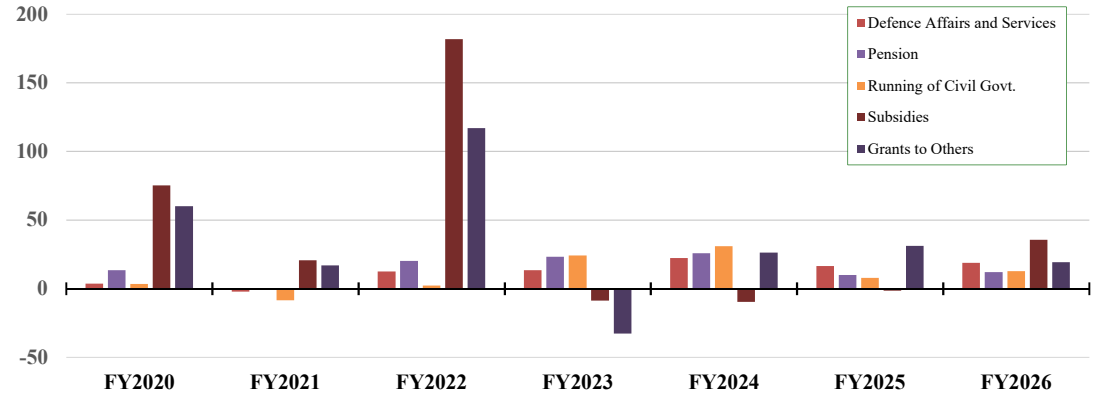


Source: Budget Wing & MFPU (EA Wing) calculations

Current expenditure decreased by 2.2 percent to Rs 14,267.4 billion during July-March FY 2026, compared to Rs 14,588.2 billion last year. Within current expenditure, markup payments declined by 23.2 percent to Rs 4,947.9 billion from Rs 6,438.8 billion in the same period last year, reflecting the impact of lower domestic interest rates and improved debt management.

Non-markup current expenditure increased during July-March FY 2026, reflecting higher requirements for defence affairs and services, grants, subsidies, pensions, and running of civil government. Defence affairs and services remained the largest expenditure head among these components, increasing by 18.7 percent to Rs 1,689.9 billion, compared with Rs 1,424.0 billion last year. The increase was also supported by higher grants to others, which rose to Rs 1,218 billion, and subsidies, which increased to Rs 632.0 billion during the same period. This indicates that the rise in non-markup spending was broad-based, covering essential services, transfers, and support-related expenditures.

Fig-14: Non Markup Expenditure (%) July-March



Source: Budget Wing & MFPU (EA Wing) calculations

Box-I: Austerity Measures

During the current fiscal year, the government continued to implement austerity measures as part of its broader expenditure rationalization strategy to control spending and maintain fiscal discipline. In this regard, instructions were issued to all Federal Ministries, Divisions, attached departments and organizations, conveying the austerity measures approved by the Federal Government. These measures were aimed at minimizing operational expenditure under the recurrent budget and curtailing non-essential spending.

The measures included a ban on the purchase of all types of vehicles, except operational vehicles required for essential services, such as ambulances, fire-fighting vehicles, buses and vans for educational institutions, solid waste vehicles and motorbikes. Similarly, procurement of machinery and equipment was restricted, except in essential sectors such as health, agriculture and education. The government also imposed a ban on the creation of new posts, including contingent paid staff and temporary posts, besides discontinuing contingent paid and temporary posts beyond one year. In addition, funding for medical treatment abroad at government expense and non-obligatory official foreign visits involving government funding were also banned.

To ensure effective implementation, all vacant posts lying vacant for the last three years were required to be abolished, while Ministries and Divisions were directed to disseminate the instructions to all departments under their administrative control for strict compliance. However, keeping in view absolute operational needs, the government constituted an Austerity Committee headed by the Finance Secretary to examine cases where relaxation of the ban is unavoidable. Such relaxations are considered strictly on a case-to-case basis after due scrutiny and justification.

The Austerity Committee provides an institutional mechanism for regular review of expenditure items requiring exemption from the ban. This case-by-case assessment ensures that only essential and justified expenditures are allowed, while unnecessary spending is curtailed. These measures, although forming one

part of the broader expenditure management framework, reflect the government's continued commitment to prudent fiscal management, expenditure control and improved efficiency in the use of public resources.

Source: Expenditure Wing. Finance Division

In addition to austerity measures, the government has initiated various reforms to ensure long-term fiscal and debt sustainability. The reform strategy focuses on rightsizing the federal government, undertaking parametric reforms to contain growing pension liabilities, reducing inefficiencies in the energy sector through cost recovery and cost reduction measures, rationalizing cross-subsidies, ensuring timely gas and electricity tariff adjustments, and improving the efficiency and productivity of SOEs through restructuring, privatization, governance reforms, and enhanced transparency.

Overall, the expenditure management strategy aims to improve the quality and efficiency of public spending, while ensuring that available fiscal space is directed toward essential development priorities and debt sustainability objectives. These measures are expected to reduce reliance on additional borrowing, limit pressures for reallocation from critical sectors, and support fiscal discipline in line with broader macroeconomic stability goals.

Development expenditure and net lending increased by 18.7 percent to Rs 1,831.8 billion during July-March FY 2026, compared with Rs 1,543.2 billion in the corresponding period last year. The increase reflects the government's continued focus on development priorities despite ongoing fiscal consolidation efforts, supported by improved expenditure management.

Under PSDP 2025-26, the Government has continued to prioritize the completion of ongoing development projects, keeping in view the constrained public resource envelope and the need to maximize development impact. Out of the total PSDP size of Rs 1,000 billion approved by the National Economic Council on 4 June 2025, more than 98 percent of resources have been allocated to ongoing projects, while less than 2 percent has been earmarked for new projects. This reflects a clear shift toward timely completion of existing commitments, reduction of throw-forward liabilities, and improved efficiency in public investment management.

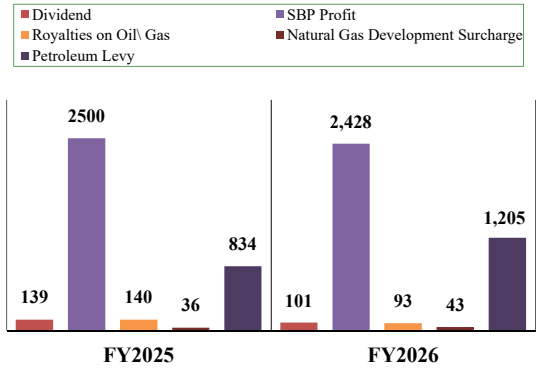
The sectoral allocation of PSDP 2025-26 reflects the Government's strategic focus on infrastructure development, human capital investment, and equitable regional growth. The infrastructure sector remains the largest priority area, with an allocation of around Rs 616 billion, including major allocations for transport and communication, energy, water, and physical planning and housing. The social sector has been allocated Rs 177 billion, including education, health, nutrition, and the SDGs Achievement Programme. In addition, Rs 82 billion has been allocated for Special Areas including AJK and Gilgit-Baltistan, while Rs 65 billion has been earmarked for the Merged Districts. Allocations have also been made for Science and IT, governance, and production-related sectors, including food, agriculture, and industries.

Revenues

The impact of broad-based policy reforms and improving macroeconomic stability continued to support revenue performance during FY 2026. Total revenues increased by 10.7 percent to Rs 14,799.3 billion, (11.7 percent of GDP), during July-March FY 2026, compared with Rs 13,367.0 billion (11.7 percent of GDP), in the corresponding period last year. Tax revenues recorded a growth of 11.3 percent, rising to Rs 10,166.6 billion during July-March FY 2026 from Rs 9,137.3 billion last year, supported by improved FBR tax collection, enhanced compliance measures, and continued recovery in economic activity.

Non-tax revenues also increased by 9.5 percent to Rs 4,632.7 billion during July-March FY 2026, compared with Rs 4,229.7 billion last year. Receipts from the petroleum levy, profits from the State Bank of Pakistan, and other non-tax sources contributed to the improvement in non-tax collection.

Fig-15: Major Components of Non Tax Revenues (Rs Billion)

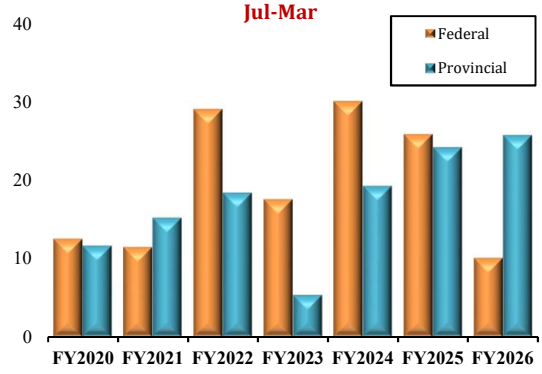


Source: Budget Wing & MFPU (EA Wing) calculations

Tax collection at both federal and provincial levels witnessed improvement owing to various tax policy and administrative measures. FBR tax collection increased by 10.1 percent during July-March FY 2026, while provincial tax revenues grew by 25.8 percent.

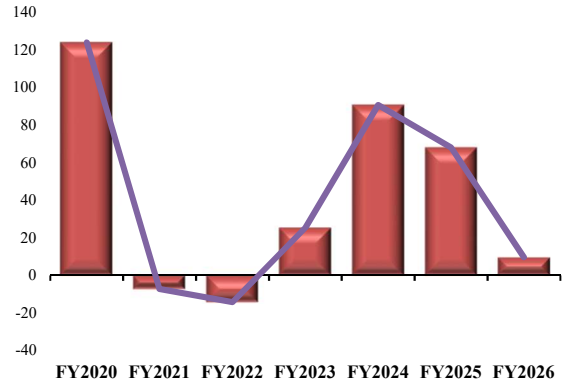
The government is also taking proactive measures to unlock provincial tax potential, particularly in undertaxed sectors such as agriculture. In this regard, all provinces have approved updated legislation on Agriculture Income Tax, aligning it with personal and corporate income tax regimes.

Fig-16: Growth in Tax Collection (%) Jul-Mar



Source: Budget Wing & MFPU (EA Wing) calculations

Fig-17: Growth in Non Tax collection (%)



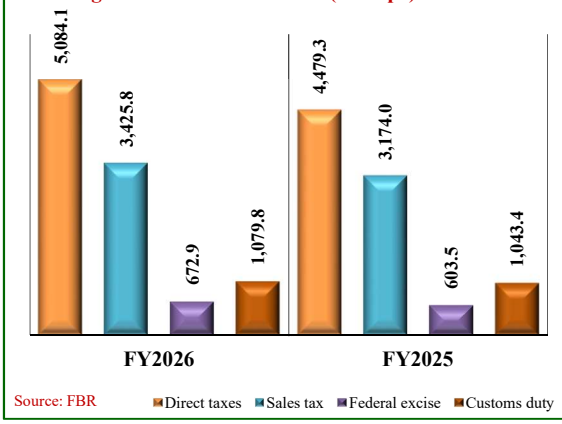
Source: Budget Wing & MFPU (EA Wing) calculations

FBR Tax Performance (July-April FY 2026)

FBR's revenue collection during the first ten months of FY 2026 remained encouraging, supported by tax policy measures introduced in the Budget 2025-26, improved enforcement, and enhanced compliance efforts. The rationalization of exemptions also contributed to strengthening tax collection. In parallel, the Government has advanced major reforms to modernize tax administration by equipping FBR with digital tools, improved monitoring systems, and technology-based enforcement mechanisms, with the objective of making revenue collection more efficient, transparent, and taxpayer-oriented (Box-II).

Collectively, these measures contributed to positive revenue growth during July-April FY 2026. Net tax collection increased by 10.3 percent to Rs 10,262.6 billion during July-April FY 2026, compared with Rs 9,300.2 billion during the same period last year. Against the target of Rs 10,947.0 billion for the period, the collection stood at 93.7 percent, with a shortfall of Rs 684.4 billion. Refunds amounting to Rs 500.1 billion were paid during July-April FY 2026, compared with Rs 427.5 billion last year. Tax-wise details are presented in the following Table:

Fig-18: FBR Tax Collection (Jul-Apr) Rs Billion



Source: FBR

Table 4.4: FBR Tax Collection

Revenue Heads	FY 2025	July-April (Rs Million)		% Change
	Actual	FY 2025	FY 2026(*)	
Direct Taxes				
Gross		4,531,587	5,143,100	13.5
Refund/Rebate		52,290	59,042	12.9
Net	5,791,667	4,479,297	5,084,058	13.5
Indirect Taxes				
Gross		5,196,091	5,619,521	8.1
Refund/Rebate		375,204	441,010	17.5
Net	5,952,621	4,820,887	5,178,511	7.4
Sales Tax				
Gross		3,521,092	3,825,930	8.7
Refund/Rebate		347,051	400,140	15.3
Net	3,901,372	3,174,041	3,425,790	7.9
Federal Excise Duty				
Gross		603,477	672,914	11.5
Refund/Rebate		0	0	
Net	766,641	603,477	672,914	11.5
Customs				
Gross		1,071,522	1,120,677	4.6
Refund/Rebate		28,153	40,870	45.2
Net	1,284,608	1,043,369	1,079,807	3.5
Total Tax Collection				
Gross		9,727,678	10,762,621	10.6
Refund/Rebate		427,494	500,052	17.0
Net	11,744,288	9,300,184	10,262,569	10.3

* : Provisional.

Source: FBR

Domestic taxes remained the main driver of overall tax collection, with net collection increasing by 11.2 percent to Rs 9,182.8 billion during July-April FY 2026, compared with Rs 8,256.8 billion last year. The net revenue collection from direct taxes grew by 13.5 percent, reaching Rs 5,084.1 billion during July-April FY 2026, compared with Rs 4,479.3 billion last year.

Within indirect taxes, sales tax collection recorded moderate growth of 7.9 percent, increasing to Rs 3,425.8 billion during July-April FY 2026 from Rs 3,174.0 billion last year. Sales tax on imports remained an important contributor, rising by 17.0 percent to Rs 2,208.2 billion, compared with Rs 1,888.1 billion last year. However, domestic sales tax declined by 5.3 percent, falling to Rs 1,217.6 billion from Rs 1,285.9 billion during the same period last year.

During July-April FY 2026, net collection from Federal Excise Duty increased by 11.5 percent to Rs 672.9 billion, compared with Rs 603.5 billion last year. Within FED, collection from imports increased significantly by 52.2 percent to Rs 173.0 billion, while domestic FED increased by 2.1 percent to Rs 499.9 billion. Customs duty registered a modest growth of 3.5 percent, with net collection increasing to Rs 1,079.8 billion during July-April FY 2026, compared with Rs 1,043.4 billion last year.

FBR tax collection is composed of Direct Taxes, including Income Tax, Capital Value Tax, Workers Welfare Fund, and Workers Profit Participation Fund, and Indirect Taxes, comprising Customs Duties, Sales Tax, and Federal Excise. The overall growth in FBR taxes was mainly supported by Income Tax under direct taxes and Sales Tax under indirect taxes, while the remaining components also contributed to overall revenue performance.

Box-II: Major Tax Reforms and Initiatives

1. FBR Transformation Plan

- The Federal Board of Revenue has initiated a comprehensive reform and modernization agenda to strengthen revenue mobilization, broaden the tax base, improve compliance, and enhance transparency in tax administration.
- The FBR Transformation Plan, approved by the Prime Minister in September 2024, is being implemented around four core pillars: digitalization, capacity building and digital adoption, digitally enabled anti-smuggling measures, and policy reforms.
- The Plan covers key reform areas including value chain digitalization, internal system automation, AI-based audit selection, digital invoicing, production monitoring, POS integration, faceless customs assessment, cargo tracking, digital enforcement stations, and human resource strengthening.
- These reforms are aimed at minimizing human interaction, improving taxpayer facilitation, and strengthening institutional accountability.

2. Early Outcomes of Transformation

- The implementation of the Transformation Plan has started producing measurable results within a short period.
- Tax returns filed increased from 3.7 million to 7.0 million, reflecting growth of 91.5 percent, while net tax chargeable increased from Rs 1.86 trillion to Rs 3.73 trillion.
- Production monitoring in the sugar sector generated an annualized increase of Rs 37 billion in tax collection, while fraudulent sales tax claims amounting to Rs 9.8 billion were blocked.
- More than 25,000 taxpayers are in the digital invoicing pipeline, with a combined turnover of around Rs 39.3 trillion.
- POS-registered retailer value increased to Rs 2.9 trillion, while AI-driven audit selection identified over 200 cases involving Rs 13.3 billion.

3. Broadening of Tax Base

- During the current fiscal year, FBR has been assigned a target of adding 3.778 million new filers
- To achieve this objective, FBR has adopted a technology-led approach, including digital monitoring of field formations, use of data analytics dashboards, and real-time data integration with major data-holding organizations in collaboration with NADRA.
- Targeted nudging through SMS and WhatsApp messages is being used to encourage high-profile unregistered persons to file their returns.
- Field formations are also identifying, registering, and enforcing returns through their own efforts.
- Action against non-filers and stop-filers is being pursued under section 114B of the Income Tax Ordinance, 2001.
- As a result of these efforts, 2.060 million returns were reported as enforced up to January 2026.

4. Legal and Tax Policy Measures

- Through the Finance Act, 2025, several tax policy and legal measures have been introduced to strengthen documentation, improve compliance, and rationalize the tax structure.
- Certain pension income has been brought into the tax net, subject to specified thresholds and conditions.
- Income tax rates for salaried individuals have been rationalized to provide relief to lower, middle, and upper income tiers.
- A 25 percent tax rebate for full-time teachers and researchers has been reintroduced for specified tax years.
- Taxation of dividends from mutual funds has been revised, particularly where income is derived from debt securities.
- Withholding tax has been introduced on capital gains arising from debt securities sold through banks.
- Withholding tax rates on certain services have been revised to improve collection and documentation.

- Advance adjustable tax on cash withdrawals by persons not appearing on the Active Taxpayers List has been increased from 0.6 percent to 0.8 percent.
- The tax rate on profit on debt from deposits in banks, financial institutions, and government securities, except profit derived by individuals from government securities, has been increased from 15 percent to 20 percent.

5. Documentation of Digital Economy

- Important amendments have been introduced in the Sales Tax Act, 1990 to bring digitally ordered taxable goods into the sales tax net.
- Definitions of e-commerce, online marketplace, courier, and payment intermediary have been introduced or revised to cover digital transactions more effectively.
- Online marketplaces, payment intermediaries, and couriers have been assigned responsibility for collection, payment, and reporting of sales tax on digitally ordered taxable goods.
- These entities are required to file monthly electronic statements containing supplier-wise details of payments and tax due.
- These measures are expected to improve documentation of e-commerce activity and bring a rapidly expanding segment of the economy into the formal tax system.

6. Digitalization of Withholding Tax and Compliance Management

- FBR has strengthened digital systems for withholding tax data management.
- The Withholding Real-time Information Tracker provides updated section-wise collection reports based on data received from the State Bank of Pakistan.
- Taxpayers can access information on tax deductions through the Maloomat portal and IRIS.
- FBR is working on the Synchronized Withholding and Payment System, which will integrate designated withholding agents with FBR.
- SWAPS will be linked with the State Bank's RAAST payment gateway to route withholding tax payments at the time of eligible electronic transactions.
- The Machine Learning-based Compliance Risk Management system has been expanded to non-corporate cases, alongside corporate income tax and sales tax cases.
- The system supports risk-based case selection, targeted outreach, and improved voluntary compliance.

7. Customs Modernization and Anti-Smuggling

- Pakistan Customs has undertaken major governance and enforcement reforms under the FBR Transformation Plan.
- Faceless Customs Assessment has been introduced to eliminate direct contact between importers and assessing officers and ensure centralized, digitally monitored processing.
- RMS 2.0, an AI-powered risk management system, has been deployed to identify high-risk consignments using global prices, historical declarations, trade patterns, and behavioral indicators.
- Digital Enforcement Stations are being established at strategic chokepoints along the Indus and Hub crossings.
- These stations are supported by scanners, RFID, ANPR cameras, real-time surveillance systems, and GPS-tracked patrol units.
- The Cargo Tracking System and National Targeting Center are strengthening supply-chain visibility, risk profiling, and enforcement against illicit trade.

8. Enforcement-Led Revenue Gains

- Customs enforcement has intensified action against smuggling of petroleum, oil, and lubricants.

- Key measures include sealing unauthorized petrol pumps, monitoring fuel transportation, disrupting smuggling routes, and using the Rahguzar mobile application in coordination with OGRA.
- These interventions are helping map licensed petrol pumps, identify illegal outlets, and bring fuel volumes into the formal supply chain.
- This reflects an increase of Rs 284 billion, of which Rs 146 billion was attributed to higher fuel volumes entering the formal supply chain, while Rs 138 billion resulted from rate adjustments.
- The improvement indicates the role of enforcement-led documentation in strengthening revenue outcomes

Source: Federal Board of Revenue (FBR)

Provincial Budget

In FY 2026, the size of the provincial budgets is estimated at Rs 9,913.6 billion, compared to the revised estimates of Rs 8,159.9 billion in FY 2025, reflecting a growth of 21.5 percent. Current expenditures are projected to increase by 14.8 percent, while development spending is expected to rise sharply by 39.6 percent, indicating continued emphasis on public investment and infrastructure development. Provincial revenues are budgeted at Rs 10,127.6 billion in FY 2026 against revised estimates of Rs 8,586.5 billion in FY 2025, showing a growth of 17.9 percent. Within total revenues, tax revenues are expected to increase by 21.9 percent, mainly driven by higher provincial own tax collection and increased share in federal taxes, whereas non-tax revenues are projected to decline moderately compared to the previous year.

Table 4.5: Overview of Provincial Budgets Rs Billion

Item	Punjab		Sindh		Khyber Pakhtunkhwa		Balochistan		Total	
	FY 2025 (R.E)	FY 2026 (B.E)	FY 2025 (R.E)	FY 2026 (B.E)	FY 2025 (R.E)	FY 2026 (B.E)	FY 2025 (R.E)	FY 2026 (B.E)	FY 2025 (R.E)	FY 2026 (B.E)
Total Prov. Own Taxes	374.9	524.7	506.9	676.1	65.1	83.5	31.4	55.8	978.3	1,340.1
Share in Federal Taxes	3,311.4	4,062.2	1,571.2	1,927.3	1,046.9	1,165.7	647.0	713.6	6,576.5	7,868.8
Total Tax Revenues	3,686.3	4,586.9	2,078.1	2,603.4	1,112.0	1,249.2	678.4	769.4	7,554.8	9,208.9
Total Non-Tax Revenues	438.2	317.5	181.7	168.8	118.9	102.6	62.0	98.5	800.7	687.4
All Others	16.4	7.6	53.3	59.3	139.8	140.8	21.5	23.5	231.0	231.2
Total Revenue	4,140.9	4,912.1	2,313.1	2,831.5	1,370.7	1,492.6	761.9	891.4	8,586.5	10,127.6
Current Expenditure	2,568.4	2,706.5	1,701.8	2,142.0	1,154.8	1,364.7	523.6	614.1	5,948.6	6,827.3
Development Expenditure	1,013.0	1,241.4	611.7	1,018.3	273.3	547.0	313.3	279.6	2,211.3	3,086.3
Total Expenditure	3,581.4	3,947.9	2,313.5	3,160.3	1,428.1	1,911.7	836.9	893.7	8,159.9	9,913.6

Source: Provincial Finance Wing. Finance Division

Provincial Fiscal Operations

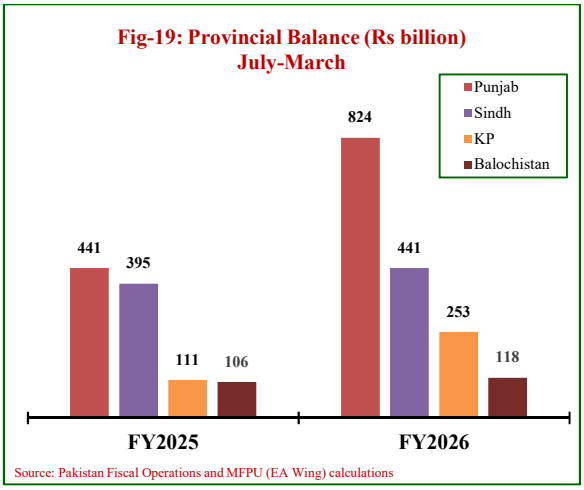
Under the 7th NFC Award, federal transfers to provinces (divisible pool and straight transfers) were budgeted at Rs 8,206 billion in FY 2026. During July-March FY 2026, federal transfers to provinces increased to Rs 5,630.8 billion from Rs 5,084.4 billion last year, an increase of 10.7 percent. The province-wise share during FY 2026 is budgeted as follows: Punjab: Rs 4,076.0 billion, Sindh: Rs 2,043.8 billion, Khyber Pakhtunkhwa: Rs 1,342.8 billion, inclusive of 1 percent for war on terror, and Balochistan: Rs 743.2 billion.

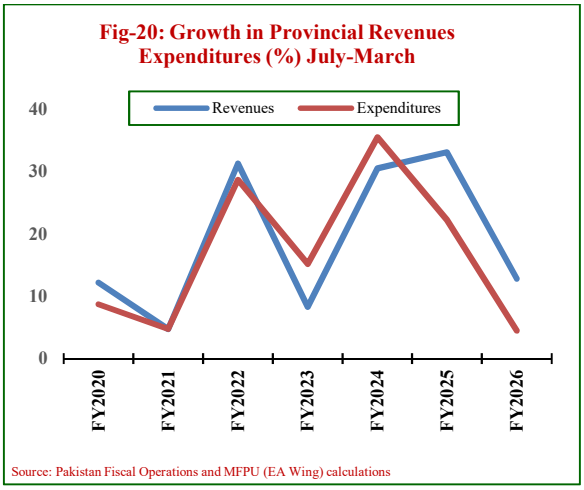
Table: 4.6-Overview of Provincial Fiscal Operations Rs Billion

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Jul-Mar	
								FY 2026	FY 2025
A. Tax Revenue	2,799.6	2,917.6	3,250.3	4,201.4	4,873.0	6,037.8	7,832.6	6,491.5	5,768.6
Provincial Taxes	401.8	413.6	508.4	612.4	649.6	774.2	978.6	860.7	684.3
Share in Federal Taxes	2,397.8	2,504.0	2,741.9	3,589.0	4,223.5	5,263.6	6,854.0	5,630.8	5,084.4
B. Non Tax Revenue	86.3	102.4	150.3	128.3	165.9	223.1	313.6	277.5	203.0
C. All Others	110.0	221.0	327.5	357.8	260.5	447.1	764.9	447.2	422.9
Total Revenue (A+B+C)	2,995.9	3,241.0	3,728.0	4,687.5	5,299.4	6,708.0	8,911.1	7,216.2	6,394.6
a. Current Expenditure	2,350.8	2,541.9	2,844.2	3,200.8	3,859.6	4,690.6	5,928.4	4,468.9	4,079.1
b. Development Expenditure	506.2	622.0	770.2	1,216.6	1,241.0	1,391.7	2,197.6	1,614.1	1,226.2
c. Statistical Discrepancy	-51.1	-147.9	-200.0	-80.9	44.2	107.5	-136.3	-502.8	35.9
Total Expenditure (a+b+c)	2,805.9	3,016.1	3,414.4	4,336.5	5,144.8	6,189.8	7,989.7	5,580.1	5,341.2
Overall, Balance	190.0	224.9	313.6	351.0	154.6	518.2	921.5	1,636.1	1,053.3

Source: Pakistan Fiscal Operations

The provincial fiscal operations provided significant support to the federal government in improving the overall fiscal accounts. The dedicated efforts at the provincial level for effective resource mobilization, and prudent expenditure management triggered the higher growth in provincial revenues relative to expenditures.





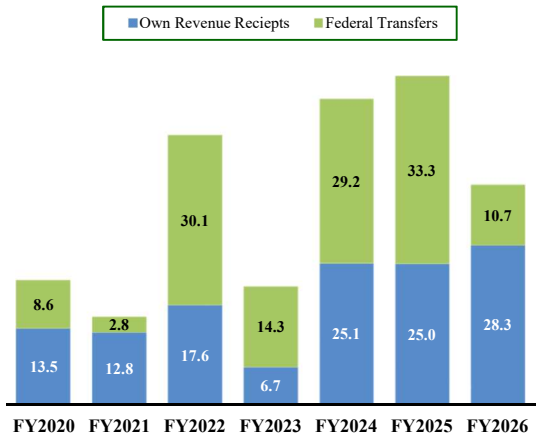
Consequently, all four provinces collectively achieve the highest surplus of Rs 1,636.1 billion during July-March FY 2026 as compared to the surplus of Rs 1,053.3 billion last year.

During July-March FY 2026, provincial revenues increased by 12.9 percent to Rs 7,216.2 billion, compared with Rs 6,394.6 billion in the corresponding period last year. Provincial own revenue receipts also posted strong growth of 28.3 percent, rising to Rs 1,138.2 billion from Rs 887.3 billion last year. Both provincial tax and non-tax revenues contributed to this improvement. However, federal transfers under the NFC Award remained the main source of provincial revenues, contributing around 78 percent to total provincial revenues during July-March FY 2026.

Provincial tax collection increased by 25.8 percent to Rs 860.7 billion during July-March FY 2026, compared with Rs 684.3 billion last year. Within provincial taxes, sales tax on services increased by 28.5 percent, while motor vehicle tax recorded a significant growth of 45.8 percent. Stamp duties also improved by 26.0 percent, reflecting better receipts from property and transaction-related activities. Similarly,

provincial non-tax revenues grew by 36.7 percent to Rs 277.5 billion, against Rs 203.0 billion last year. The increase was mainly supported by higher receipts from profits from hydroelectricity, mark-up, and other non-tax sources.

Fig-21: Provincial Own Revenues and Federal Transfers (Growth %)



Source: Pakistan's Fiscal Operation

On the expenditure side, provincial expenditure increased moderately by 4.5 percent during July-March FY 2026, reaching Rs 5,580.1 billion, compared with Rs 5,341.2 billion in the same period last year. Current expenditure rose by 9.6 percent to Rs 4,468.9 billion, against Rs 4,079.1 billion last year.

The improvement in provincial revenues, along with controlled growth in overall expenditure, enabled provinces to scale up development spending. Provincial development expenditure increased by 31.6 percent to Rs 1,614.1 billion during July-March FY 2026, compared with Rs 1,226.2 billion last year. As a result, the overall provincial balance improved to Rs 1,636.1 billion during July-March FY 2026, compared with Rs 1,053.3 billion in the corresponding period last year, indicating a stronger contribution of provinces toward fiscal consolidation.

Concluding Remarks

In the wake of prevailing domestic and external challenges, fiscal performance during July–March FY 2026 remained strong, with the fiscal deficit at its lowest level of 0.7 percent of GDP and a primary surplus at 3.2 percent of GDP. This improvement underscores stronger revenue mobilization, prudent expenditure management, and continued provincial support, which collectively strengthened the consolidated fiscal position and kept the fiscal consolidation path on track.

To sustain this momentum and further reinforce the fiscal position, the government continues to implement the gradual fiscal consolidation plan, accelerates tax reforms to broaden the tax base, and takes measures to improve spending efficiency and public financial management. Moreover, stronger federal-provincial fiscal coordination will remain important for strengthening shared fiscal responsibility, creating space for priority social and development spending, and supporting higher, inclusive, and sustainable economic growth

MONEY & CREDIT

Current Policy Rate	**11.5%**
Broad Money (M2)	**Rs 2,740.6 bn*** (Growth of 6.8 %)
NFA	**Rs 816.7 bn***
NDA	**Rs 1,924 bn***
Private Sector Credit	**Rs 934.1 bn***
Weighted Average Lending Rate	**11.45%**** (Average)
Weighted Average Deposit Rate	**4.61%**** (Average)

*: Flows during July-March FY2026

**: End March 2026

Chapter 5

Money and Credit

Monetary and credit developments during FY 2026 reflected the continued normalization of Pakistan's macroeconomic conditions, supported by improved external buffers, easing inflation during most of the year, and a calibrated monetary policy stance. Broad Money (M2) growth increased to 15.4 percent on YoY basis by the end of March FY 2026 compared 13.0 percent in the same period last year. The expansion in M2 was driven by both Net Foreign Assets (NFA) and Net Domestic Assets (NDA). The NFA of the banking system increased by Rs 816.7 billion, reflecting improved FX reserves along external sector stability. Similarly, the banking system's Net Domestic Assets (NDA) increased by 1,924 billion despite lower budgetary borrowing than in the previous year. The moderation in government borrowing, together with earlier monetary easing, helped improve liquidity conditions, strengthen business sentiment, and create space for credit flows towards the private sector. During July-March FY 2026, private sector credit increased by Rs 934.1 billion, driven by higher demand for working capital and fixed investment loans. If sustained, this revival in productive credit would support investment, expand production capacity, and contribute to a more durable economic recovery.

5.1 Background

The global financial conditions in 2025 eased considerably albeit central banks remained cautious. Inflation moderated in many economies, but policy uncertainty, geopolitical tensions, and trade fragmentation persisted. The global financial markets experienced volatility amid frequent, unpredictable trade policy announcements. However, during the second half of 2025, trade-related uncertainty eased, supported by relatively stable global commodity prices. In response, many central banks in advanced and emerging market economies adopted a cautious monetary policy stance. Policy rates were mostly kept unchanged, as central banks waited for clearer signs of inflation and growth (Table 5.1). Among advanced economies, including the United States, the United Kingdom, and the euro area, headline inflation declined, while core inflation remained relatively persistent. Meanwhile, inflation in emerging market economies somewhat stabilized, with both headline and core inflation easing slightly and remaining within target ranges. As a result, the expected pace of monetary easing slowed and became more data dependent.

Global growth for 2025 remained resilient at around 3.4 percent. The growth outlook for 2026 and 2027 was initially steady. However, the Middle East conflict in late Feb 2026 renewed risks to the global economy through higher commodity prices, weaker confidence, inflation expectations, and tighter global financial conditions. In April 2026, global growth projections were revised downward.[1]Global GDP growth is now expected to fall to 3.1 percent in 2026 before recovering slightly to 3.2 percent in 2027. Similarly, the global headline inflation is also expected to rise to 4.4 percent in 2026, from 4.1 percent in 2025, before declining

[1]Source: World Economic Outlook, April 2026, International Monetary Fund

to 3.7 percent in 2027. The slowdown in growth and the uptick in inflation is likely to be more pronounced in emerging and developing economies, reflecting their greater vulnerability to external shocks and commodity price fluctuations. The regional geo-political tensions, therefore, shifted the global policy debate from early easing to caution, as central banks became more concerned about the risk of renewed inflationary pressures.

Like other net energy-importing countries, Pakistan remained exposed to these global developments through higher inflation, external account pressures, exchange rate expectations, and domestic financial conditions in Pakistan. During most of FY 2026, easing inflation, improved external buffers, and greater macroeconomic stability provided space for a calibrated monetary policy stance. This supported the ongoing recovery in economic activity and private sector credit. However, Middle East crisis increased risks to the outlook, mainly through higher global energy prices and possible second-round effects on inflation expectations. Accordingly, Pakistan's monetary policy remained forward-looking and data dependent, maintain an adequately positive real interest rate. It balanced support for recovery with the need to keep inflation expectations well anchored. In this context, monetary and credit developments in FY 2026 reflected stronger domestic fundamentals, while external shocks required continued policy vigilance.

Table-5.1: Policy Rate of Major Central Banks

	Dec-23	Dec-24	Jun-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Australia	4.35	4.35	3.85	3.6	3.6	3.85	4.1	4.1
Brazil	11.75	12.25	15	15	15	15	14.75	14.5
Canada	5	3.25	2.75	2.25	2.25	2.25	2.25	2.25
China	3.45	3.1	3	3	3	3	3	3
Euro area	4.5	3	2	2	2	2	2	2
Hong Kong SAR	5.75	4.75	4.75	4	4	4	4	4
India	6.5	6.5	5.5	5.25	5.25	5.25	5.25	5.25
Indonesia	6	6	5.5	4.75	4.75	4.75	4.75	4.75
Japan	-0.1	0.25	0.5	0.75	0.75	0.75	0.75	0.75
Korea	3.5	3	2.5	2.5	2.5	2.5	2.5	2.5
Malaysia	3	3	3	2.75	2.75	2.75	2.75	2.75
Morocco	3	2.5	2.25	2.25	2.25	2.25	2.25	2.25
New Zealand	5.5	4.25	3.25	2.25	2.25	2.25	2.25	2.25
Pakistan	22	13	11	10.5	10.5	10.5	10.5	11.5
Philippines	6.5	5.75	5.25	4.5	4.5	4.25	4.25	4.5
Russia	16	21	20	16	16	15.5	15	14.5
Saudi Arabia	6	5	5	4.25	4.25	4.25	4.25	4.25
South Africa	8.25	7.75	7.25	6.75	6.75	6.75	6.75	6.75
Thailand	2.5	2.25	1.75	1.25	1.25	1	1	1
Türkiye	42.5	47.5	46	38	37	37	37	37
United Kingdom	5.25	4.75	4.25	3.75	3.75	3.75	3.75	3.75
United States	5.38	4.38	4.38	3.63	3.63	3.63	3.63	3.63

Source: Central Banks websites.

5.2 Monetary Policy Stance in Pakistan

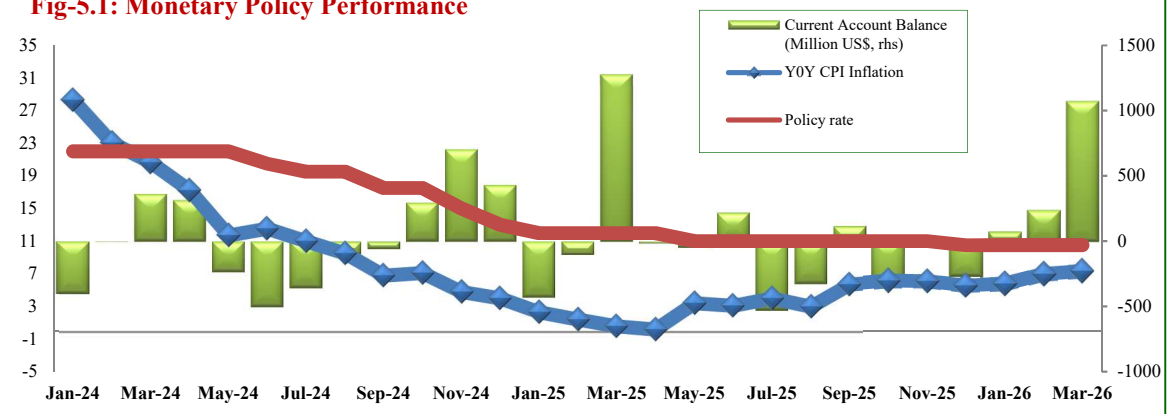
During FY 2026, the continuation of a prudent monetary policy, alongside fiscal consolidation, remained favorable for anchoring inflation expectations and improving the overall macroeconomic outlook. The policy stance was guided by the need to support the ongoing recovery while preserving price, financial and external sector stability. At the beginning of the current fiscal year, energy price adjustments and the 2025 floods were identified as upside risks to the inflation outlook, with potential inflationary impacts on food commodities and possible supply disruptions. In response, the Monetary Policy Committee (MPC) maintained the policy rate at 11 percent in its three meetings consecutively from July to November FY 2026 to keep inflation anchored within the medium-term target range of 5–7 percent. However, the relatively muted impact of floods and a sharper-than-expected decline in global commodity

prices, particularly oil, helped reduce risks to the inflation outlook.

Meanwhile, economic activity gained further traction, with growth reaching 3.9 percent during Q1-FY 2026. Continued momentum in high-frequency indicators and improvements in macroeconomic conditions supported a stronger growth outlook, while inflation projections remained broadly unchanged. These favorable developments allowed the MPC to reduce the policy rate by 50 basis points in December FY 2026, bringing it down to 10.5 percent. Cumulatively, this resulted in a total reduction of 1,150 basis points in the policy rate since June FY 2024. Subsequently, in its January and March FY 2026 meetings, the MPC maintained the policy rate at 10.5 percent to support the ongoing economic recovery while ensuring financial and external sector stability. In January FY 2026, SBP reduced the average cash reserve requirement (CRR) for banks to 5 percent from 6 percent, and the daily requirement to 3 percent from 4 percent. These measures were intended to improve liquidity conditions, strengthen monetary policy transmission, and facilitate lending to the private sector.

However, the recent conflict in the Middle East has significantly increased global oil prices, which are posing upside risks to inflation and downside risks to growth prospects and creating potential macroeconomic challenges. The inflation outcomes for the month of March and April 2026 exceeded earlier expectations. In response to this, SBP has adjusted its monetary policy stance and increased the policy rate by 100 basis points to 11.5 percent, effective from April 28, 2026. The decision aimed to keep inflation expectations well-anchored and preserve macroeconomic stability. Going forward, the monetary policy is expected to remain forward-looking and data-dependent, with a continued focus on price stability, anchoring inflation expectations, and ensuring financial stability.

Fig-5.1: Monetary Policy Performance



Source: Pakistan Bureau of Statistics & State Bank of Pakistan

5.3 Recent Monetary and Credit Developments

5.3 (a): (Assets Side of the Banking System)

From July - March FY 2026, Broad Money (M2) increased by Rs 2,740.6 billion, up 6.8 percent on average basis from 4.5 percent during the same period last year. On YoY, M2 grew by 15.4 percent at the end-March FY 2026 compared to 13.0 percent in the corresponding period last year. The expansion in M2 came from both NFA and NDA. Within M2, the NFA of the banking system expanded by Rs 816.7 billion, contributing 2.1 percent to M2 growth, compared to an increase of Rs 1,162.7 billion last year.

The increase in NFA reflected the country's growing foreign exchange reserves, which rose by US $ 6.3 billion to US $ 21.3 billion by end-March 2026 compared with last year. SBP's NFA increased by Rs 1,023.2 billion, compared to Rs 661.4 billion last year. In contrast, NFA of scheduled banks declined by Rs 206.6 billion, against an increase of Rs 501.3 billion last year.

Similarly, the banking system's NDA increased by Rs 1,924.0 billion, contributing 4.7 percent to M2 growth. This compares with an increase of Rs 441.4 billion and a contribution of 1.2 percentage points during the same period last year. The increase in NDA was driven by higher credit to both the government and the private sector, although budgetary borrowing remained lower than last year.

Fig-5.2:Net Foreign Asset

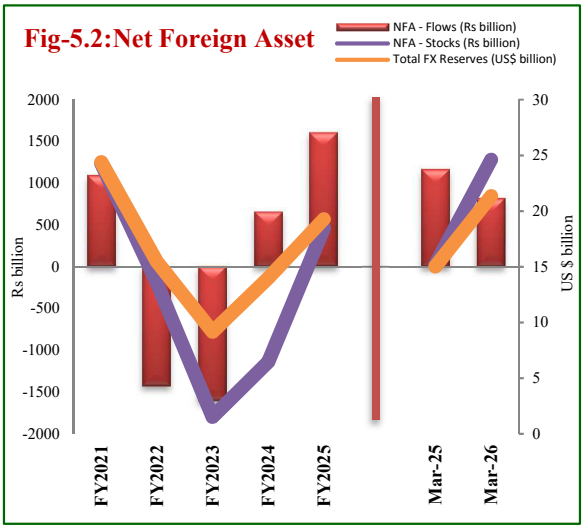
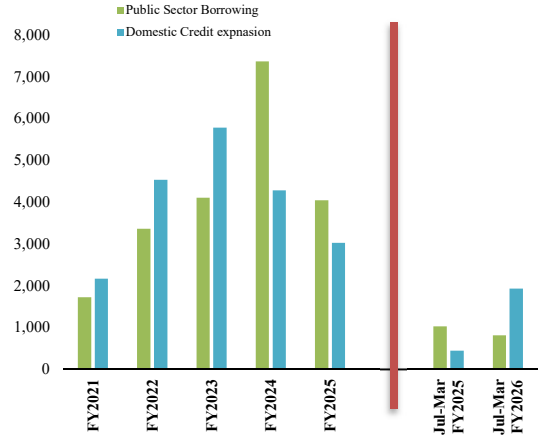


Fig-5.3: NDA of Banking Sector Rs bn



During the period under review, Reserve Money (RM) grew by 9.6 percent, compared to 9.1 percent last year. Within RM, SBP's NFA increased by Rs 1,023.2 billion, supported by higher FX reserves, external sector stability, and SBP interbank purchases. Similarly, NDA of the SBP increased by Rs 221.4 billion, from Rs 395.9 billion last year, reflecting continued fiscal consolidation and a lower reliance on central bank financing.

Table 5.2: Monetary Aggregates, Flows in Rs billion

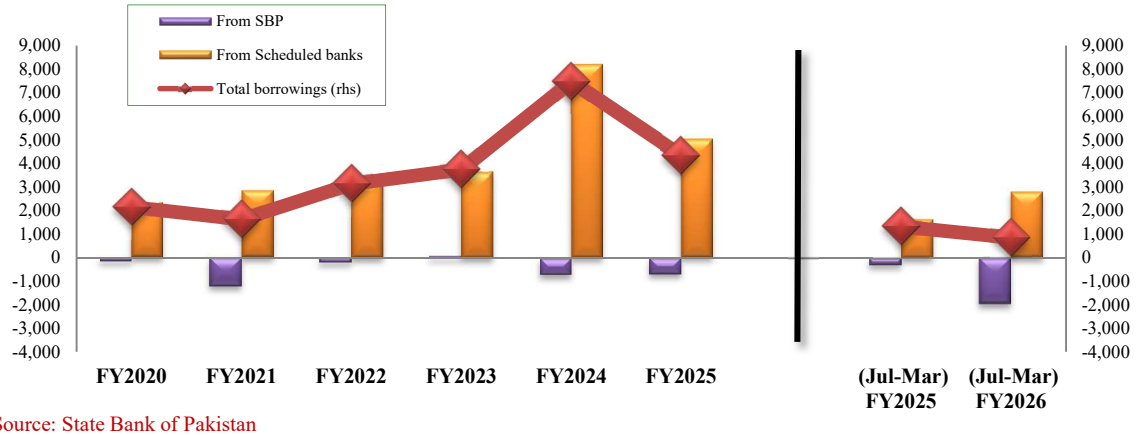
	FY 2024	FY 2025	Jul-Mar FY 2025	Jul-Mar FY 2026	Jul-Mar FY2025 Growth %	Jul-Mar FY2026 Growth %
Liability Side of the Banking System						
Currency in Circulation	4.36	1481.4	1107.8	1294.0	12.1	12.2
Total Deposits with Banks	4921	3148.7	490.1	1456.3	1.8	4.9
Demand Deposits	4486.0	3471.8	748.7	1136.4	3.1	4.1
Time Deposits	431.1	-408.7	-249.0	232.4	-25.3	40.3
Residents Foreign Currency Deposits (RFCDs)	3.9	85.7	-9.5	87.5	-0.6	5.2
Broad Money (M2)	4938.8	4624.5	1604.1	2740.6	4.5	6.8
Assets Side of the Banking System						
Net Foreign Assets of the Banking System	659.2	1602.8	1162.7	816.7		
State Bank of Pakistan	809.9	1526.6	661.4	1023.2		
Scheduled Banks	-150.7	76.3	501.3	-206.6		
Net Domestic Assets of the Banking System	4279.6	3021.7	441.4	1924.0	1.2	4.8
State Bank of Pakistan	-421.9	-11.7	473.6	362.5	4.6	3.5
Scheduled Banks	4701.5	3033.4	-32.2	1561.5	-0.1	5.2
Net Government Sector Borrowings	7366.1	4041.0	1018.9	805.9	3.3	2.3
Borrowings for Budgetary Support	7479.9	4354.4	1320.9	850.6	4.4	2.5
From SBP	-713.1	-691.5	-287.4	-1939.3	-6.3	-50.6
From Scheduled banks	8192.9	5046.0	1608.3	2789.9	6.4	9.2
Commodity Operations	-107.6	-311.8	-303.4	-43.2	-22.0	-4.1
Credit to Private Sector	512.9	1081.9	767.6	934.1	8.7	9.4
Credit to Public Sectors Enterprises (PSEs)	-99.9	-87.1	12.5	34.2	0.6	1.6
Broad Money (M2)	4938.8	4624.5	1604.1	2740.6	4.5	6.8
Growth in M2 (%)	15.96	12.89				

Source: State Bank of Pakistan

5.3-b Government Borrowing

During July-March FY 2026, the Government sector borrowing for budgetary support increased by Rs 850.6 billion, as compared to the borrowing of Rs 1,320.9 billion during the same period last year. This moderation reflected continued fiscal consolidation and lower financing pressure from the budget, as the fiscal deficit narrowed to 0.7 percent of GDP during July-March FY 2026, compared with 2.6 percent of GDP last year. Within government budgetary borrowing, the government has retired Rs 1,939.3 billion to SBP compared with the retirement of Rs 287.4 billion during same period last year. At the same time, the government borrowed Rs 2,789.9 billion from scheduled banks compared Rs 1,608.3 billion during last year. As a result, net government borrowing stood at Rs 805.9 billion during July-March FY 2026 as compared to Rs 1,018.9 billion during the same period last year. The financing pattern remained consistent with the policy objective of avoiding direct borrowing from SBP, while meeting financing needs through market-based instruments.

Fig-5.4: Government Borrowings for Budgetary Support - Flows (Rs billion)



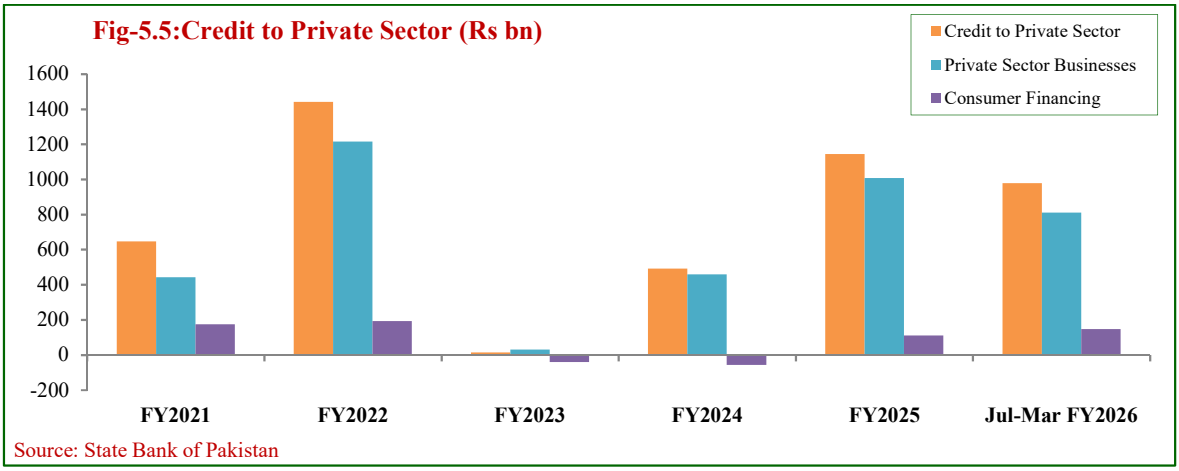
Source: State Bank of Pakistan

5.3-c Commodity Finance

Commodity finance remained contained, helping moderate public-sector credit demand and supporting more orderly liquidity management. During July–March FY 2026, commodity financing recorded a net retirement of Rs 43.2 billion, compared with Rs 303.4 billion during the same period last year. Within total finance, wheat financing recorded a net retirement of Rs 45.4 billion, compared with Rs 326.9 billion during the same period last year. The continued contraction in wheat financing over the last two years reflects a significant policy shift, as the federal government has stepped back from regulating wheat prices, and the Pakistan Agricultural Storage and Services Corporation (PASSCO) did not participate in wheat procurement during this period. This policy realignment reduced financing needs within the wheat supply chain. Similarly, fertilizer financing recorded a net retirement of Rs 32.1 billion, compared with a small retirement of Rs 3.7 million last year. In contrast, the sugar sector recorded net borrowing of Rs 34.3 billion, up from Rs 23.2 billion during the same period last year.

5.3-d Credit to Private Sector

The impact of the ongoing monetary easing has been transmitted to key interest rates, particularly lending rates, and has contributed to a pickup in private-sector credit. During July-March FY 2026, credit to the private sector increased by Rs 934.1 billion as compared to Rs 767.6 billion during the same period last year, posting a growth of 12.0 percent on YoY basis against 13.0 percent in last year. Within private sector credit, loans to private sector businesses reached to Rs 810.7 billion from Rs 888.2 billion during the same period last year. These loans accounted for around 80 percent of total private-sector credit. The credit mainly availed by manufacturing, wholesale & retail trade, transport and storage, and agriculture, indicating that credit demand remained linked to productive sectors.



Within businesses loans, credit demand came from both working capital and fixed investment loans. Working capital loans stood at Rs 492.8 billion during July-March FY 2026, compared with Rs 646.6 billion during the same period last year. The manufacturing sector availed the most working capital loans amounting to Rs 342 billion. Major users included food products, rice processing, sugar, cement, computers, electronic and optical products, electrical equipment, batteries and accumulators, fiber optic cables, and motor vehicles. Conventionally, textile sector is major borrower among manufacturing sectors. During the period under review, textile sector borrowing under working capital stood at Rs 33.2 billion significantly lower than Rs 257.5 billion in last year, which may be partly attributed to lower input costs.[2]

On the other hand, demand for fixed investment loans increased to Rs 387.7 billion against Rs 259.2 billion last year. The manufacturing sector accounted for a higher share of fixed investment loans, particularly in chemicals, non-metallic mineral products, and cement. Moreover, the wholesale, transport, construction, professional, scientific and technical activities also availed higher credit for fixed investment. A large and growing consumer base supported capacity expansion and efficiency-enhancing investments, particularly in food and FMCG-related industries. Manufacturers in edible oil, poultry, and sugar increasingly focused on modernization, cost reduction, and energy-efficient technologies, resulting in demand for long-term financing.[3]

The Uptick in private sector credit was largely attributed to a favorable policy stance, a positive real interest rate and an improved macroeconomic outlook. These factors strengthened business confidence and supported both investments and operational financing during the period under review. This trend is encouraging for sustainable recovery, provided credit continues to flow toward productive and export-oriented activities.

Table 5.3: Loans to Private Sector Businesses Rs Billion

	Total credit		Working capital		Fixed investment	
	Jul-Mar FY 2025	Jul-Mar FY 2026	Jul-Mar FY 2025	Jul-Mar FY 2026	Jul-Mar FY 2025	Jul-Mar FY 2026
Loans to Private Sector Business	888.2	810.7	646.6	492.8	259.2	387.7
Agriculture, forestry and fishing	60.3	98.5	26.7	50.1	33.7	48.8
Crop and animal production, hunting and related service activities	59.2	98.1	25.9	50.1	33.4	48.3
Growing of cereals, leguminous crops and oil seeds	44.0	2.0	37.2	-5.7	6.8	7.7

[2] The State of Pakistan's Economy, Half Year Report, 2025-26, SBP

[3] www.sbp.org.pk/m_policy/2026/Reports/MPR-Feb-2026.pdf

Table 5.3: Loans to Private Sector Businesses Rs Billion

	Total credit		Working capital		Fixed investment	
	Jul-Mar FY 2025	Jul-Mar FY 2026	Jul-Mar FY 2025	Jul-Mar FY 2026	Jul-Mar FY 2025	Jul-Mar FY 2026
Growing of rice	2.0	29.5	1.3	25.0	0.7	4.5
Growing of Cotton	1.5	18.3	0.2	16.5	1.3	1.8
Raising of poultry	-1.4	17.1	-2.7	7.8	1.5	9.4
Support activities for crop production excluding Agr. Machinery and Equip.	1.1	9.0	0.3	6.6	0.9	2.4
Agricultural machinery and equipments and related services	0.4	4.9	-0.3	-1.1	0.7	6.0
Mining and quarrying	-17.8	-13.9	-20.5	-12.9	2.7	-0.9
Manufacturing	610.5	502.2	511.2	342.0	105.7	169.1
Manufacture of food products	98.4	227.6	79.2	217.2	19.4	13.2
Manufacture of grain mill products	35.9	47.2	33.8	45.5	2.2	1.5
Rice Processing	57.6	86.7	55.5	83.8	2.1	3.0
Manufacture of sugar	89.1	234.9	63.8	235.2	25.4	2.3
Manufacture of textiles	263.6	40.0	257.5	33.2	7.6	10.0
Manufacture of made-up textile articles, except apparel	36.3	52.1	31.8	44.1	4.7	10.5
Manufacture of other made up textile articles	33.3	48.1	26.0	38.2	7.5	12.5
Manufacture of chemicals and chemical products	61.7	64.0	21.4	-26.1	40.3	90.8
Manufacture of basic pharmaceutical products and pharmaceutical preparations	4.3	14.9	-2.6	10.7	7.2	4.5
Manufacture of rubber and plastics products	14.5	13.0	6.6	10.0	8.0	3.0
Manufacture of other non-metallic mineral products	-25.5	53.8	-1.6	20.1	-23.0	33.9
Manufacture of cement, lime and plaster	-20.6	44.3	1.1	13.3	-21.4	31.1
Casting of iron and steel	5.0	7.4	3.0	4.5	2.0	2.8
Manufacture of computer, electronic and optical products	2.7	8.1	0.3	8.8	2.4	-0.7
Manufacture of magnetic and optical media	0.0	8.5	0.0	8.5	0.0	0.0
Manufacture of electrical equipment	13.1	33.7	14.3	34.9	-1.1	-0.2
Manufacture of batteries and accumulators	1.5	7.6	1.9	7.0	-0.4	0.6
Manufacture of fibre optic cables	1.5	5.0	1.9	5.2	-0.4	-0.2
Manufacture of other electronic and electric wires and cables	6.4	6.8	5.0	7.2	1.4	-0.4
Manufacture of motor vehicles, trailers and semi-trailers	-6.0	33.2	-4.4	29.4	-1.6	3.9
Manufacture of motor vehicles	-6.4	32.5	-4.3	28.3	-2.1	4.2
Electricity, gas, steam and air conditioning supply	-11.8	-109.3	15.8	-49.5	-27.0	-59.5
Water supply; sewerage, waste management and remediation activities	4.1	12.5	-2.6	0.5	6.7	11.9
Water collection, treatment and supply	7.2	13.7	0.0	0.0	7.2	13.7
Construction	19.9	7.1	6.6	11.4	17.5	27.3
Wholesale and retail trade; repair of motor vehicles and motorcycles	66.4	152.8	35.2	94.2	33.6	71.5
Wholesale trade, except of motor vehicles and motorcycles	14.6	69.6	3.9	44.0	12.9	36.3
Retail trade, except of motor vehicles and motorcycles	53.4	76.5	31.7	49.4	22.0	29.1
Transportation and storage	-6.2	39.3	-16.6	12.1	10.6	27.5
Land transport and transport via pipelines	-14.3	18.4	-19.5	2.0	5.2	16.5
Urban and suburban passenger land transport	-0.6	9.2	-1.9	0.3	1.3	8.8

Table 5.3: Loans to Private Sector Businesses Rs Billion

	Total credit		Working capital		Fixed investment	
	Jul-Mar FY 2025	Jul-Mar FY 2026	Jul-Mar FY 2025	Jul-Mar FY 2026	Jul-Mar FY 2025	Jul-Mar FY 2026
Warehousing and support activities for transportation	5.6	20.4	1.1	8.8	4.7	11.7
Accommodation and food service activities	40.5	13.9	-0.4	10.7	41.4	5.2
Information and communication	104.5	41.7	72.6	16.6	31.4	25.4
Real estate activities	0.2	3.4	-0.4	11.4	0.3	4.8
Professional, scientific and technical activities	13.8	44.7	15.7	4.5	-1.2	41.1
Administrative and support service activities	4.3	0.2	1.7	-6.4	2.6	3.0
Education	-2.7	-0.2	0.2	-3.5	-1.0	5.3
Human health and social work activities	-3.3	-1.1	-1.2	-0.6	-1.1	0.3
Arts, entertainment and recreation	0.5	1.4	0.0	0.5	0.5	1.2
Other service activities	5.0	17.4	2.6	11.8	2.8	5.8

Source: State Bank of Pakistan

5.3-e Consumer Finance

The consumer financing increased by Rs 146.2 billion, reflecting growth of 16.0 percent during July-March FY 2026, compared with an increase of Rs 71.4 billion and growth of 8.9 percent during the same period last year. Consumer demand revived due to a more favorable policy and economic environment, lower financing costs, and the government's support for the housing sector.

With a view to promoting affordable housing finance, the government introduced a Markup Subsidy and Risk Sharing Scheme, namely 'Mera Ghar - Mera Ashiana' in 2025 providing housing finance up to Rs 3.5 million. The scope of the scheme was further enhanced in April 2026 under the "Wazir-e-Azam Apna Ghar Program-Ghar Ho Tu Apna"[4] with an increase in the loan limit up to Rs 10 million. As a result, house building loans increased to Rs 20.5 billion during July-March FY 2026 compared to retiring of Rs 4.1 billion during the same period last year.

Similarly, auto loans increased by Rs 68.7 billion,up 24.9 percent from 11.7 percent last year. Auto loans traditionally hold the largest share of consumer credit in Pakistan. Credit cards also recorded higher growth of 24.6 percent to Rs 38.9 billion during the period under review, compared with 15.0 percent last year.Overall, the positive momentum in consumer lending indicates that lower interest rates and eased financing conditions have helped revive consumer demand and borrowing appetite, signaling a gradual improvementin household financial confidence and economic activity.

Table 5.4: Consumer Financing (Rs billion)

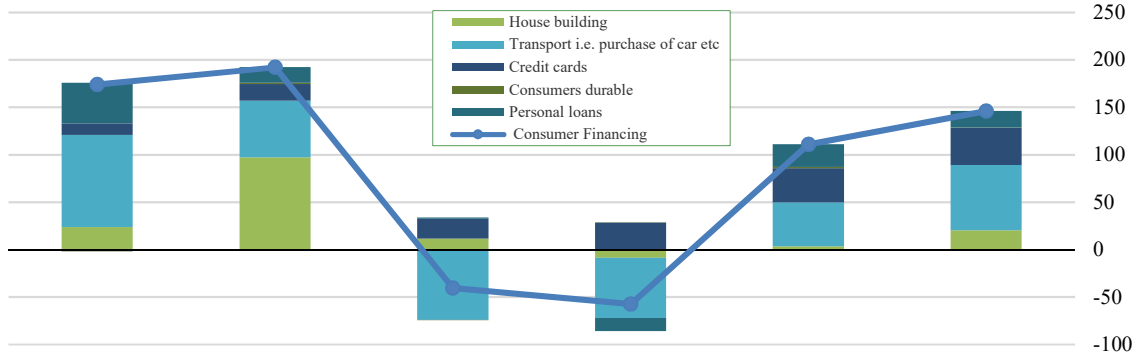
Description	July-March			
	(Flows)		Growth (%)*	
	FY 2025	FY 2026	FY 2025	FY 2026
Consumer Financing	71.4	146.2	8.9	16.0
1) For house building	-4.1	20.5	-2.0	9.9
2) For transport, i.e., purchase of a car	26.9	68.7	11.7	24.9
3) Credit cards	18.3	39.0	15.0	24.6
4) Consumers' durable	1.3	0.5	17.5	5.6
5) Personal loans	29.1	17.5	12.2	6.7

* Growth is calculated based on stocks

Source: State Bank of Pakistan

[4]https://www.sbp.org.pk/smefd/circulars/2026/CL2.htm

Fig-5.6: Consumer Finance (Rs billion)



Source:State Bank of Pakistan

5.4 Monetary Liabilities

Monetary Liabilities include Currency in Circulation, Demand deposits, Time deposits, and Resident Foreign Currency Deposits (RFCD).

5.4-a Currency in Circulation (CIC) and Deposits

During July-March FY 2026, Currency in Circulation increased by Rs 1,294 billion, a growth of 12.2 percent compared to Rs 1,108 billion and a growth of 12.1 percent during the same period last year. Bank deposits mobilization, including demand deposits, time deposits, and RFCDs, increased by Rs 1,456.0 billion, showing a growth of 4.9 percent. This was higher than the increase of Rs 490 billion and the 1.8 percent growth recorded during the same period last year. The significant increase in deposits during the period under review could be attributed to positive real interest rate.

As a result, the currency to deposit ratio increased slightly to 38.1 percent at the end of March FY 2026, up from 37.8 percent last year. This indicates that cash preference remained broadly similar to last year, although deposit mobilization improved during the period under review. Within total deposits, demand deposits increased by Rs 1,136.4 billion, compared with Rs 748.7 billion during the same period last year. Whereas, time deposits increased by Rs 232.4 billion, compared with the net retirement of Rs 249.0 billion in the last year.

5.5 Monetary Management

During July-March FY 2026, liquidity requirements in the interbank money market remained higher than the previous year. The government's increased reliance on scheduled banks for its financing needs affected the liquidity conditions of commercial banks. Therefore, the average outstanding open market operations (OMOs) stood at Rs 13,487.2 billion compared to Rs 11,791.8 billion during FY 2025. SBP liquidity management remained focused on ensuring orderly market conditions and smooth monetary policy transmission.

Table-5.5: Average Outstanding Open Market Operations[1] Rs billion

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Full Year	**1,103.2**	**1,291.1**	**2,615.3**	**6,368.5**	**9,756.0**	**11,791.8**	**13,487.2**
Q1	1,337.7	1,048.3	2,127.2	5,323.0	8,993.4	11,809.7	13,251.8
Q2	912.8	822.8	1,875.0	5,436.1	8,704.2	10,123.4	12,981.2
Q3	892.4	1,158.0	2,641.8	6520.5	10,111.4	11,917.5	14,228.7
Q4	1,270.0	2,135.2	3,817.3	8194.6	11,214.8	13,316.7	

[1] : The data does not include the impact of outright OMOs.
Note: (+) amount means net Injections., (-) amount means net mop-up.

Source: State Bank of Pakistan

5.5-a T-Bills Auction

In primary auctions for T-Bills, the market offered Rs 36,586 billion during July-March FY 2026, around 19.4 percent higher than Rs 30,631 billion offered during the same period last year. Against the amount offered, the government accepted Rs 14,158 billion, equivalent to 39.0 percent of the amount offered. This was 37.7 percent higher than the accepted amount of Rs 10,283 billion last year, which represented 34.0 percent of the amount offered.

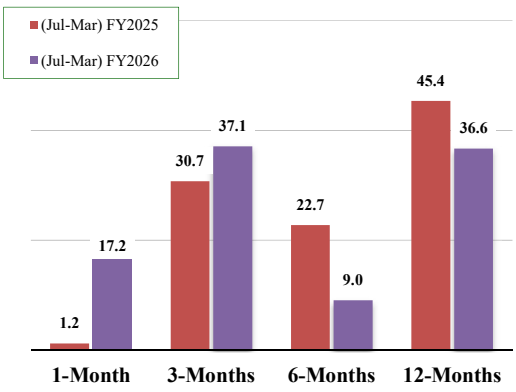
Within the accepted amount, around 37.0 percent of outstanding T-bills comprised three-month instruments with a Weighted Average Rate (WAR) of 10.5 percent. This was followed by 12-month T-Bills with a share of 36.6 percent and a WAR of 10.7 percent. One-month T-Bills accounted for 17.2 percent, while six-month T-Bills accounted for 9.0 percent. The maturity profile indicates continued market preference for shorter and medium-term instruments, consistent with the evolving interest rate outlook.

5.5-b Pakistan Investment Bonds (PIBs) Auction

The market offered Rs 26,999 billion in PIBs during July-March FY 2026, 12.6 percent higher than the Rs 23,987 billion offered during the same period last year. Of this, Rs 7,901 or 29.3 percent was offered under fixed-rate PIBs, compared to Rs 4,735 billion and a share of 19.7 percent last year. On the other hand, Floating-rate PIBs accounted for Rs 11,155 billion, or 41.3 percent of total offers, down from 70.0 percent last year.

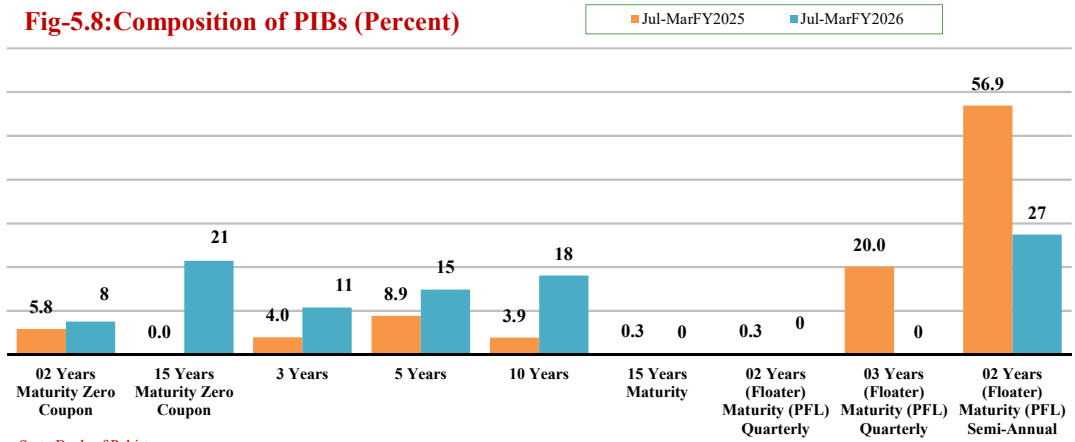
A new zero-coupon PIB instrument was also introduced during the July-March FY 2026 period. Market offers for two-year and fifteen-year zero-coupon PIBs amounted to Rs 7,943 billion, equivalent to 29.4 percent of the offered amount. This compares with Rs 2,406 billion offered under a two-year maturity last year, representing 10.0 percent of the amount offered. Despite market interest in PIBs, the government accepted Rs 6,809 billion, or 25.2 percent of the offered amount, compared to Rs 9,736 billion, or 40.6 percent, last year.

Fig-5.7:Composition of T-bills (Percent)



Source: State Bank of Pakistan

Fig-5.8:Composition of PIBs (Percent)



Source: State Bank of Pakistan

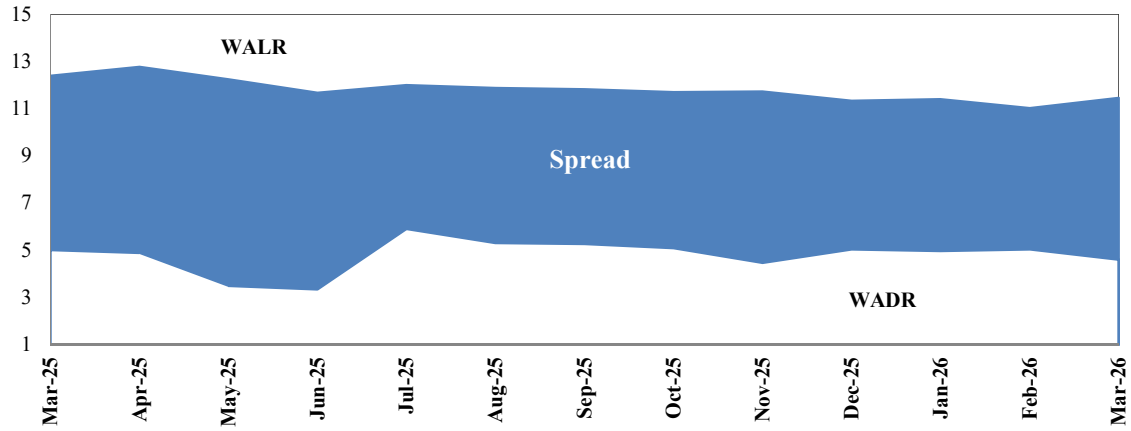
The government accepted Rs 2,971 billion from fixed-rate PIBs, equivalent to 43.6 percent of total accepted PIBs. This compares with Rs 1,625 billion and a 16.7 percent share last year.

Within this category, 10-year PIBs accounted for 18 percent, followed by five-year and three-year papers with shares of 15 percent and 11 percent, respectively. Conversely, the share of floating rate instruments in total accepted PIBs declined to 27.4 percent, or Rs 1,865 billion, from 77.5 percent last year, or Rs 7,541 billion. This shift shows a lower reliance on floating-rate instruments and greater use of fixed-rate and zero-coupon instruments in the government's market borrowing strategy.

5.6-a Banking Spread

During the period July-March FY 2026, a prudent and calibrated monetary policy stance, along with earlier rate cuts, was transmitted to the Weighted Average Lending Rate (WALR). The WALR decreased from 12.4 percent in March 2025 to 11.4 percent in March 2026. Similarly, the Weighted Average Deposit Rate (WADR) on fresh deposits declined from 5.0 percent in March 2025 to 4.6 percent in March 2026. Accordingly, the banking spread, the difference between the lending and deposit rates, declined from 7.4 percent in March 2025 to 6.8 percent in March 2026. The decline in lending rates supported private sector credit demand, while the moderation in the banking spread reflected improved monetary policy transmission. This trend remained consistent with inflation moving closer to the target range during most of the period under review.

Fig-5.9: Overall Lending & Deposit Rates



Source: State Bank of Pakistan

5.7 Financial Sector Performance and Standing of the Banking Sector

The banking sector of Pakistan exhibited steady performance, as reflected in key financial soundness indicators for capital adequacy, earnings, and asset quality. The sector's asset base grew by 17.8 percent YoY during CY2025, reaching Rs 63.2 trillion by the end of December 2025. The expansion was mainly driven by investments. On the funding side, deposit growth accelerated to 24.7 percent. The share of investments in total assets stood at 61.8 percent in December 2025, while advances accounted for 23.5 percent. Deposits remained the mainstay of funding, financing 62.7 percent of the asset base, while borrowings financed 25.1 percent.

Asset quality profile remained broadly stable and the non-performing loan (NPL) to gross loan ratio fell to 6.1 percent in December 2025 from 6.3 percent in December 2024. The net NPLs-to-net loans ratio further improved to negative 0.5% in December 2025 from negative 0.3% in December 2024, indicating muted credit risk in the delinquent portfolio on a net basis. Earnings also remained steady, with after-tax profit of the banking sector rising to Rs 716 billion in CY25, up from Rs 644 billion in CY24. The Capital Adequacy Ratio (CAR) improved to 20.8 percent by the end of December 2025 from 20.6 percent a year earlier. The prevailing CAR is well above the domestic and international minimum benchmarks of 11.5 percent and 10.5 percent, respectively.

Table 5.6: Highlights of the Banking Sector Industry Rs Billion

Variables	CY20	CY21	CY22	CY23	CY24	CY25
Total Assets	25,124	30,058	35,796	46,364	53,693	63,231
Investments (net)	11,935	14,554	18,400	26,019	29,791	39,066
Advances (net)	8,292	10,121	11,818	12,178	15,805	14,857
Deposits	18,519	21,720	23,461	29,128	31,792	39,659
Equity	1,862	1,942	2,086	2,787	3,303	4,004
Profit Before Tax (ytd)	411	451	703	1,287	1,368	1,565
Profit After Tax (ytd)	244	264	336	642	644	716
Non-Performing Loans	829	860	924	995	1068	964
Non-performing loans (net)	97	75	97	73	-41	-74
Key FSIs (%)						
NPLs to Loans (Gross)	9.2	7.9	7.3	7.6	6.3	6.1
Net NPLs to Net Loans	1.2	0.7	1	0.6	-0.3	-0.5
Capital Adequacy Ratio (all banks)	18.6	16.7	17	19.7	20.6	20.8
Advances to Deposit Ratio	44.8	46.6	50.4	41.8	49.7	37.5

Note: Statistics of profits are on year-to-date (ytd) basis

Source: SBP (Quarterly Compendium: Statistics of the Banking System)

5.7-a Financial Sector Reforms during July-March FY 2026

In line with the SBP strategic Plan 2023-28 and Vision 2028, SBP continued to undertake reforms to maintain price and financial stability, promote financial inclusion, strengthen resilience, and support a technologically advanced financial system. Key reforms and measures during July-March FY 2026 are summarized below.

I. Regulatory and Supervisory Reforms

- **Consolidated Customer Onboarding Framework:** In July 2025, SBP introduced a Consolidated Customer Onboarding Framework[5] to streamline and standardize account opening across the banking sector. The framework adopts a risk-based approach and provides clear regulatory guidance to facilitate bank account opening while ensuring compliance with Anti Money Laundering (AML)/Countering Financing of Terrorism (CFT)/Countering Proliferation Financing (CPF) requirements.
- **Development of Regulatory Framework on Recovery Planning:** To further strengthen the crisis management capacity of the financial institutions, SBP issued a regulatory framework on Recovery Planning for banks in FY 2026[6] aimed to harmonize recovery planning practices across the banking industry, thereby contributing to financial stability during periods of financial stress.
- **Revised Instructions on Credit Risk Weighted Assets-Standardized Approach:** SBP has issued revised instructions on credit risk under the Standardized Approach of Basel III for the calculation of the capital adequacy ratio (CAR on September 24, 2025).[7] The instructions are applicable to all commercial banks, including digital banks, and Development Finance Institutions (DFIs) operating in Pakistan, effective from June 30, 2026. Broader changes under revised instructions included increased granularity and risk sensitivity of exposures to banks, corporates, retail, and real estate counterparts, and the introduction of new asset classes like 'covered bonds' with their own risk weights. The revised instructions also advise the regulated financial institutions to reduce mechanistic reliance on external ratings and also conduct their own due diligence for assigning risk ratings to the counterparties. It may be noted that SBP has already implemented the Basel-III reforms of phase-I during 2013-2018, while

[5]BPRD Circular No. 01 of 2025
[6]BPRD Circular No. 02 of 2025
[7]BPRD Circular No. 03 of 2025

the above-issued instructions are part of the Basel-III second-phase reforms.

- **Cyber Shield 2025-30:** SBP has developed a comprehensive Cyber Resilience Strategy, namely Cyber Shield 2025-30, for SBP regulated entities. As the banking ecosystem faces an increasingly sophisticated cyber threat landscape, the strategy aims to enhance cyber defenses of the SBP regulated entities through a holistic, adaptive and collaborative approach built upon five foundational pillars, namely strengthening cyber resilience, maturing cybersecurity governance, enhancing collaborations and partnerships, developing cyber workforce and continuously evolving the cybersecurity programs.

II. Money Markets and Foreign Exchange Operations

- **Implementation of Online Reporting Mechanism regarding Equity Investments Abroad (EIA):** In August 2025, SBP, in pursuance of its strategic objective to enhance the efficiency and effectiveness of the financial system, introduced Performance Evaluation System for Investment Abroad (PESIA). PESIA is an online reporting mechanism that enables Authorized Dealers (ADs) to submit data to SBP relating to EIA transactions. The system has been developed to strengthen regulatory oversight, improve data accuracy and timeliness, and facilitate monitoring of transactions on investment abroad.[8]
- **Policy Revision to Improve Liquidity of the Exporters:** To facilitate exporters and boost liquidity within the sector, SBP took the proactive initiative to withdraw its "lien marking" instructions, which previously mandated ADs to withhold 3% to 9% of export proceeds if they were realized beyond the prescribed time limit. By directing banks to immediately release all funds held under such liens, SBP has effectively eased cash flow constraints for businesses and simplified the operational environment for international trade.[9]
- **Facilitation for Foreign Investors - Revision in Royalty, Franchise and Technical Services (RFT) Policy for the Services Sector:** In order to promote ease of doing business and realign the relevant instructions with market dynamics, SBP, after consultations with all stakeholders, issued revised instructions in December 2025 on Remittance of royalty, franchise and technical services fees for the entities operating in agriculture, social, infrastructure and services sector projects, including international food chains.[10] Major revisions include:
  i. Enhancement of limit on remittance of recurring payments from 5% to 8% of the net local sales (after deducting sales taxes and the cost of imported items) under the respective royalty, franchise and technical services agreements.
  ii. Enhancement of limit on initial lump sum or one-time fee from US $ 100,000 to US $ 250,000 for entities starting new operations, payable to the foreign collaborators providing royalty, franchise and technical services.
  iii. Duration of RFT agreements enhanced to 10 years, which is further renewable.
- **Promotion of Digital Disbursement of Home Remittances via Raast[11]:** To encourage a cashless economy and improve efficiency in remittance delivery, Exchange Companies (ECs) have been allowed to disburse home remittances digitally into beneficiaries' bank accounts/wallets, through Raast. The initiative enhances financial inclusion, transparency, and convenience for receiving remittances digitally.
- **Temporary Permission for Import of Crude Oil/Petroleum Products on Cost, Insurance and Freight (CIF) Basis[12]:** In view of the strategic importance of energy

[8] FE Circular No. 01 of 2025
[9] EPD Circular Letter No. 07 of 2025
[10] EPD Circular Letter No. 12 of 2025
[11] EPD Circular Letter No. 02 of 2026
[12] EPD Circular Letter No. 04 of 2026

imports and prevailing market conditions, SBP has allowed import of crude oil and petroleum products on CIF basis for a period of 60 days. This initiative ensures continuity in energy supply and supports timely procurement under evolving global conditions.

III. **Small and Medium Enterprises (SME) Financing:** SME finance is one of the key priorities of the GoP and the SBP. As a result of joint efforts of GoP and SBP, outstanding SME finance has increased from Rs 641 billion in December 2023 to Rs 882 billion in December 2025, showing a growth of (37.6%).

IV. **Initiatives to Promote Sustainable Finance:** SBP has undertaken a number of green initiatives to ingrain sustainability considerations in the financial sector's decision making and risk management process in line with international best practices include:

- Pakistan Green Taxonomy (PGT)[13], Regulatory Framework for Effective Management of Climate-related Financial Risks[14], to better gauge the impact of climate risk on their lending portfolio and financial position.
- The GoP Incentive Schemes to Promote Sustainable Financing: In FY 2026, SBP took following initiatives in collaboration with GoP, to promote sustainable financing:

  i. **PAVE Scheme (Cost Sharing Scheme for E-Bikes & E-Rickshaw/Loader):** The GoP has introduced a 'Cost Sharing Scheme for Electric Bikes and Rickshaws/Loaders' with a view to promote energy efficiency and transition to green technologies in automotive sector. Under the initiative, financing is available for electric bikes and e-rickshaws/loaders to all citizens as per the eligibility criteria given in the scheme at an end-user rate of 0%, with banks pricing at 6-month KIBOR + 2.75%; the GoP will provide subsidy under the scheme. On September 29, 2025,[15] SBP advised all banks to gear up their systems and their integration with the centralized portal of the scheme for successful implementation of the scheme.

  ii. **Prime Minister's Fan Replacement Program:** On February 6, 2026, GoP introduced 'Prime Minister's Fan Replacement Program' with a view to promote energy conservation and efficiency. This nationwide initiative aims to replace 88 million conventional fans with energy-efficient fans (EEFs) over the next 10 years.

V. **Housing Finance:** In order to promote housing finance, GoP has announced markup subsidy and risk sharing scheme for affordable housing finance titled "Wazir-e-Azam Apna Ghar Program – Ghar Ho Tu Apna'. The scheme aims to enable 50,000 housing units for fiscal year 2025-26. SBP is assisting GoP in implementation of the scheme, along with Pakistan Housing Authority Foundation and Ministry of Housing & Works.

VI. **Teenager Account/ Wallet:** SBP has introduced a new framework enabling teenagers to independently operate bank accounts and digital wallets. This initiative is a cornerstone of the SBP's Strategic Plan 2023-28 and the National Financial Inclusion Strategy (NFIS) 2024-28, both of which prioritize youth inclusion. It also builds upon Pakistan's internationally recognized efforts in this area, following the SBP's recent receipt of the AFI Global Youth Financial Inclusion Award.

VII. **Measures taken to Promote Digital Financial Services**

- **Digital Retail Banks (DRBs):** SBP continues to advance digital transformation in Pakistan's financial sector through the introduction and operationalization of DRBs.[16] Following the successful

[13]SH&SFD Circular No. 06
[14]SH&SFD Circular No. 07
[15] SH&SFD Circular No. 04 of 2025

[16]As part of its strategic initiatives to foster innovation, promote financial inclusion, and expand access to affordable, technology-

completion of their pilot operations, SBP granted DRB licenses to Mashreq Bank Pakistan Limited—a wholly owned subsidiary of Mashreq Bank PSC (UAE), and Raqami Islamic Digital Bank Limited, the country's first Islamic digital bank, sponsored by Pakistan Kuwait Investment Company (Private) Limited (PKIC) and Enertech Holding Company. These licenses were issued during the period from July to December 2025.

- Notably, these institutions had earlier been granted restricted licenses to conduct pilot operations in January and May 2025, respectively. With the issuance of these licenses, the number of operational DRBs in the country has increased to three, following the award of a DRB license to Easypaisa Bank in early 2025.
- **Launch of InvestPak Web Portal:** The SBP has launched a web portal named InvestPak, a digital platform for investment in government securities by Individuals and corporate customers across Pakistan. The investors can access InvestPak through web portal (investpak.sbp.org.pk) as well as mobile apps, available on Google Play Store and Apple App Store.
- **Prime Minister's Cashless Pakistan Initiative:** The Prime Minister's Cashless Pakistan Initiative was launched, aiming to accelerate the country's transformation into a digitally enabled and less-cash economy. The initiative is focused on: (i) expanding the use of digital payments, (ii) increasing merchant acceptance infrastructure, (iii) promoting digital public infrastructure, and (iv) digitizing government payments and receipts. Under this initiative, targets have been set to expand the number of active merchants from 0.5 million as of June 2025 to 2 million by June 30, 2026, increase annual digital transactions from 6.9 billion to 15 billion for FY 2026, raise the number of mobile/digital app users from 95 million to 120 million, and ensure that 100 percent of inward remittances are credited into beneficiaries' accounts/wallets. The initiative is being pursued through a coordinated whole-of-government approach, supported by focused institutional arrangements and implementation mechanisms to accelerate the adoption of digital payments across the economy.
- **Deployment of Cash Deposit Machines (CDMs):** SBP issued policy directions to further promote self-service banking and strengthen the digital cash handling infrastructure in the banking sector. Banks were advised to increase the number of CDMs to at least 25 percent of their branch network by CY2028 and to submit time-bound deployment plans to SBP.
- **Technology Risk Management Framework for Payment Institutions:** In view of the growing digitization of payment services, SBP issued a Technology Risk Management Framework for Payment Institutions to manage the associated technology and cyber risks. The framework provides baseline governance, risk management, and cybersecurity requirements for EMIs, PSOs, and PSPs, while allowing implementation on a risk-based and proportionate basis according to the size, complexity, and nature of operations of each institution.
- **Designation of 1LINK as a Systemically Important Payment System (SIPS):** During the year, 1LINK (Private) Limited was notified by SBP as a Designated Payment System under the Payment Systems & Electronic Funds Transfer Act, 2007, with effect from August 20, 2025. The designation reflects the systemic significance of 1LINK in Pakistan's payment system infrastructure and strengthens the regulatory and oversight framework applicable to critical payment systems. This step is expected to support greater stability, reliability, and risk-based supervision of key market infrastructure in the digital payments space.

driven financial services, SBP introduced the Licensing and Regulatory Framework for Digital Banks in 2022.

5.7-b Islamic Banking

Since its inception, Islamic banking in Pakistan has demonstrated substantial growth. Total assets of Islamic Banking Institutions (IBIs) increased by Rs 3,397 billion by the end of December 2025, representing a YoY growth of 30.7 percent to reach Rs 14,467 billion. Similarly, deposits rose by Rs 3,132 billion, reflecting a YoY growth of 39.6 percent, and stood at Rs 11,037 billion by the end of December 2025. Consequently, Islamic banking accounted for 22.9 percent of the overall banking industry's assets and 27.8 percent of its deposits.

Table 5.7: Islamic Banking Industry

	CY20	CY21	CY22	CY23	CY24	CY25
Total Assets (Rs billion)	4,269	5,577	7229	8,994	11,070	14,467
Total Deposits (Rs billion)	3,389	4,211	5161	6,749	7,905	11,037
Share in Banks' Assets (%)	17	18.6	20.2	19.4	20.6	22.9
Share in Banks' Deposits (%)	18.3	19.4	22	23.2	24.9	27.8

Source: Islamic Banking Bulletin, Dec 2025, SBP

5.7-c Microfinance

The Microfinance industry has gained a significant scale and footprint with the potential to increasingly leverage its vast infrastructure for financial inclusion of the unbanked. The microfinance industry is composed of 11 MFBs, 03 digital bank which traditionally had significant role in microfinance and 26 Non-Banking Microfinance Companies (NBMFCs).

The Gross Loan Portfolio of the microfinance industry is currently recorded at Rs 858 billion with number of microfinance active borrowers reported at 13.3 million as of December 31, 2025. The sector continues to play an important role in expanding access to finance for low-income households, microenterprises, and underserved segments.

Table-5.8: Microfinance Outreach in Pakistan

	December 2025		
	MFBs	NBMFCs*	Total
Number of Branches	1,389	2,756	4,145
Active Borrowers	9,926,263	3,467,000	13,393,263
Gross Loan Portfolio (Rs Mn)	548,924	309,580	858,504
Average Loan Size (Rs)	55,300	89,293	64,100

* : NBMFCs data is based on Micromonth Nov 2025 issue.

Source: PMN & State Bank of Pakistan

Table 5.9: Microfinance Banking Performance Indicators

Indicators	December 2024	December 2025	Annual Growth
Branches	1,418	1,389	-2%
No. of Borrowers	9,207,290	9,926,263	8%
Gross Loan portfolio (Rs Mn)	464,033	548,924	18%
Deposits (Rs Mn)	732,954	936,766	28%
No. of Depositors	118,805,610	139,415,549	17%
Equity (Rs Mn)	29,554	45,588	54%
Assets (Rs Mn)	1,059,955	1,203,573	14%
Borrowings (Rs Mn)	209,175	100,492	-52%
NPL Ratio	9.88%	9.12%	-8%

Source: State Bank of Pakistan

5.7-d Branchless Banking (BB) Performance

During the period under review, all key indicators of Branchless Banking exhibited encouraging growth. SBP's measures regarding the use of Digital Payment Services have further pushed the growth trajectory. The number of agents, mobile wallets and deposits witnessed a boost. Notable growth was witnessed in the number and value of transactions during the period.

Table 5.10: Branchless Banking Indicators

Indicators	December 2024	December 2025	Growth
Number of Agents	708,559	808,871	14.2%
Number of Accounts	126,765,048	150,752,412	18.9%
Deposits (Rs Mn)	170,879	243,892	42.7%
No. of transactions (Mn)	5,449	8,406	54.3%
Value of transactions (Rs Mn)	25,846,894	36,926,268	42.9%

Source: State Bank of Pakistan

Concluding Remarks

A prudent and calibrated monetary policy remained instrumental in sustaining economic recovery, anchoring inflation expectations, and supporting external sector stability amid rising foreign exchange reserves. Monetary easing throughout most of the year supported private sector credit, while fiscal consolidation helped moderate government borrowing pressures. The banking sector remained stable, well capitalized, and profitable, while reforms continued to strengthen digital finance, financial inclusion, sustainable finance, and financial sector resilience.

However, the current geopolitical crisis in the Middle East has increased risks to growth and price stability by raising global energy prices, driving imported inflation, and tightening global financial conditions. Looking ahead, monetary policy is expected to remain forward-looking and data-dependent, with continued focus on preserving macroeconomic stability, anchoring inflation expectations, and supporting sustainable economic recovery.

CAPITAL MARKETS & CORPORATE SECTOR

(Jul-Mar FY2026)

KSE-100 Index	18.2% ▲	
Market Capitalization	8.5% ▲ Rs 16,531 bn	
Fund Mobilized at PSX	Rs 18.3 bn	
Net Investment in NSS*	▲ Rs 226.7 bn	
Incorporation of Companies (Nos.)	31,986	
Commodities Contracts	Rs 9,238 bn	

*: National Savings Scheme

Chapter 6

Capital Markets and Corporate Sector

Capital markets play a vital role in mobilizing savings, facilitating investment, and providing an important source of financing for both the corporate sector and the government. During the first nine months of FY 2026, the performance of the capital market remained encouraging, supported by improving macroeconomic fundamentals. The easing of inflationary pressures, strengthening investor confidence, and improved expectations regarding the corporate profitability contributed to positive market sentiment and sustained activity in the capital markets.

The performance of Pakistan's capital markets, especially stock market remained encouraging during the first nine months of FY 2026. The benchmark of Pakistan Stock Exchange KSE-100 index outperformed the major world stock market indices, supported by an improving macroeconomic environment, successful reviews under the IMF's Extended Fund Facility (EFF) programme, strengthening investor confidence, and continued financial inflows from bilateral and multilateral partners.

The debt market also performed better with active issue and trade of Government debt securities and Sukuk at the capital market platform, while National Savings Schemes (NSS) registered a net inflow of Rs 226.7 billion during July-March FY 2026, indicating the renewed interest of investors in safe saving instruments.

The non-bank financial services sector also gained in size, with mutual funds holding onto REITs, pension funds, and investment advisory services also witnessed some growth. Islamic finance also continued to be an important growth stream, with corporate Sukuk issuance, sovereign Sukuk trading, and an impressive increase in the proportion of Shariah-compliant securities in listed market capitalization.

The performance of capital markets mainly supported by the Securities and Exchange Commission of Pakistan (SECP) reforms, including settlement period, initial public offerings, investor facilitation, private placement marketing, introducing the digital platform for investors and corporate disclosures, which have contributed to deepening the market, enhancing transparency, and building confidence.

This chapter covers the performance of Pakistan's capital markets, including the equity, debt, and commodity futures markets, as well as the performance of non-banking financial companies, the corporate sector, Islamic finance, and the insurance sector. Along with capital market performance, the chapter will also delve into the reforms and development activities introduced by the SECP, the regulatory body of capital markets in Pakistan.

6.1 Equity Market

The equity market typically known as stock market provides an avenue for trading ownership of listed companies. It is widely regarded as a key indicator of business confidence, market liquidity, corporate earnings prospects, and investor risk appetite, as it responds swiftly to evolving economic and financial developments. A well-managed stock market enhances corporate discipline by adhering to disclosure, governance, and reporting requirements. Thus, the equity market serves not only as a

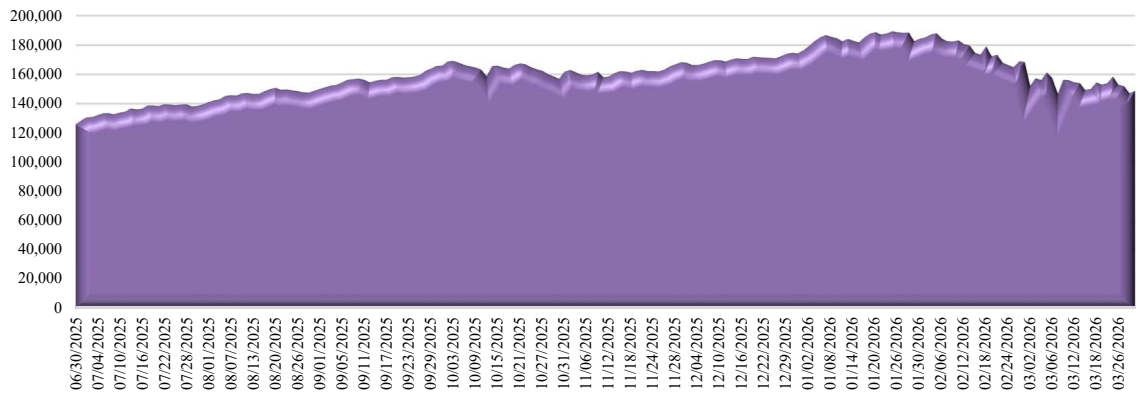
marketplace for trading but also helps determine market value, enhance transparency, and reflect the direct interests of investors in the performance of the corporate sector.

6.1-a Performance and Structure of Pakistan's Equity Market

During July-March FY 2026, the KSE-100 index continued to strengthen, with encouraging macroeconomic indicators, a favorable external account, lower inflation, and a fresh wave of investor confidence in the government's reform agenda. During July-March FY 2026, the PSX's benchmark KSE-100 index performed well and registered a significant growth of 18.4 percent (from 125,627 to 148,743 points). During the period under review, the index closed at its highest level of 189,167 points on January 23, 2026, while the lowest level was observed at 128,199 points on July 01, 2025.

However, the momentum faded towards the beginning of the February 2026 as uncertainty emerged in the wake of tension with Afghanistan as well as escalating geopolitical tensions in the region, higher global oil prices, foreign selling, domestic profit-taking, and the seasonal slowdown during Ramadan led the index to drop as reported in Fig-6.1.

Fig-6.1: Trends of KSE 100 index (July-March FY 2026)



Source: Pakistan Stock Exchange

The average daily volume surged to 1206 million shares during July-March FY 2026, compared to 834 million shares in FY 2025. As of March 31, 2026, the number of listed companies stood at 536, with total listed capital of Rs 1,626 billion and market capitalization of Rs 16,534 billion. The profile of PSX from FY 2022 to March 2026 is reported in Table 6.1.

Table 6.1: Profile of Pakistan Stock Exchange

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Jul – Mar
Total Number of Listed Companies	533	527	528	534	536
Total Listed Capital (Rs Billion)	1,527.50	1,628.88	1,709.97	1,643.70	1,625.86
Total Market Capitalization (Rs Billion)	6,956.51	6,369.47	10,374.80	15,239.54	16,534.35
Total Market Capitalization ($ Billion)	34.00	22.27	37.27	53.70	59.23
New Companies Listed during the year (Main + GEM)	8	1	6	9	6
Average daily traded volume- Ready+ Futures (shares in millions)	410	273	619	834	1,206
Total Volume Traded (In millions)	102,196	67,199	151,143	206,101	230,327

Source: Pakistan Stock Exchange

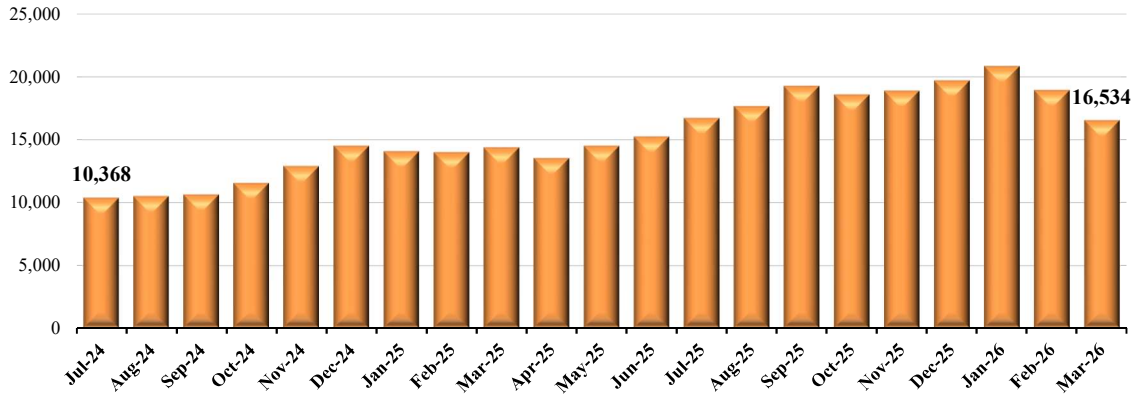
Table 6.2 presents the month-wise performance of the KSE-100 index, market capitalization, and shares' turnover. The turnover reached its peak in October 2025, indicating that investors were actively investing and participating in trading activities.

Table 6.2: Month Wise Performance of KSE-100 Index

Months	FY 2025				Months	FY 2026			
	KSE 100 Index	Total Market Cap (Rs billion)	Total Market Cap ($ billion)	Turnover in shares (billion)		KSE 100 Index	Total Market Cap (Rs billion)	Total Market Cap ($ billion)	Turnover in shares (Ready) (billion)
Jul-24	77,886.99	10,368	37.21	8.54	Jul-25	139,390.42	16,703	59.05	17.62
Aug-24	78,488.22	10,485	37.64	11.31	Aug-25	148,617.78	17,656	62.66	14.74
Sep-24	81,114.20	10,620	38.25	10.54	Sep-25	165,493.59	19,264	68.48	29.51
Oct-24	88,966.77	11,536	41.53	12.02	Oct-25	161,631.73	18,562	66.08	32.89
Nov-24	101,357.32	12,885	46.36	18.38	Nov-25	166,677.70	18,866	67.25	16.38
Dec-24	115,126.90	14,496	52.06	26.47	Dec-25	174,054.32	19,690	70.29	19.18
Jan-25	114,255.73	14,054	50.40	15.61	Jan-26	184,174.49	20,827	74.44	23.92
Feb-25	113,251.67	13,981	49.99	9.79	Feb-26	168,062.17	18,930	67.74	14.63
Mar-25	117,806.75	14,374	51.30	6.95	Mar-26	148,743.31	16,534	59.23	9.79
Apr-25	111,326.58	13,521	48.12	10.36					
May-25	119,691.09	14,503	51.43	11.32					
Jun-25	125,627.31	15,237	53.00	15.20					

Source: Pakistan Stock Exchange

Fig-6.2: Total Market Capitalization July-2024 to March -2026 (Rs billion)



Source: Pakistan Stock Exchange

During July–March FY 2026, local investors collectively recorded gross purchases of Rs 12,127.2 billion and gross sales of Rs 11,944.6 billion, resulting in a net local buying position of Rs 182.6 billion, equivalent to around US $ 649.7 million. Within local investors, Companies were the largest net buyers, with net purchases of Rs 502.1 billion, followed by individuals, who recorded net buying of Rs 83.2 billion. Non-Banking Finance Companies (NBFCs) also showed a small net buy position of Rs 782.5 million. On the selling side, Banks/DFIs recorded the highest net selling, amounting to Rs 299.2 billion, followed by mutual funds at Rs 47.7 billion, insurance companies at Rs 44.8 billion, other organizations at Rs 8.3 billion, and broker proprietary trading at Rs 3.4 billion. Table 6.3 indicates that local investors on a net basis, invested Rs 182.6 billion into the equity market during July–March FY 2026, with net buying by companies and individuals exceeding the net selling by banks, mutual funds, insurance companies, brokers, and other organizations.

Total funds mobilized between July-March FY

2026 in the PSX amounted to Rs 18,311.2 million, which comprises Rs 5,861.2 million of capital new listing, while the debt issued stood at Rs 12,450 million, while around US $ 650 million of securities were offloaded by the foreign sellers, which were absorbed by local buyers Table 6.3.

Table 6.3: Local Investor's Portfolio Investment (LIPI) During July-March FY 2026

Client Type	Gross Buy (Rs million)	Gross Sell (Rs million)	Net Buy / (Sell) (Rs million)	Net Buy / (Sell) ($ million)
Banks / DFI	809,403.29	(1,108,628.09)	(299,224.80)	(1,056.48)
Broker Proprietary Trading	1,420,262.81	(1,423,616.56)	(3,353.75)	(12.12)
Companies	991,772.36	(489,702.22)	502,070.14	1,776.78
Individuals	7,775,413.97	(7,692,235.89)	83,178.08	294.63
Insurance Companies	152,777.33	(197,600.86)	(44,823.53)	(158.92)
Mutual Funds	889,137.33	(936,818.28)	(47,680.95)	(168.14)
NBFC	5,001.19	(4,218.75)	782.45	2.76
Other Organization	83,481.38	(91,791.72)	(8,310.34)	(28.86)
LIPI Net	**12,127,249.66**	**(11,944,612.37)**	**182,637.29**	**649.66**

Source: NCCPL

6.1-b Sector-wise Market Capitalization at the Pakistan Stock Exchange

PSX's market capitalization recorded Rs 15,237 billion (US $ 53.00 billion) on 30 June 2025. It closed at Rs 16,534 billion (US $ 59.23 billion) on 31 March 2026, reflecting an increase of 8.5 percent (Rs 1,297.5 billion) in the period under review. Sector-wise details are given in Table 6.4.

Table 6.4: Sector-Wise Market Capitalization Rs million

Sectors	Market Cap End June 2025	Market Cap End March 2026	% Change	% of Total Market Cap
Commercial Banks	3,285,949	4,154,849	26.4	25.1
Oil & Gas Exploration Companies	2,331,821	2,633,354	12.9	15.9
Cement	1,365,269	1,317,908	-3.5	8.0
Fertilizer	1,093,089	1,293,713	18.4	7.8
Food & Personal Care Products	1,322,379	1,273,435	-3.7	7.7
Automobile Assembler	572,870	625,155	9.1	3.8
Inv. Banks / Inv. Cos. / Securities Cos.	507,615	623,249	22.8	3.8
Power Generation & Distribution	472,734	556,699	17.8	3.4
Technology & Communication	432,397	546,903	26.5	3.3
Pharmaceuticals	577,046	514,706	-10.8	3.1
All Others	3,278,373	2,994,381	-8.7	18.1
Total	**15,236,801**	**16,534,352**	**8.5**	**100.0**

Source: Pakistan Stock Exchange

With respect to the size of market capitalization, the top five sectors are presented in Fig. 6.3. As evident from the figure, Commercial Banks dominate overall market capitalization with a share of 25.1 percent followed by Oil & Gas Exploration Companies with 15.9 percent, Cement 8 percent, Fertilizer 7.8 percent and Food & Personal Care Products with 7.7 percent. These five sectors occupy 64.6 percent of the total market capitalization.

6.1-c Trend in Global Equity Markets

Global equity markets generally performed

positively during July-March FY 2026; however, performance varied across regions. The S&P 500 continued to rally strongly, led by technology stocks, AI optimism, robust corporate earnings, and the expectations of easing monetary conditions. The S&P 500 increased from 6,339.39 at end-June 2025 to 6,528.52 on March 31, 2026.

The Asian markets' performance also remained mixed. The Shanghai Composite grew by 12.9 percent amid mixed trade and demand conditions related to China. However, geopolitical tensions in the Middle East, have driven global crude oil prices higher, leading global equity markets to decline amid re-emerging inflation fears and a shift in investor risk appetite. Another major consideration for export markets was the uncertainty of the tariff, which investors kept weighing the potential consequences of on global trade, corporate margins and growth opportunities.

Fig-6.3: Top Five Sectors July-March FY 2026 (% of Total Market Capitalization)

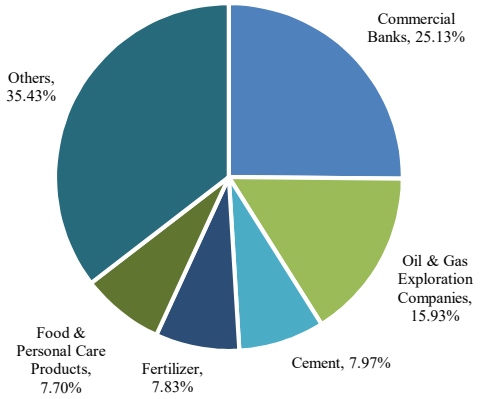
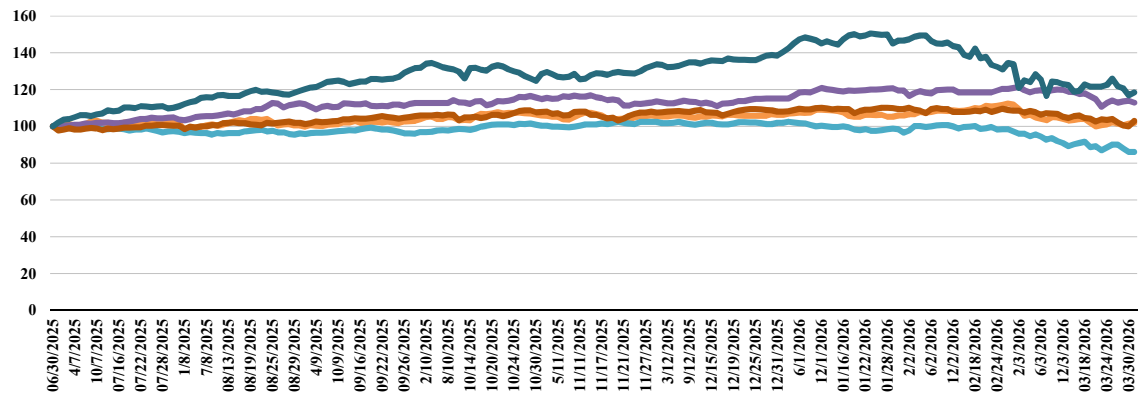


Fig-6.4 depicts the performance of the world's major stock markets over the first nine months of FY 2026. All markets revealed a positive trend except the Bombay Sensex 30 index. Compared to the other global indices.

Fig 6.4: Trends of Major World Equity Indices (Standardized)



Source: Pakistan Stock Exchange and Investing.com[1]

6.1-d Performance of Major Asian Markets

The major Asian markets' performance remained mixed from end-June 2025 to end-March 2026 (Table 6.5 & Fig- 6.5). Korean Composite Stock Price Index - KOSPI remained the most attractive market for investors with an unprecedented increase of 64.5 percent followed by Set Index of Thailand (32.9 percent), VN30 Index of Vietnam (23.8 percent), FTSE Straits Times of Singapore (23.2 percent), KSE-100 (18.4 percent), and MSCI Emerging Market Index (13.8 percent). However, decline have been observed in the BSE Sensex 30 of India and the PSEi Composite of the Philippines.

[1] S&P 500 is a stock market index tracking the performance of 500 large companies listed at the US stock exchange.
SSE Composite index is a stock market index of all stocks that are traded at the Shanghai Stock Exchange.
Sensex 30 is a free-float market-weighted stock market index of 30 well established companies on the Bombay Stock Exchange.
The CAC 40 is a benchmark French stock market index, represents a capitalization-weighted measure of the 40 most significant stocks among the 100 largest market caps on the Euro next Paris.
The KSE-100 index is a stock market index acting as a benchmark to compare prices on the Pakistan Stock Exchange over a period.

Table 6.5: Performance of Major Asian Markets Indices (July-March FY 2025)

Country	Index	Index on 30.06.2025	Index on 31.03.2026	% Change
Pakistan	KSE-100 Index	125627.31	148743.31	18.4
MSCI-EM	MSCI Emerging Market Index	1228	1397	13.8
China	Shanghai Composite	3444.43	3891.86	13.0
Vietnam	VN30 Index	1477.56	1829.59	23.8
India	BSE Sensex 30	83606.46	71947.55	-13.9
Indonesia	Jakarta Stock Exchange Composite Index	6927.68	7048.22	1.7
Hong Kong	Hang Seng	24072.28	24788.14	3.0
Singapore	FTSE Straits Times	3964.29	4885.45	23.2
Malaysia	Kuala Lumpur Composite Index	1532.96	1690.36	10.3
Philippines	PSEi Composite	6364.94	5948.94	-6.5
Thailand	SET Index	1089.56	1448.14	32.9
South Korea	Korean Composite Stock Price Index - KOSPI	3071.7	5052.46	64.5

Source: Pakistan Stock Exchange and Investing.com

6.2 Debt Markets

The debt market is an important segment of the capital market in which governments and companies raise funds through instruments such as treasury bills, bonds, Sukuk, term finance certificates, and commercial paper. It provides investors with relatively predictable returns and offers issuers a structured source of financing over different maturities. It also provides investment avenues for banks, mutual funds, pension funds, insurance companies, and individual savers. Thus, the debt market has become a major channel for fund mobilization, a source of financing for the public and private sectors and enhances the overall depth and stability of the financial market.

The government continued to use the PSX-based auction platform for debt securities. Since the launch of government debt securities auctions through capital market infrastructure institutions in December 2023, the government raised Rs 5.099 trillion through PSX up to March 2026. Different types of sovereign Sukuk instruments including discounted, fixed rate and variable rate Sukuks of different maturities have been issued and are available for trading at PSX.

6.2-a. Debt Securities

a. Privately Placed Debt Securities:

Six (6) privately placed debt securities amounting Rs 12.45 billion were reported during July-March FY 2026; their breakdown is given in Table 6.6.

b. Debt Securities Outstanding:

As of March 31, 2026, 39 debt securities remain outstanding, amounting to Rs 133.6 billion. Table 6.7 shows a category-wise breakup.

Table 6.6: Debt Securities

Sr. No.	Type of Security	No. of Issues	Amount (Rs billion)
i.	Privately Placed Term Finance Certificate	1	1.00
ii.	Privately Placed Sukuk	4	8.45
iii.	Publicly Issued Sukuk	1	3.00
	Total	**6**	**12.45**

Source: Securities and Exchange Commission of Pakistan

Table 6.7: Debt Securities (Outstanding)

Sr. No.	Name of security	No. of issues	Amount Outstanding (Rs billion)
i.	Term Finance Certificates (TFCs)	27	99.0
ii.	Sukuk	12	34.6
	Total	**39**	**133.6**

Source: Securities and Exchange Commission of Pakistan

6.2-b National Saving Schemes

The Central Directorate of National Savings (CDNS) remains an essential retail outlet for mobilizing household savings through government supported savings instruments. The National Savings Schemes (NSS) are primarily focused on small savers, pensioners, widows, and senior citizens, as well as other small investors seeking safe, stable returns.

The NSS schemes contribute significantly to the Government's domestic resource mobilization agenda. It provides a steady stream of funding for the Government and its long-term sustainability through a credible, self-financing mechanism. The NSS also contributes to building a social protection shield for vulnerable groups seeking secure and predictable returns, and to creating a greater level of financial inclusion. Net investment in National Saving Schemes remained positive during July-March FY 2026, amounting to Rs 226.7 billion.

As of March 31, the department holds a portfolio of Rs 3.6 trillion making it around 10 percent of the nations' entire banking deposits, and 6.5 percent of the total domestic debt of Pakistan. CDNS caters to roughly two million households, and is primarily oriented towards providing a safety net to the general public specifically, senior citizens, pensioners, widows, differently abled individuals, and the families of Shuhada of war against terror, by launching and maintaining a product mix of NSS suited to their diverse requirements.

Table 6.8: Profit Rate on the Product Basket of National Savings Scheme (Per Annum)

S. No	Name of Scheme	w.e.f. 20-03-2025	w.e.f. 23-01-2026	Maturity Period	Tax Status
1	Defence Savings Certificates	12.15%	10.44%	10 Years	Taxable
2	Special Savings Certificates/Accounts	11.13% (Average)	9.57%	3 Years	Taxable
3	Regular Income Certificates	11.74%	9.96%	5 Years	Taxable
4	Savings Account	10.50%	9.00%	Running Account	Taxable
5	Pensioners' Benefit Account	13.68%	12.00%	10 Years	Tax exempt
6	Bahbood Savings Certificates	13.68%	12.00%	10 Years	Tax-exempt
7	Shuhada Family Welfare Account	13.68%	12.00%	10 Years	Tax-exempt
8	National Prize Bonds (Bearer)	10.00%*	10.00%	Perpetual	Taxable
9	Premium Prize Bonds (Registered)	13.80**	10.84%***	Perpetual	Taxable
10	Short Term Savings Certificates (STSC)				
	STSC 3 Months	11.12%	9.64%	3 Months	Taxable
	STSC 6 Months	11.08%	9.56%	6 Months	Taxable
	STSC 12 Months	10.96%	9.58%	12 Months	Taxable
11	SARWA Islamic Savings Schemes				
	SISA	10.44%	9.00%	Running Account	Taxable
	SITA 1 Year	10.44%	9.00%	1 Year	Taxable
	SITA 3Year	10.92%	9.16%	3 Year	Taxable
	SITA 5 Year	11.39%	9.36%	5 Year	Taxable

* Effective from 10.12.2024, ** Effective from 10.09.2024, ***Effective from 10.03.2026

Source: Central Directorate of National Savings

Table 6.9 provides the net investment under various NSS from FY 2022 to FY 2026. Over the years, net investments across different products have fluctuated.

Table 6.9: National Savings Schemes (Net Investment) Rs million

S #	Name of Scheme	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 (July-March)
1	Defence Savings Certificates	(10,440.0)	(38,530.1)	(27,787.2)	(3,829.04)	(12,028.30)
2	National Deposit Scheme	(0.4)	(0.02)	-	(0.07)	-
3	Khaas Deposit Scheme	(0.02)	(0.2)	(0.1)	(0.05)	-
4	Special Savings Certificates (Regd)	(44,748.0)	(79,014.8)	(11,527.0)	24,858.04	12,612.59
5	Special Savings Certificates (Bearer)	-	-	-	-	-
6	Regular Income Certificates	(10,563.3)	(127,536.2)	(197,349.1)	52,222.80	45,613.96
7	Bahbood Savings Certificates	16,628.9	(16,017.1)	39,098.3	111,248.08	99,761.73
8	Pensioners' Benefit Account	22,055.6	13,781.8	29,605.3	51,800.01	51,022.42
9	Savings Accounts	10,508.6	20,087.1	9,474.8	18,129.89	9,557.96
10	Special Savings Accounts	(273,790.9)	(197,457.1)	(46,630.17)	(4,949.70)	(2,553.48)
11	Mahana Amdani Accounts	31.1	(100.6)	(89.6)	(69.25)	(86.50)
12	Prize Bonds	(81,803.7)	10,069.1	2,570.4	11,529.22	7,730.66
13	National Savings Bonds	-	-	-	-	-
14	Short Term Savings Certificates	690.3	29,906.7	20,970.9	(2,424.76)	(14,565.57)
15	Premium Prize Bonds (Registered)	12,706.3	(2,155.1)	36.3	10,826.01	12,001.19
16	Postal Life Insurance	-	-	-	-	-
17	Shuhda Welfare Accounts	40.2	19.0	35.6	105.31	56.52
18	SARWA Islamic Savings Schemes	-	5,082.0	69,906.0	(13,647.97)	15,196.72
19	Digital Savings Schemes	-	-	1,615.7	3,270.46	2,371.01
Grand Total		(358,685.1)	(381,865.5)	(110,069.9)	259,068.99	226,690.90

Note: Figures in parentheses indicate negative values.
Source: Central Directorate of National Savings

Box-1: Progress and Achievements of CDNS

Driven by the urge to remain relevant in this digital era, CDNS embarked upon a digital transformation journey with the aim of enhancing service delivery, while assisting the government exchequer in uplifting the country's economy through mobilizing and channelizing the nations' savings from unconventional to the mainframe financial eco-system. The journey started off by digitizing the business records and integration of the same with a centralized business application i.e., the Core Business Application (CBA) of CDNS. National Savings now operates on real-time basis through automated business operations and all manual operations have been abolished. The department is continually striving to further enhance its systems and processes to provide effective public service delivery.

Digitization laid the foundations for offering digital avenues and alternative delivery channels (ADCs) to CDNS' clients at par with other players of the financial sector. CDNS' customers can now collect their profits through Cheques, ATMs or Direct Credit through RAAST by issuing standing instructions, without having to visit the National Savings Centers – marking a significant leap in service delivery. CDNS has also successfully launched its Mobile Application – 'National Savings Digital' and customers can now invest and redeem their savings through this App without having to visit the National Savings Centers. As of March 31, 2026, roughly 350,000 debit cards have been issued to CDNS' customers, whereas the number of currently active mobile app users stands at 90,000.

Building upon CDNS' commitment to enhanced service delivery and expansion of value added services, soft launch of a co-branded credit card in collaboration with the Bank of Punjab has been undertaken. This initiative aims to leverage BOP's expertise in Credit Services while catering to the evolving needs of CDNS' clients. The facility will be formally launched in the next financial year.

CDNS is also striving to introduce novel savings products intended to enhance the department's customer base. In this backdrop, and in order to attract the youthful segments of the society, Digital Prize Bonds have been developed, and are ready for launch. The DPBs will be launched as soon as the rules for the product are ratified by the CCLC.

Source: CDNS

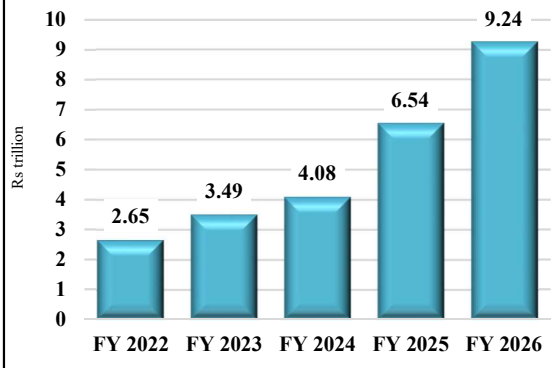
6.3 Commodity Futures Market

The commodity futures market serves as a regulated venue for commodity trading, risk management, and price discovery. It enables producers, traders, investors, and institutions to reduce their exposure to commodity price fluctuations, especially in agriculture, energy, and metals. The creation of the commodity futures market since 2002 and the start of trading from 2007 have facilitated the gradual formalization of commodity trading in Pakistan by moving the trading activities towards a technology-based, regulated, and transparent exchange platform.

Pakistan Mercantile Exchange Limited (PMEX) is Pakistan's primary commodity futures exchange and offers trading across four major categories: metals, agriculture, financials, and energy. A broad range of commodity futures contracts is traded on PMEX including gold, silver, copper, aluminum, crude oil, Brent, currency COTs, stock indices, yellow maize, cotton, rice, paddy, red chilies etc.

During first nine months of FY 2026, trading activity reached over 11.8 million lots, compared to more than 5.8 million lots in the corresponding period of FY 2025. The total traded value stood at Rs 9,238 billion (Fig-6.5), up from Rs 6,538 billion in the same period last year, representing increases of 103 percent in trading volume and 41 percent in traded value.

Fig-6.5: Total Traded Value on PMEX
July-March FY 2026



Source: SECP

In the same period, warehouses accredited by the collateral management company issued 671 electronic warehouse receipts (EWRs) with a cumulative value of Rs 8.8 billion, significantly exceeding the total value recorded in the entire preceding year. Of these, approximately 67 percent were used as collateral for bank financing, underscoring the expanding role of EWRs as an important mechanism for improving farmers' access to formal credit.

Box-2: Capital Market Reforms and Developmental Activities

Launch of Capital Market Development Fund (CMDF): The SECP approved the operationalization of the CMDF to enhance financial literacy and raise awareness among new investors and market intermediaries.

Transition to T+1 Settlement Cycle: Pakistan's capital market successfully transitioned from T+2 to T+1 settlement, effective February 9, 2026, marking a key milestone in capital market modernization and aligning the country with global practices adopted by major markets.

Launch of Cash Settled Futures: PSX launched the Cash Settled Futures (CSF) market in December 2025, representing a significant milestone in the derivatives segment. The launch followed extensive industry-wide coordination, including the Pakistan Stockbrokers Association (PSBA), the National Clearing Company of Pakistan Limited (NCCPL), and other stakeholders.

Amendments in PSX Rulebook: Various amendments have been made in the PSX Rulebook to promote ease of doing business in the market while enhancing transparency and fostering investor confidence.

Amendments in Centralized KYC Organization (CKO) Regulations: The National Clearing Company of Pakistan Limited has made reforms in the CKO Regulations, 2017, to extend the Sahulat Account Facility to Futures Brokers of PMEX. These reforms simplify account opening for low-risk investors, offering greater convenience and easier market entry.

Amendment to Research Analyst Regulations, 2015: The SECP notified amendments to the Research

Analyst Regulations, 2015, aimed at enhancing investor confidence and market transparency.

Exemption from IFRS-9 (Financial Instruments) regarding the Expected Credit Loss method: To promote ease of doing business and facilitate corporate sector, the SECP has notified that for companies holding financial assets, due or ultimately due from the Government of Pakistan in respect of circular debt, the requirements contained in "IFRS-9 (Financial Instruments) with respect to application of Expected Credit Losses Method" shall not be applicable on such financial assets for the financial years ending on or before December 31, 2026 and instead the companies shall follow relevant requirements of IAS 39 - Financial Instruments: Recognition and Measurement.

Public Offering Regulations, 2017, and the Public Offering (Regulated Securities Activities Licensing) Regulations, 2017: The revised framework replaces the single Book Runner with an Eligible Participants regime, enabling brokers, mutual funds, Development Finance Institutions (DFIs), and banks to participate directly in the book-building process. Further, banks and DFIs have been permitted to act as Consultants to the Issue (CTIs). The amendments also introduce dedicated chapters for public offerings by REIT schemes and GEM companies. These reforms are expected to increase investor participation, expand the pool of intermediaries, and strengthen the efficiency of Pakistan's primary capital markets.

Real Estate Investment Trust Regulations, 2022: These reforms were aimed at streamlining the registration process for REIT schemes, rationalizing timelines for the transfer of real estate and shares of special purpose vehicles to the trustee and facilitating the early listing of REIT schemes. Collectively, these measures are expected to enhance operational efficiency, strengthen regulatory oversight, and support the continued development of the REIT sector in Pakistan.

The Companies (Further Issue of Shares Regulations), 2020: Under the revised framework, the end-to-end timeline for bonus issues has been reduced from 85 days to 11 days (an 87 percent reduction), while the timeline for right issues has been shortened from 181 days to 53 days (a 70 percent reduction). These reforms are expected to accelerate capital distribution and improve market efficiency.

Source: SECP

6.4 Non-Banking Finance Companies

Mutual Funds

Mutual funds are significant in encouraging savings and expanding participation in capital markets. They offer professionally managed investment options in money market, income, equity and other asset classes. This enables small and institutional investors to diversify their investments as per their risk appetite and return expectations. Mutual Funds are investment channels that pool money from multiple investors to invest in a diversified portfolio of assets like stocks, bonds, or money market instruments, managed by professional fund managers. As of December 31, 2025, Assets Under Management (AUM) of mutual funds stood at Rs 4,536.71 billion. Money Market funds dominated the industry with the largest share i.e. 44 percent of the mutual fund industry, followed by Income Funds comprising 23 percent and Equity Funds having industry share of 14 percent and remaining 19 percent by other categories.

Investment Advisory

Investment advisory services help investors make informed decisions about their investments, including how to allocate their funds, manage risk, and plan for the future. The services are especially relevant to those institutions and individuals who need professional advice and assistance in managing their discretionary and non-discretionary investment portfolios. At present, twenty nine NBFCs have licenses to conduct investment advisory business that include twenty one asset management companies and eight NBFCs having exclusive license for conducting investment advisory services. As of December 31, 2025, the total assets of discretionary/non-discretionary portfolios held by all of the investment advisors amounted to Rs 991 billion. The number of entities and total assets of the mutual fund industry are given in Table 6.10.

Table 6.10: Mutual Fund Industry

Description	Total number of Entities	Total Assets (Rs billion)
Asset management / Investment advisory Companies	29	108
Mutual Funds / Plans	409	4,536
Discretionary / non-discretionary portfolio	-	991
Total size of the industry	**438**	**5,635**

Source: Securities and Exchange Commission of Pakistan

Voluntary Pension Schemes

The Voluntary Pension Schemes (VPS) industry provides a disciplined, tax-efficient source of long-term domestic retirement savings, as well as an opportunity for institutional investors to expand within the financial system. The VPS industry is gradually evolving as pension funds expand, and retirement planning awareness rises. The AUM of the voluntary pension industry stand at Rs 138 billion as of March 31, 2026. Table 6.11 provides highlights of the pension fund industry.

Table 6.11: Voluntary Pension Schemes

Description	Status as of March 31, 2026
Total assets of the pension industry (Rs billion)	138
Total number of pension funds	66
Total number of pension fund managers	19

Source: Securities and Exchange Commission of Pakistan

Lending NBFCs

Lending NBFCs include leasing companies, investment finance companies, non-bank microfinance companies, housing finance companies and discounting companies. Non-bank microfinance companies and investment finance companies account for most of the asset base in this segment. Table 6.12 shows the highlights of each category as of December 31, 2025.

Table 6.12: List of Lending NBFCs

Lending NBFC	No. of Companies	Asset Base (Rs billion)
Leasing Companies	3	5.27
Investment Banks	45	339.12
Non-Bank Microfinance Companies	42	410.41
Housing Finance Companies	5	1.08
Discounting Companies	1	0.12

Source: Securities and Exchange Commission of Pakistan

Real Estate Investment Trusts (REITs)

Real Estate Investment Trusts (REITs) offer a regulated investment vehicle in real estate through professionally managed schemes. Real estate investors may invest in real estate projects via a share in a REIT that may own, develop, operate, or finance income-generating real estate assets. This makes this form of investment in real estate more accessible, documented and transparent, especially for investors who may not have the funds available to invest directly in large commercial or development ventures. The REIT industry in Pakistan is still in its early stages of development and is evolving to become

an important segment of the non-bank financial sector. It provides a structured way to invest in a sector that has been largely driven by informal and direct property market transactions.

The REIT sector in Pakistan continues to gain traction as an asset class, while also serving as a documented and formalized avenue for investment in real estate. REITs promote transparency and regulatory oversight, ensure professional management, and facilitate broader access to real estate investment opportunities for retail investors.

As of March 31, 2026, the total number of REIT schemes registered with the Securities and Exchange Commission of Pakistan (SECP) increased to twenty-nine, reflecting the registration of five new schemes during the period. These include two investment-based REITs, two rental REITs, and one hybrid REIT. As of December 31, 2025, the aggregate fund size of these REIT schemes stood at Rs 173.10 billion.

6.5 Islamic Finance Sector

Islamic finance has become an important pillar of capital market development, providing Shariah-compliant avenues for savings, investment, risk-sharing, and long-term financing. It facilitates broader financial inclusion for investors and institutions seeking to invest in Islamic financial products. The Islamic finance sector under the regulatory purview of SECP consist of (a) Islamic institutions like Modarabas, Takaful operators, Islamic NBFIs, Shariah compliant businesses, and Shariah advisors; and (b) Islamic instruments like Shariah compliant securities, Sukuk, Islamic commercial papers, Islamic mutual funds, Islamic Exchange Traded Funds (ETFs) and Shariah compliant real estate investment trusts.

Islamic Capital Market

During the period July 01, 2025 to March 31, 2026, the SECP issued 53 certificates of Shariah-compliant securities to the corporate Sukuk issuers amounting to Rs 229.6 billion, under the Shariah Governance Regulations, 2023, This growth in corporate Sukuk issuances reflects rising investor confidence underscoring the increasing sophistication and maturity of Shariah-compliant financial instruments in the country. In the sovereign Sukuk segment, total issuances worth Rs 1.86 trillion were carried out and secondary market trading surpassed Rs 1.38 trillion during this period, reflecting robust market activity and investor participation. In the secondary capital market, 308 (57.5 percent) securities out of a total 536 listed securities are Shariah-compliant, with a market capitalization of Rs 10.6 trillion (64 percent) out of total market capitalization of Rs 16.5 trillion as of March 31, 2026.

Registered Shariah Advisors:

During the period July 01, 2025 to March 31, 2026, 16 new Shariah advisors were registered with the SECP under the Shariah Governance Regulations, 2023. This includes 11 individual Shariah advisors, 3 Shariah advisory companies, and 2 Shariah Boards of banks. The total number of registered Shariah advisors stands at 156.

Modarabas

Modarabas are Shariah-compliant financial entities that operate under a unique partnership model. One partner provides capital, and the other manages the business, with profits/losses shared according to a pre-agreed ratio. This structure allows investors to participate in various business ventures without engaging in interest-based transactions, aligning with Islamic finance principles.

As of March 31, 2026, there are 24 registered Modaraba companies. 20 Modarabas are currently operational and listed on PSX, with 4 Modarabas in the process of winding up / liquidation.

6.6 Corporate Sector

The corporate sector plays a pivotal role in all aspects of economic activity, including investment, job creation, tax revenue, and business formalization. Building a more robust corporate base also supports capital market development, as companies that start in the formal sector can gradually secure bank finance, equity market financing, debt instruments, and other regulated financing.

In this regard, the SECP streamlined the process of company formation, enhanced post-incorporation compliance, and increased the availability of digital services for companies. A total of 31,986 companies were registered during July-March FY 2026, with a total paid-up capital of Rs 67 billion. The most significant sector in terms of the number of incorporations was information technology, trading, and services. This brought the figure of registered businesses to 294,101.

To facilitate the corporate sector and ease of doing business, SECP has taken the following initiatives during FY 2026:

- Full Digitization of Share Ownership for Unlisted Companies
- Fast-Track Bank Account opening
- SECP Recognition as "Reforms Champion"
- Revamping of Existing Corporate Restructuring Regime
- Issuance of draft Companies (Multi-Level Marketing, Referral Marketing, and Pyramid & Ponzi Schemes) Regulations, 2025
- Draft Accounting and Auditing Framework for LLPs
- Accreditation Framework for Registered Intermediaries
- Prescribing a Standard Format of Board Resolution for the opening of corporate bank accounts by the companies
- Inter-Agency System Integration under PRMI
- Post-Incorporation Awareness Initiatives

6.7 Insurance Sector

As of December 31, 2025, the Insurance sector in Pakistan comprises of twelve life insurers (including 4 dedicated family takaful operators), 32 non-life insurers (including 3 general takaful operators, 1 digital only insurer and 1 state-owned reinsurer). Major achievements in the insurance sector from July-December FY 2025 are as follows:

Report on Takaful Sector in Pakistan

A diagnostic report titled "Future of Takaful in Pakistan – A Diagnostic Study" was published to assess the sector's progress since its inception in 2005. The study provides a detailed analysis of market trends, performance, and regulatory developments, highlights key challenges, and explores potential growth areas. It also outlines targeted policy recommendations to support the sector's transition within the broader Islamic finance landscape, including regulatory reforms, awareness efforts, and enhanced stakeholder collaboration.

Report on Blueprint for Digitalization of Pakistan Insurance Ecosystem: As part of collaborative efforts between SECP and UNDP Pakistan, this report presents a comprehensive digital blueprint for a robust, interconnected digital infrastructure for the insurance industry.

Report on Healthcare Ecosystem in Pakistan: The report examined the healthcare ecosystem comprehensively, including the role of health insurance in healthcare delivery, key stakeholders, market dynamics and performance, as well as supply-side shortcomings and demand-side challenges.

Key reforms in the Insurance Sector are as under:

- Alignment of Subsidiary Legislative Framework with IFRS-17.
- Takaful Accounting Regulations.
- Development of Annuity Market.
- Launch of Motor Insurance Repository.
- Launch of Policy Finder.
- Launch of Digital Integration of Motor Third Party Insurance with Route Permit System.
- Implementation of Mandatory Motor Third-Party Insurance in Sindh.
- Proposed amendments in the Credit & Suretyship (Conduct of Business) Rules, 2018.

Sustainability Reforms in Insurance Sector

SECP-IFC ESG Pakistan Project: SECP, in collaboration with the International Finance Corporation (IFC), launched the Environmental, Social, and Governance (ESG) Pakistan Project, a three-year initiative aimed at aligning Pakistan's corporate sectors with international ESG standards starting in 2025. This strategic partnership reflects a shared commitment to advance sustainable finance and strengthen ESG adoption in Pakistan through broad-based stakeholder collaboration.

Additions to ESG Disclosure Guidelines: The SECP, as part of its continuous commitment to strengthen sustainability reporting within Pakistan's capital market, and in fulfilment of obligations under the International Monetary Fund's Resilience and Sustainability Facility (RSF), issued the revised ESG Disclosure Guidelines for Listed Companies in December 2025. These Guidelines are designed to enable listed entities to report on climate-related risks and opportunities in a phased manner spanning 2029-2031, including data aligned with the Pakistan Green Taxonomy, in a standardized and consistent manner.

Concluding Remarks

Improvements in macroeconomic sentiment, including declining inflation pressures, external accounts, and a build-up of foreign exchange reserves, led to a positive impact on investor confidence and Pakistan's capital market in July-March FY 2026. The equity market was the most visible place where this recovery was evident, and there were also positive signs in the national savings schemes, pension funds, Islamic finance, mutual funds, REITs, commodity futures, Sukuk, and debt securities. These overall improvements suggest that the capital market is becoming increasingly relevant in mobilizing savings, financing, and investment alongside the traditional banking system.

The year also witnessed major reforms to make the market more efficient and transparent and to provide greater facilitation for investors. The steps taken to streamline the settlement period, changes to public offerings, greater disclosures for companies, onboarding via digital platforms, Sharia-compliant intermediation, REIT facilitation, and investor awareness campaigns are all significant market transformations. Meanwhile, advances in company incorporation, digitization of company shares, rapid corporate bank account opening, and planned changes to the corporate restructuring law should help formalize the economy and enhance ease of doing business.

Going forward, policy efforts will remain focused on broadening and deepening Pakistan's capital markets through expanding the investor base, encouraging quality listings, strengthening the corporate debt market, promoting greater issuance of Sukuk instruments, and enhancing institutional participation by pension funds, insurance companies, and mutual funds. The government will continue to prioritize measures aimed at strengthening investor protection frameworks, improving corporate disclosure standards, expanding electronic access and digital onboarding facilities, enhancing financial literacy, and encouraging the introduction of innovative financial products to facilitate greater participation of small savers, institutional investors, and businesses in the formal capital market. Sustained macroeconomic stability will remain critical for maintaining market confidence, while developments in the Middle East conflict and associated movements in global oil prices are expected to remain important external factors influencing market sentiment and performance.

INFLATION

Consumer Price Index (CPI)
6.2% (FY2026)* ▲ 4.7% (FY2025)*

CPI Urban
6.3% (FY2026)* ▲ 5.7% (FY2025)*

- **Food:** ↑ 3.6% (FY2026)* / 1.1% (FY2025)*
- **Non-Food:** ↓ 8.0% (FY2026)* / 9.1% (FY2025)*

CPI Rural
6.1% (FY2026)* ▲ 3.3% (FY2025)*

- **Food:** ↑ 4.7% (FY2026)* / -1.5% (FY2025)*
- **Non-Food:** ↓ 7.4% (FY2026)* / 8.3% (FY2025)*

Core:

	Urban	Rural
	▼ 7.2% (FY2026)*	▼ 8.2% (FY2026)*
	8.8% (FY2025)*	11.6% (FY2025)*

Sensitive Price Indicator (SPI)
4.1% (FY2026)* ▼ 4.9% (FY2025)*

Wholesale Price Index (WPI)
2.3% (FY2026)* ▲ 2.2% (FY2025)*

FAO Food Price Index **
2.0% ▲

*: Jul-Apr ** : April 2026/April 2025

Chapter 7

Inflation

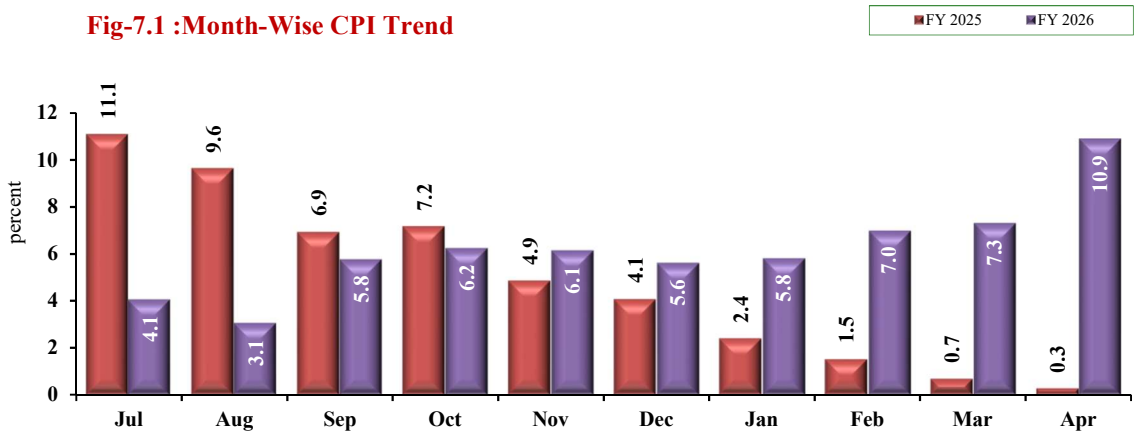
Inflation remained broadly manageable during FY 2026, reflecting the continuation of macroeconomic stability and improved coordination of policy and administrative measures. During July-April FY 2026, average CPI inflation stood at 6.2 percent, compared with 4.7 percent in the corresponding period last year, following the exceptionally low inflation environment observed in the previous year. Price pressures remained largely contained on account of prudent macroeconomic management, improved supply conditions, strengthened market oversight, and measures to curb hoarding and smuggling. However, renewed geopolitical tensions in the Middle East toward the end of February 2026 introduced fresh external pressures, particularly through global energy prices, with the initial impact becoming more visible in the Sensitive Price Indicator (SPI).

A comparison of monthly inflation trends further explains the movement in FY 2026. In FY 2025, inflation eased steadily from elevated levels at the beginning of the year, supported by tight macroeconomic policies, lower energy prices, and improved supply conditions. In FY 2026, inflation remained moderate during the first three quarters, reflecting prudent fiscal management, improved availability of essential commodities, relative exchange rate stability, and continued administrative efforts to support price stability. The increase observed toward the end of the period needs to be viewed in the context of both the exceptionally low base of the previous year and renewed external cost pressures, particularly in energy-related items. This was evident in April 2026, when year-on-year CPI inflation increased to 10.9 percent compared with the significantly low rate of 0.3 percent in April 2025.

The underlying inflation picture, however, remained relatively contained. The increase was largely concentrated in non-food items, where inflation rose to nearly 14 percent in both urban and rural areas, mainly reflecting higher energy and related cost pressures. In contrast, core inflation, which excludes food and energy items, remained broadly stable: it increased moderately in urban areas from 7.4 percent in April 2025 to 8.0 percent in April 2026, while declining in rural areas from 9.0 percent to 8.5 percent. This suggests that the rise in headline inflation was driven more by base effects and external cost pass-through, especially through energy, transport, electricity, and production costs, rather than a broad-based acceleration in domestic prices.

Against this backdrop, the Government continued to pursue a coordinated policy response to preserve price stability and protect vulnerable segments of the population. The policy mix included prudent fiscal management, a calibrated monetary stance, improved monitoring of essential commodity markets, measures to support smooth supply, rationalization of import duties on selected items, and continued efforts to curb market distortions. These measures, along with relative exchange rate stability and improved supply-chain coordination, helped moderate the pass-through of external shocks to domestic prices.

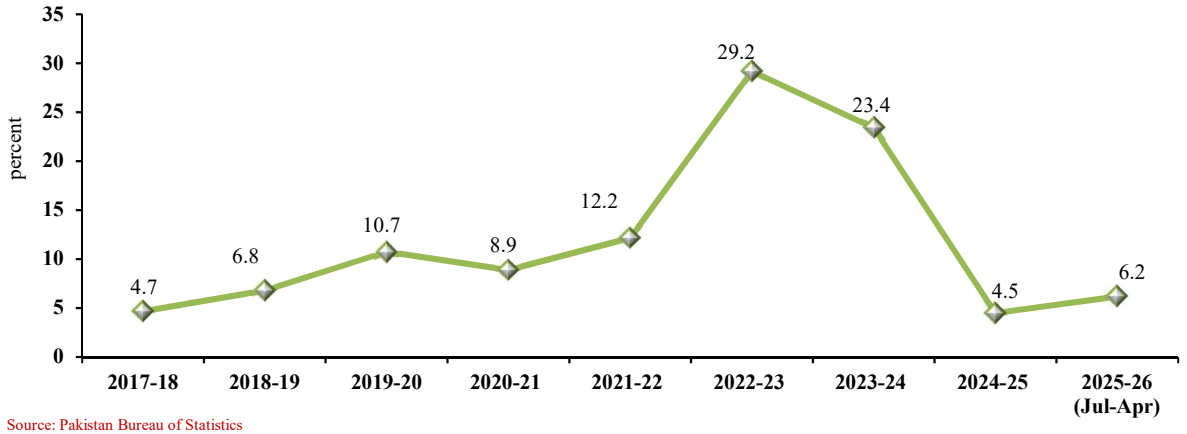
Fig-7.1 :Month-Wise CPI Trend



Source: Pakistan Bureau of Statistics

The inflation remained broadly stable during the first three quarters of FY 2026. However, the emergence of external pressures toward the end of the period underscored the need for continued vigilance and timely policy response. The outlook remains subject to developments in global energy markets and geopolitical conditions, which may influence domestic prices in the near term. To cushion the impact of higher petroleum prices on the economy and the public, the Government established the Prime Minister's Austerity Fund 2026 and introduced across-the-board as well as targeted subsidy measures in coordination with Provincial Governments, particularly for two-wheelers, public transport, and freight vehicles.

Fig-7.2 :Year wise CPI Trend



Source: Pakistan Bureau of Statistics

The year-wise CPI trend in Figure 7.2 may also be viewed in the context of developments at the start of FY 2026. Heavy monsoon rains and floods created supply-side concerns, particularly for agriculture and perishable food items. These pressures were compounded by emerging external uncertainties and geopolitical tensions affecting global commodity and energy markets. Nevertheless, timely policy attention, improved monitoring of essential commodities, and continued coordination among federal and provincial authorities helped support supply conditions and contained inflationary pressures within manageable limits.

7.1 Consumer Price Index (National) - Period Analysis

During July-April FY 2026, the headline CPI inflation stood at 6.2 percent, higher than 4.7 percent recorded during the same period last year (Table 7.1). The inflation trend remained broadly contained, with single-digit inflation observed across most categories, reflecting

relative price stability. Among major CPI components, Miscellaneous recorded the highest inflation at 18.4 percent, increasing from 12.8 percent last year, indicating persistent price pressures in this category. Education followed with 9.8 percent inflation, lower than 11.6 percent, reflecting a continued rise in tuition fees and related expenses. Similarly, Health registered 8.6 percent inflation, down from 14.5 percent, indicating moderation in cost pressures in medical services.

Clothing and Footwear recorded 6.9 percent inflation, significantly lower than 14.4 percent last year, indicating moderation in price increases. The Housing, Water, Electricity, Gas and Other Fuels group posted 7.3 percent inflation compared to 8.5 percent, remaining a key contributor due to its substantial weight in the CPI basket. Likewise, Restaurants and Hotels observed 5.8 percent inflation, down from 8.2 percent, reflecting reduced pressure on hospitality services. Transport inflation stood at 7.2 percent, compared to a deflation of 1.1 percent last year, indicating a rebound in fuel and transportation costs.

In the food group, Food Products, Beverages and Tobacco recorded 3.9 percent inflation, compared to a deflation of 1.3 percent last year. Within this, Non-Perishable Food Items increased by 5.9 percent, reversing from a decline of 1.7 percent, while Perishable Food Items witnessed a significant deflation of 7.9 percent, compared to 1.0 percent inflation last year, reflecting improved supply conditions and seasonal factors. Alcoholic Beverages and Tobacco posted moderate inflation of 3.3 percent, down from 6.6 percent, while Furnishing and household equipment maintenance recorded 3.6 percent, compared to 6.0 percent last year.

On the lower side, the Communication group remained subdued at 0.6 percent, sharply down from 7.3 percent last year. Recreation and Culture recorded a decline of 3.7 percent, compared to 8.0 percent inflation in the previous year, indicating easing pressures in discretionary spending. Overall, the inflation pattern suggests that price pressures remained contained during FY 2026, supported by improved supply conditions, prudent demand management, and relative stability in key commodity prices. Table 7.1 presents a comparison of disaggregated CPI inflation for July-April FY 2026 with the corresponding period of the last fiscal year.

Table 7.1: Disaggregated CPI-National Inflation (July-April)

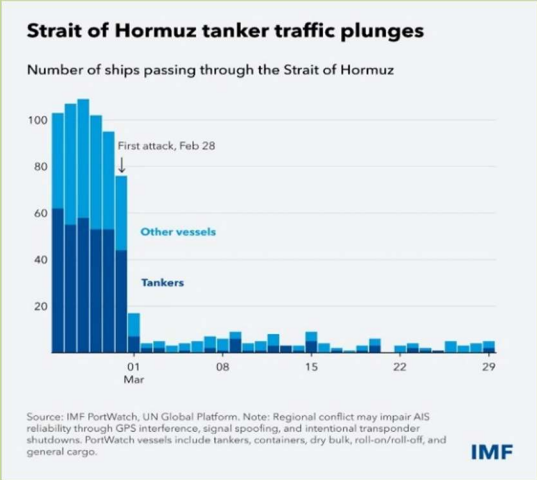
Group	Weights	Percent change (Period Average)	
		2024-25	2025-26
CPI National	100.0	4.7	6.2
Food & Non-alcoholic Beverages	34.6	-1.3	3.9
i) Non- perishable Food Items	29.6	-1.7	5.9
ii) Perishable Food Items	5.0	1.0	-7.9
Alcoholic Beverages & Tobacco	1.0	6.6	3.3
Restaurant & Hotels	6.9	8.2	5.8
Clothing & Footwear	8.6	14.4	6.9
Housing, Water, Electricity. Gas& other Fuel	23.6	8.5	7.3
Furnishing & Household Equipment Maintenance	4.1	6.0	3.6
Health	2.8	14.5	8.6
Transport	5.9	-1.1	7.2
Communication	2.2	7.3	0.6
Recreation & culture	1.6	8.0	-3.7
Education	3.8	11.6	9.8
Miscellaneous	4.9	12.8	18.4

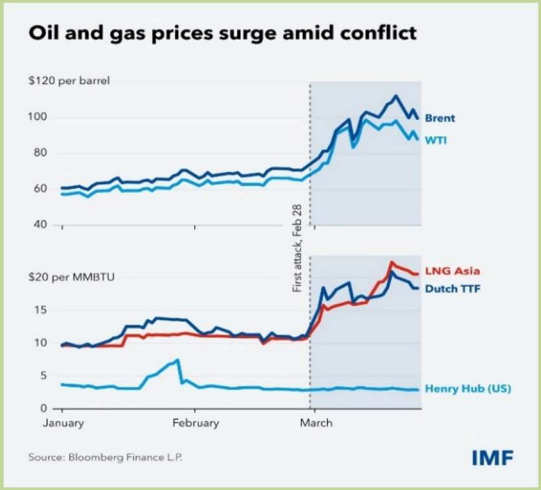
Source: Pakistan Bureau of Statistics

Box-I: Global Price Pressures in 2026 Driven by Energy and Supply Disruptions

The escalation of conflict in the Middle East in Feb 2026 has intensified global inflationary pressures by disrupting energy supply chains, increasing transportation costs, and weakening global economic recovery prospects. The crisis has affected both regional economic activity and international commodity markets, particularly energy and food supplies, at a time when many economies had only recently begun stabilizing after earlier global shocks.

A key transmission channel of the current inflationary wave is the disruption in global energy trade. The Strait of Hormuz, through which nearly 25-30 percent of global oil trade and around 20 percent of liquefied natural gas (LNG) shipments pass, remains critically important for energy-importing economies in Asia and Europe. Supply uncertainties and transportation disruptions have pushed up global oil and gas prices, raising fuel, electricity, and industrial production costs across major manufacturing economies. Countries heavily dependent on imported fuel, particularly in Africa and Asia, are facing mounting difficulties in securing energy supplies even at substantially higher prices.





The rise in energy prices is also feeding into broader global inflation through higher freight, fertilizer, and food production costs. Increased transportation expenses and supply chain disruptions are raising the prices of agricultural commodities and processed food items worldwide. Low-income and energy-importing economies are particularly vulnerable, as higher import bills are straining fiscal balances, weakening foreign exchange reserves, and increasing risks of food insecurity. Tighter global financial conditions and exchange rate pressures in several emerging economies are further amplifying imported inflation.

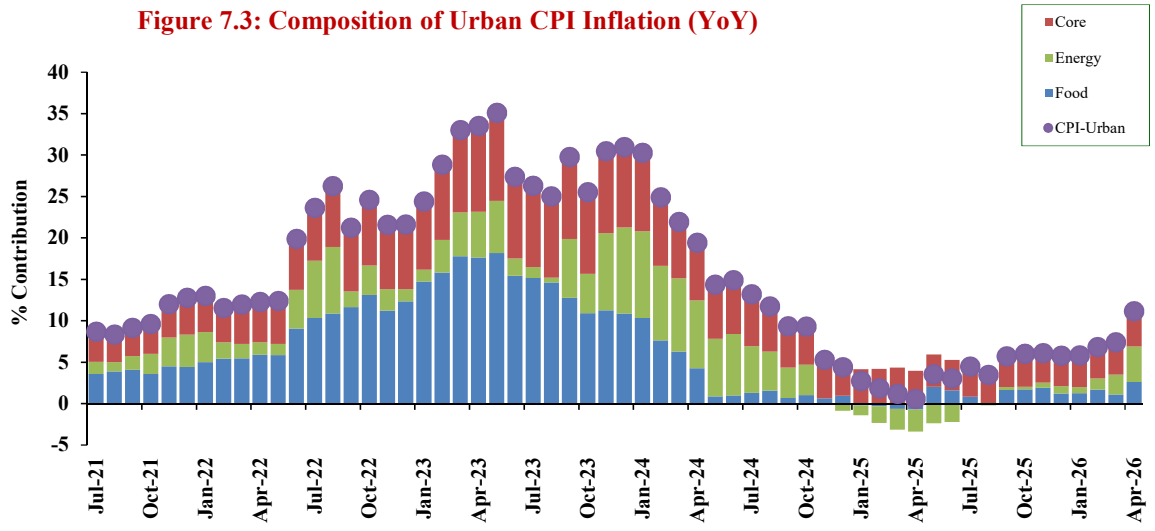
Regions across the Middle East, Africa, Asia-Pacific, and Latin America are facing mounting pressure from higher energy, food, and fertilizer prices alongside tighter global financial conditions, with low-income economies particularly vulnerable to food insecurity. According to the IMF World Economic Outlook (April 2026), energy commodity prices are projected to rise by 19 percent in 2026, while oil prices are expected to increase by 21.4 percent, averaging around US $ 82 per barrel, amid supply disruptions in the Middle East. Food prices are also projected to remain elevated due to higher energy, fertilizer, and transportation costs.

For Pakistan, these developments pose significant inflationary and macroeconomic risks. As a net importer of petroleum products, LNG, edible oil, and industrial raw materials, higher global commodity prices may raise domestic fuel, electricity, transport, and food prices, intensifying imported inflation. Rising import costs could also widen the trade deficit, increase pressure on the external account and exchange rate stability, and add to fiscal pressures in the energy sector during the remaining months of FY 2026, as well as coming months of FY 2027.

Source: IMF, World Economic Outlook

CPI Inflation-Urban increased by 11.1 percent on a YoY basis in April 2026, compared to an increase of 7.4 percent in the previous month and 0.5 percent in April 2025. Urban Food recorded an increase of 6.9 percent and Non-Food inflation increased by 13.8 percent, compared to -1.9 percent and 2.2 percent respectively, in the same month last year. During July-April FY 2026, CPI Inflation-Urban was recorded at 6.3 percent against 5.7 percent in the previous year.

Figure 7.3: Composition of Urban CPI Inflation (YoY)



Source: Pakistan Bureau of Statistics

The composition of CPI Inflation-Urban in FY 2026 reflects a balanced contribution from its major components, i.e., food, non-food (core), and energy, with varying inflation dynamics across categories. Food inflation, which carries a significant weight in the urban basket, remained relatively contained during the year due to improved supply conditions and easing prices of perishable items, thereby limiting its overall contribution to headline inflation. In contrast, non-food (core plus energy) inflation, including housing, utilities, education, and transport, continued to be the dominant driver, reflecting persistent underlying price pressures, particularly in energy prices. Overall, the CPI-Urban composition during July-April FY 2026 indicates that while food inflation provided some relief, Non- food inflation maintained its upward influence, keeping headline inflation at a moderate but stable level. Group-wise details of inflation are given in Table 7.2.

Table 7.2: Composition of CPI-Urban Inflation (July-April)

Group	Weights	Percent change On Average Basis	
		2024-25	2025-26
CPI Urban	**100.0**	**5.7**	**6.3**
Food Group	**38.7**	**1.1**	**3.6**
Food Products, Beverages and Tobacco, Textiles Apparel and Leather Products	30.4	-0.001	3.4
i) Non- perishable	26.0	-0.3	5.1
ii) Perishable	4.5	1.8	-7.1
Alcoholic Beverages & Tobacco	0.9	6.6	3.4
Restaurant & Hotels	7.4	6.8	5.3
Non-Food	**61.3**	**9.1**	**8.0**
Clothing & Footwear	8.0	14.9	6.5
Housing, Water, Electricity, Gas & Other Fuel	27.0	10.5	8.3
Furnishing & Household, Equipment Maintenance	4.1	5.1	3.6

Table 7.2: Composition of CPI-Urban Inflation (July-April)

Group	Weights	Percent change On Average Basis	
		2024-25	2025-26
Health	2.3	15.8	7.5
Transport	6.1	-0.9	7.5
Communication	2.4	6.3	0.5
Recreation & culture	1.7	6.0	-3.9
Education	4.9	8.4	9.3
Miscellaneous	4.8	11.3	18.2

Source: Pakistan Bureau of Statistics

Core inflation in urban areas exhibited a clear moderation during FY 2026 compared to the same period last year. On a monthly basis, urban core inflation remained relatively stable, fluctuating within a narrow range of 6.6 to 8.0 percent during July-April FY 2026, compared to a much higher and declining trajectory from 11.7 percent in July 2024 to 7.4 percent in April during FY 2025. The average core inflation for July-April FY 2026 stood at 7.2 percent, significantly lower than the 8.8 percent recorded in the corresponding period last year. This deceleration reflects the impact of prudent monetary policy, subdued demand pressures, and relative stability in non-food, non-energy prices, indicating an overall easing of underlying inflationary pressures in urban areas.

Table 7.3: Core Inflation – Urban Percent

Months	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Jul-Apr
2024-25	11.7	10.2	9.3	8.6	8.9	8.1	7.8	7.8	8.2	7.4	8.8
2025-26	7.0	6.9	7.0	7.5	6.6	6.9	7.2	7.1	7.4	8.0	7.2

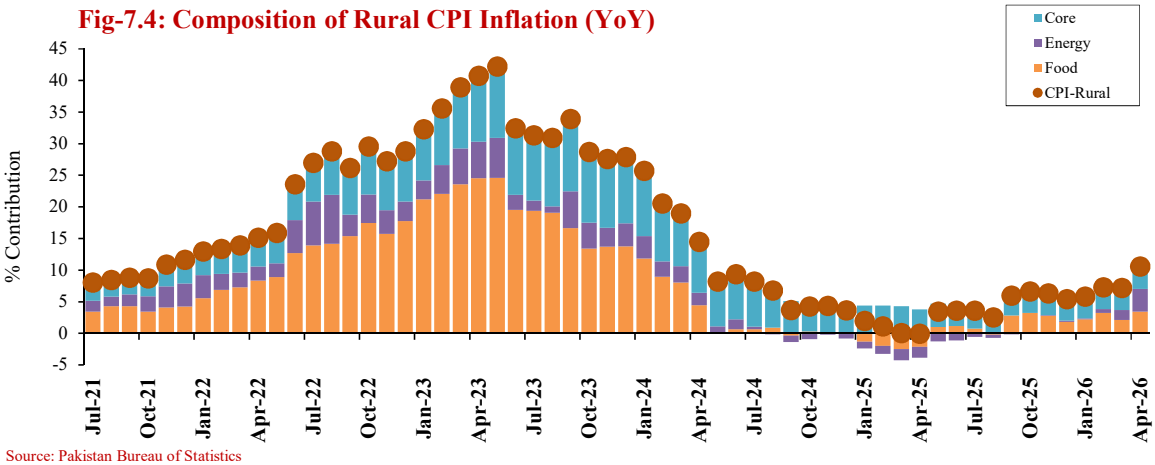
Source: Pakistan Bureau of Statistics

CPI Inflation-Rural increased by 10.6 percent YoY in April 2026 compared to 7.2 percent in the previous month and -0.1 percent in April 2025.

While Food recorded an increase of 7.3 percent, Non-Food inflation increased by 13.6 percent, compared to -4.6 percent and 4.4 percent, respectively, in the same month last year. During July-April FY 2026, CPI Inflation-Rural was recorded at 6.1 percent, as against 3.3 percent during the same period the previous year.

This trend largely reflects the pass-through of global fuel and input cost pressures into non-food items. At the same time, easing food prices provided some relief to rural households.

Fig-7.4: Composition of Rural CPI Inflation (YoY)



Source: Pakistan Bureau of Statistics

The rural inflation trend shows a gradual build-up in price pressures over the period, driven mainly by non-food components such as energy, transport, and other essential services. While food inflation has remained relatively subdued or even declined in certain months, providing some relief, the impact of rising fuel and input costs has increasingly pushed up overall rural CPI. This indicates that inflation in rural areas is no longer primarily food-driven but is being shaped by broader cost-push factors. As a result, despite a temporary easing in food prices, the overall rural inflation has remained elevated, reflecting the growing influence of non-food items on household expenditure. Group-wise details of inflation are given in Table 7.4.

Table 7.4: Disaggregated CPI-Rural Inflation (July-April)

Group	Weights	Percent change On Average Basis	
		2024-25	2025-26
CPI Rural	**100.0**	**3.3**	**6.1**
Food Group	**48.3**	**-1.5**	**4.7**
Food Products, Beverages and Tobacco, Textiles Apparel and Leather Products	40.9	-2.8	4.6
i) Non- perishable	35.1	-3.2	6.8
ii) Perishable	5.8	0.2	-8.9
Alcoholic Beverages & Tobacco	1.3	6.5	3.2
Restaurant & Hotels	6.2	10.8	6.7
Non-Food	**51.7**	**8.3**	**7.4**
Clothing & Footwear	9.5	13.9	7.4
Housing, Water, Electricity, Gas & Other Fuel	18.5	4.0	5.1
Furnishing & Household, Equipment Maintenance	4.1	7.3	3.6
Health	3.5	13.2	9.7
Transport	5.6	-1.5	6.8
Communication	2.0	9.1	0.9
Recreation & culture	1.4	11.5	-3.4
Education	2.1	22.6	11.6
Miscellaneous	5.0	15.0	18.8

Source: Pakistan Bureau of Statistics

Table 7.5 shows that prices in rural areas (excluding food and energy) were very high last year. Rural core inflation has moderated significantly in FY 2026 compared to last year, indicating easing underlying price pressures. It declined from an average of 11.6 percent during July-April FY 2025 to 8.2 percent in the same period of FY 2026, with monthly readings remaining relatively stable around 8.5 percent. This reflects improved price stability in rural areas, although the persistence at this level suggests that core inflation remains somewhat sticky.

Table 7.5: Core Inflation -Rural (percent)

Months	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Jul-Apr
2024-25	16.9	14.4	12.1	11.7	10.9	10.7	10.4	10.4	10.2	9.0	11.6
2025-26	8.1	7.8	7.8	8.4	8.2	8.1	8.3	8.3	8.4	8.5	8.2

Source: Pakistan Bureau of Statistics

7.2 Wholesale Price Index (WPI) Inflation

The Wholesale Price Index (WPI) collects prices of 419 items from 19 major cities. The WPI reflects the average change in prices at the wholesale level, serving as a key indicator of inflation from the producer's perspective. After mild deflation in July and August FY 2026 (-0.5

percent and -1.0 percent), it stayed low and positive in the range of 0.2 percent to 1.1 percent up to February 2026 before increasing in March (6.7 percent) and April (13.6 percent). WPI inflation moderated significantly during July-April FY 2026, as it recorded at 2.3 percent compared to 2.2 percent in the same period last year. The group-wise comparison can be found in Table 7.6.

Table 7.6: Disaggregated Wholesale Price Index (WPI) Inflation **Percent**

Group	Weights	July-April	
		2024-25	2025-26
General (WPI)	**100.0**	**2.2**	**2.3**
Agriculture Forestry & Fishery	25.8	0.8	-1.6
Ores & Minerals, Electricity Gas &Water	12.0	9.3	-0.6
Food Products, Beverages and Tobacco, Textiles Apparel and Leather Products	31.1	5.7	5.7
i) Food Products and Bev. & Tobacco	20.1	5.2	7.1
ii) Textiles & Apparel	10.3	7.0	6.7
iii) Leather Products	0.7	-0.6	-2.2
Other Transportable Goods Except for Metal Products, Machinery and Equipments	22.4	-4.4	4.2
Metal Products Machinery & Equipment	8.7	4.1	1.6

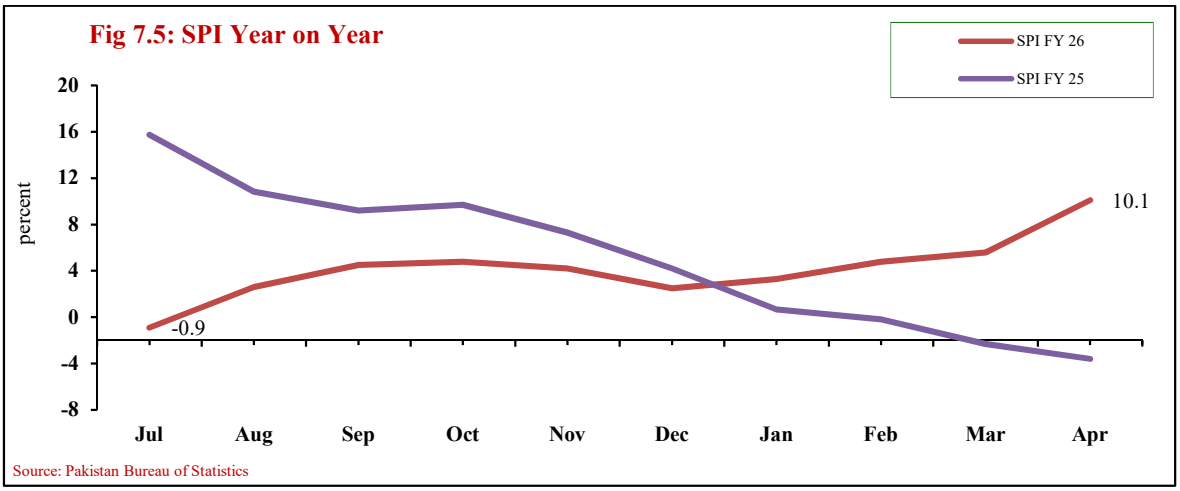
Source: Pakistan Bureau of Statistics

The slowdown was broad-based, primarily driven by a contraction in key supply-side groups. Agriculture, Forestry & Fishery recorded a decline of 1.6 percent against a positive growth of 0.8 percent last year. The other heavy weight group, like Ores & Minerals, Electricity, Gas & Water, declined to 0.6 percent compared to a sharp increase of 9.3 percent in the corresponding period of FY 2025. In contrast, Food Products, Beverages & Tobacco along with Textiles, Apparel & Leather Products remained unchanged at 5.7 percent from last year. The sub groups like food products recorded at 7.1 percent edged up from 5.2 percent, textile & apparel recorded 6.7 percent against 7.0 percent while leather products remained negative at 2.2 percent. Other Transportable Goods (excluding metal products, machinery & equipment), moving from a contraction of 4.4 percent to a modest positive growth of 4.2 percent, whereas Metal Products, Machinery & Equipment eased to 1.6 percent from 4.1 percent during July-April FY 2025. Overall, the data reflect easing input cost pressures across major sectors, particularly energy and primary commodities, contributing to the subdued WPI trend during the period.

7.3 Sensitive Price Indicator (SPI) inflation

SPI is computed weekly to assess the price movements of essential commodities at a shorter interval. SPI comprises 51 essential items, and prices are collected from 50 markets across 17 cities/urban centers in the country.

The SPI shows a clear moderation in price pressures in FY 2026 compared to FY 2025. During July-April FY 2026, SPI remained relatively contained, moving from -0.9 percent in July to a peak of 10.1 percent in April 2026, indicating a gradual increase in price pressures toward the later part of the period. In contrast, FY 2025 started with very high inflation of 15.7 percent in July and declined sharply over the year, turning negative from February (-0.2 percent), March (-2.3 percent) and April (-3.6 percent). This can be well gauged from Figure 7.5.



The annualized increase in SPI during July-April FY 2026 was recorded at 4.1 percent against 4.9 percent in the same period last year. Twenty-nine (29) major food items, including wheat, wheat flour, rice, tomatoes, onions, masoor pulse, moong pulse, mash pulse, chicken, sugar, red chilies, etc., weighting 59 percent influenced SPI by (+) 2.73 percent.

Table 7.7: Change in prices of major food items of SPI

Items	Units	Weights	Apr-26	Apr-25	Percent change Apr-26/ Apr-25	Contri-butions
Wheat Flour Bag	20 Kg	4.0	2151.7	1615.5	33.2	1.3
Rice Basmati Broken	1 Kg	1.3	215.7	201.0	7.3	0.1
Rice IRRI-6/9	1 Kg	0.2	154.5	155.4	-0.6	0.0
Bread plain	Each	0.6	114.5	108.7	5.4	0.0
Beef with Bone	1 Kg	3.4	1227.7	1084.2	13.2	0.4
Mutton	1 Kg	2.4	2301.0	2006.5	14.7	0.4
Chicken Farm	1 Kg	3.9	421.0	445.6	-5.5	-0.2
Milk fresh	1 Ltr	18.4	206.5	198.4	4.1	0.8
Curd (Dahi) Loose	1 Kg	1.8	242.7	230.7	5.2	0.1
Powdered Milk NIDO	390 gm	0.4	1143.5	1036.9	10.3	0.0
Eggs Hen (Farm)	1 Dozen	1.4	243.0	240.4	1.1	0.0
Mustard Oil	1 Kg	0.0	554.8	542.1	2.4	0.0
Cooking Oil DALDA, Tin	5 liter	3.1	2992.3	2914.0	2.7	0.1
Vegetable Ghee DALDA Tin	2.5 Kg	1.5	1516.2	1482.7	2.3	0.0
Vegetable Ghee DALDA	1 Kg	1.5	592.4	575.4	3.0	0.0
Bananas (Kela)	1 Dozen	0.9	196.9	182.9	7.7	0.1
Pulse Masoor	1 Kg	0.5	260.7	294.4	-11.4	-0.1
Pulse Moong	1 Kg	0.5	389.9	396.8	-1.8	0.0
Pulse Mash	1 Kg	0.3	473.5	461.9	2.5	0.0
Pulse Gram	1 Kg	0.5	250.1	309.8	-19.3	-0.1
Potatoes	1 Kg	2.1	33.9	64.0	-47.1	-1.0
Onions	1 Kg	1.7	74.4	54.8	35.7	0.6
Tomatoes	1 Kg	1.4	78.5	62.2	26.2	0.4
Sugar	1 Kg	3.2	149.0	168.6	-11.6	-0.4
Gur (Average Quality)	1 Kg	0.1	224.0	213.3	5.0	0.0
Salt Powdered Packet	800 gm	0.2	63.0	72.3	-12.9	0.0
Chilies Powder NATIONAL	200 gm	0.8	368.7	320.0	15.2	0.1
Garlic (Lehsun)	1 Kg	0.6	471.7	450.2	4.8	0.0
Tea Lipton Yellow Label	190 gm	2.4	447.1	452.2	-1.1	0.0

Source: Pakistan Bureau of Statistics

7.4 Trend of Global Prices

In the global commodity market, YoY (April 2026) prices show mixed trends, with declines in sugar 20.2 percent, rice 2.9 percent and tea 2.7 percent while increase was seen in palm oil 15.5 percent, soyabean oil 45.0 percent, wheat 13.0 percent, Crude oil 77.8 percent, Urea 121.5 percent and DAP 14.2 percent. MoM reflects a broad-based increase, led by crude oil 16.1 percent, urea 18.1 percent, soyabean oil 8.8 percent, palm oil 3.5 percent, rice 5.4 percent, and tea 5.2 percent while a decline was witnessed in sugar 3.0 percent. The surge, particularly in oil, is attributed to escalating Middle East geopolitical tensions disrupting supply expectations. Table 7.8 depicts the international prices of primary commodities.

Table 7.8: International Prices of Major Commodities

Months	Sugar (US$/Mt)	Palm Oil (US$/Mt)	Soybean oil (US$/Mt)	Crude oil (US$/Brl)	Wheat (US$/Mt)	Rice (US$/Mt)	Tea (US$/Mt)	DAP (US$/Mt)	Urea (US$/Mt)
Apr-25	401.0	994.0	1120.0	67.7	249.6	396.9	2910.0	635.0	386.9
May-25	390.0	908.0	1163.0	64.2	237.0	405.5	3020.0	669.2	392.0
Jun-25	370.0	935.0	1178.0	71.5	240.1	393.4	2990.0	715.4	420.5
Jul-25	370.0	975.0	1307.0	71.0	235.0	376.1	3020.0	736.0	496.0
Aug-25	370.0	1026.0	1245.0	68.2	231.1	357.9	3040.0	795.1	507.7
Sep-25	350.0	1037.0	1159.0	68.0	233.8	355.2	2940.0	780.6	461.1
Oct-25	340.0	1038.0	1132.0	64.7	230.8	335.9	3010.0	754.0	394.4
Nov-25	320.0	970.0	1128.0	63.6	245.9	338.5	2990.0	708.3	409.3
Dec-25	320.0	980.0	1116.0	62.0	242.8	389.4	2880.0	627.5	392.5
Jan-26	320.0	1005.0	1154.0	63.9	249.9	382.9	2730.0	619.2	415.4
Feb-26	310.0	1039.0	1282.0	71.1	257.6	385.1	2700.0	626.5	472.0
Mar-26	330.0	1109.0	1493.0	103.7	276.0	365.3	2690.0	658.3	725.6
Apr-26	320.0	1148.0	1624.0	120.4	282.0	385.2	2830.0	725.3	856.9
Percent Change									
Apr 26/ Apr 25	**-20.2**	**15.5**	**45.0**	**77.8**	**13.0**	**-2.9**	**-2.7**	**14.2**	**121.5**
Apr 26/ Mar 26	**-3.0**	**3.5**	**8.8**	**16.1**	**2.2**	**5.4**	**5.2**	**10.2**	**18.1**

Source: Commodities Price Pink Sheet, World Bank

7.5 FAO Food Price Index

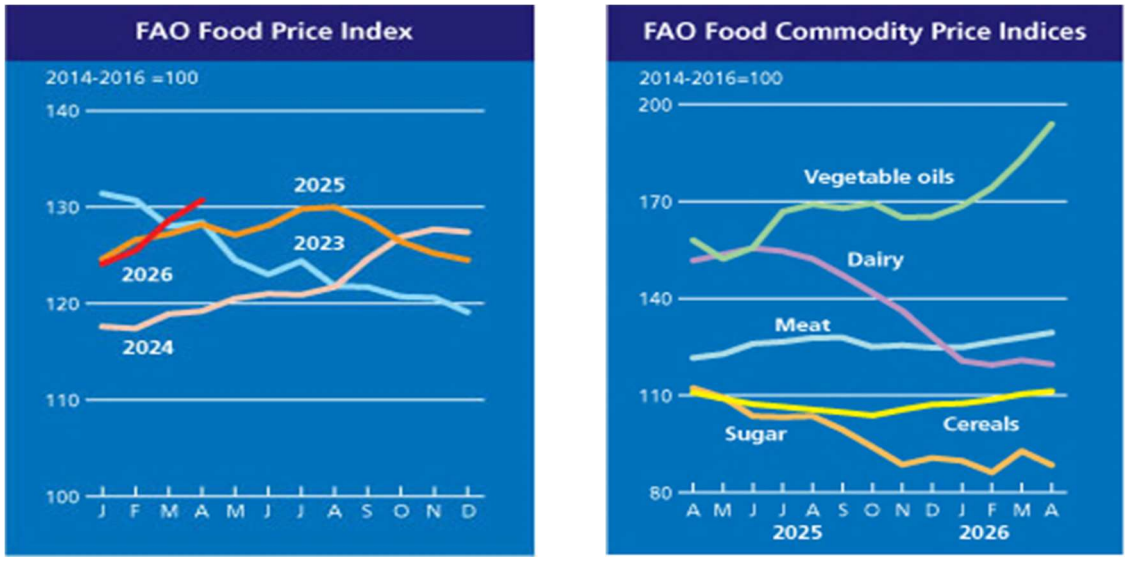
The Food and Agriculture Organization Food Price Index (FFPI) averaged 130.7 points in April 2026, increasing by 1.6 percent from March and continuing its upward trend for the third consecutive month. The rise was mainly driven by higher prices of vegetable oils, meat, and cereals, while sugar and dairy prices declined. Despite the increase, the index remained well below its peak recorded in March 2022.

Cereal prices increased slightly due to weather-related supply concerns in major producing countries and higher fertilizer and energy costs, which supported wheat, maize, and rice prices. Vegetable oil prices rose sharply to their highest level since July 2022, mainly because of strong biofuel demand, higher crude oil prices, and concerns about lower production in Southeast Asia and the Black Sea region.

Meat prices reached a record high, supported by strong global demand and limited livestock supplies, particularly for bovine and poultry meat. In contrast, dairy prices declined modestly due to abundant milk supplies and increased production in major exporting regions, although skim milk powder prices continued to rise because of strong import demand. Sugar prices

recorded the largest decline, reflecting expectations of ample global supplies and improved harvest prospects in Brazil, China, and Thailand.

Fig-7.6: FAO Food Commodity Prices



Source: FAO

7.6 Price Control Measures by the Government/Provinces/ICT

The Government continued to strengthen institutional coordination for price stability and the smooth supply of essential commodities. The Economic Coordination Committee (ECC) and National Price Monitoring Committee (NPMC) regularly reviewed price trends in collaboration with federal and provincial authorities, while the Competition Commission of Pakistan (CCP) remained engaged in curbing cartelization and profiteering. In parallel, the Ministry of National Food Security and Research, together with provinces and relevant stakeholders, continued efforts to improve the supply chain of essential food items.

i) Islamabad Capital Territory (ICT)

The details of measures taken regarding price control are as follows:

- Established 48 DC Rate Counters at Departmental Stores.
- Daily monitoring of the auction at Sabzi Mandi, Islamabad, for transparency in prices.
- 35 fair price stalls were also established in the Holy month of Ramzan, where Sugar, Ghee, Oil, Eggs, Fruit and Vegetables were provided on the wholesale rate.
- All commissioning agents have been convinced to place orders for essential commodities across borders to ensure maximum supply.
- 61,413 Wheat flour bags of 10 Kg were sold at Seven Sasta Bazar stalls in Islamabad at a subsidized rate.
- All the Assistant Commissioners / Magistrates check markets on a daily basis to ensure the availability of essential items at the notified prices.

Details of action taken against price hike w.e.f 01-07-2025 to 31-03-2026 are as under:

- Number of Inspections 32,464
- Number of Persons Arrested 3,052
- Number Premises Sealed..... 314
- Fin Imposed ..... Rs 3,858,000/-

ii) Punjab

Government of Punjab has implemented several measures to combat inflationary pressure on the general public, which are as follows:

- The previously known Price Control and Commodities Management Department was renamed to the Food Safety and Consumer Protection Department to align its name with the actual functions of the department.
- A close liaison has been maintained with market players (i.e., commission agents, traders, and exporters) to ensure sustained supplies of essential food items throughout the year. In addition, future contracts are made well in time to ensure supplies from other provinces and countries during the off-production season in the province.
- An online dashboard is being established to assess daily price trends, demand & supply, and future forecasts to make informed decisions to ensure the availability of essential commodities at affordable prices.
- A Project Strengthening of Agriculture Marketing Information Service has been rolled out to approach farmers directly and make them well aware about marketing information viz-a-viz what to produce, where to sell, and what is the market price.
- This year potato experienced a historically record production, which resulted in a surplus supply in the market. That surplus production was supposed to be exported to earn better foreign reserves, but unfortunately, the Pak-Afghan war stopped potato export to Afghanistan and the Central Asian States. Keeping in view the given situation, Government of Punjab has approached the Federal Government to explore new international markets for the resumption of potato exports and ensuring a fair return to the potato growers. In addition, the war situation in Iran also impeded potato exports to other countries.
- International prices of pulses are regularly monitored, and subsequently import advisories are shared with field formation and stakeholders to maintain stable supplies of pulses.
- Price Control Council has been constituted.
- Monthly meetings of District Price Control Committees in the Punjab are being held to assess and fix prices of essential commodities.
- "Food in Focus" reports are being prepared regularly for a comprehensive analysis of the supply and price situation.
- Performance of PCMs during the current financial year from 01.07.2025 to 28.02.2026 is as follows:
  - Inspections 41,285,179
  - Over Charging 1,326,498
  - Fine Imposed.....Rs 629,343,531/-
  - FIRs Registered 2,709
  - Sealed Premises 30,822
  - Persons Arrested 70,687
- District Price Control Committees have been activated to ensure effective monitoring and implementation of price enforcement measures.
- Deputy Commissioners (DCs) and Extra Assistant Directors of Agriculture (E&M) of the Food Safety and Consumer Protection Department are holding regular meetings with wholesalers and Arhtis to ensure the uninterrupted supply of essential commodities.
- Auction Committees constituted at the tehsil level, comprising the Additional Deputy Commissioner (Revenue) / Assistant Commissioner (AC) along with Market Committee officials, are operating to monitor and regulate price fixation in Fruit & Vegetable (F&V) markets.
- During the holy month of Ramzan 2026, 16 items (Potato, Onion, Tomato, Garlic, Kaddu, Lemon, Banana, Apple, Dates, Guava, Melon, Atta, Sugar, Chicken & Eggs) were provided on concessional rates at 49 permanent Ramzan Nighaban Bazaars, 11 temporary Ramzan Nighaban Bazaars and 15 Sahulat on the Go Bazaars.

iii) Sindh

Government of Sindh has undertaken comprehensive administrative, regulatory, and monitoring measures across all districts of the province.

Price Fixation Measures

- All districts have been directed well in advance to re-fix prices of essential commodities before the commencement of the month of Holy Ramzan.
- Displaying the notified official price lists at prominent places, markets, shops, stalls, and push carts to ensure public awareness.

Market Monitoring and Enforcement

- Officers of the Agriculture Department's Bureau of Supply and Prices Control and Price Control Committees are assigned duties to monitor prices of essential goods in markets.
- All ACs and DCs are directed to maintain strict vigilance to curb price violations, profiteering, hoarding, and overcharging.
- Regular inspections and surprise visits to bazaars and markets to ensure compliance with notified prices.

Monitoring of Auction Process

- ACs to ensure transparency in auction proceedings, discourage collusion, and prevent artificial price hikes at the wholesale level and prevention of any middleman or agents in markets.

Complaint Redressal Mechanism

- Establishing the complaint cells at the district and divisional levels in all major markets. Thus, Immediate action and redressal mechanisms are placed to address consumer grievances.
- Dedicated complaint cell numbers are widely publicized to enable consumers to lodge complaints regarding overpricing, shortages, and quality issues.

Coordination and Performance Review

- All Divisional Commissioners are directed to convene weekly review meetings with Deputy Commissioners and ACs to ensure.
    - Control of prices
    - Availability of essential commodities
    - Prevention of hoarding and profiteering
    - Actions against adulteration

Quality Control and Food Safety

- Deployment of Sindh Food Authority (SFA) officers to monitor the quality of dairy products and other essential food items.
- Conduct Inspections to curb adulteration and substandard food items.
- Impose fines and penal actions against violators in accordance with applicable laws.

iv) Khyber Pakhtunkhwa

The Khyber Pakhtunkhwa Consumer Protection Act, 1997 promotes healthy growth of fair commercial practices and protects legitimate consumers' rights, checks on unfair Trade Practices and speedy redressal of consumers' complaints.

The above-stated law is being implemented in the province through field formations and Consumer Courts, and the Consumer protection activities are uploaded on the MIS Portal on a daily basis by this Directorate General.

Achievements for FY 2026 (01.07.2025 to 28-02-2026) under the Khyber Pakhtunkhwa Consumer Protection Act, 1997 (Amended 2017) are as follows:

Total Receipt Target for the Financial Year 2025-26:	Rs 88,000,000/-
Total Achieved Target (July 2025 to February 2026):	Rs 22,400,518/-
Total Inspections Carried out	48,186
Total Violators	4,647
Total Referred Cases to Consumer Courts	278
Fine Imposed (In Rs)	Rs 19,944,518/-

Consumer Protection Courts, Khyber Pakhtunkhwa

- Total Cases Filed..... 14,884
- Cases Disposed Off..... 3,340
- Cases Balance (In Progress) 11,544
- Fine Imposed (In Rs) ..... Rs 2,456,000/-

v) Balochistan

A comprehensive mechanism of price fixation,

control and reporting is being enforced in the province through different government entities. The major is outlined as under:

- The Deputy Commissioners of all the districts notify the prices of essential commodities under intimidation to this office after the base assessment of the prices of commodities for the actual reflection of the prices in the district.
- The Deputy Commissioners, in consultation with all the stakeholders, and in accordance with the assessment mechanism provided by this office, calculate and assess all the costs, and after adding a suitable profit, notify the retail and wholesale prices of the commodities. The difference between the wholesale & retail prices of commodities must not be more than 15 percent in any case.
- In addition to that, and in the wake of the Holy month of Ramzan, the Government of Balochistan activated a comprehensive plan to ensure:
    - To prevent artificial price hikes and hoarding.
    - To ensure essential kitchen items are available at every citizen's doorstep.
    - To provide essential commodities at subsidized rates through official channels.
    - Issued formal instructions to District Administrations and Magistrates to activate price control mechanisms.
    - The DCs to set and notify the latest prices of daily items in consultation with all stakeholders, and to monitor the price gap between wholesale and retail.
    - All DCs to provide a weekly progress report of the activities of the Monitoring Committees.
    - Intensive checks on wholesale dealers to document stock limits and prevent hoarding of essential items (flour, sugar, ghee, pulses). All the DCs in Balochistan to constitute District Price Control/ Monitoring Committees during the holy month of Ramzan.
    - Formation of special teams comprising officers from Industries, Agriculture departments and District Administration to conduct surprise visits to major markets.
    - On the direction of Honorable Chief Minister Balochistan, a special relief package has been announced to be distributed amongst 350,000 Families through PDMA Balochistan.
    - The district Administration has started a special campaign against the violators involved in the price hike.
    - In a major initiative to provide maximum relief, the Government of Balochistan established Ramzan Sasta Bazaars across the province.
    - District Administrations to send daily price reports to the office of the Secretary Industries & Commerce Quetta for further analysis and submission to the Chief Secretary's office.
    - In addition to the current Price Control Magistrates, Additional Magistrates have been assigned the tasks of Price Control Surveillance through dedicated teams to catch violators.
    - The district Administration has taken more actions against the violators involved in the price hike.
    - Dedicated complaint cells have been established in the DC offices and the Directorate of Industries & Commerce, Quetta.

Concluding Remarks

Inflation during FY 2026 remained broadly manageable, supported by prudent macroeconomic policies, improved supply conditions, and coordinated administrative measures, despite supply-side disruptions at the beginning of the year and renewed external pressures toward the end of the period. Strengthened market monitoring, improved availability of essential commodities, and close coordination between the federal and provincial governments helped contain price pressures and

provide relief to vulnerable segments of the population.

Going forward, the inflation outlook will remain influenced by global energy and commodity price movements, geopolitical developments, domestic supply conditions, and exchange rate stability. The Government remains committed to preserving price stability through timely policy actions, effective market oversight, smooth supply of essential goods, and continued coordination with relevant institutions to safeguard macroeconomic stability and consumer welfare.

TRADE AND PAYMENT

Jul-Mar FY2026 (US$ billion)

Current Account Surplus	72 (US$ million)
Exports	22.7
Imports	50.7
Trade Deficit in Services	2.1
Primary Income Deficit	6.4
Remittances	30.3
FOREX Reserves	22.6 (15th May 2026)
SBP: US$ 17.1	Banks: US$ 5.5
Average Exchange Rate	281.1 (Rs/US$)

Chapter 8

Trade and Payments

Pakistan's external sector maintained its positive momentum during FY 2026, supported by consistent macroeconomic policies, stable remittance inflows, improved external buffers, and a broadly balanced current account position. Up to the third quarter of FY 2026, prior to the emergence of the Middle East crisis in February 2026, Pakistan's external account was showing improved performance. Although goods exports remained under pressure due to lower food exports, particularly rice, amid weak global demand and flood-related agricultural losses, services exports continued to perform well, driven by the IT sector. On the import side, the revival in industrial activity and improving economic momentum increased demand for raw materials and capital goods. Nevertheless, strong growth in workers' remittances of 8.2 percent during July-March FY 2026, coupled with lower interest payments on external debt that narrowed the primary income deficit, helped the current account record a surplus of US $ 72 million.

Following the onset of the Middle East crisis, exports were affected by the suspension of shipments to major markets and the closure of an important land transit route to regional markets, while the import bill increased due to higher freight costs and rising international crude oil prices. These developments turned the current account into a deficit of US $ 324 million in April 2026, which remained within manageable limits. Meanwhile, higher official inflows and additional bilateral support from partner countries contributed to an increase in foreign exchange reserves, strengthening external buffers and supporting stability in the exchange rate market.

8.1 Global Trade Landscape

Global economic conditions became more challenging during FY 2026 amid rising trade restrictions, policy uncertainty, financial market volatility, and the outbreak of conflict in the Middle East toward the end of February 2026. According to the IMF's April 2026 World Economic Outlook, global growth is projected to slow to 3.1 percent in 2026 and 3.2 percent in 2027, assuming the conflict remains limited in duration and scope. Although global inflation has moderated from earlier peaks, risks remain due to volatile energy markets, climate-related disruptions, trade fragmentation, and weak productivity growth.

The outlook for global trade has also weakened for 2026, as tariff-related uncertainty and geopolitical tensions are expected to slow goods trade. However, services trade is projected to remain comparatively resilient, supported by digitalization, technology-related services, and cross-border demand for knowledge-based activities. Growth in Pakistan's major trading partners, including China, the United States, the United Kingdom, and the European Union, is expected to remain moderate, which may weigh on external demand for Pakistan's goods exports. At the same time, continued resilience in services trade, particularly IT and digitally delivered services, offers opportunities to partially offset pressures on goods exports.

Energy and commodity prices had eased from the sharp increases seen after the Russia-Ukraine conflict; however, the Middle East crisis reversed part of this trend and pushed oil prices sharply higher. This renewed volatility poses risks for commodity-importing emerging

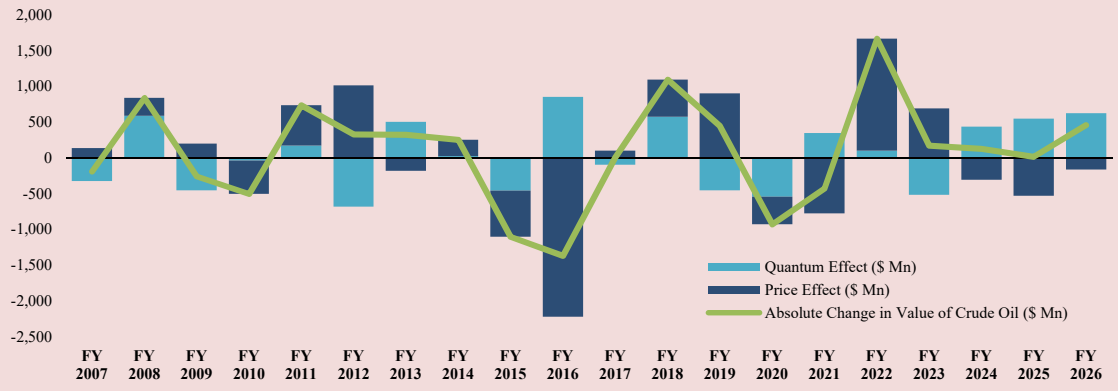
economies through higher import bills, inflationary pressures, and tighter external financing conditions. For Pakistan, these global developments underscore the importance of maintaining external buffers, exchange rate stability, prudent macroeconomic policies, and export competitiveness. Moreover, Pakistan's constructive diplomatic engagement in support of the de-escalation of the US-Iran conflict has strengthened its international profile, which may help improve investor confidence and support foreign direct and portfolio investment inflows over the medium term.

Box I: External Sector Sensitivity to Global Oil Price Movements

Pakistan's external sector remains sensitive to movements in international oil prices, given the country's dependence on imported petroleum products and crude oil. Changes in the petroleum import bill are driven by both price and quantity effects. The decomposition of changes in crude oil imports since FY 2007 shows that major increases in the import bill have generally been led by price effects, while quantity changes have varied with domestic demand, industrial activity, and economic cycles.

Fig-8.1A indicates that earlier oil price shocks had a visible impact on Pakistan's import payments, with the price effect often dominating changes in the crude oil import bill. In FY 2008, the increase was largely driven by the global commodity price boom preceding the international financial crisis, when crude oil prices reached record highs and sharply raised import payments for oil-importing economies. In FY 2011, another increase in the crude oil import bill was linked to the recovery in global demand after the financial crisis, supply concerns in the Middle East and North Africa, and elevated international oil prices. A similar pattern was observed in FY 2018, when rising global oil prices again contributed to pressure on the import bill.

Fig-8.1 A: Change in Petroleum Crude Oil Imports (July - March)



Source: PBS, and EA Wing's own calculations

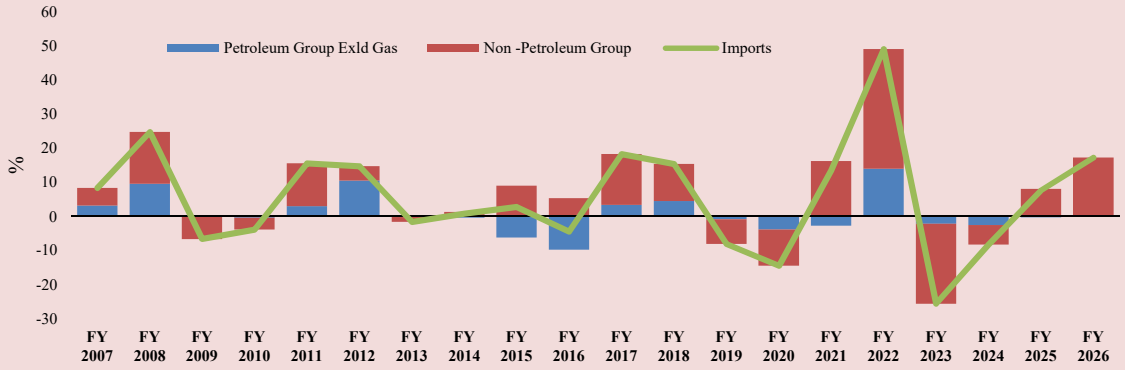
The most pronounced increase occurred in FY 2022, reflecting the global commodity price shock following the Russia-Ukraine conflict, where the price effect dominated the overall increase. Conversely, periods of lower international oil prices, such as FY 2015 and FY 2016, helped reduce the crude oil import bill despite changes in import volumes. This pattern shows that Pakistan's petroleum import payments are highly sensitive to global price movements, although quantity adjustments and demand management can partly moderate the overall impact.

Fig-8.1B further shows that movements in total imports are shaped by both petroleum and non-petroleum components. In some years, such as FY 2022, petroleum imports contributed significantly to the increase in total imports due to the global energy price shock.

During FY 2026, renewed geopolitical tensions in the Middle East again increased uncertainty in global energy markets. Higher oil prices can affect Pakistan's external account through a larger import bill, increased freight and transportation costs, and higher production costs for energy-intensive sectors. However, in FY 2026, the increase in imports was driven more by non-petroleum items, reflecting the revival of domestic economic activity and higher demand for production-related inputs, while petroleum imports remained relatively contained. Thus, the impact of higher international crude oil prices was not fully reflected in the import bill to the same extent as observed in some previous episodes. This partly reflects timing lags in the transmission of global prices to import payments, as well as relatively contained oil consumption and demand-management effects following domestic price adjustments. As domestic petroleum prices adjusted, demand

pressures moderated, helping contain import volumes and manage the petroleum import bill. Compared with earlier episodes, the external sector also entered this period with stronger buffers, supported by workers' remittances, growth in IT services exports, improved foreign exchange reserves, and continued financing from bilateral and multilateral partners.

Fig-8.1 B: Movements in Imports Shaped by Petroleum and Non-Petroleum Components (July - March)



Source: PBS, and EA Wing's own calculations

The Government closely monitored the evolving situation and undertook timely measures to manage potential risks. To ensure smooth petroleum supplies, a high-level committee was constituted to monitor daily fuel availability, secure additional cargoes if required, and prevent supply disruptions. These steps were complemented by fuel conservation and austerity measures to contain demand pressures and support continued economic activity.

Going forward, sustained vigilance will remain important, particularly if global oil prices remain volatile or the conflict intensifies. Nevertheless, the combination of stronger external buffers, diversified foreign inflows, proactive supply management, and energy conservation measures has helped strengthen Pakistan's capacity to manage external sector pressures arising from global oil price movements.

8.2 Balance of Payment Performance

Pakistan's balance of payments remained manageable during July-March FY 2026, continuing the improvement seen in FY 2025. The current account posted a surplus of US $ 72 million, supported by strong workers' remittances, higher services exports, and lower interest payments on external debt. These inflows helped offset the widening goods trade deficit and supported foreign exchange liquidity, reserve accumulation, and exchange rate stability.

The widening in the goods trade deficit was largely associated with higher import payments, which rose by 7.8 percent during July-March FY 2026. This increase reflected stronger demand for production-related imports as economic activity improved, Toward the latter part of the period, the import bill also came under pressure from rising global energy prices following the US-Iran conflict, with Brent crude increasing from an average of US $ 62.7 per barrel in December 2025 to US $ 103.7 per barrel in March 2026. Goods exports declined by 5.8 percent, mainly due to lower food exports, particularly rice, amid weak global demand, flood-related losses, and disruptions in Pak-Afghan trade following tensions along the western border since mid-October 2025.

The services account provided an important offset to the goods trade deficit. Services exports increased by 17.2 percent, outpacing import growth of 10.7 percent, mainly supported by the IT sector, where exports grew by 19.8 percent. As a result, the services trade deficit narrowed, reflecting the growing contribution of digitally enabled exports to the external account.

The income accounts also helped contain external pressures. The primary income deficit narrowed by 5.4 percent, mainly due to lower interest payments, despite higher repatriation of profits and dividends. In the secondary income

account, workers' remittances increased by 8.2 percent, supported by greater use of formal channels, digital platforms, and a stable exchange rate environment.

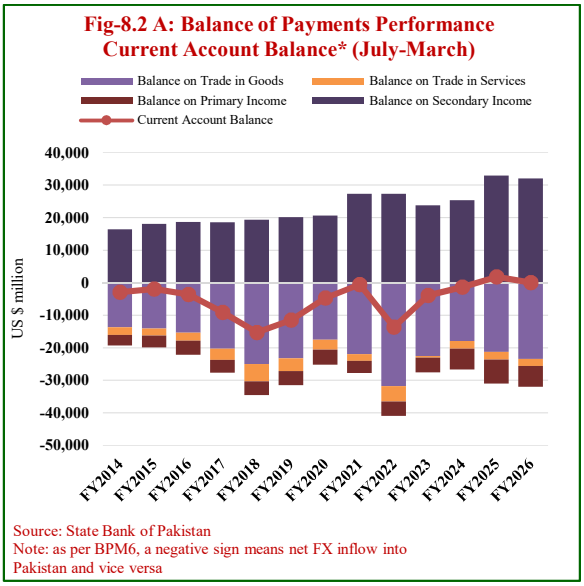


Fig-8.2 A: Balance of Payments Performance Current Account Balance* (July-March)

Source: State Bank of Pakistan
Note: as per BPM6, a negative sign means net FX inflow into Pakistan and vice versa

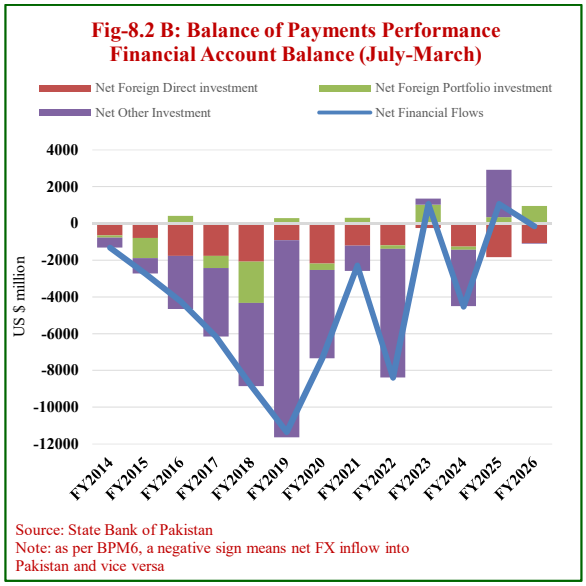


Fig-8.2 B: Balance of Payments Performance Financial Account Balance (July-March)

Source: State Bank of Pakistan
Note: as per BPM6, a negative sign means net FX inflow into Pakistan and vice versa

The financial account also improved, recording net inflows of US $ 194 million during July-March FY 2026, compared with a net outflow of US $ 1.0 billion in the corresponding period last year. Higher official inflows contributed to the buildup of foreign exchange reserves, which reached US $ 21.8 billion by end-March 2026. Together, the current and financial account developments strengthened external buffers and supported overall balance of payments stability.

8.3 Merchandise Trade

(This section is based on the data compiled by PBS that records the physical movement of goods as available in customs records, and differs from BOP data reported in 8.1, compiled by SBP on the basis of receipt of financial transactions)

The merchandise trade deficit increased to US $ 27.9 billion during July-March FY 2026, compared with US $ 22.7 billion last year, mainly reflecting higher import demand associated with improving domestic economic activity and production needs. At the same time, exports faced pressures from regional tensions, flood-related disruptions, weak external demand, and increased competition. However, continued policy focuses on export promotion, tariff rationalization, investment facilitation, and market diversification are expected to support stronger trade performance over the medium term.

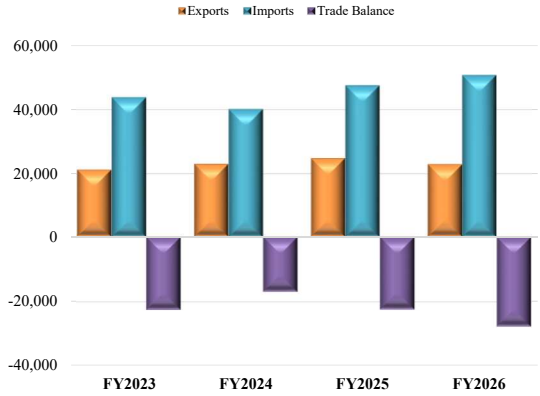


Fig-8.3: Merchandise Trade (US $ million)

Source: Pakistan Bureau of Statisics

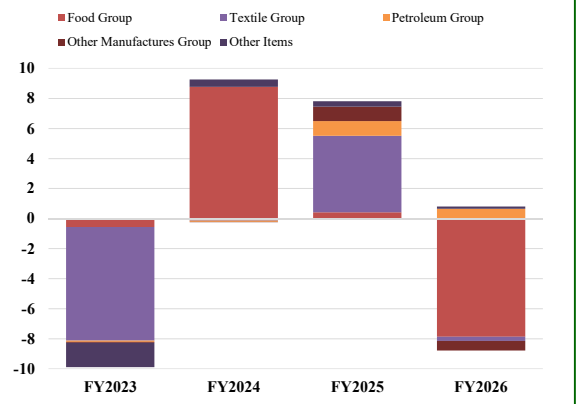


Fig-8.4: Contribution to Change in Exports

Source: Pakistan Bureau of Statistics

8.3.1 Exports

Pakistan's goods exports, after showing improvement during FY 2024 and FY 2025, faced pressures during July-March FY 2026 due to weaker food exports and challenging external demand conditions. Exports stood at US $ 22.7 billion, compared with US $ 24.7 billion in the same period last year. The decline was mainly driven by lower food exports, particularly rice, while the key textile sector remained broadly stable, with only a marginal decline. Going forward, measures to improve export competitiveness, diversify markets, and facilitate value-added sectors are expected to support a gradual improvement in export performance.

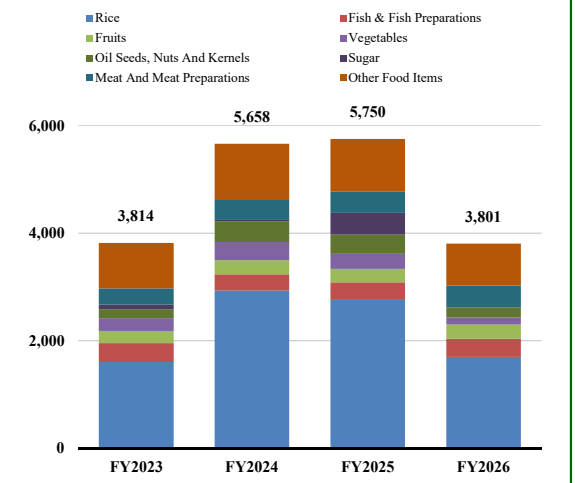
Food Exports

Food exports accounted for 16.7 percent of total exports during July-March FY 2026, amounting to US $ 3.8 billion. The decline of 33.9 percent from last year was mainly concentrated in rice exports, which moderated by 38.6 percent due to a combination of lower international prices, normalization of global rice supplies, and temporary adjustments in regional trade flows owing to security-related border management measures. Exports to Afghanistan also declined during the period, reflecting these security-related trade adjustments and associated logistical constraints.

Rice exports had recorded exceptional growth in FY 2024 amid temporary supply constraints in the global market, creating a high base for subsequent years. With the normalization of global rice supplies and increased competition from major rice-exporting countries in FY 2025 and FY 2026, both export prices and volumes came under pressure. To support the sector, the Government provided Drawback of Local Taxes and Levies (DLTL) support and continued trade diplomacy efforts to improve market access, facilitate government-to-government procurement opportunities, and strengthen the competitiveness of rice exports.

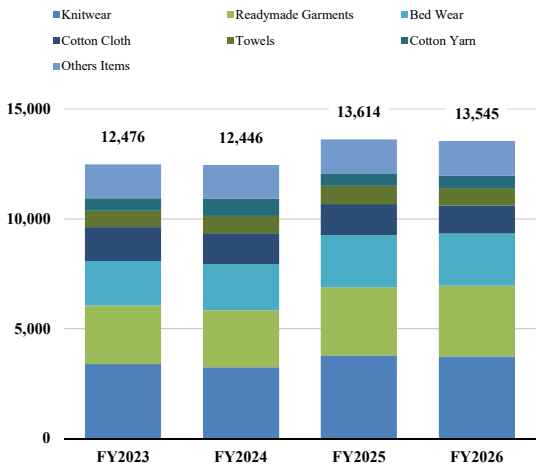
Other food export categories also faced temporary pressures during July-March FY 2026. Exports of oil seeds, nuts and kernels, and vegetables declined, partly reflecting logistical constraints and adjustments in regional trade routes. However, fish and meat products and fruit exports showed improvement, indicating resilience in selected food categories. In response, the Government remained engaged in exploring alternative land routes to Central Asian markets, particularly for-perishable goods, to reduce dependence on a single route and support continuity in food exports.

Fig-8.5: Composition of Food Exports (US $ million)



Source: Pakistan Bureau of Statistics

Fig-8.6: Composition of Textile Exports (US $ million)



Source: Pakistan Bureau of Statistics

Textile Exports

The textile sector remained the backbone of Pakistan's export performance, accounting for 59.6 percent of total exports during July-March FY 2026. Despite a challenging global trade environment and domestic cotton supply constraints, textile exports remained broadly stable at US $ 13.5 billion, with only a marginal decline of 0.5 percent. This resilience was supported by the sector's shift toward value-added exports, sustained demand from established markets, exchange rate stability, and continued export facilitation measures. Readymade garments increased by 3.8 percent to US $ 3.2 billion, while bed wear rose by 0.3 percent to US $ 2.4 billion, mainly due to higher export volumes, indicating continued demand for Pakistan's value-added textile products. Knitwear exports declined slightly by 1.1 percent to US $ 3.7 billion, largely reflecting some moderation in volumes amid higher unit prices.

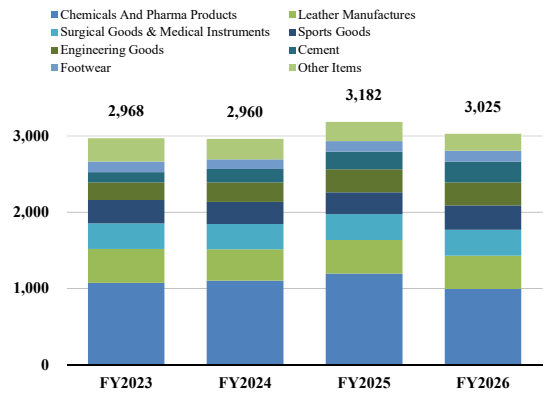
The overall performance was affected by a 10.9 percent decline in cotton cloth exports, reflecting weaker demand for intermediate textile goods in international markets. On the supply side, flood-related effects on the cotton crop during the early part of the year also weighed on ginning activity. However, cotton yarn exports increased by 4.4 percent, supported by available raw cotton supplies and demand from export markets. Overall, the sector's performance reflects the continued strength of value-added exports, improved market positioning, and the ability of exporters to adjust to changing global demand conditions. Continued policy support for competitiveness, market diversification, and higher value addition will remain important for sustaining textile export performance.

Other Manufactured Goods

Performance across other manufactured exports remained mixed, with several categories showing resilience despite challenging external demand conditions. Cement exports increased by 17.7 percent to US $ 271 million during July-March FY 2026, supported by both higher volumes and improved prices, reflecting stronger demand in regional and international markets. Sports goods exports also increased by 13.0 percent to US $ 319 million, mainly driven by higher football export volumes, highlighting Pakistan's continued competitiveness in this established export segment.

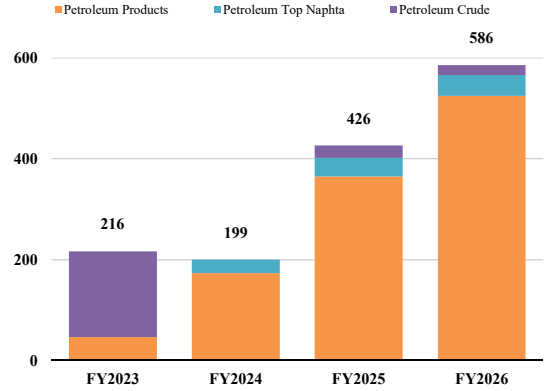
At the same time, some manufactured categories faced pressures from lower export volumes and softer external demand. Pharmaceutical products and plastic materials declined by 30.1 percent and 32.6 percent, respectively, to US $ 248 million each, while surgical and medical instruments recorded a marginal decline of 1.0 percent to US $ 338 million. Engineering goods remained stable at US $ 305 million. Overall, other manufactured exports, which accounted for 13.3 percent of total exports, declined by 4.9 percent during the period. Nevertheless, gains in cement and sports goods indicate that selected manufacturing segments continue to benefit from market demand, product competitiveness, and export diversification opportunities.

Fig-8.7: Composition of Other Manufactured Goods (US $ million)



Source: Pakistan Bureau of Statistics

Fig-8.8: Composition of Petroleum Exports (US $ million)

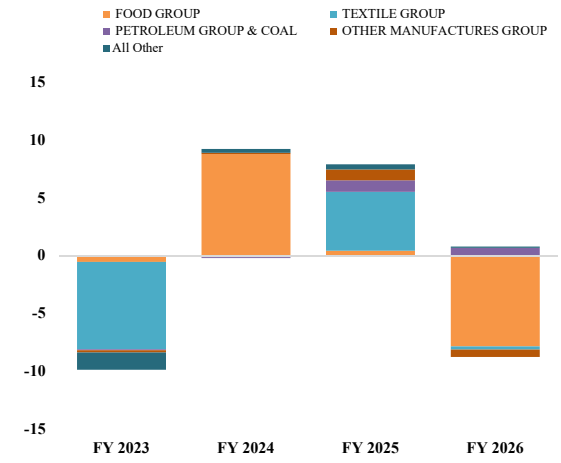


Source: Pakistan Bureau of Statistics

Petroleum Exports

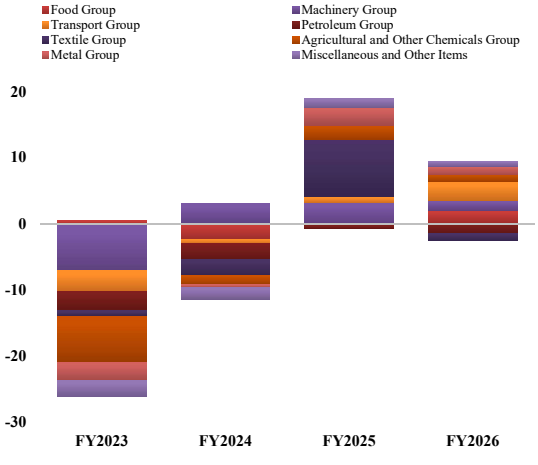
Even though the export share of petroleum products in total exports remains modest, tallying at 2.58 percent during July-March FY 2026, export performance improved significantly, with an increase of 37.5 percent to US $ 586 million. Petroleum products export increased by 54.3 percent in terms of quantity. This expansion reflects a combination of rising global demand conditions, enhanced domestic refining capacity, and competitive pricing. The sector's strong growth highlights its potential to contribute to export diversification.

Fig-8.9 A: Contribution to Change in Exports



Source: Pakistan Bureau of Statistics

Fig-8.9 B: Contribution to Change in Imports



Source: Pakistan Bureau of Statistics

Fig-8.9A and 8.9B show that the trade performance during FY 2026 reflected both external pressures and improving domestic activity. On the export side, the negative contribution was largely concentrated in the food group, mainly due to lower rice exports, while textiles remained broadly stable and other manufacturing categories provided some support. This suggests that the export decline was not broad-based but mainly driven by specific food-related factors and regional trade disruptions. On the import side, the positive contribution was mainly led by machinery, petroleum, transport, and agricultural and chemical imports, indicating higher demand for capital goods, energy, mobility, and production-related inputs. Overall, the composition of imports points toward a revival in domestic economic activity and investment needs, while the export pattern underscores the importance of continued policy support for market diversification, value addition, and competitiveness.

8.3.2 Imports

During July-March FY 2026, imports increased by 6.9 percent to US $ 50.7 billion, compared with US $ 47.4 billion in the same period last year. The increase was mainly driven by higher imports under the transport, food, and machinery groups, reflecting stronger demand for vehicles and transport equipment, essential food items, and capital goods. At the same time, energy sector imports declined, helping to contain overall import pressures. The rise in non-energy imports, particularly machinery and industrial inputs, was consistent with the revival of industrial activity and strengthening domestic economic momentum. This composition suggests that import growth was largely linked to productive and essential demand rather than broad-based import pressures.

Box II: Progress of the National Tariff Policy 2025-30

Under the National Tariff Policy (NTP) 2025-30, the government is undertaking comprehensive reforms for rationalization and simplification of the import tariff structure, with a primary focus on raw materials,

intermediate, and capital goods. The policy aims to promote export-led growth by enhancing export competitiveness and ensuring predictability and transparency to attract investment and facilitate global economic integration.

The NTP 2025-30 builds upon the reforms initiated under NTP 2019-24, with a broader scope and clearly defined targets. Over the five-year policy period, the maximum customs duty will be reduced to 15 percent, and the tariff structure will be streamlined into four slabs: 0, 5, 10, and 15 percent. In addition, all Additional Customs Duties (ACDs) and Regulatory Duties (RDs) will be gradually phased out by 2030.

Under NTP 2019-24, Custom Duties (CDs) and ACDs on 2,198 tariff lines were eliminated. Sector-specific tariff rationalization efforts focused on strengthening value chains critical to Pakistan's export potential, including textiles, pharmaceuticals, and iron and steel sector.

In the first year of implementation of NTP 2025-30, tariffs have been reduced on nearly 7,500 tariff lines (98 percent), specifically targeting raw materials and intermediate goods. These measures are intended to lower input costs for domestic and export-oriented sectors, thereby enabling firms to price more competitively in the international markets. A 2 percent ACD on 2,156 tariff lines has been eliminated, and RD on 1,019 tariff lines has been reduced. CD slabs have also been revised and reduced from 3 percent to 0 percent, 11 percent to 10 percent, and 16 percent to 15 percent. Consequently, Pakistan's simple average tariff rate has decreased from 20.19 percent to 16.56 percent, and the trade-weighted average tariff has reduced from 10.62 percent to 8.64 percent.

During July – March FY 2026, import of duty-free raw materials and intermediate goods has increased to 40 percent from 32 percent as a share of the total imports. This progress is reflected in positive growth in the Large Scale Manufacturing (LSM) sector. The impact on exports is expected to materialize over the medium to long term.

Source: Ministry of Commerce

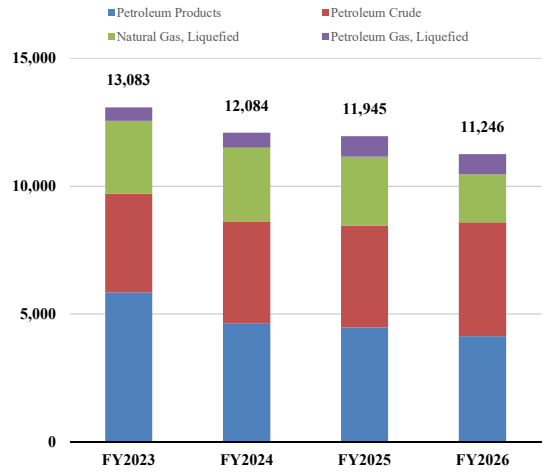
Petroleum Group

Petroleum imports remained the largest component of Pakistan's import bill, accounting for 22.2 percent of total imports during July-March FY 2026. Despite their large share, petroleum imports declined by 5.9 percent to US $ 11.2 billion, helping contain overall import pressures. The decline was mainly driven by a 29.7 percent reduction in LNG imports, reflecting lower gas-based power demand, increased contribution from alternative energy sources, including solar power generation, and improved energy demand management.

Imports of petroleum products also declined by 7.5 percent to US $ 4.1 billion, mainly due to lower international prices during the earlier part of the fiscal year. Crude oil imports, however, increased by 11.3 percent to US $ 4.5 billion, as higher import volumes more than offset the favorable price effect. Crude oil import volume rose to 63.2 million barrels compared with 54.6 million barrels during the same period last year, reflecting the revival of domestic economic activity and energy demand. Average Brent crude prices declined from US $ 74.6 per barrel in FY 2025 to US $ 66.4 during the first half of FY 2026, supporting moderation in the petroleum import bill.

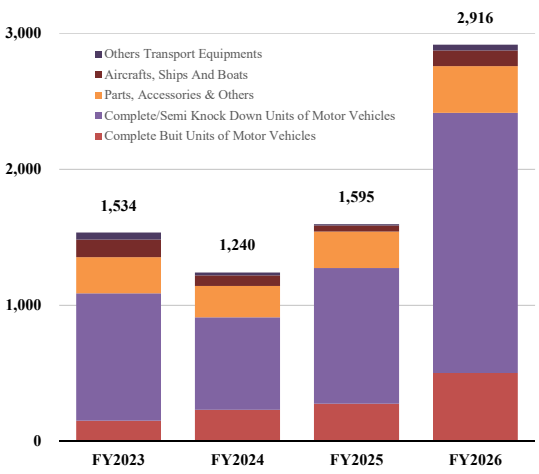
However, the Middle East crisis later reversed this trend, with Brent crude rising from an average of US $ 62.7 per barrel in December 2025 to US $ 103.7 per barrel in March 2026 following the escalation of the US-Iran conflict. The Government closely monitored the evolving situation and undertook timely measures to manage potential risks, including energy conservation steps, coordination for smooth petroleum supply, and monitoring of market conditions. As a result, the impact of higher global oil prices remained manageable during July-March FY 2026, while continued vigilance will remain important if global energy prices stay volatile.

Fig-8.10: Composition of Petroleum Imports (US $ million)



Source: Pakistan Bureaus of Statistics

Fig-8.11: Composition of Transport Imports (US $ million)



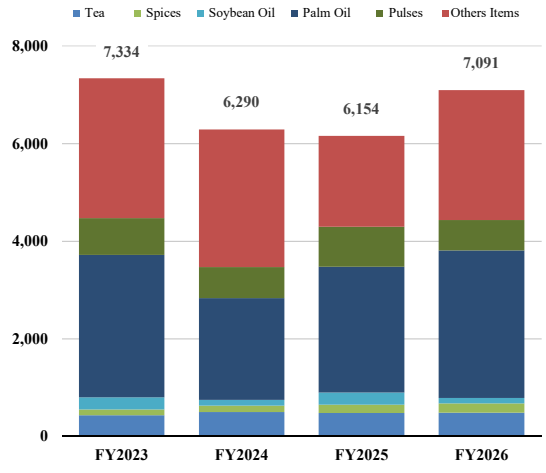
Source: Pakistan Bureau of Statistics

Transport Group

Although the transport group accounted for a relatively modest share of total imports at 5.8 percent, it made a notable contribution to the increase in imports during July-March FY 2026. Transport imports increased by 82.8 percent to US $ 2.9 billion, mainly driven by parts and partially assembled motor cars, which more than doubled to US $ 1.5 billion. This increase was consistent with the expansion of local automobile assembly and manufacturing activity, supported by the gradual easing of administrative controls in the transport sector.

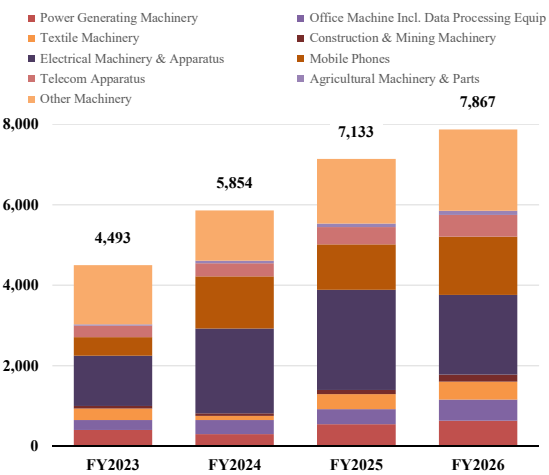
Imports of completely built units (CBUs) also increased by 81.9 percent to US $ 503.0 million. Within this category, buses, trucks, and other heavy vehicles recorded a threefold increase, reflecting higher demand for commercial and transport-related activity. Car imports increased by 31.1 percent following the removal of quantitative restrictions on the commercial import of used cars, initially up to five years, with no age limit applicable from July 2026 onward. Overall, the rise in transport imports reflects both policy normalization and improving economic activity, particularly in automobile assembly, logistics, and commercial transport.

Fig-8.12: Composition of Food Imports (US $ million)



Source: Pakistan Bureau of Statistics

Fig-8.13: Composition of Machinery Imports (US $ million)



Source: Pakistan Bureau of Statistics

Food Imports

Food remained the second-largest category of Pakistan's imports, accounting for 14.0 percent of total imports during July-March FY 2026, with a value of US $ 7.1 billion, up 15.2 percent from the same period last year. Palm oil continued to dominate food imports, representing around 42.6 percent of the food import bill. Palm oil imports increased by 17.5 percent to US $ 3.0 billion, reflecting both higher import quantities and higher international prices, as global palm oil prices strengthened during the period amid supply concerns and sustained demand for edible oils. The increase also reflected steady domestic demand from households and the food processing industry.

The increase in food imports was also partly driven by sugar imports of US $ 175 million, compared with only US $ 2.6 million last year, undertaken to ensure adequate domestic availability and price stability. At the same time, pulses imports declined by 24.2 percent, supported by improved domestic production of essential pulses, including gram, lentils, and moong. This improvement reflects the positive impact of better crop performance and policy attention toward strengthening domestic food production. Going forward, the Government's focus on enhancing agricultural productivity, improving seed quality, expanding oilseed production, and supporting import substitution in edible oil is expected to gradually reduce import dependence and strengthen food security.

Machinery Imports

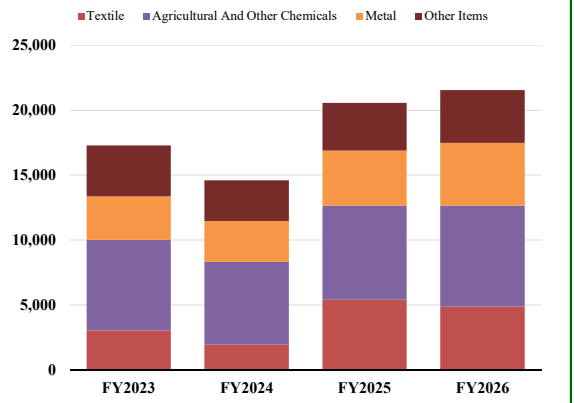
Import of machinery increased by 10.3 percent to US $ 7.9 billion during July-March FY 2026, equivalent to 15.5 percent of total imports. This increase was recorded on the back of a 27.3 percent increase in telecom machinery, valued at US $ 2.0 billion. Although it was mainly concentrated in mobile phone imports, a 26.0 percent increase was also recorded in telecom apparatus, consistent with the government's increasing focus on the digitization of the economy. Power-generating machinery increased by 16.2 percent to US $ 632 million, strategically aligned with national infrastructure goals and enhancing domestic capacity in the power sector.

Office machinery, including data processing equipment, increased to US $ 521 million, and textile machinery imports also increased to US $ 450 million as industrial activity, especially in the export-oriented textile sector, picked up. Agricultural machinery also increased (18.7 percent), supported by mechanization incentives, while consumer durables, mainly electronics, declined by 20.6 percent.

Other Imports

Iron and steel imports and their scrap increased by 21.4 percent and 5.5 percent to US $ 2.0 billion and US $ 1.5 billion, respectively. These trends correspond with the uptick in construction and infrastructure-related activity in the economy. Although small in value, fertilizer and insecticide imports also increased by 4.2 percent and 38.6 percent to US $ 522 million and US $ 150 million, which will support agricultural activity in the economy. Raw cotton imports declined, while synthetic fiber and yarn imports increased, consistent with international demand for textile goods made from man-made fiber that is considered more durable.

Fig-8.14 Other Import Categories (US $ million)



Source: Pakistan Bureau of Statistics

Import of plastic material, which is a raw material for manufacturing industrial and household packaging, PVC pipes and parts for consumer goods, increased by 7.7 percent to US $ 2.2 billion. Medical and pharmaceutical imports also increased by 12.4 percent, reaching US $ 1.0 billion. Overall, imports depict a raw material, growth-oriented pattern.

8.3.3 Direction of Trade

Pakistan's export markets remained concentrated during July-March FY 2026, with the United States, China, and the United Arab Emirates emerging as the top three destinations. The United States accounted for the largest share at 19.9 percent, followed by China at 8.4 percent and the UAE at 7.0 percent, reflecting the continued importance of both traditional and regional markets for Pakistan's exports. Afghanistan, which was among the top ten export destinations in FY 2025, saw its share decline from 4.3 percent to 1.5 percent during FY 2026, mainly due to temporary security-related border management measures and regional trade adjustments. These developments underscore the importance of the Government's ongoing focus on market diversification, trade diplomacy, regional connectivity, and export competitiveness to expand access to new markets and reduce exposure to market-specific shocks.

Table 8.1: Direction of trade: Exports and Imports (July-March FY 2026) US $ Million

	Exports				Imports				Trade Deficit	
	FY 2025		FY 2026 (P)		FY 2025		FY 2026 (P)		FY 2025	FY 2026 (P)
Countries	**US $**	**% Share**	**US $**	**% Share**	**US $**	**% Share**	**US $**	**% Share**	**US $**	**% Share**
USA	4544	18.4	4634	19.9	1725	4.0	2133	4.6	2819	2501
China	1879	7.6	1945	8.4	11582	26.7	14038	30.0	(9703)	(12093)
UK	1625	6.6	1622	7.0	561	1.3	541	1.2	1064	1080
UAE	1611	6.5	1629	7.0	5855	13.5	5956	12.7	(4244)	(4327)
Germany	1277	5.2	1240	5.3	638	1.5	667	1.4	639	573
All Others	13765	55.7	12196	52.4	23017	53.1	23458	50.1	(9252)	(11262)
Total	**24702**	**100**	**23265**	**100**	**43379**	**100.0**	**46793**	**100.0**	**(18677)**	**(23528)**

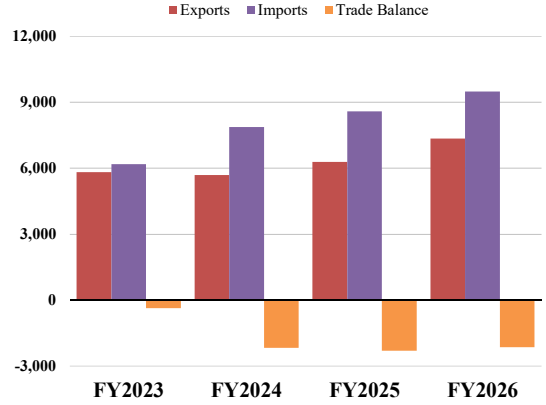
Source: Pakistan Bureau of Statistics

On the import side, Pakistan's sourcing pattern remained concentrated, with China, the UAE, and Indonesia serving as the top three supplying markets during July-March FY 2026. China accounted for around one-third of total imports, followed by the UAE with a share of 12.7 percent and Indonesia with 5.7 percent. This concentration largely reflects Pakistan's reliance on China for machinery, raw materials, intermediate goods, and capital equipment that support domestic production and investment activity, while imports from the UAE are mainly linked to energy and re-exported goods. Consequently, Pakistan recorded a sizable trade deficit with China, a relatively smaller deficit with the UAE, and a trade surplus with the United States. These patterns highlight the importance of diversifying import sources, strengthening domestic productive capacity, and enhancing export competitiveness in key markets.

8.4 Trade in Services

Pakistan's services trade performance improved during July-March FY 2026, as the services trade deficit narrowed by 10.4 percent to US $ 2.1 billion, compared with US $ 2.3 billion in the corresponding period of FY 2025. This improvement was driven by strong growth in services exports, which increased by 17.2 percent to US $ 7.4 billion, outpacing the 9.8 percent increase in services imports to US $ 9.4 billion. The narrowing of the deficit reflects the growing contribution of the services sector to external account stability and highlights the increasing role of knowledge-based and digitally enabled exports.

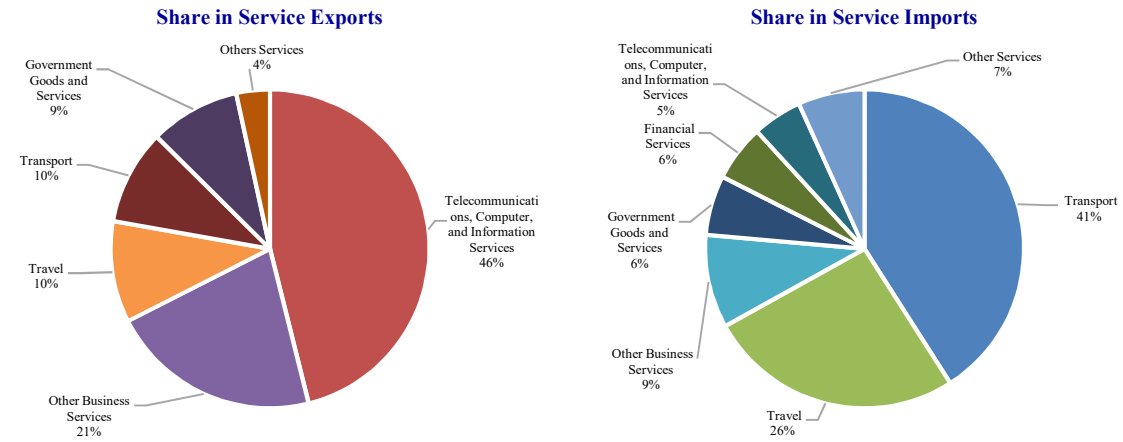
Fig-8.15: Trade in Services (US $ million)



Source: State Bank of Pakistan

IT services remained the main driver of this performance, recording strong growth of 19.8 percent to US $ 3.4 billion and accounting for 46.1 percent of total services exports. The value of IT exports surpassed readymade garments and the total value of other manufactured goods exports, underscoring the rising importance of Pakistan's digital economy alongside traditional export sectors. Growth was supported by computer and information services, software consultancy, and freelance-based digital services. To facilitate IT exporters and freelancers, SBP introduced reforms to simplify export realization procedures, standardize documentation requirements, set transaction processing timelines, and strengthen complaint resolution mechanisms. These measures have helped improve the ease of doing business for digital exporters and encouraged greater use of formal channels.

Fig-8.16: Share in Service Exports and Imports



Source: State Bank of Pakistan

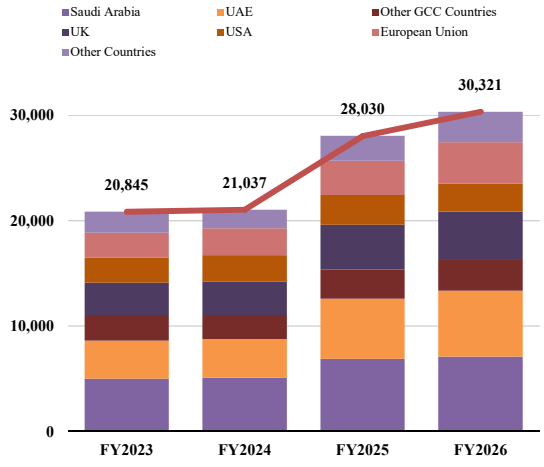
Other business services also recorded significant growth of 27.7 percent to US $ 1.6 billion, largely driven by a threefold increase in freelance technical and trade-related services. These trends are consistent with evolving labour dynamics in the country. According to the Labour Force Survey 2024-25, the service sector was the largest growing sector of the economy, with a 41.2 percent share of employment. Around 10.6 percent were reported to participate in the freelance economy as a secondary job, while 2.9 percent relied on it as a primary source of earning. On the import side, higher services imports were largely linked to travel-related payments and transport services, including freight and passenger traffic, reflecting the normalization of international mobility and increased trade-related activity.

8.5 Workers' Remittances

Remittances continued to serve as Pakistan's most reliable external financing source during July-March FY 2026, rising by 8.2 percent to US $ 30.3 billion and exceeding goods export receipts. This performance provided an important cushion to the current account at a time when merchandise exports were under pressure and import demand was rising with the recovery in domestic activity. The strength in remittances was supported by higher overseas employment, exchange rate stability, and policy measures that reduced the cost and improved the convenience of sending money through formal channels.

Government and SBP initiatives played an important role in sustaining formal inflows. The increased use of digital payment platforms, including Raast, helped improve transaction speed and transparency, while simplification of the rebate structure for transfer charges reduced costs for remitters and service providers. These measures, together with a stable exchange rate environment, encouraged the use of banking and exchange company channels and helped limit diversion toward informal markets.

Fig-8.17: Remittance Source Countries (US $ million)



Source: State Bank of Pakistan

The Gulf region remained the anchor of Pakistan's remittance base, with Saudi Arabia and the UAE together contributing a major share of inflows. At the same time, the strong increase from the European Union, particularly Italy, Spain, and Ireland, points to a gradual diversification of remittance sources. This broadening of inflows is encouraging, as it reduces concentration risk and strengthens the sustainability of remittance receipts. Overall, remittances remained central to external sector resilience by supporting foreign exchange liquidity, helping contain the current account gap, and contributing to exchange rate stability.

8.6 Foreign Investment

Foreign Direct Investment

Net Foreign Direct Investment (FDI) stood at US $ 1.4 billion during July-March FY 2026, compared with US $ 1.9 billion in the same period last year. The moderation was mainly due to a one-off consolidation and divestment transaction in the telecommunication sector, which resulted in a net outflow of U S$ 465.5 million around December 2025. Excluding this sector-specific transaction, underlying FDI inflows remained concentrated in productive and long-term sectors, indicating continued investor interest in Pakistan's core economic infrastructure and financial system.

The power sector remained the largest recipient of net FDI, attracting US $ 714.2 million, or 52.7 percent of total net inflows, mainly in hydel and coal-based projects. Although inflows to the sector declined by 23.5 percent, continued investment in energy projects reflects the importance of reliable energy infrastructure for sustaining industrial activity and long-term growth. Financial businesses were the second-largest recipient, with net inflows increasing by 9.5 percent to US $ 588.7 million, accounting for 43.5 percent of total net FDI. This increase indicates investor confidence in Pakistan's financial sector and its role in supporting economic recovery, digital finance, and private sector activity.

China remained the leading investment partner, with net inflows of US $ 678.6 million, followed by Hong Kong at US $ 253.7 million and the UAE at US $ 143.9 million. Net outflows from Norway, amounting to US $ 364.8 million, were largely aligned with the telecom-sector divestment by a Norway-based company. Overall, while headline FDI declined due to a one-off transaction, the composition of inflows remained supportive of energy security, financial sector development, and long-term investment priorities. Continued reforms, investment facilitation under SIFC, and improving macroeconomic stability are expected to strengthen investor confidence and support higher FDI inflows over the medium term.

Foreign Portfolio Investment

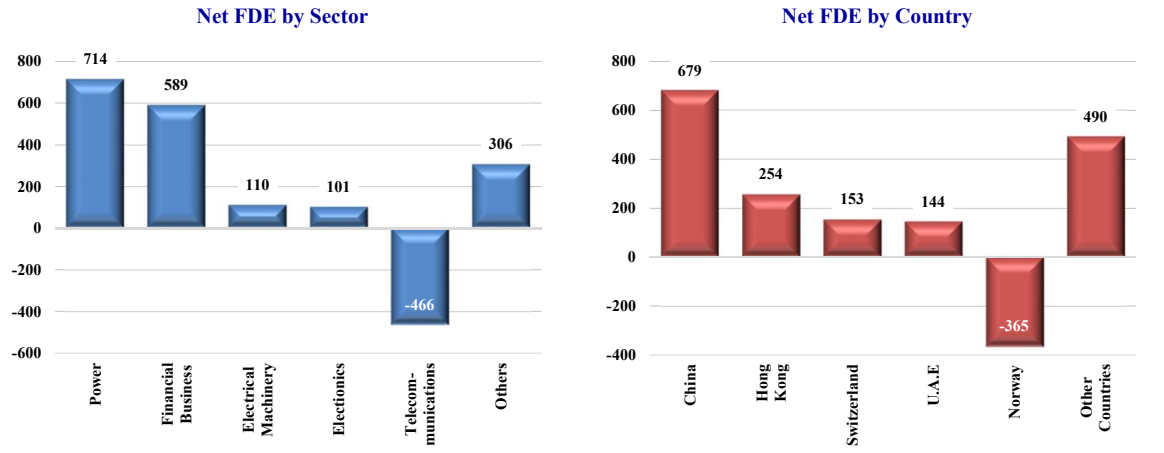
Private and public Foreign Portfolio Investment (FPI) recorded net outflows of US $ 550.3 million and US $ 393.5 million, respectively, during July-March FY 2026. Private FPI outflows were mainly associated with the equity market, where foreign investors booked profits following strong gains at the Pakistan Stock Exchange and adjusted emerging-market exposure amid global financial market volatility. These outflows increased in the third quarter as the Middle East crisis temporarily raised global risk aversion.

Public FPI outflows mainly reflected scheduled repayments and evolving debt market conditions, including a narrower interest rate differential following the reduction in domestic policy rates during the earlier part of FY 2026.

However, Pakistan's successful return to international capital markets in April-May 2026 marked an important positive development. The country raised US $ 750 million through a three-year Eurobond under the Global Medium-Term Note (GMTN) programme after upsizing the initial issuance through the greenshoe option, reflecting strong demand from global institutional investors.

This was followed by Pakistan's inaugural Panda Bond issuance in China's onshore capital market, through which the country raised RMB 1.75 billion, equivalent to around US $ 250 million. The issuance attracted strong investor demand and broadened Pakistan's access to non-dollar financing sources. Together, the Eurobond and Panda Bond transactions demonstrated renewed investor confidence in Pakistan's economic outlook, reform direction, and external repayment capacity. They also helped re-establish Pakistan's presence in global capital markets, diversify the investor base, and support financing for sustainable and climate-resilient infrastructure.

Fig-8.18: Net FDI by Sector and Country (US $ millions)

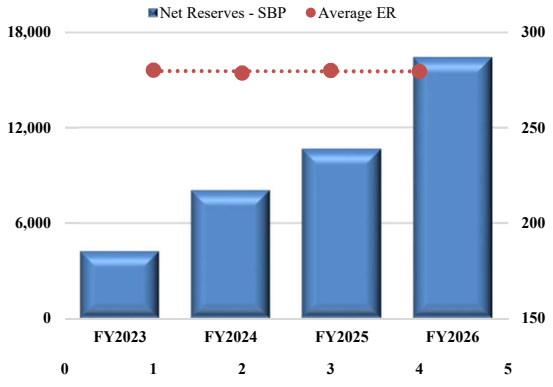


Source: State Bank of Pakistan

8.7 Foreign Exchange Reserves and Exchange Rate

Pakistan's total foreign exchange reserves reached US $ 21.8 billion by end-March 2026, up by US $ 6.8 billion from US $ 15.0 billion at end-March 2025. Reserves held with SBP rose to US $ 16.4 billion, while commercial banks held US $ 5.4 billion. This increase was attributed to higher official disbursements and sustained remittance inflows during July-March FY 2026. Between June 2025 and January 2026, the central bank purchased net US $ 4.9 billion from the interbank, compared to US $ 5.1 billion in the same period last year. These interventions have helped strengthen Pakistan's external buffers. Consequently, the exchange rate remained stable at an average rate of PKR 279.5/US $ in March 2026, slightly appreciating by 0.2 percent compared to March 2025.

Fig-8.19: Net Forex Reserves, SBP (US $ million) and Exchange Rate



Source: State Bank of Pakistan
*End March for Net Forex reserves and average during March for Exchange Rate.

The successful completion of the second review under the IMF Extended Fund Facility (EFF) and first review under the Resilience and Sustainability Facility (RSF) allowed Pakistan

access to about US $ 1.0 billion under the EFF and about US $ 200 million under the RSF. Moreover, the third and second reviews of EFF and RSF facilities, respectively, allowed Pakistan access to a total of US $ 1.32 billion, bringing the total disbursements under the two arrangements to US $ 4.8 billion. Combined with additional US $ 3 billion deposits from Saudi Arabia and a three-year extension in terms of the initial US $ 5 billion deposits, the foreign exchange reserve position is expected to strengthen further.

Pakistan's sovereign credit ratings upgrade by international agencies, including Fitch (CCC+ to B-), Moody's (Caa2 to Caa1), and S&P (CCC+ to B-), improved investor confidence and opened Pakistan's access to international capital markets.

8.8 Measures for External Sector Sustainability

Exports

- To lower the cost of doing business and improve cash flows for exporters, the government exempted all exports from the 0.25 percent Export Development Surcharge.
- SBP withdrew the previously mandated lien policy on delayed export proceeds to facilitate exporters' cash flows and enhance regulatory oversight.
- To facilitate IT exporters and freelancers, SBP introduced reforms to simplify the export realization procedures, standardize documentation requirements, set transaction processing timelines, and strengthen complaint resolution mechanisms.
- Rs 15,000 million have been sanctioned for clearance of pending verified claims under the duty drawback schemes of textiles and non-textile sectors.
- The 4th Textiles and Apparel Policy 2025–2030 has been drafted in consultation with the public and private sector stakeholders and will be submitted to the Economic Coordination Committee (ECC) of the Cabinet for consideration.
- Ministry of Commerce (MoC) has developed the Export Enhancement Strategy for Manufacturing and Mining Sector, which has been approved by the Executive Committee of the National Export Development Board (NEDB) and will be presented to the NEDB.
- Agro Export Enhancement Roadmap has been approved in principle and is being continuously reviewed and monitored by the NEDB to ensure high-level ownership, inter-ministerial coordination, and sustained implementation to drive export-led growth in the agro-food sector.
- MoC through funding from the Export Development Fund, granted a DLTL support of 9 percent and 3 percent at FOB value for basmati and no-basmati rice exports, respectively, to increase the competitiveness of rice exports and achieve a target of US $ 3 billion rice exports in FY 2026.
- National E-Commerce Policy 2.0 (2025–2030) is under process, which aims to strengthen digital trade governance, enhance MSME inclusion, and expand Pakistan's participation in global e-commerce.
- MoC is working on the Services Export Enhancement Roadmap (2025-30) in line with the National Export Development Board (NEDB) and the National Priority Sectors Export Strategy (NPSES). The roadmap focuses on diversifying exports into non-traditional service sectors such as transport, logistics and warehousing, IT and e-commerce, tourism and hospitality.

Imports

- Given the critical importance of crude oil and petroleum products for the country, SBP allowed import of Crude Oil/ Petroleum Products on CIF (cost, insurance, freight) basis for a period of sixty (60) days - making procurement easier and avoiding delays in shipment during periods of market uncertainty.

Remittances

- Reimbursement of Telegraphic Transfer (TT) Charges Scheme has been simplified, and the rebate structure has been revised to

a flat rate of SAR 20 per transaction instead of variable rates linked to the volume of total remittance remitted by the authorized dealers. Additionally, the exchange companies have also been included under this scheme.

- Exchange companies have also been mandated by SBP for digital disbursement of workers' remittances through Raast, which will enhance cost and time efficiency, benefiting the remitters.
- Exchange companies have been allowed to enter forward sale transactions with Authorized Dealers against receipt of home remittances for a period of up to 5 working days, facilitating mobilization of additional home remittances.

Investment

- The Asaan Karobar Act, 2025, was passed, which institutionalizes a systematic review and rationalization of business-related regulatory requirements, eliminating redundant and overlapping provisions. It mandates the establishment of the Pakistan Regulatory Registry (PRR), a centralized repository providing easy access to all regulatory approvals, licenses, certificates, and permits applicable to businesses, and the Pakistan Business Portal (PRP), a fully integrated digital platform enabling businesses to apply for and obtain regulatory approvals online.
- A dedicated digital platform, "Regimeter," had been developed by the Board of Investment to monitor the implementation of regulatory reforms in real-time and receive structured and evidence-based feedback from the private sector, enhancing transparency and accountability in regulatory governance.

Concluding Remarks

Pakistan's external sector remained resilient during FY 2026 despite global uncertainty, the Middle East crisis, and temporary regional trade restrictions linked to security-related border management measures. Strong workers' remittances, rising IT and services exports, improved external buffers, and exchange rate stability helped offset pressures from weaker goods exports and higher import demand associated with the recovery in domestic economic activity. Although goods exports faced challenges from weak global demand, lower food exports, and regional trade disruptions, the current account remained manageable, reflecting the economy's improved capacity to absorb external shocks.

The Government continued to support external sector stability through prudent macroeconomic management, trade diplomacy, export facilitation, market diversification efforts, and measures to encourage remittances through formal channels. Initiatives under the Special Investment Facilitation Council (SIFC) are also helping improve investor facilitation, strengthen coordination, and attract investment in priority sectors. In addition, Pakistan's constructive diplomatic engagement in support of regional stability and de-escalation has strengthened its international profile, which can support investor confidence and external sector prospects over the medium term. Going forward, sustaining this resilience will require strengthening export competitiveness, expanding access to new markets, leveraging the potential of IT and digitally delivered services, maintaining strong remittance inflows, and preserving adequate external buffers.

PUBLIC DEBT

Total Public Debt (End-Mar 2026)	83,285 (Rs. billion)	
▪ **Domestic Debt**	57,566 (Rs. billion)	
▪ **External Public Debt**	25,720 (Rs. billion)	
YoY Interest Expense Declined	23%	
ATM of Domestic GoP Securities	3.86 ▲ Years	
Share of Shariah Compliant Instruments Increased	1.8%	

Chapter 9

Public Debt

Public debt management plays a central role in a country's fiscal and economic framework, serving as a key instrument for financing budget deficits, supporting development spending, and managing macroeconomic shocks. It is typically sourced from domestic and external creditors, each carrying distinct opportunities and risks. While public borrowing enables governments to smooth expenditure and invest in infrastructure and social services, excessive or poorly managed debt can pose serious vulnerabilities, such as rising interest burdens, crowding out of private investment, excessive intergenerational resource transfer and exposure to exchange rate or interest rate shocks. These risks can undermine long-term fiscal sustainability and economic security if left unaddressed. Recognizing these challenges, the government remains committed to optimal public debt management through prudent borrowing, active debt portfolio management, and a clear focus on ensuring medium to long-term debt sustainability.

Primary objective of public debt management is to ensure that the Government's gross financing needs are met at the lowest possible cost over the medium to long run with a prudent degree of risk. The conduct of public debt management varies across sovereigns due to different institutional setups, macroeconomic fundamentals, legal frameworks, and governance structures. The goal is to ensure that both the level and rate of growth of public debt are sustainable and the debt portfolio is efficiently structured in terms of currency composition, maturity profile, and term structure, along with having a prudent level of contingent liabilities.

Given this frame work during the first nine months of the outgoing fiscal year (July-March FY 2026), the public debt portfolio and borrowing operations witnessed significant developments, some of which are highlighted below:

- The fiscal deficit was financed primarily through domestic borrowing sources, reducing reliance on external borrowing and strengthening external sector stability.
- Within the domestic debt portfolio, the Government primarily relied on medium to long-term instruments such as Pakistan Investment Bonds (PIBs) and Government Ijarah Sukuk (GIS) to finance the fiscal deficit.
- To cater to institutional investor demands, the Government also started issuances of 15-year zero-coupon PIB this year and successfully raised Rs 263 billion (Realized Value basis) through this instrument. The instrument supports development of the capital market, improves debt profile by extending debt maturity and reducing near-term debt servicing pressures. In continuation of government's efforts to increase share of sharia compliant financing, the government also introduced a 10 Years Zero-Coupon Fixed Rate Sukuk instrument.
- During the first nine months of the FY 2026, the Government successfully raised approximately Rs 2.25 trillion via Shariah-compliant Sukuk issuances.
- External budgetary disbursements were recorded at US $ 6.1 billion, of which US $ 2.7 billion was received from multilateral

sources, US $ 1.1 billion from bilateral development partners, US $ 2 billion was raised from Naya Pakistan Certificates and US $ 0.2 billion were raised from commercial banks;

- The government also received US $ 1.2 billion tranche under the IMF's Extended Fund Facility (EFF).
- The government continued with its strategic Liability Management Operations (LMOs), by conducting total buybacks amounting to approximately Rs 2.1 trillion worth of government debt securities, thereby rationalizing debt servicing cost.

9.1 Public Debt Outstanding Stock

The Fiscal Responsibility and Debt Limitation Act, 2005 (FRDLA) defines "Total Public Debt" as debt owed by the Government (including Federal Government and Provincial Governments) serviced out of consolidated fund and debts owed to the International Monetary Fund. Table 9.1 presents the trend of total public debt.

Table 9.1: Total Public Debt Rs billion

	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Mar-26
Domestic Debt	20,732	23,283	26,265	31,085	38,810	47,160	54,472	57,566
External Debt	11,976	13,116	13,595	18,157	24,071	24,086	26,047	25,720
Total Public Debt	32,708	36,399	39,860	49,242	62,881	71,246	80,518	83,285
Total Debt of the Government*	29,521	33,235	35,663	44,361	57,779	65,105	73,267	
(As percent of GDP)								
Domestic Debt	47.3	49.0	47.0	46.7	46.4	44.9	47.9	-
External Debt	27.3	27.6	24.4	27.3	28.8	22.9	22.9	-
Total Public Debt	74.7	76.6	71.4	73.9	75.2	67.8	70.7	-
Total Debt of the Government	47.3	49.0	47.0	46.7	69.1	61.9	64.4	-

* As per the Fiscal Responsibility and Debt Limitation Act, 2005 (as amended from time to time), "Total Debt of the Government" means the debt of the Government (including the Federal Government and the Provincial Governments) serviced out of the consolidated fund and debts owed to the International Monetary Fund (IMF) less accumulated deposits of the Federal and Provincial Governments with the banking system.

Source: State Bank of Pakistan and Debt Management Office, Ministry of Finance.

Growth in public debt outstanding during the first nine months of FY 2026 stood at 3.4 percent, which is lower as compared to the growth of 6.7 percent in the same period of the preceding year. The main factors behind the increase in total public debt stock during the first nine months of the ongoing fiscal year vis-à-vis the corresponding period of last year are presented in Table 9.2.

Table 9.2: Increase in Total Public Debt Rs billion

	Jul-Mar FY 2024	Jul-Mar FY 2025	Jul-Mar FY 2026
Increase / (Decrease) in Total Public Debt	**4,644**	**4,761**	**2,767**
of which:			
Federal Primary Deficit / (Surplus)	(1,180)	(2,415)	(2,455)
Interest on Debt	5,518	6,439	4,948
Other (Exchange Rate / Cash Balances / Accounting impact)	306	738	275

Source: Budget Wing and Debt Management Office, Ministry of Finance

The trend of total public debt from 1971 to 2026 is depicted in Table 9.3 and Figure 9.1, while the profile of domestic debt, external debt and total public debt as a percentage of GDP is given in Figures 9.1 and 9.2.

Table 9.3: Trend in Total Public Debt (end-June; Rs billion)

Year	DD	ED	PD	Year	DD	ED	PD	Year	DD	ED	PD
1971	14	16	30	**1989**	333	300	634	**2007**	2,601	2,201	4,802
1972	17	38	55	**1990**	381	330	711	**2008**	3,274	2,853	6,127
1973	20	40	60	**1991**	448	377	825	**2009**	3,860	3,871	7,731
1974	19	44	62	**1992**	532	437	969	**2010**	4,653	4,357	9,010
1975	23	48	70	**1993**	617	519	1,135	**2011**	6,014	4,756	10,771
1976	28	57	85	**1994**	716	624	1,340	**2012**	7,638	5,059	12,697
1977	34	63	97	**1995**	809	688	1,497	**2013**	9,520	4,771	14,292
1978	41	71	112	**1996**	920	784	1,704	**2014**	10,907	5,085	15,991
1979	52	77	130	**1997**	1,056	939	1,995	**2015**	12,193	5,188	17,380
1980	60	86	146	**1998**	1,199	1,193	2,392	**2016**	13,626	6,051	19,677
1981	58	87	145	**1999**	1,389	1,557	2,946	**2017**	14,849	6,559	21,409
1982	81	107	189	**2000**	1,645	1,527	3,172	**2018**	16,416	8,537	24,953
1983	104	123	227	**2001**	1,799	1,885	3,684	**2019**	20,732	11,976	32,708
1984	125	132	257	**2002**	1,775	1,862	3,636	**2020**	23,283	13,116	36,399
1985	153	156	309	**2003**	1,895	1,800	3,694	**2021**	26,265	13,595	39,861
1986	203	187	390	**2004**	2,028	1,839	3,866	**2022**	31,085	18,157	49,242
1987	248	209	458	**2005**	2,178	2,034	4,211	**2023**	38,810	24,071	62,881
1988	290	233	523	**2006**	2,322	2,038	4,359	**2024**	47,160	24,086	71,246
2025	54,472	26,047	80,518	**2026***	57,566	25,720	83,285	-	-	-	-

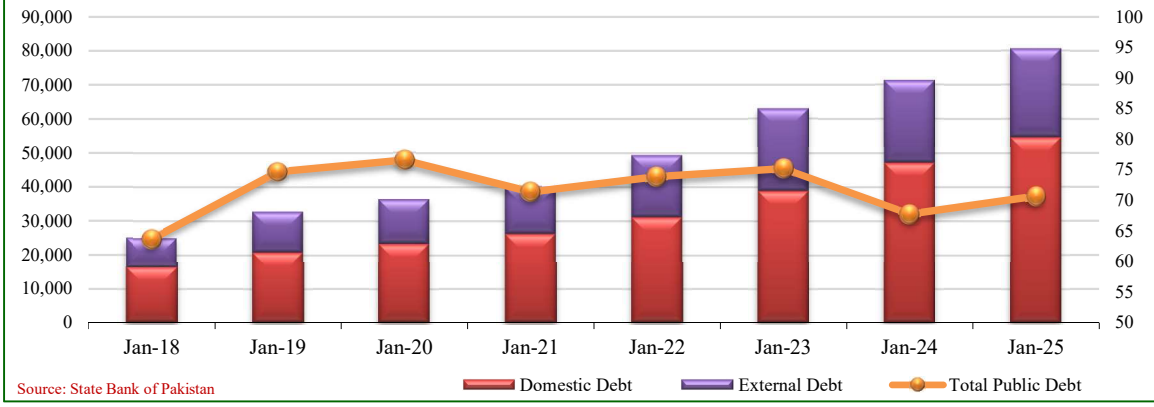
* End March FY 2026; DD: Domestic Debt; ED: External Debt; PD: Public Debt

Source: State Bank of Pakistan, Debt Management Office, Ministry of Finance

Fig-9.1: Trend in Domestic and External Debt (end-June position, Rs Billion)



Fig 9.2: Profile of Total Public Debt (end-June position)
(LHS: Rs in billion, RHS: Percent of GDP



Source: State Bank of Pakistan

9.2 Medium Term Debt Management Strategy (FY 2026 - 28)

The Ministry of Finance has formulated the Medium-Term Debt Management Strategy (MTDS) for the period FY 2026 to FY 2028, keeping in view the medium-term national macro fiscal framework and Table 9.4 provides an update on the trend of indicators defined in the Medium-Term Debt Management Strategy (MTDS):

Risk Exposure	Indicators	June-25	March-26
Currency Risk	Share of External Debt in Total Public Debt (%)	32	31
Refinancing Risk	Average Time to Maturity (ATM) of Domestic Debt (Years)	3.8	3.86
	ATM of External Debt (Years)	6.1	6.1
Diversification	Share of Shariah Compliant Instruments in Government Securities (%)	12.7	14.5
Interest Rate Risk	Share of Fixed Rate Debt in Government Securities (%)	20	27.6
	Average Time to Refixing	-	1.2

Source: Debt Management Office, Ministry of Finance

There was a marked improvement in the public debt risk indicators by end-March 2026. Currency risk continued to be managed, with the share of external debt in total public debt stabilizing around 31 percent by March 2026, reflecting reduced vulnerability to exchange rate fluctuations. Refinancing risk also declined as the Average Time to Maturity (ATM) of domestic debt rose from 3.80 years in June-2025, to 3.86 years in March 2026, indicating continued momentum towards longer-term domestic instruments. The ATM of external debt remained stable at 6.1 years. Diversification efforts continued to show results, shown by a gradual increase in the share of Shariah-compliant instruments in government debt securities, which rose from 12.7 percent in June 2025 to 14.5 percent in March 2026, signaling diversification in the investor base. More importantly, interest rate risk remained well-managed, where share of Fixed Rate debt out of total government debt securities increased significantly from 20 percent in June 2025 to 27.6 percent in March 2026.

9.3 Servicing of Public Debt

During the first nine months of the outgoing fiscal year, total markup expenditure amounted to Rs 4,948 billion, representing 60 percent of the full-year budget estimate of Rs 8,207 billion. Notably, this amount was Rs 6,439 billion during same period of preceding fiscal year, showing a decline of 23 percent on YoY basis. The decline in markup expenditure can be attributed primarily to lower policy interest rates, improved debt management, and reduced reliance on expensive short-term borrowing. The shift toward longer-tenor instruments and improved macroeconomic stability also helped contain debt servicing costs compared to the same period last year. Majority of this expenditure was on domestic debt, which accounted for Rs 4,288 billion or approx. 59.5 percent of the annual allocation of Rs 7,198 billion, whereas interest payments on external debt reached Rs 660 billion, equivalent to 65 percent of the budgeted amount of Rs 1,009 billion.

The effective rationalization of the interest expense budget over the first three quarters highlights the effective cash flow planning and debt servicing discipline. It also demonstrates the impact of ongoing efforts to lengthen debt maturities, as a shift toward longer-term instruments gradually moderates short-term repayment pressures.

Table 9.5: Interest Expense (IE) FY 2026 Rs billion

	Budgeted FY 2026	Actual (Jul-Mar)	Percentage of		
			Budgeted	Total Revenue	Current Exp.
External Debt IE	1,009	660	65%	4%	5%
Domestic Debt IE	7,198	4,288	59.5%	29%	30%
Total Debt IE	8,207	4,948	60%	33%	35%

Source: Budget Wing and Debt Management Office, Ministry of Finance

9.4 Domestic Debt

Domestic debt comprises of three main categories: (i) permanent debt (medium and long-term); (ii) floating debt (short-term); and (iii) unfunded debt (primarily made up of various instruments available under National Savings Schemes).

Further in line with the Public Debt Act, 1944, the Government issues three broad types of marketable securities to raise debt, i.e., Treasury Bills (T-bills), PIBs, and Government Ijara Sukuk (GIS).

- T-bills are short-term securities having maturities of 12-Months or less at the time of issuance, which includes tenors of 1-Months, 3-Months, 6-Months & 12-Months.
- PIBs are longer-term securities and have maturities of more than 12-Months at the time of issuance. PIBs pay the entire face value on maturity and also pay profits at regular intervals until maturity. PIBs can be further categorized as Fixed-rate PIBs and Floating-rate PIBs.
  - Fixed-rate PIBs pay a fixed amount of profit on each profit payment date.
  - Floating-rate PIBs pay a variable amount of profit on each profit payment date. The profit rate is based on reference rates such as 3- or 6-Month T-bills yield.
- Shariah-compliant Government securities programme has been in place since 2008-09. Government has carried out noticeable issuance through these securities in the last few years with the aim of increasing the share of these securities. In addition to the existing Ijara Sukuk instruments, the Government has also introduced 10-year Zero-coupon fixed rate Ijarah Sukuk this year to diversify shariah-compliant instruments. Table 9.6 lists all Government securities currently in issue:

Table 9.6: Domestic Market Debt Instruments

Sr. No.	Instrument	Nature	Tenor	Coupon
1	T-Bill	Fixed Rate	1 Month	-
2	T-Bill	Fixed Rate	3 Months	-
3	T-Bill	Fixed Rate	6 Months	-
4	T-Bill	Fixed Rate	12 Months	-
5	PIB	Fixed Rate	2-Year	Zero Coupon
6	PIB	Fixed Rate	3-Year	Semi-Annual
7	PIB	Fixed Rate	5-Year	Semi-Annual
8	PIB	Fixed Rate	10-Year	Semi-Annual
9	PIB	Fixed Rate	15-Year	Semi-Annual
10	PIB	Fixed Rate	20-Year	Semi-Annual
11	PIB	Fixed Rate	30-Year	Semi-Annual
12	PIB	Fixed Rate	15-Year	Zero Coupon
13	PIB	Floating Rate	10-Year	Semi-Annual
14	GIS	Fixed Rate	1-Year	Semi-Annual
15	GIS	Fixed Rate	3-Year	Semi-Annual
16	GIS	Fixed Rate	5-Year	Semi-Annual
17	GIS	Fixed Rate	10-Year	Semi-Annual
19	GIS	Floating Rate	3-Year	Semi-Annual
20	GIS	Floating Rate	5-Year	Semi-Annual
21	GIS	Floating Rate	10-Year	Semi-Annual
22	GIS	Fixed Rate	10-Year	Zero Coupon-

Source: Debt Management Office, Ministry of Finance

9.4-a Domestic Borrowing Pattern

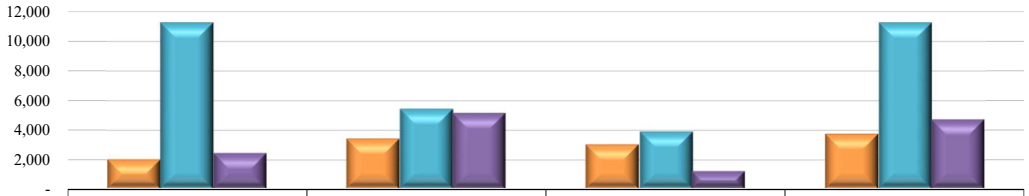
During the first nine months of the current FY, domestic T-bills, PIBs, and Sukuk markets remained robust, reflecting strong market liquidity and investor confidence. Instrument type-wise breakup is as under:

- T-bills: Against a target of Rs 12,125 billion, participation stood at Rs 31,767 billion, with Rs 13,443 billion accepted on RV basis (bid-to-cover ratio: 2.4X)
- PIBs: Total bids reached Rs 22,507 billion against a target of Rs 5,125 billion target with Rs 5,303 billion accepted (bid-to-cover ratio:4.2X). Majority of the issuance was in Fixed rate category (66.5 percent).
- GIS (including Bai-Muajjal): Participation of Rs 6,635 billion against a Rs 2,150 billion target, with Rs 2,250 billion accepted (bid-to-cover ratio: 2.9X) with majority (87 percent) in Fixed Rate category.

The government followed a calibrated strategy focused on medium-to-long term maturities in fixed rate instruments manage cost and rollover risks while maintaining strong investor engagement.

The auction patterns of Government securities are depicted in figures 9.3 - 9.5.

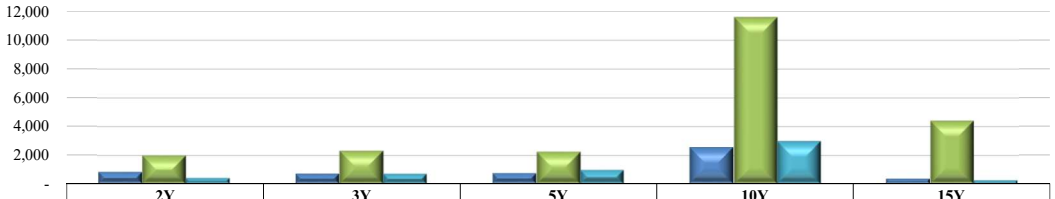
Fig-9.3: T-Bills Auction Profile July-March 2026 (Rs in Billion)



	1M	3M	6M	12M
Target	2,000	3,400	3,000	3,725
Participation	11,241	5,417	3,865	11,244
Acceptance	2,421	5,121	1,217	4,685

Source: DMO (Ministry of Finance), SBP

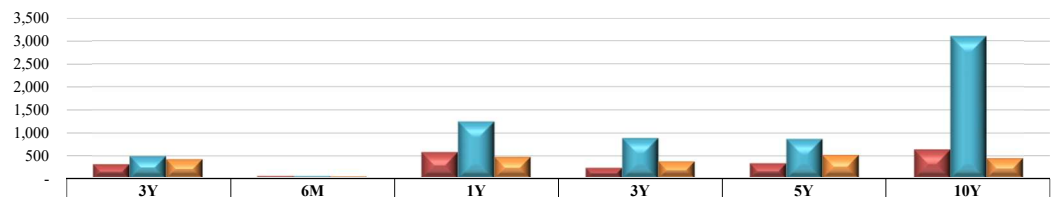
Fig-9.4: PIBs Auction Profile July-March 2026 (Rs in Billion)



	2Y	3Y	5Y	10Y	15Y
Target	825	700	725	2,525	350
Participation	1,975	2,320	2,250	11,580	4,382
Acceptance	406	695	974	2,965	263

Source: DMO (Ministry of Finance), SBP

Fig-9.5: GIS/Bai-Maujjal Auction Profile July-March 2026 (Rs in Billion)



	3Y	6M	1Y	3Y	5Y	10Y
Target	315	60	575	235	335	630
Participation	498	62	1,240	888	863	3,083
Acceptance	421	47	464	371	507	439

Source: DMO (Ministry of Finance), SBP

9.4-b Component-Wise Analysis of Domestic Debt

In first 9M of FY 2026, Pakistan's domestic debt stock stood at Rs 57.6 trillion, reflecting an increase of Rs 3.1 trillion. Following is a component-wise breakdown:

I. Permanent Debt

Permanent debt, which primarily comprises of medium to long-term instruments such as Pakistan Investment Bonds (PIBs), Government Ijara Sukuk (GIS), and Prize Bonds, rose from Rs 41.8 trillion in June 2025 to Rs 43.9 trillion in March 2026, reflecting an increase of Rs 2.1 trillion during the first nine months of FY 2026. PIBs increased by Rs 0.7 trillion, GIS, including Bai-Muajjal, rose by Rs 1.4 trillion, and Prize Bonds saw a marginal rise of Rs 20 billion.

Overall, permanent debt accounted for nearly 77 percent of the total domestic debt, indicating more reliance on medium to longer-term borrowing to ensure debt sustainability.

II. Floating Debt

Floating debt stock was recorded at Rs 9.6 trillion by end-March 2026, compared to Rs 8.8 trillion in June 2025, showing an increase of Rs 0.8 trillion in the first nine months of ongoing fiscal year. The share of Floating debt out of total domestic debt was 16.6 percent, which is almost constant at March 2025 level of 16.1 percent. This is in line with the government's medium-term debt management strategy to keep net issuance of short-term T-Bills around zero, and rely more on the medium to long-term bond issuances.

III. Unfunded Debt

Unfunded debt (including Prize Bonds) rose from Rs 3.4 trillion in June 2025 to Rs 3.6 trillion in March 2026, showing an increase of Rs 0.214 trillion during the first nine months of ongoing fiscal year.

Notable increases were seen in Behbood Savings Certificates (+Rs 100 billion), Pensioners' Benefit Account (+Rs 51 billion) and Regular Income Certificates (+Rs 45 billion). Some instruments saw minor declines, such as the Short-Term Savings Certificates and Defense Saving Certificates, both declining by approx. Rs 12 billion each. The share of unfunded debt remained relatively constant at around 6 percent of the domestic debt portfolio.

IV. Others

The 'Other' components of domestic debt increased slightly from Rs 905 billion to Rs 910 billion.

- Naya Pakistan Certificates declined slightly by Rs 2.4 billion to Rs 59.5 billion.
- SDR on-lent loan from SBP remained stable at Rs 474.9 billion.
- Foreign currency-denominated domestic debt is recorded at Rs 376 billion

Details of outstanding public domestic debt from FY 2019 to FY 2026 (March) is presented in Table 9.7.

Table 9.7: Domestic Market Debt Instruments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 (Jul-Mar)
Permanent Debt (A)	**12,087**	**14,031**	**15,911**	**20,377**	**25,559**	**33,193.0**	**41,789**	**43,857**
Pakistan Investment Bonds*	10,933	12,886	14,590	17,687	22,009	28,025.8	35,015	35,678
GOP Ijara Sukuk	71	198	665	2,280	3,151	4,766.2	6,187	7,104
Prize Bonds	894	734	444	375	383	385.1	407	427
Bai-Muajjal of Sukuk	178	201	201	23	-	-	163	632
Other	11	11	11	13	16	16	16	16
Floating Debt (B)	**5,501**	**5,578**	**6,680**	**6,804**	**9,335**	**10,248**	**8,756**	**9,583**
Market Treasury Bills*	4,930	5,576	6,677	6,752	9,269	10,167	8,645	9,460
MTBs for Replenishment	570	3	3	52	66	80	112	123
Unfunded Debt (C)	**3,144**	**3,674**	**3,646**	**3,336**	**2,927**	**2,799**	**3,021**	**3,215**
Behbood Savings Certificates	915	998	1,000	1,017	1,002	1,040.10	1,151	1,251
Regular Income Certificates	490	573	600	589	462	264.1	316	362

Table 9.7: Domestic Market Debt Instruments

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 (Jul-Mar)
Defense Saving Certificates	393	486	477	467	428	400.4	397	385
Pensioners' Benefit Account	318	352	369	391	404	434	486	537
Special Savings Certificates (R)	414	428	421	377	298	286	311	324
Special Savings Accounts	417	617	581	307	115	63.2	58	55
Savings Accounts	38	43	43	54	68	85.5	103	112
ST Saving Certificate	5	24	4	5	35	57.1	58	46
SRWA Islamic	-	-	-	-	5	75	61	77
Other	3	2	2	2	2	2.4	2	2
GP Fund	104	102	101	80	61	43.7	31	18
Postal Life Insurance Schemes	48	49	47	47	47	47.2	47	47
Other (D)	**-**	**-**	**28**	**568**	**989**	**920.8**	**905**	**910**
Naya Pakistan Certificates	-	-	28	93	143	84.1	62	60
SDR on-lent loan	-	-	-	475	475	474.9	475	475
Other loans from banks **	-	-	-	-	372	361.8	368	376
Total Domestic Debt (A+B+C+D)	**20,732**	**23,283**	**26,265**	**31,085**	**38,810**	**47,160**	**54,472**	**57,566**

* Based on nominal values for Long Term Zero Coupon PIBs (LTZCB) (Since June 2025)
** Other domestic FC borrowings.

9.5 External Public Debt

External public debt was recorded at US $ 92.2 billion at end-March 2026, showing an increase of around US $ 364 million during the first nine months of the current fiscal year compared to an increase of US $ 883 million during the same period of the last fiscal year.

Detailed analysis of Pakistan's external public debt stock changes is provided as under:

i. Pakistan's total external public debt consists of two components: government external debt and debt obtained from the IMF. Government external debt accounts for the majority, amounting to US $ 82,261 million, while outstanding debt from the IMF stands at US $ 9,891 million. The IMF debt further consists of the federal government debt (US $ 3,620 million) and the central bank debt (US $ 6,271 million).

ii. The central government's external debt is predominantly long-term in nature, with US $ 68,408 million long-term debt (greater than one year) and US $ 13,853 million as short-term debt (less than one year). This is in line with the government's external debt strategy that prioritizes long-term financing, which typically carries lower repayment pressures.

iii. Among external debt sources, multilateral loans form the largest portion, totaling US $ 42,483 million, constituting around 46 percent of total external debt. These loans are provided by development partners like the World Bank and Asian Development Bank and are concessional in nature, with lower interest rates and extended repayment periods.

iv. Debt from IMF amounts to US $ 9,891 million, constituting around 11 percent of total external debt.

v. The Paris Club debt amounts to US $ 5,497 million, representing approximately 6 percent of Pakistan's total external public debt. These loans are also concessional, offering longer repayment periods and lower interest rates. Bilateral loans from non-Paris Club countries amount to US $ 19,025 million (21 percent of total external debt).

vi. Government of Pakistan's international capital markets debt in the form of Eurobonds and international sukuk amounts to US $ 6,300 million which constitutes approx. 7 percent of total external debt. These debt obligations are long-term in nature with market-based interest rates.

vii. Total Outstanding loans from foreign commercial banks amount to US $ 6,323

million constituting around 7 percent of total external debt. These loans are short-to-medium term (i.e., 1-3 years) with market-based interest rates.

viii. Other foreign debt in terms of Naya Pakistan Certificates, non-resident investment in government securities, and Pakistan Banao Certificates etc., constitute around 1.5 percent. This category falls under the short-to-medium term nature of debt with market-based interest rate.

ix. Short-term debt, having tenor of less than 1 year, amount to US $ 13,853 million, which also includes external holdings of Short-Term local currency securities (T-bills) of US $ 323 million.

x. Pakistan's external public debt portfolio reflects a strategic approach emphasizing long-term, concessional loans primarily sourced from multilateral and bilateral partners, which also helps improve the maturity profile and reduce refinancing risk for external debt.

The external debt profile for the period FY 2019 to FY 2026 (March) is presented in Table 9.8.

Table 9.8: External Debt Profile

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Mar
A. External Public Debt (1+2)	**73,449**	**77,994**	**86,457**	**88,838**	**84,050**	**86,525**	**91,795**	**92,152**
1. Government External Debt (i+ii)	**67,800**	**70,314**	**79,073**	**81,941**	**76,926**	**78,147**	**82,527**	**82,261**
i) Long term (>1 year)	**66,536**	**68,773**	**78,215**	**80,592**	**76,766**	**77,387**	**81,787**	**68,408**
Paris Club	11,235	10,924	10,726	9,232	7,901	6,474	6,005	5,497
Multilateral	27,788	30,898	33,836	34,023	37,363	39,248	42,480	42,483
Other Bilateral	12,717	13,428	14,821	18,053	17,572	18,552	18,039	8,925
Euro/Sukuk Global Bonds	6,300	5,300	7,800	8,800	7,800	6,800	6,800	6,300
Commercial Loans/Credits	8,470	8,068	9,696	9,481	5,564	5,490	7,156	3,621
Local Currency Securities (PIBs)	0	96	463	5	3	24	78	107
NBP/BOC deposits/PBC	26	59	65	45	28	15	5	-
Naya Pakistan Certificate		-	809	953	534	784	1,225	1,474
ii) Short term (<1 year)	**1,264**	**1,542**	**858**	**1,349**	**160**	**760**	**739**	**13,853**
Multilateral	778	814	506	1,327	160	250	552	729
Local Currency Securities (T-bills)	0	586	352	22	0	510	187	323
Commercial loans/credits/Other Bilateral^	486	141	-	-	-	-	-	12,801
2. From IMF	**5,648**	**7,680**	**7,384**	**6,897**	**7,124**	**8,378**	**9,268**	**9,891**
i) Federal Government	0	2,833	3,437	4,195	5,369	4,516	3,783	3,620
ii) Central Bank	5,648	4,847	3,947	2,702	1,755	3,862	5,484	6,271

^ : Some bilateral and commercial loans have been reclassified from long term to short term.

Source: Ministry of Economic Affairs, State Bank of Pakistan and Debt Management Office, Ministry of Finance

9.5 External Public Debt Inflows, Outflows and Interest Payments

(a) Inflows

In the first nine months of the FY 2026, the total inflows from external debt disbursements amounted to US $ 6,101 million. Of this, multilateral sources contributed the largest (US $ 2,738), followed by commercial/other (US $ 2,238) which also include NPCs, and bilateral sources (US $ 1,125 million). There were no bond issuances during this period.

(b) Outflows

Repayments totaled US $ 6,250 million, with multilateral creditors receiving the largest portion (US $ 2,150 million), followed by bilateral creditors (US $ 657 million), International Bonds (US $ 500 million) and commercial/other sources (US $ 2,944 million).

(c) Interest payments

Interest payments amounted to US $ 2,582 million, with the bulk of these payments directed towards multilateral creditors (US $ 1,201

million). The interest payments to bilateral creditors (US $ 663 million), international bonds (US $ 320 million) and commercial/other sources (US $ 398 million) were lower in comparison.

(d) Net Flows:

There was a marginal net outflow of US $ 149 million in FY 2026 (Jul–Mar). However, the overall external debt profile remained stable and the government ensured timely repayment of all external obligations, underscoring its commitment to maintaining international creditworthiness.

The source-wise details of external public debt inflows and outflows over the last few years are depicted in Table 9.9:

Table 9.9: Source-Wise External Public Debt Inflows and Outflows (Fiscal Year-wise)

(US $ in million)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 (Mar)
DISBURSEMENTS											
Multilateral	5,766	3166	2,813	2,021	8,329	4,810	5,794	6,309	4,199	4,750	2,738
Bilateral	1,040	1,941	1,971	4,377	1,398	1,275	3,597	1,380	2,805	478	1,125
Bonds	500	1,000	2,500	-	-	2,500	2,000	-	-	-	-
Commercial / Other	1,387	4,426	3,716	4,098	3,347	4,721	4,863	2,200	2,908	6,209	2,238
Total Inflows (A)	**8,693**	**10,533**	**11,000**	**10,496**	**13,074**	**13,306**	**16,255**	**9,889**	**9,912**	**11,437**	**6,101**
REPAYMENTS											
Multilateral	1,274	1,255	1,403	1,750	2,199	3,391	3,201	3,995	2,780	3,743	2,150
Bilateral	440	1,200	793	970	783	100	1,004	2,689	2,872	1,851	657
Bonds	500	750	-	1,000	1,000	-	1,000	1,000	1,000	0	500
Commercial / Other	1,000	1,922	1,995	3,634	5,061	3,444	5,797	7,047	2,108	4,134	2,944
Total Repayments (B)	**3,213**	**5,127**	**4,190**	**7,355**	**9,043**	**6,936**	**11,002**	**14,732**	**8,760**	**9,728**	**6,250**
Net Inflows (A-B)	**5,480**	**5,406**	**6,809**	**3,140**	**4,031**	**6,370**	**5,253**	**-4,843**	**1,152**	**1,708**	**-149**
INTEREST PAYMENTS											
Multilateral	290	381	485	584	637	639	614	1,215	1,501	1,794	1,201
Bilateral	380	441	444	541	484	115	358	772	939	876	663
Bonds	354	366	423	503	396	362	587	611	582	500	320
Commercial / Other	102	124	332	475	515	337	430	497	425	421	398
Total Interest Payments (C)	**1,127**	**1,313**	**1,684**	**2,103**	**2,032**	**1,453**	**1,988**	**3,094**	3,447	**3,591**	**2,582**
Total Debt Servicing (B+C)	**4,340**	**6,440**	**5,874**	**9,458**	**11,075**	**8,389**	**12,990**	**17,826**	**12,207**	**13,320**	**8,832**

Note: Above data excludes Grants and disbursements from Naya Pakistan Certificate, Pakistan Banao Certificates, and non- resident investment in Government domestic securities

Source: Ministry of Economic Affairs and State Bank of Pakistan

Table 9.10: Pakistan International Bonds

Bond	Issue	Maturity	Size (US $ Mn)	Tenor Years	Coupon (%)
Sukuk	31-Jan-22	31-Jan-29	1,000	7	7.95
Eurobond	30-Mar-06	31-Mar-36	300	30	7.875
Eurobond	05-Dec-17	05-Dec-27	1,500	10	6.875
Eurobond	08-Apr-21	08-Apr-26	1,300	5	6
Eurobond	08-Apr-21	08-Apr-31	1,400	10	7.375
Eurobond	08-Apr-21	08-Apr-51	800	30	8.875
Total			**6,300**		

Source: Bloomberg

Concluding Remarks

The government remains firmly committed to restoring fiscal and debt sustainability through prudent macroeconomic management, sustained primary surpluses, and sound debt management practices. Efforts to reduce reliance on expensive short-term borrowing and shift toward longer-tenor instruments are helping improve the debt maturity profile, contain refinancing risks, and lower debt servicing pressures. Supported by stronger revenue mobilization, expenditure rationalization, moderating inflation, and growth-oriented reforms, Pakistan's public debt burden is expected to gradually decline over the medium to long term, reinforcing macroeconomic stability and fiscal resilience.

EDUCATION

Literacy Rate	63.0% ▲
Male: 73.0%	Female: 54.0%
Universities	278 ▲
Public: 163	Private: 115
Out of School Children	28% ▼
School Attendance	67% ▲

Chapter 10

Education

Education is the foundation of a better future for every child and a strong society. Quality and inclusive education develops skills, promotes economic growth, reduces poverty and strengthens society's ability to achieve sustainable development. Over the past five decades, education has contributed to around 50 percent of global economic growth and helped reduce extreme poverty by approximately 40 percent.[1]

Pakistan's large youth bulge can be transformed into a productive resource through effective investment in education. However, this requires improved access to quality and equity across all levels of education. In the face of demographic changes, technological advancements and governance challenges; education remains a vital tool for social stability and sustainable development. Recognizing its importance, the Government of Pakistan continues to prioritize the education sector through policy reforms and targeted investments.

Provincial initiatives focusing on skills development, expanded access and reduction of regional disparities reflect Pakistan's commitment to strengthening human capital. In this regard, the National Vocational & Technical Training Commission plays a key role in equipping youth with technical and professional skills to enhance national competitiveness and support overseas employment opportunities. As global challenges such as climate change, conflict, and economic uncertainty continue to grow, education remains a critical investment for economic growth, social stability, and resilience. Through focused implementation of the 5Es framework and the URAAN Pakistan initiative; the Government aims to ensure inclusive and quality education for sustainable national development.

Table: 10.1 Education Indicators from HDI

Country	Expected years of Schooling	Mean years of Schooling	HDI Rank
Iran	14.0	10.8	**77**
Sri Lanka	13.1	10.8	**88**
Maldives	12.8	7.4	**91**
India	13.0	6.9	**133**
Bhutan	13.2	5.8	**126**
Bangladesh	12.3	6.8	**131**
Nepal	13.8	4.5	**150**
Pakistan	7.9	4.3	**168**
Afghanistan	10.8	2.5	**180**

Source: HDI, 2025

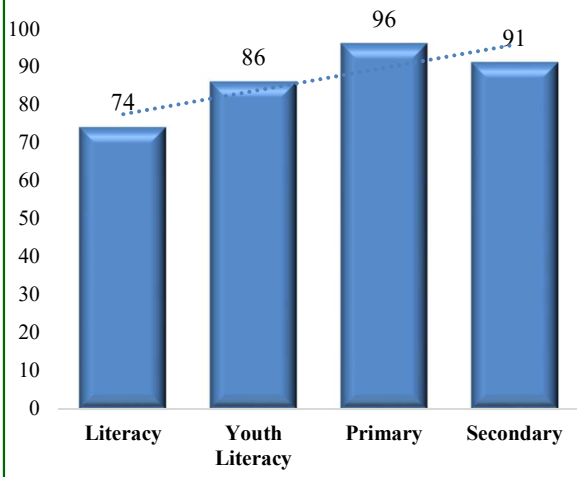
[1] Global Partnership for Education (GPE), 2026

10.1 Progress on Education Indicators Related to SDG 4

Sustainable Development Goal 4 (SDG 4) aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. For any global commitment to be meaningful, it must be embedded in national and local contexts. Low and lower-middle-income countries face an annual education financing gap of US $ 97 billion to achieve SDG 4 by 2030, while the global share of educational aid is projected to decline by 25 percent by 2027. This goal is of critical importance because of its transformative effects on the other SDGs. Sustainable development hinges on every child receiving a quality education.

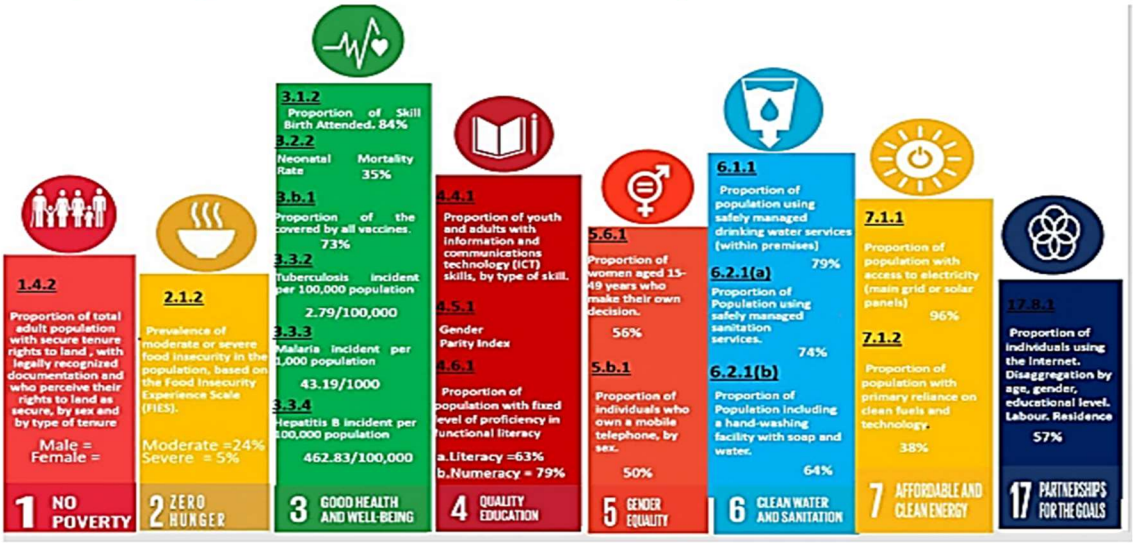
The SDG 4 shows both progress and gaps in learning outcomes (Fig-10.2). As 63 percent of the population has achieved literacy, while numeracy stands higher at 79 percent, suggesting better basic mathematical skills than reading ability. However, only a limited proportion of youth and adults demonstrate strong information and communication technology (ICT) skills, pointing to a digital skills gap. These figures highlight basic education is improving but there is still a need to strengthen quality learning, especially in literacy and modern technical competencies.

Fig-10.1: Parity Indices for Selected Education Indicators



Source: HIES 2024-25

Fig-10.2: Progress of SDGs Indicators monitored through HIES 2024-25



Source: HIES 2024-25

10.1(a) Educational Institutions and Enrolment

Pakistan's education system continues to expand across all levels, with gradual increases in enrolment, particularly at primary, middle and secondary levels. However, disparities in access and retention still persist. Detailed information about the number of institutions, enrolment, and teachers is presented in Table 10.2.

i) Pre-Primary Education

Pre-primary education remains a critical component of early childhood development. Pre-primary education generally covers children aged 3–5 years, including prep/katchi classes. At the national level, pre-primary enrolment has decreased by 9.9 percent, from 11.77 million in 2022-23 to 10.61 million in 2023-24. The estimated pre-primary enrolment for 2024-25 is expected to be around 10.4 million.

ii) Primary Education (Classes I-V)

Primary education remains the largest segment of the education system. Enrolment continued to increase moderately during 2025-26, reflecting ongoing policy efforts to enhance access. In 2023-24, the country recorded 158.71 thousand functional primary schools with 439.73 thousand corresponding teachers. Primary enrolment saw a 3.1 percent increase, rising to 25.38 million students in 2023-24, up from 24.61 million in 2022-23. It is estimated to reach approximately 25.72 million in 2024-25.

iii) Middle Education (Classes VI-VIII)

In 2023-24, the country had 44.42 thousand middle-level institutions, with 434.9 thousand teachers employed. Middle school enrolment grew by 14.9 percent, reaching 10.8 million students in 2023-24, up from 9.4 million in 2022-23. Enrolment is projected to increase by 7.4 percent, from 10.8 million to 11.6 million, in 2024-25.

iv) Secondary Education (Classes IX-X)

Secondary education continues to expand, with encouraging growth in enrolment. In 2023-24, there were 44.9 thousand secondary schools operating across the country, with 827.5 thousand teachers employed. Secondary school enrolment rose by 13 percent, reaching 5.42 million in 2023-24, up from 4.72 million in 2022-23. It is projected to increase by 6.5 percent, from 5.42 million to 5.80 million, in 2024-25.

v) Higher Secondary Education (Classes XI-XII)

In 2023-24, there were 11.3 thousand higher secondary schools/inter colleges with 299.4 thousand teachers nationwide. The overall enrolment in higher secondary education saw a 27 percent increase, reaching 2.97 million students in 2023-24, up from 2.33 million in 2022-23. It is projected to rise to 3.17 million in 2024-25.

vi) Degree Colleges (Classes XIII-XIV)

Higher education institutions are continuing to grow, though enrolment expansion has been relatively slow. It is projected that 0.94 million students will be enrolled in degree colleges in 2024-25, up from 0.90 million in 2023-24. In 2023-24, there were 2,468-degree colleges, with an estimated 2,383 for 2024-25. The number of teachers in degree colleges was 58.31 thousand in 2023-24 and is expected to decrease slightly to 57.97 thousand in 2024-25.

vii) Universities

There were 239 universities, while overall enrolment in higher education institutions was recorded at 1.96 million in 2023-24, reflecting a 1.4 percent increase over the previous year. The enrolment is expected to remain steady in 2024-25.

viii) Technical and Vocational Education

Technical and vocational education has gained policy priority, with increased focus on skills development. During 2024-25, estimated 4,746 technical and vocational institutes with 51.44 thousand teachers were functional nationally. The enrolment was recorded at 0.46 million in 2023-24 compared to 0.45 million in 2022-23. Enrolment in technical and vocational institutes remained broadly stable in 2024-25.

Table 10.2: Number of Mainstream Enrolment, Institutions and Teachers by Level Thousands

	Years	Pre-Primary	Primary*	Middle	High	Higher Sec./ Inter	Degree Colleges	Technical & Vocational Institutes	Universities	Total
Enrolment	2014-15	9589.2	19846.8	6582.2	3500.7	1665.5	510.6	319.9	1299.2	43314.1
	2015-16	9791.7	21550.6	6922.3	3652.5	1698.0	518.1	315.2	1355.6	45804.0
	2016-17	11436.6	21686.5	6996.0	3583.1	1594.9	537.4	344.8	1463.3	47642.6
	2017-18	12574.3	22931.3	7362.1	3861.3	1687.8	604.6	433.2	1575.8	51030.4
	2018-19	12707.1	23587.9	7634.1	3969.0	2139.9	725.6	433.2	1858.7	53055.5
	2019-20	12038.8	23758.2	7869.5	4014.5	2226.8	771.6	433.2	2001.7	53114.3
	2020-21	11366.6	24351.5	8414.7	4359.7	2320.2	757.9	433.2	2226.3	54230.1
	2021-22	12165.9	23848.7	8767.3	4489.9	2145.8	623.4	438.1	2226.3	54705.4
	2022-23	11771.5	24613.1	9432.7	4715.1	2335.2	660.7	453.9	1936.3	55918.5
	2023-24	10606.5	25376.2	10818.9	5422.5	2970.8	909.1	457.3	1964.2	58526.5
	2024-25 (E)	10354.1	25721.8	11629.9	5802.8	3169.4	941.5	462.5	1964.2	60046.2
Institutions	2014-15	-	165.914	44.818	31.255	5.393	1.410	3.579	0.163	252.6
	2015-16	-	164.630	45.680	31.740	5.470	1.418	3.746	0.163	252.8
	2016-17	-	168.864	49.090	31.551	5.130	1.431	3.798	0.185	260.1
	2017-18	-	172.519	46.665	31.392	5.754	1.659	3.740	0.186	262.0
	2018-19	-	180.054	47.294	31.668	5.876	2.893	3.740	0.202	271.8
	2019-20	-	179.968	47.045	31.668	5.898	2.983	3.740	0.209	271.3
	2020-21	-	180.217	47.182	34.210	7.102	3.021	3.740	0.220	275.6
	2021-22	-	162.113	47.822	34.564	8.113	2.487	4.182	0.220	259.5
	2022-23	-	168.241	51.033	39.389	9.004	2.573	4.406	0.247	274.9
	2023-24	-	158.713	44.426	44.942	11.258	2.468	4.549	0.239	266.6
	2024-25 (E)	-	154.964	43.931	48.710	13.304	2.383	4.746	0.239	268.3
Teachers	2014-15	-	430.920	380.785	514.158	118.079	36.587	19.393	88.288	1588.3
	2015-16	-	444.567	394.231	529.520	123.061	37.082	18.207	83.375	1630.1
	2016-17	-	475.235	455.445	560.642	120.336	37.857	18.207	58.733	1726.3
	2017-18	-	522.369	448.074	563.302	123.154	41.233	18.207	56.885	1773.3
	2018-19	-	494.913	448.667	567.309	136.008	61.602	18.207	60.279	1787.0
	2019-20	-	485.215	442.656	566.703	137.660	60.064	18.207	64.817	1775.5
	2020-21	-	476.513	433.979	592.307	158.386	59.455	18.207	69.604	1808.4
	2021-22	-	463.165	434.272	587.055	170.240	57.709	18.347	69.604	1800.4
	2022-23	-	506.019	511.205	733.367	196.694	60.130	40.889	98.030	2146.3
	2023-24	-	439.735	434.491	827.513	299.434	58.311	41.104	102.123	2203.0
	2024-25(E)	-	431.492	432.888	903.681	369.811	57.971	51.442	102.123	2349.4

E: Estimated. * Including Pre-Primary, Mosque Schools, and Non-Formal Basic Education (NFBE).
Source: Pakistan Institute of Education, Islamabad. Ministry of Federal Education & Professional Training.

10.1-b School Attendance, Literacy, Gross Enrolment Rate (GER), Net Enrolment Rate (NER) and Out-of-School Children (OOSC)

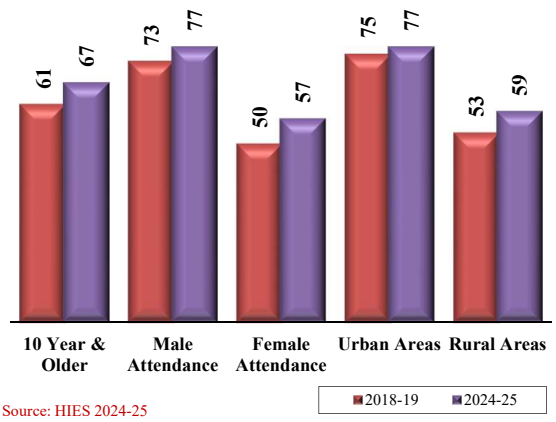
School Attendance

The percentage of the population aged 10 and older who have ever attended school increased from 61 percent in 2018-19 to 67 percent in 2024-25. Male attendance rose from 73 to 77 percent, and female attendance grew from 50 to 57 percent. Urban areas recorded a smaller increase, from 75 to 77 percent, while rural areas remained lower but improved from 53 to 59 percent. The improvement was notable for rural females, reflecting efforts to reduce the urban-rural gap.

Punjab has the highest percentage of the population ever attending school, rising from 67 percent in 2018-19 to 72 percent in 2024-25, with improvements in both male (76 to 80 percent) and female (59 to 65 percent) attendance. Sindh saw a modest increase from 57 to 60 percent, with male attendance stable (69 to 70 percent) and female attendance rising from 45 to 49 percent.

Khyber Pakhtunkhwa's attendance rose from 56 to 63 percent, with a sharp increase among females (38 to 47 percent), though still lower than male (76 to 81 percent). Balochistan continues to face the largest access gap, although it recorded notable improvement from 39 to 51 percent, with female attendance rising from 24 to 34 percent, and male attendance increasing from 52 to 66 percent. Urban-rural disparities are most pronounced in Balochistan, where urban female attendance is 48 percent compared to 28 percent in rural areas. Male attendance consistently outpaces female attendance across provinces, highlighting the link between education access and household welfare, with more affluent households showing higher attendance rates.

Fig 10.3: School Attendance (Percent)



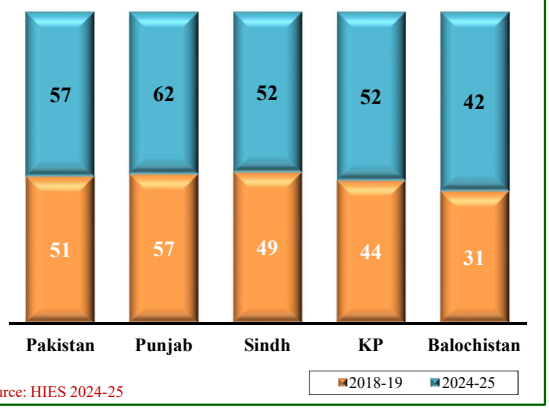
Source: HIES 2024-25

Completed Primary level or higher

Nationally, the proportion of individuals aged 10 and older who have completed at least primary school increased from 51 percent in 2018-19 to 57 percent in 2024-25, indicating progress in educational attainment, though gender disparities persist. Male completion rose from 61 to 65 percent, while female completion grew from 42 to 48 percent.

Urban areas continue to have higher completion rates, increasing slightly from 66 to 68 percent, with male completion rising from 71 percent to 73 percent and female from 60 to 63 percent. Rural areas showed a more significant improvement, from 42 to 49 percent, with male completion increasing from 54 to 60 percent and female from 32 to 38 percent.

Fig 10.4: Completed Primary Level or Higher



Source: HIES 2024-25

Among provinces, Punjab leads with an increase from 57 to 62 percent, followed by Sindh (49 to 52 percent) and Khyber Pakhtunkhwa (44 to 52 percent). Balochistan, though still the lowest, recorded the largest relative gain, rising from 31 to 42 percent. However, female completion remains particularly low in Balochistan, at 27 percent in 2024-25, compared to 56 percent for male.

Literacy Rate (10 Years and Above)

In 2024-25, Pakistan's literacy rate for individuals aged 10 and above rose from 61 to 63 percent, with male literacy at 73 percent and female literacy at 54 percent, reflecting gradual progress and a narrowing gender gap. Urban areas continued to have higher literacy rates, with a total of 74 percent (81 percent for male and 68 percent for females), while rural areas had a lower rate of 55 percent (67 percent for male and 44 percent for females). Rural female literacy showed the most significant improvement.

By province, Punjab recorded the highest literacy rate at 68 percent, followed by Sindh and Khyber Pakhtunkhwa, both at 58 percent. Balochistan had the lowest rate at 49 percent. The urban–rural divide persisted, with urban Punjab at 78 percent and rural Sindh at 39 percent. Overall, the data highlights steady but uneven progress, with rural female literacy playing a key role in the observed improvements, despite continuing regional and gender disparities.

Table 10.3: Literacy Rate (10 Years and Above) Percent

Province/Area	2022-23			2024-25		
	Male	Female	Total	Male	Female	Total
Pakistan	**68**	**53**	**61**	**73**	**54**	**63**
Rural	61	42	52	67	44	55
Urban	78	70	74	81	68	74
Punjab	**72**	**60**	**66**	**75**	**62**	**68**
Rural	66	51	58	69	54	61
Urban	80	74	77	82	73	78
Sindh	**64**	**50**	**58**	**68**	**47**	**58**
Rural	48	28	38	54	24	39
Urban	76	68	72	79	65	72
Khyber Pakhtunkhwa	**65**	**37**	**51**	**76**	**43**	**58**
Rural	62	34	48	75	41	57
Urban	75	55	66	81	58	69
Balochistan	**51**	**33**	**42**	**65**	**31**	**49**
Rural	44	27	36	60	25	43
Urban	65	46	56	77	43	61

Source: Population and Housing Census-2025, Pakistan Bureau of Statistics

Gross Enrollment Rate

The Gross Enrollment Rates (GER) at the national and provincial levels for primary, middle, and matric levels by gender and age for Pakistan in the 2024-25 as shown in Table 10.4. At the primary level (ages 5-9), the national GER is 87 percent, with 92 percent of male and 83 percent of females enrolled. At the middle level (ages 10-12), the overall GER is 60 percent, with male at 63 percent and females at 56 percent. At the matric level (ages 13-14), the GER is 60 percent overall, with male at 64 percent and females at 57 percent. Provincially, Punjab has the highest GER across all levels, especially at the primary level, where male and female enrollment rates are similar. Sindh, Khyber Pakhtunkhwa, and Balochistan show lower enrollment rates, with Balochistan having the lowest GER, particularly for females at all levels.

Table 10.4: Gross Enrollment Rates (GER) at the National/Provincial Level by Gender and Age (Percent)

Location	GER at the Primary Level (Age: 5-9)			GER at Middle Level (Age: 10-12)			GER at Matric Level (Age: 13-14)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Pakistan	92	83	87	63	56	60	64	57	60
Punjab	100	96	98	62	65	64	65	68	66
Sindh	83	72	77	54	41	48	55	49	52
Khyber Pakhtunkhwa	91	77	84	79	57	69	73	44	59
Balochistan	67	49	59	54	31	43	54	26	40

Source: Pakistan Social and Living Standards Measurement Survey (PSLM) 2024-25

The Net Enrollment Rates (NER) at the national and provincial levels by gender and age for the 2024-25 period as shown in Table 10.5. At the primary level (ages 5-9), Pakistan's NER is 55 percent for male, 54 percent for females, and 54 percent overall. At the middle level (ages 10-12), male enrollment is 24 percent, female enrollment is 22 percent, and the total is 23 percent. At the matric level (ages 13-14), male enrollment stands at 14 percent, female at 17 percent, and the total at 16 percent. Provincially, Punjab has the highest NER at all levels, with 61 percent for male and 63 percent for females at the primary level, 26 percent for male and 28 percent for females at the middle level, and 17 percent for male and 22 percent for females at the matric level. Sindh follows with a primary NER of 52 percent for male and 48 percent for

females, middle NER of 19 percent for male and 16 percent for females, and matric NER of 12 percent for male and 15 percent for females. Khyber Pakhtunkhwa has primary NERs of 53 percent for male and 48 percent for females, middle NERs of 28 percent for male and 20 percent for females, and matric NERs of 13 percent for male and 9 percent for females. Balochistan has the lowest NERs across all levels, with 36 percent for male and 28 percent for females at the primary level, 18 percent for male and 9 percent for females at the middle level, and 7 percent for male and 3 percent for females at the matric level.

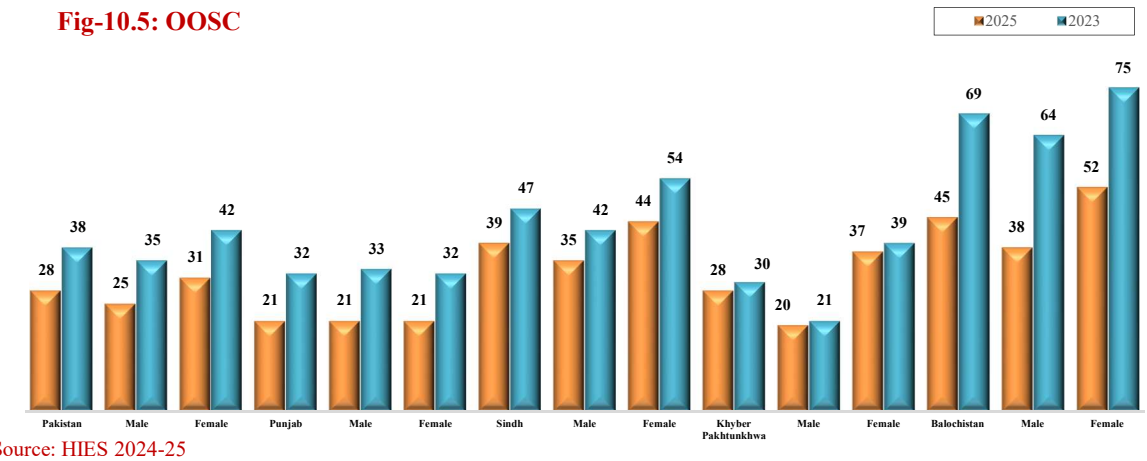
Table 10.5: Net Enrollment Rates (NER) at the National/Provincial Level by Gender and Age (Percent)

Location	NER at Primary Level (Age: 5-9)			NER at Middle Level (Age: 10-12)			NER at Matric Level (Age: 13-14)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Pakistan	55	54	54	24	22	23	14	17	16
Punjab	61	63	62	26	28	27	17	22	19
Sindh	52	48	50	19	16	18	12	15	13
Khyber Pakhtunkhwa	53	48	50	28	20	24	13	09	11
Balochistan	36	28	32	18	09	13	07	03	05

Source: Pakistan Social and Living Standards Measurement Survey (PSLM) 2024-25

The OOSC in Pakistan have declined from 38 percent in 2023 (Male: 35 percent, Female: 42 percent) to 28 percent in 2025 (Male: 25 percent, Female: 31 percent), demonstrating significant progress across all provinces particularly in Balochistan where the proportion decreased from 69 percent to 45 percent, followed by Sindh (47 percent to 39 percent), Punjab (32 percent to 21 percent), and Khyber Pakhtunkhwa (30 percent to 28 percent). The OOSC rates for Pakistan and its provinces in 2024-25 are shown in Fig. 10.5.

Fig-10.5: OOSC



Source: HIES 2024-25

Box-I: Availability of Basic Facilities in Public Schools

The quality of education is strongly linked to the quality of school facilities. Well-designed classrooms and properly maintained equipment can significantly enhance teaching and learning outcomes. Infrastructure and school facilities are vital components of a well-rounded education system, providing a safe and comfortable learning environment while contributing to the overall quality of education and student well-being. Investing in these areas is crucial for the long-term development and success of both students and society. Adequate infrastructure ensures students' comfort, while proper sanitation, clean drinking water, and hygiene practices are essential for their health and well-being. The data provided pertains to government schools, as the indicators are based solely on public sector institutions.

Around 65 percent of schools in the country have access to electricity, though there are disparities among provinces. Punjab and ICT have higher access, while Balochistan reports substantially lower coverage and therefore requires focused attention. Punjab and ICT also lead in the percentage of primary schools with water facilities, while Balochistan and AJK face challenges, with only 23 percent coverage. Toilet access in schools varies widely among provinces. Pakistan shows moderate access to boundary walls in schools, with Punjab, Khyber Pakhtunkhwa, and ICT at the forefront. As schools progress to higher levels, the availability of electricity, drinking water, toilets, and boundary walls improves.

The overall status of basic facilities, such as electricity, drinking water, toilets, and boundary walls, in primary, middle, high, and higher secondary schools are given in the tables below.

Table-A: Access to Electricity Percent

Region	Primary	Middle	High	Higher Sec.	Total
Punjab	99	100	100	100	99
Sindh	28	47	80	90	32
Khyber Pakhtunkhwa	75	78	91	97	77
Balochistan	15	30	62	80	21
AJK	32	55	75	77	43
GB	53	85	94	97	65
ICT	99	100	99	100	99
Pakistan	59	77	92	95	65

Table-B: Availability of Drinking Water Percent

Region	Primary	Middle	High	Higher Sec.	Total
Punjab	99	100	100	100	100
Sindh	61	75	90	94	63
Khyber Pakhtunkhwa	84	86	94	98	86
Balochistan	23	41	70	84	29
AJK	23	46	88	92	37
GB	69	89	98	97	78
ICT	89	93	95	98	92
Pakistan	72	83	94	96	76

Table-C: Availability of Toilet Percent

Region	Primary	Middle	High	Higher Sec.	Total
Punjab	99	100	100	100	100
Sindh	73	87	96	97	75
Khyber Pakhtunkhwa	84	88	96	99	85
Balochistan	0.3	0.2	0.2	0.0	0.3
AJK	44	70	81	86	54
GB	66	91	98	100	76
ICT	96	97	98	96	97
Pakistan	74	83	90	92	77

Table D: Availability of Boundary Wall Percent

Region	Primary	Middle	High	Higher Sec.	Total
Punjab	98	99	99	100	98
Sindh	47	68	95	96	51
Khyber Pakhtunkhwa	89	93	96	98	91
Balochistan	41	75	90	94	49
AJK	34	51	53	57	40
GB	57	80	95	94	67
ICT	91	98	90	100	93
Pakistan	71	87	95	96	75

Source: Pakistan Education Statistics 2023-24. (Ministry of Federal Education & Professional Training, Pakistan Institute of Education, Islamabad.)

10.2 Expenditure on Education

Education expenditure stood at Rs 962.0 billion during FY 2025, compared with Rs 1.251.06 billion in the previous reported year in the table. Detailed component-wise and year-on-year trends in education expenditures are provided in Table 10.6 and Figure 10.6.

Table 10.6: Expenditure on Education Rs million

Years		Current Expenditure	Development Expenditure	Total Expenditure	% of GDP
2019-20	Federal	83,266	31,300	114,566	**1.9**
	Punjab	337,562	35,378	372,940	
	Sindh	165,028	5,427	170,455	
	Khyber Pakhtunkhwa	162,778	18,523	181,301	
	Balochistan	53,640	8,111	61,751	
	Pakistan	**802,274**	**98,739**	**901,013**	
2020-21	Federal	90,974	5,646	96,620	**1.4**
	Punjab	348,460	32,964	381,424	
	Sindh	183,718	10,538	194,256	
	Khyber Pakhtunkhwa	35,816	28,250	64,066	
	Balochistan	55,924	9,936	65,860	
	Pakistan	**714,892**	**87,334**	**802,226**	

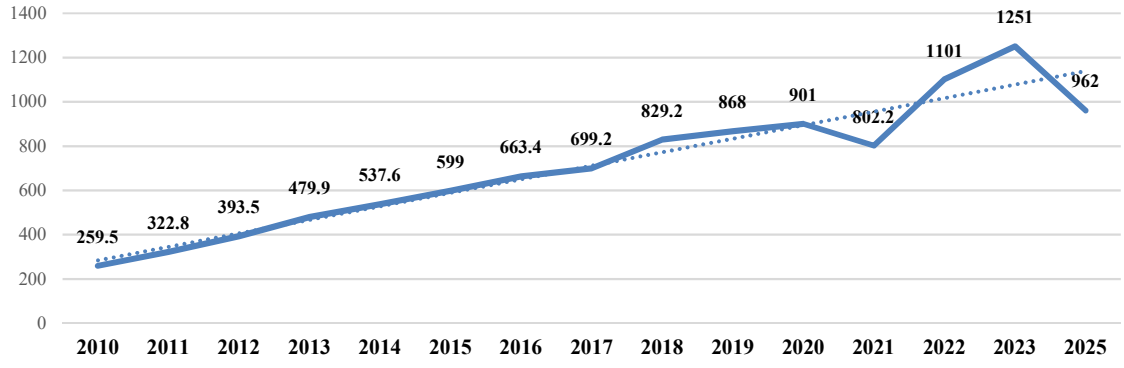
Table 10.6: Expenditure on Education Rs million

Years		Current Expenditure	Development Expenditure	Total Expenditure	% of GDP
2021-22	Federal	26,910	30,945	57,855	**1.7**
	Punjab	389,264	46,535	435,799	
	Sindh	212,721	8,105	220,826	
	Khyber Pakhtunkhwa	277,030	33,596	310,626	
	Balochistan	67,995	8,553	76,548	
	Pakistan	**973,920**	**127,734**	**1,101,654**	
2022-23	Federal	97,857	51,186	149,043	**1.5**
	Punjab	448,529	44,199	492,728	
	Sindh	251,203	12,354	263,557	
	Khyber Pakhtunkhwa	240,898	12,996	253,894	
	Balochistan	80,439	11,394	91,833	
	Pakistan	**1,118,926**	**132,129**	**1,251,055**	
2024-25	Federal	110,677	72,509	183,186	**0.8**
	Punjab	116,583	61,402	177,985	
	Sindh	339,747	29,392	369,139	
	Khyber Pakhtunkhwa(P)	67,046	27,740	94,786	
	Balochistan	111,021	25,912	136,933	
	Pakistan	**745,074**	**216,955**	**962,029**	
2025-26(P) (Jul-Mar)	Federal	28,637	17,635	46,272	-
	Punjab	149,265	26,500	175,766	
	Sindh	90,580	14,902	105,482	
	Khyber Pakhtunkhwa	20,754	3,236	23,990	
	Balochistan	4,452	538	4,990	
	Pakistan	**293,689**	**62,811**	**356,499**	

P: Provisional

Source: PRSP Budgetary Expenditures, External Finance Policy Wing, Finance Division, Islamabad.

Fig-10.6: Expenditure on Education (Rs billion)



Source: PRSP Budgetary Expenditures, External Finance Policy Wing, Finance Division, Islamabad

10.3 Development Programmes FY 2026

10.3-a Federal Public Sector Development Programme (PSDP) FY 2026

Despite financial constraints, the federal government remains committed to ensuring sufficient investment in education and skills development, alongside efficient public spending to meet national learning objectives. In the PSDP for FY 2026, Rs 78.4 billion has been allocated to the education sector, including higher education. During FY 2026, the Ministry of Federal Education and Professional Training is implementing 17 projects and schemes related to basic and higher education, including 14 ongoing and 3 new initiatives, with a total

allocation of Rs 32.1 billion. This includes the establishment of 12 new Daanish Schools in ICT, Azad Jammu & Kashmir (AJK), Gilgit-Baltistan (GB), and Balochistan, with an allocated budget of Rs 14.8 billion.

10.3-b Provincial Governments

Provincial governments have made substantial efforts to improve the education sector by addressing gaps in facilities, enhancing physical infrastructure, and establishing IT and science laboratories. They have also worked on upgrading primary schools (for both girls and boys) to middle, high, and secondary levels, constructing new schools and colleges, and offering scholarships through endowment funds and other financial assistance programmes.

Punjab

The Annual Development Programme (ADP) 2025-26 of Punjab demonstrates a substantial allocation of Rs 100 billion for the School Education sector, encompassing 17 development schemes, including 3 ongoing schemes, 8 new schemes, and 6 schemes under the Other Development Programme (ODP). A dominant share of this allocation, Rs 82.5 billion, is earmarked under the ODP, with Rs 42.5 billion specifically allocated to public–private partnership initiatives, including outsourcing of public schools through PEIMA (Rs 4 billion), support to PEF (Rs 35 billion), and funding for Punjab Danish Schools and Centres of Excellence (Rs 3.5 billion). In addition, Rs 40 billion under Chief Minister's initiatives within ODP is directed toward core infrastructure interventions such as construction of additional classrooms (Rs 25 billion), provision of missing facilities and IT laboratories (Rs 10 billion), and reconstruction of dangerous school buildings (Rs 5 billion), primarily executed through PEIMA.

The development portfolio further includes key new initiatives such as the Chief Minister's School Meal Programme (Rs 7 billion) and the establishment of Schools of Eminence (Rs 5 billion), alongside foreign-aided projects focusing on system transformation and STEM education. Ongoing schemes include major interventions like the GRADES programme aimed at improving access and quality of education service delivery. Complementing the formal school sector, the Literacy and Non-Formal Education sector has been allocated Rs 4 billion across 5 schemes, primarily focused on expanding non-formal education access through regional programmes in Central, South, and North Punjab, as well as the introduction of the NFE BEACON initiative to enhance community outreach and learning opportunities. Collectively, these investments reflect a strategic policy orientation toward strengthening education infrastructure, scaling public-private partnerships, enhancing service delivery mechanisms, and expanding inclusive and non-formal learning opportunities, thereby reinforcing the provincial government's commitment to improving access, equity, and quality across the education sector.

Sindh

In ADP for 2025-26 of Sindh, the education sector in Sindh reflects a significant fiscal commitment to both infrastructure and systemic reform. The provincial government has allocated a total of Rs 102.8 billion for education under the ADP, with the School Education Department alone receiving Rs 17.82 billion from provincial funds and an additional Rs 9.33 billion through the federal PSDP. The strategic focus of these investments remains on rehabilitating school facilities, restoring flood-damaged infrastructure, and fostering inclusive learning environments. Notable operational allocations include Rs 16.4 billion for the Sindh Education Foundation (SEF), Rs 5.0 billion for free textbooks, and a specialized Rs 100 million for STEAM and Foundation Learning initiatives to support this large education system. The province has earmarked Rs 39.07 billion for Employee Related Expenses supporting over 20,000 posts and Rs 14.44 billion for operating expenses such as utilities and contractual services. This multi-layered financial strategy aims to bridge the gap between access and quality across Sindh province during FY 2026.

Khyber Pakhtunkhwa

In the ADP 2025-26, the Government of Khyber Pakhtunkhwa demonstrated a robust commitment to the Elementary and Secondary

Education sector with a total budgetary allocation of Rs 13.51 billion. This fiscal framework encompasses 96 development schemes, reflecting a strategic balance between maintaining continuity and fostering innovation. A major portion of the funding, amounting to Rs 12,780.4 million, is dedicated to 67 ongoing schemes to ensure the completion of critical infrastructure and educational services already in progress. Notable among these is the reconstruction of 760 non-strategic earthquake-affected schools (Rs 413.436 million) and the significant Khyber Pakhtunkhwa Human Capital Investment Project (KPHCIP), which is supported by Rs 5,040 million in foreign funding. Simultaneously, the province is expanding its educational footprint through 29 new initiatives with an initial allocation of Rs 732.772 million. These forward-looking projects focus on modernizing the learning environment and include pilot programs for Tele-Taleem /Online Education, the establishment of Smart Classrooms for STEM, and the creation of a teacher licensing regulatory body. Furthermore, the government is prioritizing inclusivity and access in the Merged Areas through the Accelerated Implementation Programme (AIP), which targets the solarization of schools, the reconstruction of damaged facilities, and the provision of stipends to students. This comprehensive approach underscores Khyber Pakhtunkhwa's dual objective of strengthening its foundational education framework while integrating technological advancements and broader regional access.

Balochistan

Balochistan's PSDP for 2025-26 reflects an enhanced commitment to education as part of the province's broader socio-economic development strategy. Under the provincial budget for FY 2026, Balochistan has allocated approximately Rs 249.5 billion for the PSDP, marking a substantial investment in development priorities across sectors including infrastructure, irrigation, health, and education. Within this development programme, the education sector comprising school and higher education development has been allocated around Rs 24.84 billion, underscoring the government's focus on improving educational infrastructure, recruiting teachers, and introducing modern facilities to strengthen learning outcomes. This allocation represents a significant portion of the provincial development budget and signals a strategic emphasis on strengthening human capital through enhanced access to quality education, including upgrading existing institutions and expanding educational services across the province. These investments reinforce Balochistan's recognition of education as a critical driver of long-term socio-economic progress and human development.

Azad Jammu and Kashmir (AJK)

The AJK ADP for 2025-26 allocates a total development outlay of Rs 49 billion, maintaining a strong focus on the social sector with Elementary & Secondary Education as a cornerstone of provincial growth. For the FY 2026, the total allocation for the Elementary & Secondary Education sub-sector is set at Rs 3.1 billion, complemented by an additional Rs 500 million in Foreign Aid. This investment supports 21 distinct schemes aimed at expanding access and quality across all levels. Specifically, Secondary Education receives the largest share of this sub-sector's budget with Rs 1,960.60 million designated for 10 new schemes, while Primary Education is allocated Rs 882.74 million plus Foreign Aid to sustain ongoing projects. Additionally, Rs 209.95 million is directed toward Middle Education and Rs 46.699 million toward Higher Secondary Education to finalize ongoing infrastructure improvements. Through these targeted financial resources, the programme aims to achieve a cumulative physical progress of 39 percent across the sub-sector by June 2026, reinforcing the region's commitment to inclusive educational outcomes and modernized learning environments.

Gilgit-Baltistan

The Gilgit-Baltistan ADP for 2024-25 reflects a robust commitment to human capital development, with the School Education sector receiving a total allocation of Rs 1.45 billion for the fiscal year. This investment is distributed across 259 total projects, comprising 212 ongoing schemes allocated Rs 1,317.557 million

and 47 new initiatives allocated Rs 136.63 million. Furthermore, the region has prioritized specialized learning through the Higher Technical and Special School Education sector, which has been allocated Rs 658.846 million for 58 schemes, including 44 ongoing and 14 new projects. These strategic allocations, part of the broader Rs 37 billion development component, focus on enhancing school infrastructure and service delivery to improve educational inclusivity and quality across the territory.

10.4 Technical and Vocational Education

National Vocational & Technical Training Commission (NAVTTC)

The NAVTTC is the apex body responsible for regulating, promoting, and providing policy direction for Pakistan's Technical and Vocational Education and Training (TVET) sector. In addition to its regulatory role, NAVTTC implements the Prime Minister's Youth Skill Development Program to equip youth with industry-relevant and emerging skills for productive employment. The Commission also oversees skill verification and certification initiatives to strengthen workforce standards. During the past three years, NAVTTC introduced major reforms in skills training, institute registration and accreditation, assessor licensing, revision of the National Vocational Qualification Framework (NVQF), skill verification programs, and innovative financing models to build a more responsive and employment-oriented TVET system. The initiatives undertaken during FY 2026 are as follows:

a) Skills Training under PMYSDP (2024-27)

During FY 2025, NAVTTC, through Public and Private sector training institutes, provided training to more than 100,000 youth in IT, industrial and conventional trades. The summarized position is given below:

Sr. #	Project Name	Target Trainees	Duration	Status
1	Prime Minister's Youth Skills Development Program (2023-27)	77,216	2,3,4 & 6 Months	Ongoing
2	Industry Led Training with Industrial Associations	4,065	3 & 6 Months	Ongoing
3	Huawei High-Tech Training Initiative	2000	3 Months	Completed
4	Upskilling Initiative with NETSOL Institute of AI (NIAI)	200	3 Months	Ongoing
5	Prime Minister's Program for Overseas Employment	6,015	10 Weeks	Ongoing
6	Skill Training of Madrassa Youth	5000	3 & 6 Months	Ongoing
7	Training of youth in Newly Merged Districts	750	3 & 6 Months	Ongoing
8	End to End Program Leading to Employment	2820	3 & 6 Months	Ongoing
9	NAVTTC Blended Learning International IT Trainings	638	3 Months	Ongoing
10	Summer of Code	6591	3 Months	Ongoing
11	Cluster Based Trainings	6400	3 Months	Ongoing
12	High Impact IT Training in FDE Colleges	843	3 Months	Ongoing

b) Registration, Accreditation and Assessor's Licensing regime

NAVTTC has strengthened its regulatory framework through an integrated system of registration, accreditation, and assessor licensing to ensure quality assurance in the TVET sector. Following the operationalization of the registration portal and implementation of SOPs 2024, a total of 1,503 institutes were registered based on compliance with prescribed standards, ensuring transparency, merit, and quality in institutional onboarding.

In parallel, reforms in the accreditation framework have been undertaken through revision of accreditation manuals and development of an Accreditation Management System (AMS) to digitize and streamline processes. Furthermore, NAVTTC enhanced its quality assurance mechanism by issuing licenses to 1,600 National Assessors during 2025-26 after qualifying standardized assessments. Collectively, these initiatives ensure that only compliant institutions and certified professionals are engaged in skills training delivery, thereby improving the overall quality, credibility, and standardization of Pakistan's TVET system.

c) Skills Standards & Curriculum

NAVTTC continued its efforts towards the development and standardization of curricula and qualifications aligned with emerging sectoral and technological demands. During 2025-26, significant progress has been made by introducing new qualifications and modernizing curricula in high-growth sectors, ensuring alignment with both national priorities and international trends. Summary of the Targets and achievements during the reporting period is given as follows:

Targets Achieved	Reforms in Progress
Total Qualifications developed in one year till 31st March 2026 = 70	1. Development of 07 trades under Energy, Agriculture and Water Sector 2. Development of DAE technology qualifications, in coordination with the British Council, in the following specializations: i. Software Engineering ii. Computer Engineering iii. IT iv. Cyber Security v. Network Infrastructure & Cloud Computing vi. Robotics & Internet of Things (IoT) vii. Artificial Intelligence viii. Quantum Computing ix. Game Development x. Multimedia Animation and xi. Modern Data Engineering & Financial Data Analytics

d) Innovative Financing Model:

In addition to its ongoing initiatives, NAVTTC has introduced the Pakistan Skills Impact Bond (PSIB), an innovative financing model aimed at promoting outcome-based skills development in Pakistan. The PSIB links training investments directly with measurable employment outcomes, including job placement, retention, and income enhancement, addressing the challenges of skills mismatch and youth unemployment.

Under this model, NAVTTC has transitioned towards a results-based financing mechanism, ensuring efficient utilization of public resources and attracting private sector participation. Focused on high-demand sectors such as IT, construction, manufacturing, and services, the programme also emphasizes inclusion of youth aged 18 to 35 years, particularly women and underserved groups, while promoting sustainability by reducing reliance on public funding and ensuring transparency through robust monitoring of outcomes.

e) Skill Verification Program (TAKAMOL & RPL)

Under the Takamol-Skill Verification Program, NAVTTC conducted 366,157 assessments during July-March FY 2026 for candidates with confirmed employment visas for the Kingdom of Saudi Arabia (KSA). Out of these, 292,556 candidates qualified, reflecting an overall pass rate of approximately 80 percent. The programme supports certification of workers proceeding for overseas employment, thereby strengthening workforce standards and supporting remittance inflows.

In addition, under the Recognition of Prior Learning (RPL) initiative, around 30,000 skilled workers were assessed and certified based on their existing competencies. The RPL programme facilitates formal recognition of informally acquired skills, improving employability and enabling workforce inclusion in both domestic and international job markets.

10.5 Higher Education Commission (HEC)

Higher Education Commission (HEC) provides overall strategic guidance and enabling environment for reforms in higher education sector since 2002. HEC is a forum for higher level decision making and interface with the federal political leadership. The HEC facilitates the higher education institutions of Pakistan to become world-class centers of education, research and development. The quality education and research have become the key

drivers for socio-economic development in the globalized world. There are 163 public universities, and 115 private universities with a total 278 universities across country. In terms of full-time faculty non-PhD faculty members are 40,360 and 24,366 (37.6 percent) PhD faculty members making a total of 64,726.

The HEC has taken numerous measures to address the above-mention key areas like; substantial expansion in education, human resource development, ICT/Physical Infrastructure Development to enhance the quality of education and research in the country.

Key Achievements during (July-March/April 2025-26):

Following are key achievements during the reporting period:

Public Sector Development Program (PSDP):

Under the PSDP 2025–26, the Higher Education Commission (HEC) has a revised allocation of Rs 34.905 billion for implementation of 147 development projects of Public Sector universities and HEC.

Following major development initiatives have been launched:

i. Allama Muhammad Iqbal Scholarships for Bangladesh, Central Asian and Friendly Countries' students to study in Pakistan

ii. Establishment of National Institute of Science & Technology in District Rajanpur, Punjab

iii. Hostels for UET Lahore and Sub-Campuses

iv. Pak-UK Education Gateway (Phase-II)

v. Prime Minister's Scheme for Enabling Youth with Physical Challenges at HEIs through Electric Wheelchairs, Laptops for Blinds, Audio-Visual Aids

vi. Establishment of Public Sector University in District Muzaffargarh, Punjab

Out of the total allocation, the government authorized an amount of Rs 31.439 billion (79.6 percent) up to 3rd Quarter (Jan-March, 2026) and HEC released Rs 31.377 billion to development projects of universities and HEC.

Summary of PSDP 2025-26 is as under: Rs million

Sr #	Description	No. of Projects	Approved Cost	Throw-forward 01.07. 2025	PSDP Allocation			Releases
					Original	Surrender	Revised	
1	Ongoing Schemes	129	370,712.317	211,518.859	38,488.216	4,459.665	34,316.277	30,917.098
2	New Schemes	12	31,849.813	31,849.813	1,000.000	123.000	334.119	205.000
3	Previous PSDP	6	18,820.198	43.536	-	-	255.155	255.155
Total		**147**	**421,382.328**	**243,412.208**	**39,488.216**	**4,582.665**	**34,905.551**	**31,377.253**

Furthermore, during the FY 2026, 17 projects have been planned for completion during the current fiscal year.

Human Resource Development: HEC remains committed to enhancing the country's human capital by implementing a wide range of scholarship initiatives, both domestic and international. These programmes are strategically designed to promote equitable access to higher education, with particular emphasis on underserved regions such as Balochistan, erstwhile FATA, and Gilgit-Baltistan, alongside fostering global academic linkages. During FY 2026, Rs 7.143 billion was allocated for 17 scholarship projects, of which Rs 5.898 billion was disbursed during the reporting period.

At present, around 20 flagship scholarship projects are under active implementation:

- 5,383 scholarships have been awarded locally across undergraduate, MS/MPhil, and PhD programmes.
- More than 540 scholarships have been facilitated for studies abroad through initiatives such as IRSIP, bilateral collaborations, and overseas PhD schemes.

A substantial cohort of scholars is currently pursuing studies, while more than 16,000 scholars so far have successfully completed their academic programmes.

Major Achievements and Progress

- International Research Support Initiative Program (IRSIP): A total of 317 scholarships awarded, out of which 159 have been completed. Batch-58 (130 scholars) has concluded, while Batch-59 has been approved with revised eligibility criteria.
- Balochistan & Erstwhile FATA Scholarship Programs (Phase-II & III): More than 6,300 scholarships awarded, with over 2,500 completions and 4,000+ scholars currently enrolled. Batch-IV (1,000 scholarships) is at the final stage of selection and implementation.
- HEC Need-Based Scholarship Program: 1,278 scholarships awarded, with 2,091 completions, demonstrating continued support for financially disadvantaged students.
- BISP Undergraduate Scholarships: Benefiting 10,497 students, with the programme scheduled for completion by June 30, 2026.
- Academic & Research Linkages (Bilateral Programs): A total of 213 scholarships awarded across various levels. An MoU has been signed with Hungary under the Stipendium Hungaricum Programme (2026–2028), offering up to 400 scholarships annually.
- Overseas PhD Scholarship Program (Phase-III): Renewal of agreements with leading international institutions is underway, while the revised PC-I is under consideration at CDWP/ECNEC.
- US-Pakistan Knowledge Corridor: Scholarships announced for multiple academic intakes up to Fall 2026. GRE preparatory workshops are being initiated in collaboration with leading institutions such as NUST and UET.
- Indigenous PhD Program (Phase-II): Supporting 160 scholars, with Phase-III currently under development.
- Faculty Development & Exchange Programs: The programme has been revamped, with awareness and launching activities conducted in February 2026. Faculty exchange initiatives (both local and international) have been successfully executed.
- Allama Iqbal Scholarships (For International Students): Enrollment of students at undergraduate, MS, and PhD levels continues, strengthening academic cooperation with friendly countries.

Research & Innovation

National Research Programme for Universities (NRPU):

- The call for applications for FY 2026 was launched in October 2025, receiving 6,926 applications, from which 143 research projects were approved with a total cost of Rs 1,271 million.
- 320 research projects were successfully completed during the period.

Technology Development Fund (TDF)

- A total of 100 project documentaries highlighting technological outcomes and commercialization potential were produced and showcased at the successfully held Technology Impact Showcasing (TIS'25) event on 30 December 2025.
- A comprehensive third-party evaluation report assessing project outcomes and impact was completed, following which 24 projects submitted their 1st Annual Reports to enable the release of their 2nd installment.
- PC-I of TDF Phase II was developed and submitted for CDWP consideration and inclusion in PSDP 2026-27.
- Concept note developed on “Pakistan International Matching Grant Fund (PIMGF)”.

Business Incubation Centers (BICs) – Innovation Support Fund (ISF)

- The call for establishment of BICs was launched, and 10 proposals were received, out of which 3 were shortlisted.

- Business Incubation Centers (BICs) were established at National University of Technology (NUTECH) and Bahauddin Zakariya University (BZU) Multan with an approved budget of Rs 48 million, of which Rs 24 million was released as the first installment.
- Existing BICs were provided second installment funding amounting to Rs 23.6 million.
- Recognition of BIC at Lahore Garrison University was completed under private sector initiative.
- The annual performance evaluation report of BICs through Self-Assessment Scorecards for FY 2025 was prepared and will be published in May 2026.

Offices of Research, Innovation and Commercialization (ORICs)

- Nine ORICs were established in public and private sector universities during the reporting period.
- A high-level task force was constituted to review ORIC performance and policy framework.

Digital Library (National Digital Library Program - NDLP)

- HEC Digital Library facilitated access to international research resources, achieving approximately 23 million downloads in 2025 reflecting increased user engagement.
- Periodic capacity building and training sessions were conducted for member institutions.

HEC Research Awards

- A total of 260 applications were received against the call for 2025-26. Of these, 221 were reviewed after initial scrutiny and 95 were shortlisted for detailed review.
- A rigorous external evaluation of 95 shortlisted applications resulted in the finalization of nine awards across three categories based on merit.

Pak-UK Education Gateway Project

- A Research Excellence Framework (REF) tailored to Pakistan was developed in collaboration with UK partners.
- Pilot testing involving 10 universities was completed and evaluation report compiled.

Enrolment of Students in Higher Education Institutes:

- Region and Sector-wise breakup of the enrolment statistics (On campus + Digital Learning) for the FY 2026 as follows:

Province/Region	Private	Public	Total
AJK	3,267	34,610	**37,877**
Balochistan	2,601	43,265	**45,866**
Federal*	61,281	678,860	**740,141**
Gilgit-Baltistan	-	12,082	**12,082**
Khyber Pakhtunkhwa	58,727	192,363	**251,090**
Punjab*	216,547	736,765	**953,312**
Sindh	142,964	206,285	**349,249**
Total	**485,387**	**1,904,230**	**2,389,617**

*: includes DL enrolment of AIOU and VU respectively.

Capacity Building of Faculty and Management of Universities and HEC (National Academy of Higher Education (NAHE)

1. Faculty Development Programs (IPFP & Specialized Initiatives)

- NAHE conducted a comprehensive set of faculty development initiatives aimed at enhancing teaching quality, academic leadership, and global exposure. A total of 517 participants were trained through flagship and specialized programmes. The IPFP (Batch V) remained the core programme with strong female participation, while the Fahm-ul-Quran programme demonstrated wide regional outreach. Additional trainings, such as Tier-II Faculty Training and the RELO Winter Program, further strengthened mid-career development and international learning opportunities.

2. HEIs Management & Leadership Development

- NAHE delivered targeted leadership and management programmes to strengthen institutional governance and strategic capacity within higher education institutions. A total of 117 participants were trained through specialized initiatives. The Strategic Leadership Program for Vice

Chancellors and Pro-VCs (Balochistan) demonstrated strong female representation, while the STEM Faculty Trainings under the Pak-UK Gateway Project contributed to enhancing faculty capacity in priority academic disciplines.

Programme-wise Summary

Programme	Cohorts/Batches	Participants	Key Highlight
IPFP (Batch V)	8 Cohorts	255	166 Female (65%)
Fahm-ul-Quran	5 Batches	232	Punjab (118), Sindh (55)
Tier-II Faculty Training	01	20	Mid-career faculty
RELO Winter Program	01	10	Global exposure
Strategic Leadership Program (VCs/Pro-VCs – Balochistan)	01	23	21 Female participants
STEM Faculty Trainings (Pak-UK Project)	03	94	Capacity building in STEM
BPS 11–16 Training Program	5 Cohorts	107	Professional skill development
Strategic & Governance Training (CSA Lahore)	5 Programs	95	Public sector leadership
Total		**836**	

3. Professional Development – HEC Employees

- NAHE implemented structured capacity-building programmes to enhance the skills, efficiency, and governance capabilities of HEC employees. A total of 202 participants were trained through targeted initiatives. The BPS 11-16 Training Program (5 cohorts) focused on professional skill development, while the Strategic & Governance Trainings at Civil Services Academy (CSA Lahore) strengthened leadership, integrity, and public sector performance.

Prime Minister's Laptop Scheme Phase – IV: The Prime Minister's Laptop Scheme is a flagship initiative of the Government of Pakistan, designed to bridge the digital divide and empower meritorious students across the country with access to modern technology. Under this scheme, a total of 1,00,000 laptops have been sanctioned for distribution to top-performing students of public-sector Higher Education Institutions (HEIs). As of April 2026, 74,427 laptops have been successfully distributed across all regions including Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Federal, AJK, and GB covering 156 HEIs nationwide. With over 4,07,713 students registered, including 54 percent female participation, the scheme reflects the government's commitment to inclusive, technology-driven education for Pakistan's future.

Laptop Distribution Status as on 20th April, 2026

Sr No.	Region	Universities	Registration	Allocation	Total Issued	Remaining	Region Wise %age
1	Azad Jammu & Kashmir	6	8610	2,096	1,885	211	90%
2	Balochistan	11	20307	18,000	2,153	15,847	12%
3	Federal Capital	17	62990	15,414	14,565	849	94%
4	Gilgit-Baltistan	2	3910	730	0	730	0%
5	Khyber Pakhtunkhwa	34	62174	14,249	11,594	2,655	81%
6	Punjab	54	176679	33,458	30,548	2,910	91%
7	Sindh	32	73043	16,053	13,682	2,371	85%
Total		**156**	**407,713**	**100,000**	**74,427**	**25,573**	**74%**

Concluding Remarks

Pakistan's education sector requires sustained reforms aimed at improving access, quality, learning outcomes, equity and governance across all levels of education. Enhanced public investment in education, modernization of curricula, promotion of digital learning and

strengthening of teacher training systems are essential to meet emerging national and global challenges. Special attention must also be given to technical and vocational education, skills development, and employment-oriented training. Pakistan's large youth population has significant potential, but this potential can only be realized if young people are equipped with relevant skills that match the needs of industries and the job market. Stronger links between educational institutions and industries can help improve employability and support economic growth. Through effective implementation of ongoing policy initiatives and reforms, the education sector can play a pivotal role in promoting economic growth, social cohesion, and sustainable national development.

HEALTH AND NUTRITION

Public Health Expenditure	0.8% (as % of GDP) FY2025	
Health Sector PSDP Allocation	19.375 (Rs. billion)	
Hospitals	1,934 (2025) P	
Basic Health Units	5,746 (2025) P	
Infant Mortality Rate	47 (Per 1,000 Births) (2024-25 PSLM)	
Life Expectancy	67.8 (2024)	
Registered Doctors	336,582 (2025) P	

Chapter 11

Health and Nutrition

Health underpins national development by strengthening human capability and enabling individuals and communities to thrive. Investing in health is crucial for realizing the potential of individuals and developing human capital in Pakistan. The country aims to align with the 2030 Agenda for Sustainable Development, particularly focusing on ensuring universal access to quality healthcare services without financial hardship. Over the years, Pakistan has made progress in expanding healthcare services, controlling infectious diseases, and improving key health indicators. However, the sector continues to face challenges, such as limited financial resources, unequal access to healthcare facilities, rapid population growth, and a high burden of both communicable and non-communicable diseases.

This chapter provides an overview of the health and nutrition sector in Pakistan, highlighting its structure, key challenges, recent developments and policy measures aimed at improving the overall health status of the population.

11.1 Health Profile of Pakistan

Pakistan's healthcare system comprises public and private sectors, with the government being the primary provider of preventive and basic healthcare services, while the private sector contributes significantly to curative care. Various national health programmes have been launched to address major health issues such as maternal and child health, immunization, nutrition, and disease control. Pakistan has made significant progress in key health indicators, reflecting sustained improvements in healthcare delivery and public health outcomes.

During the period under review, Pakistan recorded steady gains across major health indicators. Life expectancy at birth increased from 66.5 years in 2018 to 67.8 years in 2024, while the prevalence of HIV remained stable at 0.2 percent. The incidence of tuberculosis remained broadly stable, whereas maternal health improved considerably. As per PDHS/PMMS(2019), maternal health also improved, with the maternal mortality ratio declining from 276 to 186 per 100,000 live births

As per Pakistan Social Living Standard Measurement Surveys (PSLM), notable progress is also observed in child health, as immunization coverage rose from 68 percent in 2018–19 to 73 percent in 2024–25, alongside reductions in neonatal mortality from 41 to 35 per 1,000 live births and infant mortality from 60 to 47 per 1,000 live births. Overall, these improvements highlight meaningful advancements in maternal and child healthcare and strengthened public health services in Pakistan.

Table 11.1 offers a comprehensive overview of various metrics of Pakistan's health sector.

Table 11.1: Health Indicators of Pakistan

Indicators	2018	2024
Life expectancy at birth (years)	66.5	67.8
Prevalence of HIV, Total (% of population ages 15-49)	0.2	0.2
Incidence of Tuberculosis (per 100,000 people)	265	266
Maternal mortality ratio (per 100,000 births) as per PDSH/PMMS	276 (2007)	186 (2019)

Table 11.1: Health Indicators of Pakistan

	2018-19	2024-25
Immunization, (% of children immunized)	68	73
Neonatal Mortality rate (per 1000 live births)	41.0	35.0
Mortality rate, Infant (per 1000 live births)	60	47

Source: World Development Indicators, PSLM 2024-25

Regional comparison

In the South Asian region, the health landscape remains challenging, although there has been slight improvement in recent years. As of 2024, the average life expectancy of South Asian countries stood at 72.6 years. Moreover, maternal mortality rates recorded at 120 in 2023, as compared to 155 per 100,000 live births in Pakistan (Table 11.2). The infant mortality rate in South Asia was 23.2 per 1,000 live births in 2024 while 47 per 1000 live births in Pakistan. Nevertheless, Pakistan is making efforts to improve its health sector outcomes and bridge the gap with other South Asian countries. The key health sector indicators for South Asia are summarized in the following table to facilitate a comparison with Pakistan's performance.

Table 11.2: Regional Comparison of Health Indicators of South Asia and Pakistan (2024)

Indicators	South Asia	Pakistan
Life expectancy at birth (years)	72.6	67.8
Maternal mortality ratio (per 100,000 births) * 2023	120	155
Birth rate (Crude) per 1000 people	16.4	27.4
Mortality rate, Infant (per 1000 live births)	23.2	47.0
Prevalence of HIV (total %age of population 15-49 years of age)	0.19	0.20

* South Asia's data as per modeled estimates by WDI

Source: World Development Indicators (WDI), World Health Organization (WHO), PSLM 2024-25

Pakistan's health indicators have shown modest improvement compared to previous years. However, when compared to the South Asian region, Pakistan still has scope for further improvement in key development indicator.

Pakistan's Progress on SDGs

Pakistan has made steady progress toward achieving SDG 3 — Good Health and Well-Being — despite facing challenges. As per the Sustainable Development Report 2025, Pakistan ranked at 140 out of 167 countries. The maternal mortality and under 5 mortality has shown moderate improvement, reflecting positive developments in maternal health services. Additionally, Pakistan continues its efforts to reduce neonatal mortality and improvement in Universal Health Coverage, still require accelerated action. The country has made advances in expanding immunization coverage. These achievements underscore Pakistan's commitment to improving health outcomes and building a resilient healthcare system. Furthermore, investment and steps are in progress to fully meet SDG 3 targets.

Table 11.3: Progress of SDG-3 indicators

Sr. #	SDG-3 Indicators	SDG 2024	SDG 2025
01	Surviving infants who received 2 WHO-recommended vaccines (%)	82.0	84.0
02	Universal health coverage (UHC) index of service coverage (0 = worst, 100 = best.)	45.0	45.2
03	Age-standardized death rate due to cardiovascular disease, cancer, diabetes, or chronic respiratory disease in adults aged 30 to 70 years (%)	29.4	25.5

Source: Sustainable Development Report 2024 and 2025

11.1-a Human Resource in the Healthcare Sector

To provide healthcare services to the population, it is important to have sufficient healthcare professionals. Therefore, increasing the number of healthcare workers is essential to ensure the efficient delivery of health services. The table below shows the number of healthcare personnel in the country. In 2025, there were 336,582 registered doctors and 42,118 registered dentists, compared to 319,572 doctors and 39,088 dentists in 2024 (Table 11.4). This represents an increase in the number of registered doctors and dentists by 5.3 percent and 7.8 percent, respectively.

Table 11.4: Registered Medical and Paramedical personnel

Health manpower	2019	2020	2021	2022	2023	2024	2025(P)
Doctors	233,261	245,987	266,430	282,383	299,113	319,572	336,582
Dentists	24,930	27,360	30,501	33,156	36,032	39,088	42,118
Nurses	112,123	116,659	121,245	127,855	134,708	138,391	138,391
Midwives	41,810	43,129	44,693	46,110	46,404	46,801	46,801
Lady health workers	20,565	21,361	22,408	24,022	26,405	29,163	29,163

P: Provisional, Note: Data is reported on a calendar year basis

Source: Pakistan Bureau of Statistics

Box-I: Champion Country at the Global Caregiver Forum

The first-ever Global Caregiver Forum brought together senior representatives from governments, UNICEF, WHO and international advocacy organizations to share best practices and policy perspectives on universal caregiver support as essential social infrastructure. The event focused on developing a comprehensive global roadmap for scaling up evidence-based parenting programmes aimed at supporting caregivers, strengthening families, and safeguarding children's rights and development.

Pakistan was recognized as a Champion Country for its pioneering work on Early Childhood Development at the Global Caregiver Forum. The recognition also reflects ongoing efforts to integrate caregiving into national health and social protection frameworks, ensuring more inclusive and sustainable healthcare delivery. The country presented evidence-based, people-centered policies that place children, families, and human capital at the core of national development, reflecting Pakistan's growing role in shaping the global discourse on early childhood investment and human capital development.

Source: Ministry of Planning, Development and Special Initiative

11.1-b Health expenditures

Public health expenditures play a crucial role in achieving universal health coverage. In FY 2025, health expenditure increased by 1.9 percent, reaching Rs 942.2 billion compared to Rs 924.9 billion in FY 2024. In Pakistan, health expenditure as a percentage of GDP is currently low, though the allocation is anticipated to gradually increase in the years ahead. Table 11.5 below shows the consolidated federal and provincial health expenditure position over the last 6 years, while Figure 11.1 illustrates Pakistan's total health expenditures.

Fig-11.1: Expenditures on Health Sector (Rs million)

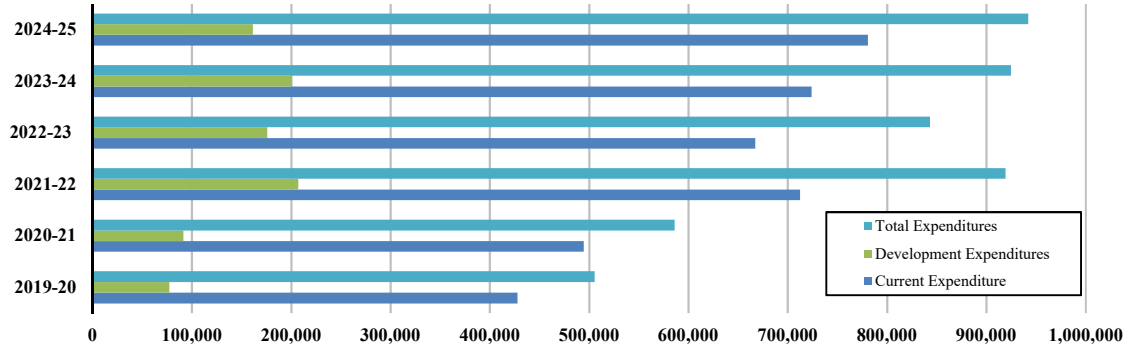


Table 11.5: Federal and Provincial Health Expenditures Rs million

Years		Current Expenditure	Development Expenditures	Total Expenditures	Percent of GDP
2019-20	Federal	11,439	12,856	24,295	1.1
	Punjab	220,854	40,403	261,257	
	Sindh	115,303	3,815	119,118	
	Khyber Pakhtunkhwa	58,289	15,132	73,421	
	Balochistan	22,030	5,290	27,320	
	Pakistan	427,915	77,496	505,411	
2020-21	Federal	41,309	9,613	50,922	1.0
	Punjab	221,469	52,705	274,174	
	Sindh	150,668	4,057	154,725	
	Khyber Pakhtunkhwa	56,179	20,778	76,957	
	Balochistan	24,981	4,511	29,492	
	Pakistan	494,606	91,664	586,270	
2021-22	Federal	153,030	9,530	162,560	1.4
	Punjab	258,860	152,367	411,227	
	Sindh	177,735	10,047	187,782	
	Khyber Pakhtunkhwa	95,302	28,865	124,167	
	Balochistan	27,362	6,320	33,682	
	Pakistan	712,289	207,129	919,418	
2022-23 (P)	Federal	31,397	4,495	35,892	1.0
	Punjab	303,056	147,554	450,610	
	Sindh	199,474	5,158	204,632	
	Khyber Pakhtunkhwa	111,368	10,980	122,348	
	Balochistan	22,012	7,685	29,697	
	Pakistan	667,307	175,872	843,179	
2023-24	Federal	45,007	8,147	53,154	0.9
	Punjab	377,282	174,595	551,876	
	Sindh	130,562	3,603	134,165	
	Khyber Pakhtunkhwa	129,028	14,468	143,496	
	Balochistan	42,194	-	42,194	
	Pakistan	724,072	200,813	924,885	
2024-25	Federal	53,966	21,288	75,254	0.8
	Punjab	271,293	92,185	363,478	
	Sindh	245,305	7,607	252,912	
	Khyber Pakhtunkhwa	152,364	22,682	175,046	
	Balochistan	57,777	17,721	75,498	
	Pakistan	780,704	161,484	942,188	

P: Provisional

Source: PRSP Budgetary Expenditures, Finance Division

Box-II: Draft National Health and Population Policy (2026–2035)

Following the completion of the National Health Vision 2016–25, the Inter-Ministerial Health and Population Council in May 2024 approved the initiation of a new National Health and Population Policy for the next decade. The policy provides a unified national framework to guide health and population actions at federal and provincial levels. It reaffirms Pakistan's commitment to the Sustainable Development Goals (SDGs), with Universal Health Coverage (UHC) as a central pillar. The policy also incorporates emerging priorities such as food security, climate change impacts, demographic transition, and multi-sectoral determinants of health. Alignment with national development priorities is ensured through integration with the 5Es Framework and other strategic planning instruments.

Key Policy Priorities:

1. Good governance for better health outlook along with fair and sustainable financing

2. Universal access to health services and addressing emerging challenges

3. Reducing high population growth

4. Tackling malnutrition and strengthening health security with competent allied and health workforce

5. Ease of access to medication, advancing digitization, dialogue, and evidence-based decision-making

Source: Ministry of National Health Services, Regulation and Coordination

11.1-c Health Sector Projects of PSDP

Under the PSDP 2025–26, health-related development interventions are mainly reflected under the Ministry of National Health Services, Regulations and Coordination (M/o NHSR&C), with selected health projects also appearing under Provinces and Special Areas, Interior Division, and Defence Division. The total approved cost of these health-related projects stands at Rs 363,544.4 million. Expenditure up to 30-06-2025 amounted to Rs 45,480.5 million, leaving a throw-forward of Rs 318,063.8 million as of 01-07-2025.

For FY 2026, an allocation of Rs 19,375.8 million has been made for these projects. Of the total, NHSR&C accounts for the major share with Rs 14,053.5 million, followed by Provinces and Special Areas with Rs 4,413.7 million, Defence Division with Rs 808.6 million, and Interior Division with Rs 100.0 million. This reflects continued federal support for hospital infrastructure, specialized care, disease control, and medical institutions across the country.

Table 11.6: Health Sector Projects in the PSDP for FY 2025 Rs million

Sr. No.	Name of Ministry /Organisation	No. of Projects	Total Cost	2025-26 PSDP Allocation
1	M/o NHSR&C	23	311,669.2	14,053.5
2	Provinces and Special Areas	10	39,195.2	4,413.7
3	Interior Division	1	6,479.9	100.0
4	Defence Division	3	6,200.0	808.6
	Grand Total	**37**	**363,544.4**	**19,375.8**

Source: Ministry of Planning, Development & Special Initiatives. (M/o PD&SI)

11.1-d Key Health Sector Initiatives

The Government has undertaken significant steps to strengthen the health sector as a cornerstone of national development by enhancing human capital and enabling communities to thrive. The federal and provincial governments have undertaken the following initiatives and interventions.

i) Development of the National Digital Health Hub

The Health Information System (HIS) in Pakistan is critical for enabling data-driven decision-making and improving health outcomes. HIS supports evidence-based policymaking, equitable resource allocation, and health system monitoring, align with the upcoming National Health and Population Policy (2026–35) and the goals of Universal Health Coverage (UHC) and SDGs. Key national platforms, such as the Pakistan Health Information System (PHIS) Dashboard and the Pakistan Health Knowledge Hub (PHKH), aim to consolidate data and promote evidence-based decision-making. However, challenges around data integration, quality, storage, and stakeholder engagement limit their effectiveness. A unified, consolidated HIS that integrates administrative, clinical, epidemiological, and surveillance data is essential to provide a holistic view of the health sector.

Central to this vision is the development of a national dashboard that offers real-time insights into health system performance through advanced analytics and AI-powered visualization tools. In this context, the M/oNHSR&C is developing the National Digital

Health Hub outlining a transformational architecture to unify Pakistan's fragmented health information ecosystem into an interoperable, analytics-driven platform. The focus is to build the system architecture and operational software for a national dashboard that consolidates diverse health data streams, provides actionable analytics to stakeholders, and establishes a comprehensive knowledge repository for timely access to policies and documents.

ii) Pakistan Multisectoral Health Workforce Strategy (2025–34)

The Pakistan Multisectoral Health Workforce Strategy (PMHWS) 2025–34, developed by the M/o NHSR&C with broad stakeholder engagement across federal, provincial, and allied sectors, represents a landmark framework for strengthening Pakistan's health workforce in support of health security, and emergency preparedness. This strategy adopts a One Health approach, integrating human, animal, and environmental health competencies, to ensure that the health workforce is resilient, skilled, and capable of effectively responding to current and future public health challenges, including pandemics, zoonotic threats, and climate-linked health risks. By aligning with international frameworks such as the International Health Regulations (IHR 2005) and the National Action Plan for Health Security 2022–28, and incorporating surge capacity training and multisectoral coordination mechanisms, the strategy seeks to foster cross-sectoral collaboration, improve workforce distribution and performance, and ultimately enhance the nation's capacity to deliver equitable, quality health services for all Pakistanis.

iii) Pakistan Multisectoral Surge Capacity Building Package (PMSCBP)

In 2023, Joint External Evaluation (JEE 2023) assessed Pakistan's surge capacity under IHR Indicator D3.4 at a low level, highlighting the absence of institutionalized, multisectoral approaches to surge preparedness, readiness, and deployment. While, multiple institutions contribute to emergency response, surge arrangements have largely remained fragmented, ad hoc, and unevenly applied across sectors and levels.

In this regard, the PMSCBP is a national, multisectoral surge capacity building framework designed to strengthen how institutions scale people, resources, coordination mechanisms, and systems during public health emergencies and other high impact events. The PMSCBP adopts a One Health and all-hazards approach and is intended for application across human health, animal health, environmental health, food safety, emergency response, and information systems. It supports preparedness, readiness, response, and validation as connected system functions rather than isolated activities.

Pakistan continues to experience recurrent public health emergencies and other high-impact events, including infectious disease outbreaks, climate-induced disasters, zoonotic threats, food safety incidents, and environmental health events. These emergencies have repeatedly demonstrated that surge capacity is not only a workforce issue, but a system function that depends on how institutions organise, coordinate, activate, and scale under pressure.

iv) Pakistan Nursing and Midwifery Policy Framework (2025–34)

The Pakistan Nursing and Midwifery Policy Framework is a strategic document, developed to strengthen and transform the nursing and midwifery workforce as a cornerstone of the country's health system. The Framework responds to longstanding challenges in governance, education, workforce distribution, and quality assurance, aiming to enhance regulatory oversight, expand education and training capacity, improve labour market dynamics, and strengthen standards of professional practice across Pakistan. The Framework supports the development of a competent, resilient, and well-regulated nursing and midwifery workforce that is better equipped to deliver equitable, high-quality care and contribute to UHC. Additionally, it outlines initiatives to boost nursing education infrastructure, facilitate international recognition and employment opportunities, and align Pakistan's nursing standards with global best

practices, thereby reinforcing the health system's capacity to meet current and future health challenges.

v) National Anaemia Reduction Initiatives

Addressing micronutrient deficiencies remains a priority for improving maternal, child, and adolescent health outcomes. In this context, the Government finalized the National Anaemia Reduction Plan (2025–2030), adopting a life-course approach targeting adolescent girls, women of reproductive age, pregnant and lactating women, and young children. The plan emphasizes prevention, screening, treatment, and multisectoral coordination, integrating nutrition-sensitive and nutrition-specific interventions within primary healthcare and community platforms. Implementation of this framework is expected to contribute to improved health outcomes and enhanced labour productivity over the medium to long term.

vi) National Prime Minister's Programme for Prevention and Control of Diabetes Mellitus

In view of the rising burden of non-communicable diseases, particularly diabetes mellitus, the Government approved the National Prime Minister's Programme for Prevention and Control of Diabetes Mellitus (2024–2029) as a five-year national initiative beginning with Islamabad Capital Territory, Azad Jammu & Kashmir, and Gilgit-Baltistan, and subsequently expanding to all provinces with total capital outlay of Rs 6.8 bn.

Key actions undertaken during the review period include establishment of project governance structures, operationalization of the Project Management Unit, initiation of procurement processes for diagnostics and medicines, capacity building of healthcare staff, and development of monitoring and surveillance mechanisms, including a national diabetes registry.

During the year, a nationwide awareness drive was advanced, highlighted by the observance of World Diabetes Day (10–14 November 2025), comprising screening camps, public awareness activities, media outreach, and stakeholder engagement across federal health institutions and communities. The programme aims to strengthen early detection and management of diabetes, reduce long-term complications, and mitigate productivity losses associated with non-communicable diseases, thereby contributing to improved population health and human capital outcomes.

vii) Prime Minister's Programme for Elimination of Hepatitis-C

To address the high burden of Hepatitis C infection, the Government approved the Prime Minister's Programme for the Elimination of Hepatitis C Infection (2024–2027). With an estimated prevalence of 7.5 percent among the population aged 12 years and above, the programme aims to screen, test and treat 50 percent of the eligible population through a standardized national approach.

During the review period, key milestones included authorization from the Planning Division, operationalization of programme bank accounts, notification of the Steering Committee, and partial staffing of the Project Management Unit, while pilot screening and treatment were completed in selected districts of Sindh and Balochistan, with expansion initiated in Azad Jammu & Kashmir and planned in Khyber Pakhtunkhwa. Procurement of rapid diagnostic tests, PCR kits, and antiviral medicines was advanced in accordance with Public Procurement Regulatory Authority rules, alongside coordination with national institutions for data verification, digital tracking, and logistics. The programme adopts a comprehensive service delivery model providing free screening, confirmatory testing, and treatment, supported by national awareness campaigns and strengthened provincial health systems, and is expected to significantly reduce disease burden, prevent complications such as liver cirrhosis and cancer, lower future healthcare costs, and enhance productivity and human capital outcomes.

viii) Cancer treatment

Pakistan Atomic Energy Commission (PAEC) has made significant contribution in

management, prevention and control of cancer and other non-communicable diseases. It is serving the humanity suffering from cancer sine 1960 by establishing first nuclear facility in Karachi and currently twenty one atomic energy cancer hospitals are operational in all over Pakistan.

About 80 percent of Pakistan's cancer burden is catered to by PAEC hospitals, as cancer patients are treated in multiple cancer facilities of Atomic Energy Cancer Hospitals (AECHs) irrespective of their stage and financial status. Over 1.0 million procedures are carried out annually in radiotherapy, radiology and nuclear medicine departments and over 2.0 million procedures are carried out in pathology department of AECHs. At present, there are 2300 personnel are employed in hospitals, comprising 250 doctors, 110 scientists and radio pharmacists, 30 engineers and 160 nurses.

Moreover, during July-March FY 2026, the radiopharmaceuticals production involved 293 hours operation of research reactors with the irradiation of 344 target materials. It includes 261 consignments for throid cancer, 11,484 vials of cold kits and adenosine injections etc.

The following targets have been achieved by FY 2026:

- Kashmir Institute of Nuclear Medicine, Oncology and Radiotherapy (KINOR) Muzaffarabad, the 21st Atomic Energy Cancer Hospital has been inaugurated and start functioning. Moreover, State of the art LINAC equipment is reached at KINOR and installation is in progress.
- Students/ fellows attended AECHs for training in nuclear medicine, radiation therapy, oncology, and radiology. AECHs are providing teaching and training facilities to students of Ph.D., FCPS, MCPS, MS, MSc, BS etc. More than 1000 students got training last year in disciplines mentioned.
- New state of the art CT-Scanner for diagnostic radiology and modern True Beam LINAC reached at AECH INMOL in said period and the installation is under process. For strengthening Nuclear Medicine department and to meet patient load one more Gamma camera was installed and commissioning of the equipment is under process.
- AECH BINO has installed MRI for diagnostic radiology and True Beam Linear Accelerator for radiation therapy. AECH PINUM installed Gamma Camera and diagnostic X-ray.
- AECH CENAR has installed state of the art Chemistry and special chemistry analyzer (Roche C111 & E411) for upgradation of Pathology lab.
- Research projects of IAEA TC / RCA projects and collaboration with different national and international organizations is continued. Approximately 30–40 national and international researches by AECHs were published in 6 months, along with multiple national and international projects
- Multiple events about cancer awareness were organized in said period in all AECHs, especially the whole month of October was celebrated for breast cancer awareness. More than 225 lectures, presentations, awareness talks, conferences, meetings and medical camps were organized in said period.

ix) Capacity building and Specialized Trainings/Initiatives for Health Sector preparedness and response during disasters

The National Disaster Management Authority (NDMA) took various measures to avoid humanitarian crises during disasters. The following are capacity-building and training programmes conducted to respond to the health issues immediately during disasters

- To improve the datasets for disaster management, on 18th July, 2025 a baseline data validation workshop for the Multi-Hazard Vulnerability & Risk Assessment (MHVRA) of District Nushki was held at BUITEMS. The session focused on reviewing collected data for accuracy and completeness. Moving forward, NDMA developed a simplified baseline data collection form to assist PDMA and district officials standardizing data gathering.

- Chemical industrial disasters pose serious risks to public health and require coordinated operational, technical, and medical responses. NDMA, as Pakistan's leading disaster management authority, regularly conducts simulation exercises, train responders, improve coordination, and identify gaps. In this context, a joint exercise was conducted at FFCL Plant, Mirpur Mathelo (12–13 February 2026), involving key stakeholders, combining community awareness with a simulation of ammonia leakage and fire emergency to evaluate response and coordination mechanisms.
- NDMA strengthened gender-responsive and inclusive disaster preparedness through key national initiatives in health, education, social protection, and climate change. These included Minimum Initial Service Package (MISP) and Gender-Based Violence in Emergencies (GBViE) trainings, school safety, audits for teachers, RFID-based support for vulnerable groups, inclusive early warning systems, and policy reforms covering transgender persons and persons with disabilities. Whereas 2,645 girls guide were trained under Disaster Risk Reduction (DRR) badge initiative till March 2026.
- NDMA Signed a Letter of Agreement (LOA) with United Nation University Institute for Water, Environment and Health, Canada to advance academic research and policy dialogue on disaster management, climate change and regional cooperation.

11.1-e Provincial Performance in the Health Sector in FY 2026

Punjab

During 2025–26, the Government of Punjab launched a comprehensive healthcare reform programme under the Punjab Primary and Secondary Healthcare Services Act, 2025, to strengthen community, primary, and secondary healthcare services across the province. More than 50,000 health workers were deployed under the Community Health Inspectors (CHI) initiative, with over 45 million premises and 8.29 million families digitally mapped for door-to-door healthcare outreach. The government outsourced 2,506 Maryam Nawaz Health Clinics (MNHCs) to improve primary healthcare access, while 115 Maryam Nawaz Hospitals (MNHs) were operationalized to revitalize rural secondary healthcare facilities. Digital reforms included EMR systems, HMIS integration, CCTV-based monitoring, and FlexiCare attendance and wage systems to improve transparency and accountability. The Directorate of Monitoring and Evaluation conducted 29,499 facility visits between September 2025 to March 2026 to ensure service quality. At the district level, four Cath Labs became functional by March 2026 and performed 1,135 cardiac procedures, including 756 angiographies and 379 angioplasties. Human resource reforms generated over 50,000 employment opportunities, including 30,000 jobs under the CHI programme and more than 10,000 positions in MNHCs. The government also initiated Schools of Nursing and Midwifery across major districts, with the first batch enrolling 308 students in BS Nursing and BS Midwifery programmes. Overall, these initiatives represent a shift toward a digitally enabled, performance-based, and integrated healthcare system aimed at improving healthcare access, quality, and progress toward UHC.

Sindh

The Health Department, Sindh, undertook key policies and administrative measures to consolidate ongoing initiatives and improve service delivery. During FY 2026 key priorities of Health Department Sindh are ensuring Universal Health Coverage through provision of equity-based health services throughout the province. The following key steps taken in FY 2026 to address uneven distribution of healthcare services. In medical education, Provincial Quality Control Board (PQCB) was constituted and the new Medical & Dental college Admission Test (MDCAT) Policy has been approved by Chief Minister. Moreover, policy on Bachelors in Science of Nursing (BSN) Degree Programme is notified along with evening shift policy for induction of 1150 students in BSN Degree Programme in Public Sector Colleges is notified and is implemented.

Furthermore, Local Government and Rural Development Department Sindh has signed an

MOU with NADRA for registration of birth and death in medical facilities, with ambassador of UAE for taking over the possession of 20 Bedded hospital at Shahdadpur, and HELP Organization for providing quality health services in 09 Government Dispensaries of Tharparkar. The last but not least, Regulations on Safe Blood Transfusion in Sindh have been notified after approval of provincial cabinet of Sindh.

Khyber Pakhtunkhwa

In Khyber Pakhtunkhwa, health is presented as a single integrated sector in the ADP 2025–26. The sectoral composition covers basic health, general hospitals, medical education and training, preventive programmes, social action programme, and teaching hospitals, indicating a broad development focus across different levels of care and service delivery.

The health sector in Khyber Pakhtunkhwa comprises 183 schemes with a total cost of Rs 258,183 million. The FY 2026 allocation stands at Rs 46,819.0 million, including local and foreign-aided components, while expenditure up to June 2025 is reported at Rs 71,869.3 million. This indicates that the province is carrying a sizeable ongoing health portfolio into FY 2026 while continuing to allocate substantial resources to health sector expansion and strengthening.

Balochistan

Balochistan's PSDP 2025–26 identifies health as one of the province's major social sectors. The department-wise abstract shows health as a significant component of the provincial development portfolio.

Balochistan's Health Department comprises 242 schemes with a total cost of Rs 110,523.2 million. The allocation for FY 2026 stands at Rs 16,402.7 million, while expenditure up to June 2025 is Rs 33,417.1 million. These figures combine Government of Balochistan and foreign project assistance components, and reflect continued investment in provincial health service delivery and related infrastructure under the PSDP framework.

Gilgit Baltistan

During FY 2026, the Government of Gilgit-Baltistan undertook several key measures to strengthen health infrastructure through major PSDP initiatives, including the establishment of a 250-bedded hospital at Skardu, 50-bedded Cardiac Hospital Phase-I at Gilgit, Medical and Nursing College at Gilgit, up-gradation of the Provincial Headquarters Hospital, and establishment of a 300-bedded Mother and Child/ICT Hospital at Chilas. Significant implementation progress was achieved under these initiatives, including completion of feasibility studies, topographical surveys, geotechnical investigations, Environmental Impact Assessment (EIA), Initial Environmental Examination (IEE), detailed design, project estimation, and master planning. The above measures demonstrates continued institutional progress and commitment to strengthening tertiary healthcare and medical education facilities in the region.

Azad Jammu and Kashmir

The Government of Azad Jammu and Kashmir (AJK) is fully committed to quality healthcare facilities for the general public. The strategies adopted for the health sector are to interpret the government's priority agenda to achieve universal health coverage by 2030.

Health coverage in AJK is still inadequate. There are approximately 2950 Hospital beds available in the area averaging one bed per 1558 people. The total number of doctors is 1445 out of which there are 71 Health Managers, 436 specialists, 93 Dental Surgeons and 845 Medical Officers. There is a ratio of 0.95 Per 10000 Population in respect of specialist, 1.83 in respect Medical Officers of and 0.20 in respect of Dentists Surgeon.

AJK Government has taken multiple initiatives to improve the health situation. Sehat Sahulat Programme (SSP) is a flagship programme of social health protection and a landmark towards

attaining UHC. The total 1.25 million families of AJK were entitled for indoor treatment facilities from public and private sector hospitals all over the country. Though programme was discontinued since 31st December, 2023 but has been restored in AJK since 16th January 2026, through the support of Federal government of Pakistan

Moreover, Family Planning and Primary Healthcare Programme (FP&PHC), has recruited more than 3,068 LHWs in AJK covering 67 percent of population with services encompassing the health conditions of women and children through improved sanitation, birth spacing, iron supplementation, more extensive vaccination coverage, and through Ante-Natal Coverage (ANC) and Post-Natal Coverage (PNC).

During December 2025, approximately 0.569 million children, were vaccinated through the National Immunization Day (NID) campaign across the AJK. Vaccine procurement and social mobilization are undertaken by UNICEF, with WHO collaborations on operational activities, monitoring and environmental surveillance. Moreover, the State of AJK is Polio Free from last Twenty years.

In addition to that, National TB Control Programme (NTP) has achieved over 85 present DOTS coverage in the public sector.

11.2 Nutrition Profile of Pakistan

Nutrition is fundamental to human development, economic productivity, and the achievement of sustainable development outcomes. The nutritional status of the population, particularly children in early childhood, adolescents, and women of reproductive age, shapes health trajectories, educational attainment, and workforce participation. A well-nourished population supports higher productivity, reduces the burden on public health systems, and contributes to sustained and inclusive economic growth. Pakistan faces a significant burden of malnutrition in multiple forms.

Recent evidence from the Household Integrated Economic Survey (HIES) 2024-25 indicates increasing constraints in households' ability to access adequate and quality diets (Table 11.7). Household-level food consumption data from HIES further illustrates the changing dietary patterns underlying these trends. Monthly per capita consumption of key food groups between 2018-19 and 2024-25 reveals a decline in staple cereals, pulses, milk, and meat, the primary sources of protein, while consumption of vegetable ghee has risen markedly. These shifts suggest that rising food prices and constrained household incomes are compressing dietary diversity, with lower-income households substituting cheaper, energy-dense but nutrient-poor options for more nutritious foods.

Table 11.7: Monthly Per Capita Consumption of Selected Food Items (kg), 2018-19 and 2024-25

Food Item	2018-19	2024-25
Wheat and Wheat Flour	7.0	6.59
Rice and Rice Flour	1.06	0.86
Pulses	0.35	0.26
Vegetable Ghee	0.69	1.25
Cooking Oil	0.32	0.28
Milk (Fresh and Boiled)	6.85	6.15
Meat (Beef, Mutton, Chicken)	0.61	0.50
Fruits	1.65	1.86
Vegetables	4.95	4.77
Sugar (Desi & Milled)	1.28	1.22

Source: Household Integrated Economic Survey (HIES) 2018-19, HIES 2024-25, Pakistan Bureau of Statistics

Addressing this dual challenge of undernutrition and shifting dietary patterns requires sustained and coordinated government action. Government efforts have continued to emphasize coordinated action across sectors, focusing on improving access to nutritious food, strengthening service delivery systems, and addressing the underlying social and economic determinants. Existing interventions on maternal and child nutrition contribute to achieving national nutrition targets. The Benazir Nashonuma Programme reported a 6.4 percentage-point lower prevalence of stunting among children under two years of age, and a 5.6 percentage-point lower prevalence of Low birth

weight among Nashonuma participants. These coordinated actions reflect the government's commitment to translating policy priorities into tangible interventions that advance inclusive growth, promote equity, and strengthen the country's human capital for a more resilient and productive economy. The following table depicts the nutrition profile of Pakistan in comparison to South Asia.

Table 11.8: Comparison of Nutrition Indicators of Pakistan and South Asia (2024)

	South Asia	Pakistan
Prevalence of overweight (%age of children under 5)	3.4	2.1
People using at least basic sanitation facilities (%age of population)	82.0	71.9
People using at least basic drinking facilities (%age of population)	95.9	90.7
Prevalence of Undernourishment (%age of population)*	11.7	16.5
Stunting prevalence among children (under age 5 %age)	31.5	33.6

* Data for Nutrition indicators is for the year 2023

Source: World Development Indicators

11.2-a Availability of food in Pakistan:

Food availability is a key determinant of nutritional outcomes, as adequate and diverse food supply at the national level is essential for meeting the dietary needs of the population. Per capita availability of major food items over the past three fiscal years reveals notable shifts (Table 11.9). During FY 2026, the availability of major food items indicated moderate improvements in overall dietary supply. Per capita cereals availability, while slightly higher than 2024-25, remains below the level recorded in 2023-24. The availability of milk showed a notable increase over both preceding years, alongside incremental gains in pulses, meat, fish, and eggs. Edible oil/ghee availability continued its upward trend, while fruits and vegetables remained broadly stable, with a marginal decline from the previous year but still higher than 2023-24 levels. Overall calories availability improved to 2,550 kcal per capita per day compared to 2024-25.

11.2-b Cost of Minimum Food Basket (per capita per month)

Access to adequate and nutritious food is directly associated to its affordability. The ability of households to meet their dietary needs is fundamentally constrained by the cost of food in the market. When food prices rise beyond the purchasing capacity of households, particularly those in lower income brackets, it directly undermines dietary diversity and nutritional outcomes. During the period July-March FY 2026, the cost of the food basket exhibited noticeable fluctuations (Fig-11.2). Starting at Rs 5,632 in July 2025, the cost rose steadily through the latter months of 2025, reaching a peak of Rs 6,417 in October 2025, an increase of nearly 14 percent over just three months. By March 2026, the cost decreased to Rs 5,813, though it remained above the July 2025 baseline. Overall, the price of food basket increased by 3.2 percent between July 2025 and March 2026.

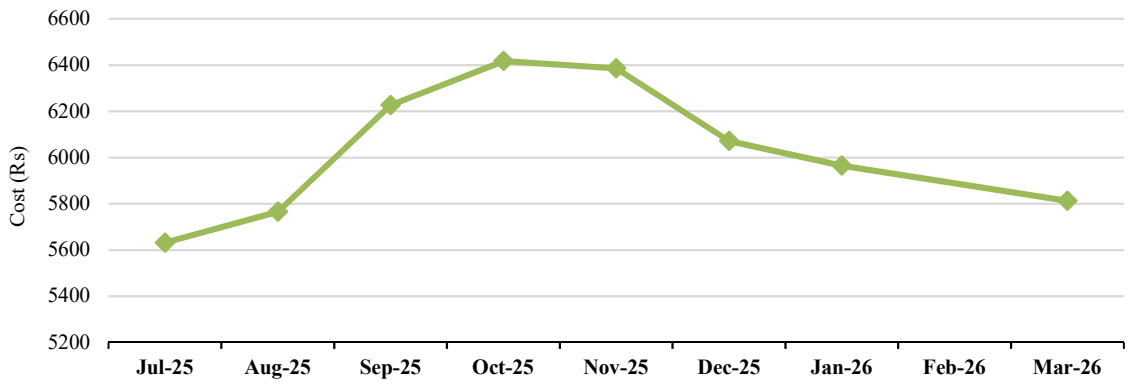
Table 11.9: Food Availability per Capita per Annum

Food Items	2023-24	2024-25	2025-26 (P)
Cereals	162.59	133.09	135.91
Pulses	5.94	6.74	6.93
Milk (liter)	164.72	205.63	216.16
Meat	23.46	23.49	23.52
Fish	2.10	2.29	2.34
Eggs (dozen)	8.48	8.76	9.03
Edible Oil/ Ghee	12.67	13.88	14.16
Fruits & Vegetables	65.0	71.34	70.51
Sugar	27.91	22.44	23.36
Calories/day	**2648**	**2483**	**2550**

P: Provisional

Source: Nutrition Section, M/o Planning, Development and Special Initiatives

Fig-11.2: Cost of Food Basket (per capita/ month)



Source: Nutrition Section, M/o PD&SI

11.2-c Key Initiatives for Nutrition Improvement

During the fiscal year 2025-26, the government implemented a range of strategic initiatives aimed at improving nutrition outcomes across the country. These initiatives span multiple sectors, including health, education, social protection, and agriculture, and are designed to address both immediate nutritional needs and long-term determinants of malnutrition. The following key initiatives/activities highlight the government's efforts to enhance food security, expand access to essential services, and promote healthier dietary practices at federal level:

i. The National Multisectoral Nutrition Programme aims to address malnutrition specifically stunting and targets underprivileged and flood affected districts of the country with high prevalence of stunting. Stakeholders and development partners were engaged to refine the programme scope and strengthen its technical, operational, gender, climate, and sustainability dimensions in preparation for implementation.

ii. The Benazir Nashonuma Programme continued delivery of services to prevent stunting in children, prevent low birth weight, reduce anemia and micronutrient deficiencies, improve awareness and uptake of maternal and child nutrition services. New facilitation centers were established to expand access for pregnant, lactating women and children. Midline evaluation results released during the year confirmed a reduction in stunting and low birth weight and improvements in early initiation of breastfeeding, and immunization coverage in intervention areas.

iii. A real-time digital dashboard for the Nashonuma Programme was launched to strengthen monitoring, transparency, and data-driven decision-making enabling systematic tracking of beneficiary data and programme performance indicators

iv. The Pak-Korea Nutrition Center (PKNC) project continued its activities to address malnutrition through evidence-based research, capacity building, and community outreach. During the year, the project hosted the 2nd International PKNC Conference, bringing together global experts to advance the science of food and nutrition. Community level impact was expanded through the training of Master Trainers in balanced diets and the organization of awareness sessions to integrate healthy dietary practices into schools.

v. The pilot initiative School Outreach and Programme for Reducing Anemia and Improving Nutrition (SOPRAN) was implemented across seven districts to reduce iron deficiency, anemia and improve nutritional practices among adolescent girls.

The programme delivered weekly iron and folic acid supplementation, promoted access to fortified wheat flour, and conducted community-based behavior change activities through a model linking nutrition, awareness, and empowerment. The pilot generated evidence of improved outreach and strengthened nutrition knowledge among target populations, which will inform future policy and programme design.

vi. Provincial Brainstorming Sessions on Early Childhood Development (ECD) were organized as part of a broader national effort to initiate implementation of the National Early Childhood Development Policy Framework. The sessions resulted in the identification and prioritization of immediate and long term actions for provincial governments to adopt holistic approaches in achieving the objectives of the Framework.

vii. The Scaling Up Nutrition Civil Society Alliance (SUNCSA) Network strengthened its governance and operational capacity during the year. Terms of Reference of the network were revised in consultation with Executive Committee members to improve institutional clarity and accountability. A membership drive was conducted to expand the Alliance's civil society representation, broadening its engagement base. The Annual General Meeting of the Network resulted in a Joint Declaration to advance the national nutrition agenda and deepen civil society participation in nutrition programing and advocacy.

11.2-d Nutrition programmes taken under provincial governments

The provincial governments have also implemented nutrition programmes, which are summarized below:

Punjab

The Government of Punjab sustained a broad-based development portfolio addressing nutrition through multiple pathways. The following nutrition-specific and nutrition-sensitive programmes were under implementation during the year:

- Livestock asset transfer to rural women in south Punjab with total cost of Rs 2000 million and allocation of Rs 1000 million.
- Punjab Human Capital Investment Project (PHCIP) with a total cost of Rs 41,664 million and allocation of Rs 9,686 million
- Multi-Sectoral Nutrition Strategy for WASH including Water Supply, Sanitation, Hygiene, and Wastewater with a total cost of Rs 1,108.1 million and allocation of Rs 100 million

Khyber Pakhtunkhwa

The Government of Khyber Pakhtunkhwa executed a wide-ranging portfolio covering stunting prevention, integrated health service delivery, food security, agriculture, school nutrition, and early childhood education. The following nutrition-specific and nutrition sensitive programmes were under implementation during the year:

- Khyber Pakhtunkhwa Stunting Prevention and Rehabilitation Integrated Nutrition Gain with a total cost of Rs 700 million and allocation of Rs 100 million.
- Stunting Prevention through Improved Nutrition and Agriculture Development Initiative with a total cost of Rs 4,000 million and allocation of Rs 1,000 million
- Integration of Health Services Delivery with Special Focus on MNCH, LHW, and Nutrition Programme with a total cost of Rs 7,917.8 million and allocation of Rs 990 million
- Khyber Pakhtunkhwa Food Security Support Project with a total cost of Rs 24,667.6 million and allocation of Rs 3,095 million
- Agriculture Productivity Enhancement for Livelihood and Food Security in Merged

Areas with a total cost of Rs 999.6 million and allocation of Rs 250 million.

- Khyber Pakhtunkhwa Human Capital Investment Project with a total cost of Rs 24,225 million and allocation of Rs 5,880 million
- Poverty Alleviation through Enhancement of Milk Meat Value Chain in Merged Areas with a total cost of Rs 470.2 million and allocation of Rs 300 million.

Sindh

The Government of Sindh directed its development portfolio towards integrated health, maternal and child care, human capital and poverty reduction as the primary pathways for improving nutrition outcomes. The following programmes are under implementation during the year:

- Sindh Human Capital Investment: 1000 Days — Integrated Health and Population Project with a total cost of Rs 61,600 million and allocation of Rs 2,500 million
- Sindh Health Support Programme with a total cost of Rs 3906.5 million and allocation of Rs 150 million
- Establishment of Maternal and Child Health Care Centre at Liaqat University Hospital, Jamshoro with a total cost of Rs 4,963.3 million and allocation of Rs 20.8 million
- Expansion of People's Poverty Reduction Programme (PPRP) with a total cost of Rs 6,575.7 million and allocation of Rs 1,000 million

Balochistan

Recognizing the province's significant nutrition burden, the Government of Balochistan focused its development investment on maternal and child health, school nutrition, WASH infrastructure, and deworming as priority intervention areas. The following nutrition specific programmes were implemented during the year:

- Balochistan Comprehensive Maternal and Child Health Programme with a total cost of Rs 2,000 million and allocation of Rs 228.8 million
- Provision of WASH (Water, Sanitation and Hygiene) Facilities in Schools with a total cost of Rs 2,000 million and allocation of Rs 200 million
- School Meal Programme for Students of Primary Schools in Quetta (Pilot Basis) with a total cost of Rs 1,579.4 million and allocation of Rs 315.9 million
- Maternal, Newborn, and Child Health (MNCH) was established at Eastern Bypass Quetta with a total cost of Rs 400 million and allocation of Rs 200 million

Azad Jammu & Kashmir

The Government of AJK directed its development investment towards maternal and child health, early childhood development, livestock, agricultural diversification, and food safety infrastructure. The following nutrition-specific and nutrition sensitive programmes are under implementation during the year:

- MNCH Services in AJK with a total cost of Rs 397.3 million and allocation of Rs 59.1 million
- Early Childhood Development Programme (ECD) in 300 Middle Schools in AJK (Phase-III) with a total cost of Rs 90.1 million and allocation of Rs 43.6 million
- Sheep/Goat Development Programme in AJK with a total cost of Rs 60.15 million and allocation of Rs 45.8 million
- Agro-Ecological Based Fruit, Vegetable and Agriculture Development as Enterprise in AJK with a total cost of Rs 64.8 million and allocation of Rs 4.01 million
- Establishment of 03 Mobile Food Testing Laboratories at Divisional Headquarters of AJK with a total cost of Rs 107.2 million and allocation of Rs 18.2 million

Gilgit-Baltistan (GB)

The Government of Gilgit-Baltistan channeled its development resources towards food and nutrition security through fisheries, trout

farming, modern agriculture, and early childhood development, reflecting the region's distinct ecological and geographic context. The following nutrition-specific and nutrition-sensitive programmes were under implementation during the year:

- Food Fortification Programme of Food Department with a total cost of Rs 99 million and allocation of Rs 5.5 million
- School Meal Programme to Female Primary Schools in GB with a total cost of Rs 112.7 million and allocation of Rs 6.5 million
- Targeting Blue Revolution towards Food, Nutrition & Livelihood Security through Conservation of Local Species in GB with a total cost of Rs 80 million and allocation of Rs 2.97 million
- GB Scaling Up Nutrition Programme (SUN) (Ph-II) with a total cost of Rs 72.7 million and allocation of Rs 2.4 million
- Ensuring Food Security and Economic Growth through Extension of Trout Farming in District Ghizer with a total cost of Rs 50 million and allocation of Rs 22.8 million
- Improving Rural Livelihood and Food Security through Modern Agricultural Techniques in District Ghizer with a total cost of Rs 30 million and allocation of Rs 5.3 million

11.3 Public Health, Rehabilitation and Drug Demand Reduction

Pakistan's anti-narcotics efforts revolve around three main pillars: drug supply reduction, drug demand reduction, and international cooperation, as described in the Anti-Narcotics Policy 2019.

As per Drug seizures data, during July-March FY 2026, 1489 FIR's were registered, 1729 accused were arrested with conviction rate of 78 percent. Moreover, Model Addiction Treatment and Rehabilitation Centers (MATRC) at Islamabad, with an estimated cost of Rs 456.38 million is near completion and 99 percent of civil work has been done. During July-March FY 2026, 4,752 drug demand reduction activities were conducted and 2,024 patients were treated in MATRC. The month-wise treatment in each hospital is depicted in Table 11.10.

Table 11.10: No of Patients treated at MATRC (July-March 2025-26) In nos.

Month	MATRC Karachi Lyari	MATRC Malir	MATRC Mangopir	MATRC Islamabad	MATRC Sukkur	MATRC Hyderabad	MATRC Quetta	Total
July-2025	77	55	36	15	15	27	18	243
Aug-2025	48	40	36	22	13	32	24	215
Sep-2025	68	38	32	17	12	37	30	234
Oct-2025	58	50	48	21	17	31	20	245
Nov-2025	63	46	29	17	11	32	32	230
Dec-2025	57	42	34	20	17	33	33	236
Jan-2026	54	45	50	20	12	30	25	236
Feb-2026	44	28	33	16	13	28	19	181
Mar-2026	41	30	44	19	15	28	27	204
Total	510	374	342	167	125	278	228	2024

Source: Ministry of Interior and Narcotics Control

Concluding Remarks

Pakistan has demonstrated notable progress in the health and nutrition sector, as reflected in the continued improvement in life expectancy, reductions in infant and neonatal mortality rates, and enhanced immunization coverage following the latest data from the Pakistan Social and Living Standards Measurement Survey. These positive trends highlight the impact of sustained government initiatives aimed at improving access to healthcare services, strengthening maternal and child health programmes, and enhancing nutritional outcomes. The government remains committed to improving

the health and nutrition status of the population in line with the targets of the United Nations Sustainable Development Goals. In this context, ongoing national initiatives such as Scaling Up Nutrition Civil Society Alliance (SUNCSA), School Outreach and Programme for Reducing Anemia and Improving Nutrition (SOPRAN) and development of National Digital Hub are expected to further support improvements in health and nutrition indicators

Going forward, Pakistan must continue to expand universal health coverage schemes while ensuring their financial sustainability. Increased emphasis on preventive healthcare, including immunization, nutrition, and public awareness, can significantly reduce disease burden. Enhancing governance, data systems, and regulatory frameworks, along with promoting public-private partnerships, will improve efficiency and accountability. Addressing emerging challenges such as non-communicable diseases, mental health, and climate-related risks will be crucial for achieving long-term improvements in population health and overall development.

POPULATION, LABOUR FORCE AND EMPLOYMENT

Population Size (2025) — **252.09** (Million)

- Male: 129.64 million
- Female: 122.45 million

Percentage of Population by Age Group (2025)

- Population 15 to 29 years: 26.56%
- Population between 15 to 64 years: 56.9%

Workers Regd. for Employment Abroad — **762,499** (2025)

Prime Minister's Youth Laptop Scheme — **72,000** Laptop Distributed (Jul-Mar FY2026)

Prime Minister's Youth Business & Agriculture Loan Scheme — **Rs. 58** billion Distributed (Jul-Feb FY2026)

Chapter 12

Population, Labour Force and Employment

Population size, growth, and age structure are important determinants of economic development, labour markets, and the delivery of social services. According to the United Nations, the global population reached nearly 8.2 billion in 2025 and continues to rise, with most of this growth occurring in developing regions. While many advanced economies are managing ageing populations and slower labour force growth, several developing countries continue to experience relatively high population growth, increasing the need for sustained investment in food security, housing, education, healthcare, and employment opportunities. High-income countries experience annual population growth rates of 1 percent like in UK & USA and less than 1 percent such as in OECD countries, many lower-middle-income countries, such as Sub-Saharan Africa, continue to grow at rates exceeding 2 percent[1]. At the same time, developed countries face challenges related to ageing populations and declining labour forces. To address these issues, many rapidly growing developing countries are implementing population policies aimed at reducing fertility rates, strengthening human capital, and balancing population growth with available resources and economic capacity.

In Pakistan, population dynamics remain central to economic planning and social service delivery. According to the National Institute of Population Studies, Training and Research (NIPST&R) the estimated population of Pakistan is 252.09 million in 2025, with a 2.07 percent population growth rate comprising 129.64 million males and 122.45 million females. The country's demographic profile is marked by a large youth cohort: 26.56 percent of the population is aged 15-29 years, while 56.9 percent falls within the working-age group of 15-64 years. This youthful population provides Pakistan with an important opportunity to realize a demographic dividend through sustained investment in education, health, skills development, entrepreneurship, and productive employment. At the same time, the pace of population growth underscores the need for continued policy attention to human capital development, service delivery, poverty reduction, and improved living standards.

Recognizing both the opportunities and policy requirements associated with this demographic transition, Government has continued to prioritize youth empowerment and human capital development. Initiatives such as "Prime Minister's Youth Business & Agriculture Loan Scheme" and "Prime Minister's Youth Skills Development Programme" which prioritize entrepreneurship and advanced skill development. By expanding access to financing and modern vocational training, these programmes are helping channel Pakistan's youth potential toward productivity, innovation, and inclusive economic growth.

12.1 Population

According to the NIPST&R population projection report, Pakistan's population increased from 241.5 million in 2023 to 252.09 million in 2025. Provincial projections indicate

[1] WDI, World Bank

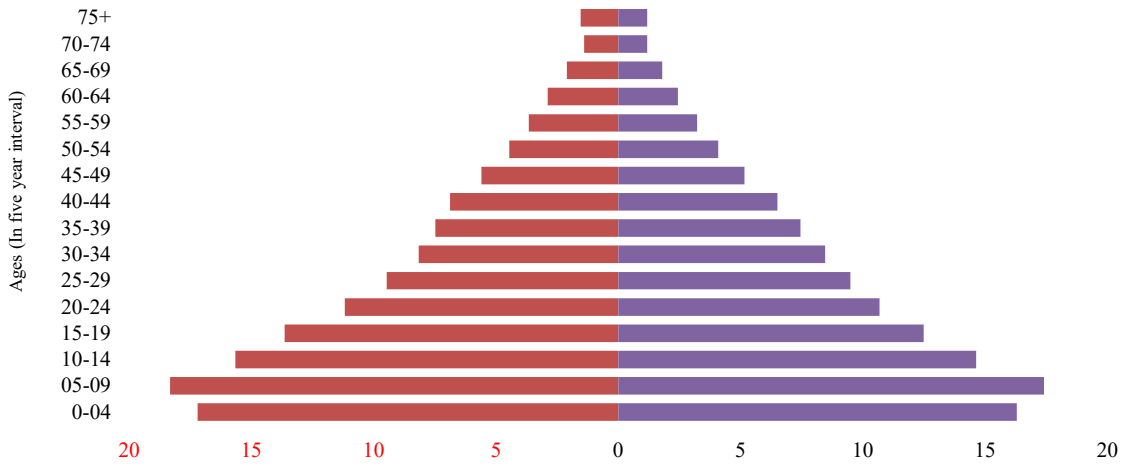
a corresponding increase across all provinces. Punjab, the most populous province, increased from 128.02 million in 2023 to 133.36 million in 2025. Similarly, Sindh's population rose from 55.95 million to 58.27 million, Khyber Pakhtunkhwa's from 40.93 million to 42.68 million, and Baluchistan's from 14.65 million to 15.21 million during the same period. Following the adoption of the 2023 Census-based population estimates in the latest National Accounts, per capita GNI at market prices increased from US $ 1,607 to US $ 1,901. These demographic trends underscore the importance of sustained planning and investment in healthcare, education, housing, infrastructure, skills development, and employment opportunities to meet the needs of a growing population.

12.1-a Age-Wise Population Composition

The composition of the population by age and sex is an important indicator for understanding the overall demographic situation of Pakistan. The age structure of the population strongly affects key sectors such as education, healthcare, and employment.

The population[2] pyramid (Figure 12.1) shows that the share of the population is highest in the younger age groups. More than one-third of the total population falls within the 0-14 years age group for both males and females. The proportion of very young people (0-14 years), at 39.47 percent, is significantly higher than that of the elderly population aged 65 years and above, which stands at only 3.65 percent. In addition, the youth cohort aged 15-29 years accounts for 66.96 million people, or 26.56 percent of the total population. Overall, Pakistan has a distinctly youthful demographic profile, with 66.03 percent of its population below the age of 30 years, highlighting both the potential for a demographic dividend and the need for adequate investment in education, skills development, and employment opportunities for harnessing the youth potential.

Fig-12.1 : Age, Sex composition of Pakistan, 2025



Source: NIPST&R

According to the Population Projections Report 2023-2050, Pakistan's population is expected to continue growing, although the pace of growth is projected to gradually moderate with declining fertility under the slow-decline scenario. The Government remains focused on addressing population-related priorities through strengthened family planning programmes, improved reproductive health services, awareness initiatives, and broader measures to promote human welfare and rights. Key initiatives undertaken during FY 2026 in these priority areas are outlined below:

[2] Projected population under slow decline(fertility) scenario.

12.1-b Family Planning Initiatives Undertaken in FY 2026

After the 18th amendment, the Federal Ministry of Population Welfare was dissolved, while the Population Welfare Programme was devolved to the provinces in 2010. One of the main objectives of the departments is to stabilize population growth and reduce fertility rate by improving access to quality reproductive health care through integrated service delivery. Access to quality Family Planning and Reproductive Health (FP/RH) services is essential for improving maternal health, controlling population growth, and promoting gender equity in the country. The interventions made in the last few years across Pakistan, particularly in the provinces, have demonstrated promising outcomes through expanded service delivery, enhanced awareness, and stronger institutional coordination. Thus, building on these outcomes, the Population Welfare Departments have continued undertaken several strategic and programmatic initiatives aimed at addressing population-related challenges in the provinces. These initiatives broadly aim at strengthening service delivery mechanisms, expanding access to family planning and reproductive health services, enhancing community awareness through social mobilization, capacity building of service providers, and improving data reporting systems through digitalization. In particular, the details of these initiatives undertaken in FY 2026 include:

Punjab

During FY 2026, the government of Punjab undertook a major institutional reform by merging the Population Welfare Department with the Primary & Secondary Healthcare Department into a unified Health & Population Department. The reform aimed to eliminate fragmentation in planning, service delivery, and human resource management by creating an integrated system linking family planning, maternal and reproductive health, preventive care, primary and secondary healthcare under a single administrative and policy framework. Apart of this key institutional reform, the most pronounced initiatives taken by the province include:

- **Community Health Inspector (CHI):** CHI initiative is a major reform designed to address service gaps in Lady Health Workers (LHW)-uncovered areas. It is launched as a pilot in June 2025 in 130 Union Councils across four districts. It mobilized 1,648 outreach workers, including 1,136 LHWs and 512 CHIs. The model since its inception has been expanded province-wide, with over 50,000 health workers delivering door-to-door services across Punjab. Beyond household registration, CHIs provide maternal and child health services, disease screening, TB tracing, nutrition support, communicable disease surveillance, and family planning, making them central to preventive healthcare and community-level service delivery.
- **Maryam Nawaz Hospitals:** The outsourcing of Rural Health Centers (RHCs) into Maryam Nawaz Hospitals (MNHs) is a major reform aimed at revitalizing rural secondary healthcare through a performance-based management model. Under this initiative, formerly underperforming RHCs have been transformed into more comprehensive service delivery facilities providing outpatient and inpatient care, emergency services, maternal and child healthcare, diagnostics, surgeries, and specialist-led services closer to communities.
- **Revamping of Regional Training Institutes into Schools of Nursing and Midwifery:** This initiative represents a major investment in strengthening Punjab's health workforce pipeline. The first academic batch commenced on 10th March 2026, with enrollments of 153 students in BS Midwifery and 155 in BS Nursing across Lahore, Multan, Faisalabad, and Sahiwal. This transition is expected to produce more than 400 Skilled Birth Attendants annually, helping address critical gaps in maternal and newborn healthcare services. In parallel, the department is also establishing approximately 50 midwifery schools at district and tehsil levels to expand the availability of skilled community-based

outreach and maternal healthcare workers across the province.

- **Human Resource and Employment Impact:** The restructuring reforms related to human resources and employment has generated 50,000+ direct employment opportunities and vacancy fillings. The CHI initiative alone has created about 30,000 skilled jobs, with priority placement for SBAs and other trained female professionals; Maryam Nawaz Health Clinics (MNHCs) have engaged more than 2,500 MOs/WMOs as Health Managers and created more than 10,000 skilled jobs; MNHs have generated more than 1,300 consultant jobs and around 10,000 additional jobs.
- Further, the special pay package stream adds another dimension. 1,469 vacant MO/WMO positions and 565 consultant/specialist positions at the secondary level had been filled under targeted special-pay interventions. These reforms apply across THQ and DHQ hospitals with combined bed strengths of 10,475 and 9,415, respectively, and across staffing regime covering administrative, clinical, pharmacy, nursing, allied-health, technical, and support cadres.

Sindh

The Government of Sindh continued to strengthen family planning and reproductive health services to support maternal and infant health and improve population welfare outcomes. Key priorities include increasing the Contraceptive Prevalence Rate (CPR), reducing fertility rates, expanding access to quality services, and addressing factors such as early marriage, frequent pregnancies, and low contraceptive uptake. Major initiatives undertaken during FY 2026 are as follows:

Capacity Building & Institutional Strengthening Initiatives

- The procurement process for contraceptives was successfully completed, with the Government of Sindh increasing the contraceptive procurement budget from Rs 900 million to Rs 990 million. Around 50 percent of the allocated budget was utilized for Long-Acting Reversible Contraceptives (LARCs), ensuring contraceptive commodity security and uninterrupted logistics management arrangements (LMA)
- Owing to efficient procurement practices, United Nations Population Fund provided matching funds of US $ 666,000 enabling the procurement of 73,000 Implanon NXT units.
- Introduced an empathy-based counselling model and digitalized FWW training curriculum and Three research articles were approved for presentation at the International Conference on Family Planning (ICFP) 2025.
- Translated marital counselling manual into Sindhi and initiated counselling services in two pilot districts (i.e. Tando Allahyar & Karachi South).
- Arranged Trainings on FP techniques, counselling skills, Contraceptive Logistics Management Information System(cLMIS), and Electronic Client Reporting (ECR) for the staff of DoH, People's Primary Healthcare Initiative (PPHI), LHWs, 1000 days project and other private stakeholders.
- After 13 years, the stipend of trainee at Regional Training Institutes (RTIs) was increased from Rs 5,000 to Rs 16,850 per month, while the monthly remuneration of contractual male mobilizers was enhanced from Rs 13,000 to Rs 40,000.
- Additionally, the creation of posts for Provincial Women Training Institutes (PWTIs), as approved under PC-IV, will be incorporated into the 2026–27 budget book.
- Scale-up of DMPA-SC self-injection in 13 districts.
- Department acted is catalyst to provide health and family planning (FP) services in coastal belts, Ireland and desert areas in this regard camps were held @ KT Bandar, chashma goth and shah bander.
- PPFP and PAFP services introduced at tertiary hospitals.
- Male mobilization and media engagement strategies implemented with increased NSV referral.

- For increased uptake of FP services private sector is engaged under public private partnership. 103 RHS-B/RMPs, and 116 NGO static facilities centers are providing FP service.
- Based on the UNFPA district ranking, census data, and cLMIS performance reports, district officers were assigned specific user targets for their respective districts.
- As a result of these focused efforts, PWDS district team achieved the following assigned targets from July to December, 2025:
- A significantly higher number of users (95,987) utilize Short-Acting Reversible Contraceptive (SARC) method, such as pills as compared to LARC method (61,841), which include IUDs and Implants.
- A considerable number of female and male contraceptive surgeries, including tubal ligations (19,437) and vasectomies (1489), were performed.
- Overall,4082 male sterilizations performed in private and Public Sectors
- To improve outreach in unserved areas 872 family health days/CAMPs were organized across the province and 119 Family Health mellas and other outreach activities targeting in underserved areas.

Khyber Pakhtunkhwa

- The Khyber Pakhtunkhwa Reproductive Healthcare Rights Act, 2020 is in place firmly, aimed at promoting reproductive healthcare and safeguarding reproductive health rights in the province.
- On ground, Population Welfare Department (PWD) has organized 2,560 extension camps through Mobile Service Units (MSUs) to provide FP/RH services in underserved areas. Furthermore, 5,405 extension/satellite camps have been conducted through Family Welfare Centers (FWCs).
- Further, field staff carried out 145,699 motivational visits to promote behavioral change among eligible couples for contractive uptake. In addition, 1,372 health and hygiene sessions were conducted in girls' high schools and colleges to raise awareness among students.
- To support FP/RH initiatives 21,684 advocacy meetings have been held with religious leaders, public representatives, and opinion leaders.
- PWD also conducted 18 seminars in various universities across Khyber Pakhtunkhwa on the narrative of TAWAZAN, under the Annual Work Plan (AWP) 2025 of UNFPA. Additionally, multiple sessions for PWD officers are also organized.
- Regarding capacity building, the total 20 Medical Officers has been trained on Sayana Press (self-injection) and Implanon NXT by PWD.
- A new scheme titled "Scaling Up of Electronic Client Record (ECR) System in Khyber Pakhtunkhwa" has been included in the ADP 2025–26, with the objective of digitizing client data across all service delivery units of PWD, KP.

Balochistan

- **Social Mobilizers Policy and Implementation**: Under this policy, a total of 261 Social Mobilizers (SMs) have been recruited and deployed across various districts of the province. These mobilizers are actively conducting community-based awareness and advocacy activities focusing on FP and RH issues.
- **Population Policy as a Guiding Framework:** The Population Policy serves as a comprehensive guiding document for addressing population related challenges in the province. The policy outlines actionable steps, institutional responsibilities, and priority areas to ensure that population issues are addressed in a systematic and sustainable manner.
- **Capacity Building and ECR Implementation:** A total of 213 service providers have been trained on the Electronic Client Record (ECR) system and are now reporting real-time service delivery

data. While the initiative marks a significant step towards digitization and data transparency, the department is facing initial challenges in launching and institutionalizing this new system, particularly regarding software understanding and usage among field staff. Continuous capacity building efforts, refresher training, and technical support are being planned to overcome these challenges. It is expected that by the end of 2026, 100 percent real-time data reporting through the ECR system will be fully operational across the province.

- **Reproductive Health Bill:** The Reproductive Health Bill has been approved by the Provincial Cabinet and is now awaiting to be presented to the Provincial Assembly. This landmark legislation aims to safeguard clients' rights, including confidentiality, privacy, informed choice, commodity security, and access to quality reproductive health services. Once enacted, the bill will provide a strong legal framework to protect reproductive health rights and strengthen service delivery standards throughout the province.
- **Website and Media Engagement:** The department's official webpage is being updated regularly to ensure transparency and public access to information. All key activities, events, training, and initiatives are consistently uploaded. Moreover, print, electronic, and social media platforms are being effectively utilized to disseminate accurate information on family planning and reproductive health.

12.1-c Government FY 2026 Initiatives to Strengthen Human Rights

The Government of Pakistan introduced significant policy and legislative reforms to strengthen the national human rights framework and improve protection for vulnerable populations. A key priority was to address violence against women through the development of the National Policy on Ending Violence against Women. The policy focuses on prevention, protection, prosecution, and rehabilitation. The government also adopted targeted strategies to engage men in preventing gender-based violence and to address emerging challenges such as technology-facilitated harassment in digital spaces. In addition, important legislative measures including "ICT Child Marriage Restraint Act 2025", "ICT Domestic Violence Act 2026", and "National Commission for Minorities Rights Act 2025" were enacted to enhance legal safeguards, improve access to justice, and strengthen institutional mechanisms for human rights protection.

Related to international engagement, Pakistan actively participated in global human rights forums and fulfilled its reporting obligations under international agreements, including the Universal Periodic Review and the Beijing Declaration on women's empowerment. High-level representation at international conferences strengthened Pakistan's global standing and allowed the country to share progress on reforms and social development initiatives. The Ministry of Human Rights signed cooperation agreements with other countries to promote family welfare, gender equality, and child protection, demonstrating Pakistan's commitment to international collaboration in human rights governance.

The government also focused on strengthening legal systems and aligning national laws with international human rights standards. A comprehensive study has been conducted to identify gaps in existing legislation and recommend reforms to improve implementation and coordination between federal and provincial authorities. At the same time, digital systems and helplines has been expanded to improve service delivery and public access to support services. The nationwide Helpline 1099 and the AWAZ mobile application provided citizens with easier access to legal advice, complaint registration, and emergency assistance, particularly for women, children, and marginalized communities. These technology-based initiatives improved response times and strengthened coordination among institutions dealing with human rights cases.

Further, community outreach and capacity-building activities were also expanded across

provinces. The ministry conducted awareness campaigns in educational institutions and communities to promote human rights education, gender equality, and protection against violence. The training workshops are also organized for public and private sectors to improve understanding of gender-sensitive policies and human rights practices.

In addition, several development projects have been implemented under the Public Sector Development Programme (PSDP) to strengthen institutional capacity and improve monitoring systems. The following PSDP projects were successfully completed in June 2025:

i) Institutional Strengthening of MoHR

ii) Human Rights Information Management System (HRIMS)

iii) Pilot Project for the Establishment of Transgender Protection Centre, Islamabad

iv) Establishment of Sub-Office of Human Rights in Merged Districts of Khyber Pakhtunkhwa

The ongoing projects which are going to be completed in June, 2026 are Establishment of PMU in MoHR, Human Rights Awareness Programme and Human Rights Coordination and Monitoring Unit for the National Mechanism for Reporting and Follow-up.

Social Welfare Centres

The Social Welfare Centres serve as key implementation arms at the grassroots level. These centres actively engage with communities, particularly in remote and underdeveloped areas of ICT, to deliver essential welfare services, build local capacity, and promote inclusive development. These centres include:

- **Council on Rights of Persons with Disabilities (CRPD):** CRPD oversee disability laws implementation and coordination with federal institutions. The Medical Assessment Board issued 1,617 disability certificates through a one-window system supported by NADRA.
- **Women Welfare and Development Centre (WWDC), Islamabad:** WWDC provides training in 28 vocational and technical trades including diploma courses in Fashion Designing, IT. During the year, 1,451 women received skills training, 292 were trained in entrepreneurship. In addition, 80 awareness sessions on women's rights and economic empowerment has been conducted.
- **Family Protection & Rehabilitation Centre (FPRC):** FPRC offers shelter, legal aid, medical care, and psychosocial support to women survivors of violence. With FPRC 190 cases were registered, 574 women and children received shelter, 11,000+ beneficiaries received counseling, and 64 cases were resolved through reconciliation.
- **Social Welfare Training Institute (SWTI):** SWTI conducted six training programmes on e-governance, financial management, and digitization to improve administrative efficiency and transparency.
- **Social Services Medical Centre (SSMC):** SSMC in Islamabad provided healthcare support to 10,042 beneficiaries through zakat and Pakistan Bait-ul-Mal, including free checkups, medicines, diagnostics, and referrals, with special support for senior citizens and persons with disabilities.
- **Model Child Welfare Centre:** Model Child Welfare Centre in Hummak promotes children's physical, mental, and social development through education, skills training, and health awareness programmes.
- **Community Development Centre (CDC):** CDC organized free medical camps benefiting 250 patients and provided healthcare services to 100 transgender persons in collaboration with partner organizations.
- **Pilot Comprehensive Community Development Centre:** Pilot Comprehensive Community Development Centre in Sohan delivered literacy, vocational training, and maternal and child healthcare services, while supporting school dropouts and promoting education under Article 25-A.

- **Rural Community Development Centre:** Rural Community Development Centre in Punjgran promoted human rights and community development through vocational training, literacy services, healthcare awareness, and youth engagement.

Key Initiatives for Women' Rights

National Commission on the Status of Women (NCSW) is statutory body established under the NCSW Act, 2012 to promote gender equality through legal reforms, policy development, data systems, and partnerships. The details of initiatives are as follows:

- Legislative and Policy Reforms**:** NCSW reviewed key pro-women laws, including marriage, divorce, and family laws. Further, it supported reforms on child marriage, workplace harassment, women's property rights, maternity protection, and technology-facilitated gender-based violence. It also led efforts to standardize the Nikahnama nationwide.
- Gender Data and Policy Planning**:** Regarding gender data and its integration in policy planning, NCSW initiated national consultations to improve gender data, established a National Task Force, developed a Gender Equality Index, expanded the Gender Data Portal. It is also currently preparing Pakistan's National Gender Parity Report.
- Addressing Gender-Based Violence (GBV): To effectively prevent GBV, NCSW launched a Multi-Channel Complaint Management System (CMS-II) and a Gender Justice Tracking System to strengthen reporting, referrals, and case monitoring.
- Climate Action and Women's Leadership**:** NCSW also promoted initiatives linking women's empowerment with environmental sustainability, including the **"**Aik Beti Aik Shajar" programme, and contributed to developing a gender-responsive national climate framework.
- International and Regional Engagements**:** The commission also represented Pakistan in international forums, strengthened regional cooperation, and engaged development partners, including the EU under GSP+, to highlight progress on gender equality.
- Economic Empowerment: Partnered with organizations to promote women's economic inclusion, digital skills development, and recognition of the care economy.
- Media and Public Awareness**:** NCSW conducted consultations with media regulators and launched a Media Fellowship Programme to promote gender-sensitive and ethical reporting on women's issues.
- Institutional Strengthening and Capacity Building**:** The commission is developing the Strategic Plan (2026–2030) and conducting trainings on gender-responsive governance and legal protections at federal and provincial levels.
- Field Interventions and Monitoring**:** NCSW also conducted monitoring visits to prisons, shelters, and communities, providing legal aid, psychosocial support, and policy advocacy.

Banking on Equality Policy – Gender Mainstreaming Policy

SBP launched a landmark gender mainstreaming policy titled "Banking on Equality: Reducing the Gender Gap in Financial Inclusion" in 2021. The Policy aimed to introduce a gender lens within the financial sector through specific measures, to bring a shift towards women friendly business practices. The Banking on Equality (BoE) Policy has several actions in place to achieve the following headline targets:

a) 20 million women owned active accounts

b) 20 percent of banks' workforce to be women

c) 10 percent of Branchless Banking agents to be women

d) 75 percent of bank access points to have trained women champions

e) All bank staff to go through gender sensitivity training

In terms of progress so far, all banks are implementing their Board-approved gender mainstreaming policies and plans to improve ratio of women staff to at least 20 percent, which stood at 17 percent as of June 2025. Banks have also developed-women centric products and services as well as established dedicated women financial services departments/units. Further, gender sensitivity trainings have been given to 79 percent of all bank staff, while women champions have been appointed at 80 percent of branches for facilitating women customers. In terms of headline targets of active account ownership, there were over 38 million women-owned active accounts. This has resulted in women's financial inclusion improving from 39 percent in 2021 to 52 percent in 2025 while the gender gap has reduced from 39 percent to 30 percent during the same period.

Box-1: Women, Business and the Law 2026 in Global Context

The World Bank Report Women, Business and the Law 2026 is the 11th edition of its flagship global assessment examining how laws, policies, and institutional practices shape women's economic opportunities across 190 economies. For the first time, this edition evaluates not only the legal provisions in place but also the effectiveness of supportive frameworks and the perceived enforcement of those laws. The report assesses 10 key areas across women's working lives, including Safety, Mobility, Work, Pay, Marriage, Parenthood, Childcare, Entrepreneurship, Assets, and Pension, providing a comprehensive picture of women's economic participation worldwide.

The report highlights significant global disparities in legal rights and economic opportunities for women. It finds that women, on average, enjoy less than two-thirds of the legal rights available to men, and only 4 percent of women live in economies approaching full legal equality. Although economies score an average of 67 out of 100 on legal frameworks, the scores decline to 47 out of 100 for supportive frameworks and 53 out of 100 for enforcement perceptions. This gap clearly demonstrates that while laws may exist, their implementation often remains weak, limiting the real benefits for women.

In terms of sectoral performance, the report notes that progress has been relatively stronger in areas such as Mobility, Pay, and Marriage, while Safety, Entrepreneurship, and Childcare continue to lag behind. Globally, only about one-third of the laws required to protect women from violence are in place, and enforcement is considered ineffective in nearly 80 percent of economies where such laws exist. Women entrepreneurs also face persistent structural barriers. For example, 91 out of 190 economies lack legal prohibitions against credit discrimination toward women, and in 44 economies, childcare services for children under the age of three remain entirely unregulated. In low-income countries, only about 1 percent of essential childcare support frameworks are available.

Regional disparities further emphasize the need for targeted reforms. Legal gaps are most pronounced in regions such as the Middle East and North Africa, South Asia, and Sub-Saharan Africa, which are simultaneously experiencing rapid growth in youth female populations. In contrast, high-income OECD countries, East Asia and the Pacific, and Europe and Central Asia generally perform better on legal frameworks but face growing demographic pressures. Thus, these regions must increase women's labor force participation to offset aging populations and sustain long-term economic growth.

Overall, the report emphasizes that expanding women's economic participation is not only a matter of social justice but also a critical economic priority. Evidence consistently shows that higher female participation in the labor market leads to improved productivity, stronger firm performance, and greater economic resilience. With approximately 1.2 billion young people expected to enter the global workforce over the next decade and out of them half will be women. The governments face an urgent need to implement comprehensive reforms that support women's full economic inclusion.

In this context, the report recommends that governments prioritize three key actions: finalizing pending legal reforms and eliminating discriminatory provisions, investing in institutions and enforcement mechanisms, and addressing barriers across the entire life cycle of women's economic participation. These measures include ensuring safety from violence, expanding access to affordable childcare, and improving women's access to finance and entrepreneurship opportunities.

Source: Women, business and the law 2026 (2026), World Bank

12.2 Labour Market Statistics

According to the latest Labour Force Survey 2024-25, the working-age population increased from 159.8 million to 179.6 million, reflecting Pakistan's expanding labour supply. The employed labour force also rose from 67.25 million to 77.2 million, indicating an increase in employment opportunities during the period. At the same time, the number of unemployed persons increased from 4.51 million to 5.9 million, with the unemployment rate rising from 6.3 percent to 7.1 percent, highlighting the need to further accelerate job creation in line with labour force growth. The labour force participation rate also improved from 44.9 percent to 46.3 percent, indicating greater engagement of the population, including youth and women, in the labour market (Table-12.1). Overall, the data indicate an expansion in employment opportunities, while also underscoring the need to further strengthen job creation in line with the growing working-age population.

Table 12.1: Key Labour Force Statistics

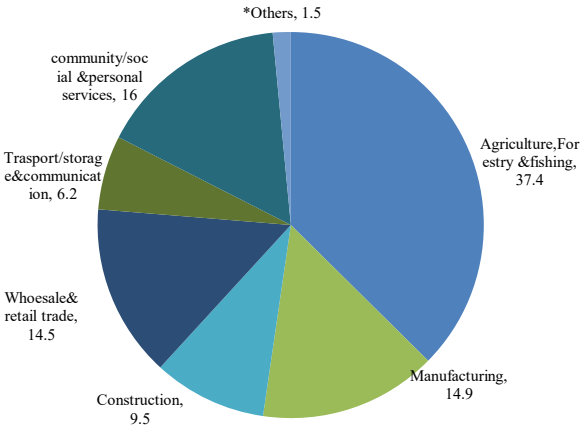
Indicators	2020-21	2024-25
Working Age Population (mn)	159.8	179.6
Labour Force(mn)	71.8	83.1
Employed Labour Force (mn)	67.25	77.2
Unemployed Labour Force (mn)	4.51	5.9
Unemployment Rate (%)	6.3	7.1
Labour Force Participation Rate (%)	44.9	46.3

Source: LFS 2024-25

12.2-a Employment by Major Industry

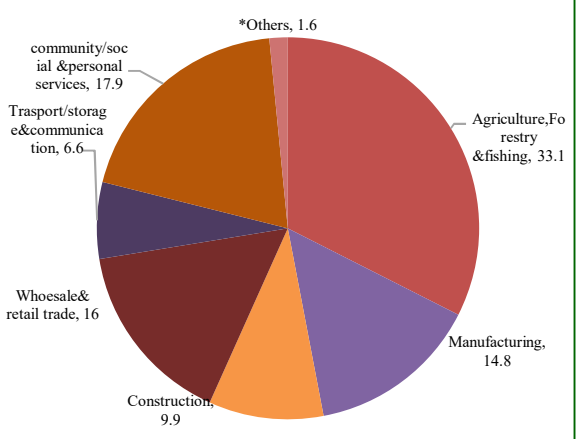
Figures 12.2 and 12.3 indicate a gradual shift in employment patterns between 2020-21 and 2024-25, reflecting ongoing structural transformation in the economy. Agriculture, forestry, and fishing remained the largest source of employment, although their share declined from 37.4 percent to 33.1 percent as employment expanded in services, trade, construction, and other non-farm activities. This pattern is consistent with a developing economy in transition, while also underscoring the continued importance of agriculture for livelihoods and food security.

Fig-12.2: Percentage Distribution of Employed Persons by Major Industry 2020-21



Source: Labour Force Survey 2024-25
*Others (includes mining & quarrying, electricity, gas & water and financial and insurance activities)

Fig- 12.3: Percentage Distribution of Employed Persons by Major Industry 2024-25



Source: Labour Force Survey 2024-25
*Others (includes mining & quarrying, electricity, gas & water and financial and insurance activities)

Further, manufacturing employment remained almost unchanged, slightly decreasing from 14.9 percent to 14.8 percent. This shows that the industrial sector has not expanded fast enough to absorb many workers. In contrast, the construction sector showed modest growth, rising from 9.5 percent to 9.9 percent, likely due to infrastructure development, housing demand, and public investment projects. The wholesale and retail trade sectors experienced noticeable growth, increasing from 14.5 percent to 16 percent. This rise reflects expanding commercial activities, urbanization, and the growth of small businesses and markets. Similarly, transport, storage, and communication employment increased from 6.2 percent to 6.6 percent, indicating rising demand for logistics, delivery services, and communication networks in a more

connected economy. The most significant increase occurred in community, social, and personal services, which rose sharply from 16 percent to 17.9 percent. This sector includes education, health, and other public and private services, suggesting growing demand for social services as population and urban needs expand. The "other" category remained stable, moving slightly from 1.5 percent to 1.6 percent.

12.3 Employment Generation and Skill Development

The National Vocational and Technical Training Commission (NAVTTC) provide strategic leadership through policy formulation, standardization aligned with international benchmarks, curriculum development, accreditation, and strengthening of labour market information systems under the National Skills Strategy. Whereas, the Technical and Vocational Education and Training (TVET) sector plays a vital role in Pakistan's socio-economic transformation practically by developing a skilled and competitive workforce. With a rapidly growing youth population and rising global demand for skilled labor, TVET plays a central role in enhancing employability, promoting export of skilled manpower, and supporting productivity-led economic growth. In this regard, the flagship initiatives such as the Prime Minister's Youth Skills Development Programme (PMYSDP) emphasize industry-led and outcome-based training, contributing to export diversification, economic resilience, and inclusive development.

Youth empowerment remains a central priority, with a focus on bridging the gap between education and labor market demand through modernization of vocational training systems and promotion of digital skills. NAVTTC's interventions are aligned with national objectives of employment generation, productivity enhancement, export of skilled manpower, digital transformation, and inclusion of marginalized groups. The growing emphasis on high-tech and IT-based training reflects Pakistan's transition toward a knowledge-based economy and its integration into global value chains.

At the federal level, various initiatives are being undertaken to develop a skilled and competent workforce aligned with international labor market standards across key sectors such as IT, High Tech /High-Ends, construction, hospitality, services, energy, and other emerging industries. The details of the initiatives executed by NAVTTC during 2025-26 is given as under:

12.3.1 Skill Training under PMYSDP (2024-27)

NAVTTC, through its Public and Private sector training institutes, has provided training to more than 100,000 youth in various trades of IT, Industrial and conventional sectors. The summarized position of the training provided is tabulated below:

Table 12.2: Skill Training under PMYSDP (2024-27)

Sr. #	Project Name	Target Trainees	Duration	Status
1	Prime Minister's Youth Skills Development Programme (2023-27)	77,216	2,3,4 & 6 Months	Ongoing
2	Industry Led Training with Industrial Associations	4,065	3 & 6 Months	Ongoing
3	Huawei High-Tech Training Initiative	2000	3 Months	Completed
4	Upskilling Initiative with NETSOL Institute if AI (NIAI)	200	3 Months	Ongoing
5	Prime Minister's Programme for Overseas Employment	6,015	10 Weeks	Ongoing
6	Skill Training of Madrassa Youth	5000	3 & 6 Months	Ongoing
7	Training of youth in Newly Merged Districts	750	3 & 6 Months	Ongoing
8	End to End Programme Leading to Employment	2820	3 & 6 Months	Ongoing
9	NAVTTC Blended Learning International IT Trainings	638	3 Months	Ongoing
10	Summer of Code	6591	3 Months	Ongoing
11	Cluster Based Trainings	6400	3 Months	Ongoing
12	High Impact IT Training in FDE Colleges	843	3 Months	Ongoing

Source: NAVTTC

12.3-b Registration, Accreditation and Assessor Licensing Regime

NAVTTC strengthened its regulatory and quality assurance framework through an integrated system of registration, accreditation, and assessor licensing in TVET sector. Following the operationalization of the registration portal and implementation of the Standard Operating Procedures (SOPs) 2024, a total of 1,503 institutes were registered based on compliance with prescribed standards, ensuring transparency, merit and quality in institutional on boarding. In parallel, reforms in the accreditation framework have been undertaken through revision of accreditation manuals and the development of an Accreditation Management System (AMS) to digitize and streamline accreditation processes. Furthermore, NAVTTC strengthened its quality assurance mechanism by issuing licenses to 1,600 National Assessors during 2025-26 after qualifying standardized assessments. Collectively, these measures contribute to improving the quality, credibility, and standardization of skills training delivery across Pakistan's TVET system.

12.3-c Skills Standards & Curriculum

NAVTTC continued its efforts towards the development and standardization of curricula and qualifications aligned with emerging sectoral and technological demands. During 2025-6, a total of 70 qualifications were developed and standardized up to March 2026, enhancing alignment of training programmes with national priorities and international trends. Furthermore, development of 07 new trades are in progress prioritizing, Energy, Agriculture, and Water sector. In collaboration with the British Council, NAVTTC is also developing and updating Diploma of Associate Engineering (DAE) technologies in emerging fields such as Software Engineering, Cyber Security, Artificial Intelligence, Robotics and Internet of Things (IoT), Cloud Computing, Multimedia and Animation, and Modern Data Engineering, to strengthen workforce readiness for evolving labour market requirements.

12.3-d Pakistan Skills Impact Bond (PSIB)

In addition to its ongoing skills development initiatives, the NAVTTC has introduced the PSIB as an innovative financing instrument to promote outcome-based skills development in Pakistan. The initiative links training investments with measurable labour market outcomes, including job placement, employment retention, and income improvement, thereby addressing challenges related to skills mismatch and youth unemployment.

Under this model, NAVTTC has transitioned towards a results-based financing mechanism ensuring efficient utilization of public resources and attracting private sector participation. The programme focuses on high-demand sectors such as information technology (IT), construction, manufacturing, and services to enhance employability and productivity of the labour force. Special emphasis is placed on youth aged 18–35 years, particularly women and individuals from underserved segments of society, to promote inclusive labour market participation. The initiative is also promoting sustainability by reducing reliance on public funding and ensuring transparency through robust monitoring of outcome.

12.3-e Skill Verification Programme (TAKMOL & Recognition of Prior Learning (RPL))

During July-March FY 2026, NAVTTC implemented the TAKMOL-Skill Verification Programme to assess the competencies of workers seeking overseas employment, particularly for the Kingdom of Saudi Arabia (KSA). During this period, 366,157 candidates with confirmed employment visas were assessed, of which 292,556 candidates qualified, reflecting a pass rate of approximately 80 percent. The programme contributes to improving the quality and credibility of Pakistan's skilled workforce, and supports the growth of workers' remittances. In addition, under the RPL initiative, approximately 30,000 skilled workers were assessed and certified based on their existing competencies acquired through informal and non-formal learning

pathways. The RPL programme improves employability of experienced workers, and promotes the formal recognition of skills within both domestic and international labour markets.

12.3-f Prime Minister's Youth Programme (PMYP)

PMYP serves as a flagship platform for empowering youth through skills development, entrepreneurship, and other targeted interventions. By enabling self-employment and job creation, PMYP is making a significant contribution to Pakistan's economic growth. Through its different projects, the programme is enhancing workforce productivity, fostering innovation, and supporting inclusive economic development across the country. The detail of the programmes is as under:

Prime Minister's Youth Business and Agriculture Loan Scheme (PMYB&ALS)

The programme is making significant strides in promoting entrepreneurship and employment generation across Pakistan. During July-February FY 2026, loans amounting to Rs 58 billion were disbursed into 114,815 beneficiaries, creating over 359,000 employment opportunities. An impact study conducted by the Commonwealth Secretariat has further validated the programme's effectiveness, highlighting a strong employment multiplier of 3.13 jobs per loan, reflecting its transformative impact.

Since the scheme launched in 2013, it has disbursed Rs 304 billion, benefiting approximately 535,233 individuals and generating an estimated 1.68 million jobs. The scheme is playing a pivotal role in fostering entrepreneurship, supporting SMEs, and driving inclusive economic growth, particularly among youth and underserved segments of society. It has evolved into Pakistan's largest financing portfolio for micro and small enterprises, providing accessible and inclusive financial support to drive entrepreneurship and economic growth.

Prime Minister's Youth Laptop Scheme

A total of 72,000 laptops were distributed on merit from July-March FY 2026, while the remaining 28,000 units are expected to be distributed by end of April 2026. Since inception, 600,000 laptops have been distributed under the scheme. The initiative is significantly promoting freelancing, self-employment, and women empowerment, with over 50 percent of beneficiaries being women. Skilled women are actively encouraged to benefit from the Laptop for All schemes under PMYB&ALS, enabling them to transition towards self-employment and freelancing. This intervention is playing a transformative role in enhancing digital access, enabling youth to generate sustainable income, and contributing to Pakistan's growing digital economy

Prime Minister's Youth Skills Development Programme

Under this programme, a total of 90,550 trainings have been delivered across multiple sectors in FY 2026, including 24,117 conventional trainings, 11,860 industrial trainings, and 54,573 IT trainings. Based on past trends and tracer study insights, it is expected that around 53 percent (47,875) of trainees will successfully transition into employment. The programme places strong emphasis on women's economic empowerment, particularly through IT-based trainings, enabling self-employment, freelancing, and increased participation of women in the digital economy. By providing access to digital tools, the initiative empowers women to participate in the online economy, generate sustainable income, and strengthen their role in Pakistan's digital and entrepreneurial landscape

National Youth Employment Policy

The National Youth Employment Policy, approved by the Cabinet, establishes a coordinated national framework for addressing youth unemployment. It adopts a whole-of-government approach, identifies diverse youth segments, and aligns them with relevant career pathways. A National Coordination Committee brings together federal and provincial stakeholders for integrated implementation.

The Prime Minister's Digital Youth Hub

The Digital Youth Hub serves as the central gateway for youth opportunities, integrating

efforts across federal ministries, provincial departments, HEC, and universities. It provides streamlined access to jobs, internships, training, and scholarships while enabling data-driven policy decisions.

The Prime Minister has directed a comprehensive focus on productive employment through a directive, prioritizing youth economic empowerment through coordinated efforts of federal and provincial stakeholders, with a strong emphasis on creating productive and sustainable employment opportunities while aligning education, skills development, and market needs. Furthermore, in line with the directive for promoting productive employment, the Labour Force Survey will be conducted annually to closely monitor employment trends, to assess policy impact, and guide evidence-based decision-making. Together, this integrated approach is expected to strengthen Pakistan's labour market, empower youth, and drive inclusive economic growth.

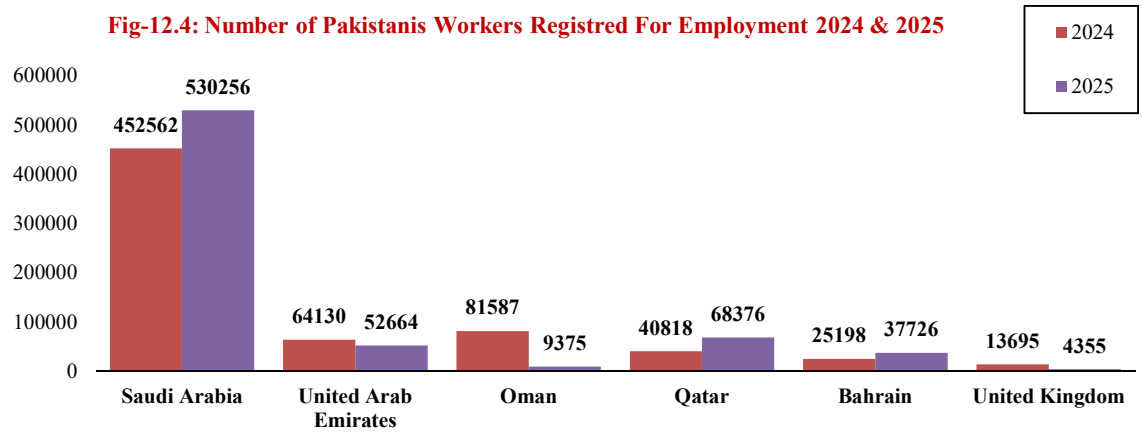
12.3.7 Overseas Employment

Since 1972, more than 15 million Pakistan have proceeded abroad for employment over 50 countries through official procedures till March 2026. More than 96 percent Pakistani registered workers for overseas employment to Gulf Cooperation Council countries especially to Saudi Arabia and the United Arab Emirates. They are contributing in the development of Pakistan economy by sending remittances, which is the major source of foreign exchange after exports.

During 2025, the Bureau of Emigration and the Overseas Employment (BE&OE) registered 762,499 workers for overseas employment. According to BE&OE, more than 69.54 percent (530,256) of Pakistani workers moved to Saudi Arabia for employment, followed by Qatar (68376), to earn a living (Figure: 12.4). Saudi Arabia retained its position as the leading destination for Pakistani workers. This dominance is primarily driven by the Kingdom's Vision 2030 agenda, which has significantly expanded opportunities in infrastructure development, construction, and services.

Conversely, the United Arab Emirates (UAE) witnessed a substantial decline in worker inflows, falling from 64,130 in 2024 to 52,664 in 2025. This contraction reflects the impact of post-pandemic visa rationalization measures, stricter regulatory frameworks, and changing labor market preferences. Oman also experienced a notable reduction in foreign workforce intake due to the continued enforcement of Omanization policies aimed at enhancing national employment.

Fig-12.4: Number of Pakistanis Workers Registred For Employment 2024 & 2025



Source: BE&OE

During FY 2026, the Ministry of Overseas Pakistanis & Human Resources Development has taken the following steps to boost the manpower export:

- After the approval of the Prime Minister, National Emigration & Welfare Policy has been discussed in the Cabinet Committee on Emigration, Overseas Employment &

TVET. The Committee approved the Policy with certain modifications, and the decisions were subsequently ratified by the Federal Cabinet on 13th March 2026.

- Pakistan's engagement with the Kingdom of Saudi Arabia has been institutionalized under the Saudi-Pakistan Economic Cooperation Framework (SPECF) as a strategic platform aligning labour mobility, human capital development, and economic cooperation with Vision 2030.
- Under SPECF, a Human Resource Deployment Plan (2025–2039) has been developed and shared with the Saudi side, targeting 1 million Pakistanis initially by 2030 and then 1.51 million annual overseas deployments by 2039, supported by a structured pipeline of skilled, semi-skilled, and highly qualified workers in the sectors (such as construction, hospitality & tourism, healthcare, IT, logistics, aviation, and infrastructure), ensuring alignment with Saudi demand under its diversification agenda.
- This alignment is anchored in Saudi Arabia's major mega and giga projects. Pakistan's workforce pipeline is designed to supply manpower across these sectors through targeted training in construction, hospitality, healthcare, ICT, and engineering.
- Operationally, SPECF is advancing policy and institutional reforms, including Mutual Recognition Agreements (MRAs), qualification alignment (NAVTTC & TVTC), digital labour market integration, and employer-linked recruitment models. A proposed US $ 3.8 billion investment framework (US $ 2.7 billion TVET; US $ 1 billion higher education) has been pitched for Saudi participation to develop demand-driven training infrastructure, skill cities, and joint institutes. Early outcomes include 70+ MoUs/LoIs (2024–2025), 4,700+ worker deployments post-2024 HRLS Expo, and strengthened linkages with Takamol, Musaned, and TVTC, positioning Pakistan as a preferred workforce partner for KSA with a shift toward higher-skilled, higher-remittance migration.
- Further, PC-I of the two proposed projects proceeded:
  i. Establishment of "Labour Market Research Cell (LMRC)" amounting to Rs 425.716 million.
  ii. "Capacity building of Workers/ Employees regarding Occupational Safety and Health (OSH)" amounting to Rs 39.76 million, submitted to PD&SI for allocation through PSDP funding.
- Additionally, workforce planning is aligned with FIFA World Cup 2034, targeting 300,000–400,000 trained workers (2026–2034) across infrastructure, aviation, tourism, and related services.
- Pakistan and EU have also been engaging under a broader "Pakistan-EU Migration and Mobility Dialogue", launched in 2022, which covers legal migration, return & readmission, and related migration governance matters. The details include:
  - Pakistan hosted Migration and Mobility Dialogue, 15th Joint Readmission Committee", and "3rd Talent Partnership Roundtable" in Islamabad during October 2025.
  - EU-Pakistan Talent Partnership Roadmap has also been approved and a special workshop under this Roadmap on the Long-term care sector was also held in Islamabad in October 2025 as EU expressed interest in workers/professionals for Long Term care sector.
- Further, Pakistan ratified ILO conventions (P029, C160, MLC 2006), aligning Pakistan's labour framework with international standards.
- Additionally, the OIC Labour Centre Statute was ratified, enhancing multilateral cooperation in labour mobility among member states.
- An MoU on Labour Cooperation was signed with Belarus in August 2025
- Further, Germany and Greece showed gradual progress in MoU formalization in skilled labour, while Italy announced 10,500 seasonal and non-seasonal quota for three years.

- Pakistan Emigrant Management Framework (PEMF) is being developed to digitally connect 14 relevant stakeholders and streamline the emigration process through online verification of NOCs and certificates issued to prospective emigrants. Under Phase-I, a module for attestation and verification of foreign job demands through CWAs at Pakistan's Missions abroad has been launched in April 2025. The initiative aims to reduce processing time for manpower export and improve overall efficiency of the migration system, while progress is currently underway for completion of Phase-II.
- BE&OE has also made significant progress toward end-to-end digitalization by introducing a cashless, QR-based payment mechanism as an additional channel for the payment of protector fees, marking an important step toward facilitating intending emigrants and advancing the Prime Minister's vision of a cashless economy.
- During July-March FY 2026, the Ministry issued 75 new licenses to Overseas Employment Promoters (OEPs), bringing the total number of operational license holders to 2,697. Enforcing the strict policy BE&OE canceled 82 OEP licenses on account of complaints and 04 licenses suspended to add to the efficiency of emigration value chain in Pakistan.
- A total of 215,719 workers trained in soft skills, improving adaptability, productivity, and global employability.
- The OEC-GIZ Centre of Excellence established, providing one-window migration advisory and capacity-building services.
- The Digital HR Pool system was operationalized, integrating biometric verification, job matching, and transparent recruitment mechanisms.

Concluding Remarks

Pakistan's growing population and youthful demographic profile present both important opportunities and policy priorities. A large youth cohort can become a strong driver of productivity, innovation, and economic growth when supported through quality education, healthcare, skills development, entrepreneurship, and productive employment. At the same time, continued attention to family planning, reproductive health, women's participation, and social service delivery remains essential for improving population welfare and realizing the demographic dividend.

The Government is actively supporting this transition through youth financing, skills development, digital access, employment-oriented policies, and expanded overseas employment facilitation. Programmes such as the Prime Minister's Youth Skills Development Programme and the Prime Minister's Youth Business and Agriculture Loan Scheme, along with labour market reforms and demand-driven training initiatives, are helping align human capital with domestic and international opportunities. With sustained policy focus and coordinated implementation, Pakistan can better translate its demographic potential into inclusive growth, stronger livelihoods, and improved living standards.

TRANSPORT AND COMMUNICATIONS

NHA's Network Length	14,480 (Km)	
Pak Railways Passenger Traffic	24.16 * (Mn Passengers)	
Pak Railways Freight Traffic	4,839 * Tonne Km (million)	
PNSC Group's Profit after Tax	7,506 * (Rs. million)	
Cargo Handling at Ports **	78.452 * (Mn Tonne)	
Pakistan Post's Network	9,695 (Number)	
PEMRA Total Channel Licenced TV Stations	142 (Number)	

* : July-March FY2026

** : Karachi Port, Port Qasim, Gwadar Port

Chapter 13

Transport and Communications

Transport and communication networks have historically remained central to the expansion of trade, integration of economies and the rise of civilizations. From the ancient Silk Route linking Asia with Europe to the maritime trade corridors connecting continents, the movement of people, goods, and ideas has shaped patterns of economic development and geopolitical influence. In the modern era, the strategic importance of efficient connectivity has become even more pronounced, as global supply chains, industrial competitiveness, and digital economies increasingly depend upon resilient and integrated transport and communication infrastructure.

Pakistan's strategic geographic location at the crossroads of South Asia, Central Asia, the Middle East, and China places the country in a pivotal position within regional connectivity and trade architecture. Recognizing the transformative role of infrastructure-led development, the Government, under the framework of URAAN Pakistan and complementary initiatives including the China-Pakistan Economic Corridor (CPEC), continues to prioritize the modernization and expansion of transport and communication networks. In this regard, an allocation of Rs 333 billion has been made for the sector during FY 2026 to support the development of infrastructure aimed at improving connectivity, enhancing regional integration, and strengthening Pakistan's role as a regional trade and transit hub.

This chapter presents an overview of developments in Pakistan's transport and communication sector during FY 2026, covering major modes including road transport, railways, civil aviation, maritime transport, postal services, and electronic and broadcasting networks. It also highlights key policy initiatives, institutional reforms, infrastructure projects undertaken to improve efficiency, service delivery, and connectivity across the sector.

13.1 Transport sector

13.1-a Road Transportation

Road transport infrastructure remains a fundamental pillar of economic growth, regional integration, trade facilitation, and national connectivity, while also playing a vital role in improving the socio-economic indicators across the country. In this regard, the National Highway Authority (NHA) continues to play a pivotal role in strengthening the country's transport network through the development of reliable, sustainable, and modern road infrastructure. At present, the NHA network comprises 48 National Highways, Motorways, and Strategic Roads, spanning approximately 14,480 kilometers across the country.

The National Highway Authority's development portfolio under PSDP 2025-26 comprises 71 strategically important projects with a total allocation of Rs 226.98 billion, underscoring the government's continued commitment to infrastructure-led growth and connectivity enhancement. The portfolio is predominantly focused on ongoing schemes, with 67 projects accounting for Rs 224.83 billion, reflecting the government's priority on timely completion of major transport corridors and efficient utilization of existing investments. In parallel, four new projects with an allocation of Rs 2.15 billion

have been incorporated into the PSDP to address emerging connectivity requirements.

Key Achievements and Performance:

The following infrastructure development projects and schemes are presently at various stages of approval, planning, and implementation under the national road infrastructure development programme:

List of Projects Approved by ECNEC/ CDWP/DDWP during July–March FY 2026

During July–March FY 2026, significant progress was made in advancing major national road infrastructure projects through approvals accorded by ECNEC and CDWP. A number of strategically important PC-Is and revised PC-Is relating to motorway expansion, rehabilitation of national highways, regional connectivity corridors, and dualization of key transport routes received approval during the period under review. These projects aim to improve trade and logistics efficiency, reduce travel time, and enhance the overall capacity, safety, and resilience of Pakistan's road transport network.

Among the major approvals, ECNEC approved the revised PC-Is for multiple sections of the Karachi–Quetta-Chaman Road (N-25), including the Khuzdar-Kuchlak, Karachi (Hub)-Kararo & Wadh-Khuzdar, and Kararo-Wadh & Kuchlak-Chaman sections, with a combined estimated cost exceeding Rs 415 billion. Similarly, the 3rd revised PC-I for the Hyderabad–Sukkur Motorway (M-6), estimated at Rs 363.7 billion, also received approval, reflecting continued emphasis on the development of high-capacity motorway infrastructure under the national connectivity framework.

Approvals were also granted for the widening and improvement of priority sections of N-5, dualization and rehabilitation of various sections of the Indus Highway (N-55), construction of the Sialkot–Eminabad road up to Kamoki, and extension of Margalla Highway from G.T. Road (N-5) to Motorway (M-1). In addition, revised PC-Is relating to land acquisition for the Karachi–Lahore Motorway, the Sialkot–Sambrial–Kharian Motorway, and the construction of the Kharian–Rawalpindi (M-13) six-lane fenced motorway under the PPP arrangement were approved, highlighting the government's continued focus on expanding strategic transport corridors.

List of PC-Is/Revised PC-Is Processed by NHA for Approval of ECNEC/CDWP/DDWP during July–March FY 2026

During July–March FY 2026, the National Highway Authority (NHA) actively processed a number of strategically important PC-Is and revised PC-Is for consideration and approval by ECNEC, CDWP, and relevant forums. These projects are primarily focused on motorway expansion, rehabilitation and widening of national highways, construction of bypasses and tunnels, improvement of regional connectivity corridors, and enhancement of transport infrastructure in underserved areas. The proposed schemes are expected to improve trade and logistics efficiency, facilitate regional integration, and strengthen the country's overall transport network.

Among the major projects processed during the period were the Karachi-Hyderabad Motorway (M-10) project with an estimated cost of over Rs 511 billion, the Lahore-Sahiwal-Bahawalnagar Motorway estimated at Rs 406.9 billion, and the Ghulam Khan-Esa Khel Motorway project costing Rs 184.5 billion. In addition, revised PC-Is for the Khawazakhela-Besham Expressway, rehabilitation and widening of various sections of N-40 and N-65, and the construction of the Kharan-Basima Road were also forwarded for approval, reflecting continued emphasis on enhancing national and regional connectivity, particularly in Balochistan and Khyber Pakhtunkhwa.

The projects processed during the period also included schemes relating to the widening of M-1 and M-2 to support integration with the Rawalpindi Ring Road, construction of the Wangu Hill Tunnel on M-8, Mansehra-Muzaffarabad Expressway, Lalamusa Bypass on N-5, and several interchange, bypass, and maintenance projects aimed at improving traffic flow, road safety, and operational efficiency. These initiatives highlight the government's

continued focus on modernizing the national road infrastructure and expanding strategic transport corridors across the country.

List of PC-IIs Processed by NHA during FY 2026

During July–March FY 2026, the National Highway Authority (NHA) processed a number of PC-IIs relating to feasibility studies, detailed engineering designs, and technical assessments for key road and bridge infrastructure projects across the country. These studies are aimed at ensuring technical viability, economic efficiency, environmental sustainability, and improved project planning prior to execution of major transport infrastructure schemes.

Among the major initiatives, the 2nd revised PC-II for the techno-economic and commercial feasibility study and detailed design of the Karachi-Hyderabad Motorway (M-10) under PPP mode was forwarded to the Ministry of Communications (MoC) for approval of CDWP. Similarly, the PC-II for the feasibility study and detailed design for dualization of the Larkana-Lakhi Road (N-105) was also forwarded for consideration, reflecting continued focus on strengthening regional connectivity and improving highway infrastructure.

In addition, PC-IIs relating to the construction of the Chakai-Murad Pur Bridge in District Haripur, realignment and reconstruction of the Kahuta-Azad Pattan Road affected by progressive landslide activity in AJK, and hydraulic model studies for the proposed bridge across River Indus connecting Kallur Kot with D.I. Khan were processed during the period under review. These projects are expected to contribute toward improved connectivity, disaster resilience, traffic management, and long-term sustainability of the national transport network.

Infrastructure Expansion and Connectivity under CPEC

The China-Pakistan Economic Corridor (CPEC), a flagship initiative of the strategic partnership between Pakistan and China, represents a cornerstone of regional economic cooperation and development. Anchored in mutual trust and shared economic objectives, CPEC aims to enhance connectivity through the development of transport, energy, and infrastructure networks. The initiative is contributing to reducing trade and transit costs, improving logistics efficiency, and enhancing Pakistan's integration into regional and global value chains, thereby fostering investment, economic growth, and inclusive development.

Under the Government-to-Government (G2G) Framework Agreement, the Thakot-Raikot Project is being implemented as part of the Karakoram Highway (KKH) realignment in a phased manner. Phase-II(A) entails the relocation of KKH from Thor Nullah to Raikot, covering a total length of 102 km, including 88 km of new alignment and 14 km of link roads, while Phase-II(B) involves the upgradation of 139 km of the existing KKH, comprising sections from Thakot to Dasu (103 km), Sazin to Thor Nullah (34 km), and 2 km of link roads. Both sides have agreed on a phased implementation plan and an 85:15 financing arrangement, with efforts underway to finalize the financing agreement at the earliest.

The Eastbay Expressway has significantly improved connectivity to Gwadar Port by providing a dedicated, signal-free corridor linking the port, Free Zones, and the Makran Coastal Highway, resulting in reduced congestion, lower transport costs, and more reliable cargo movement. Building on these gains, Phase-II proposed under Chinese Grant-in-Aid on EPC mode, aims to further strengthen connectivity by linking the New Gwadar International Airport (NGIA) with Gwadar Port and Free Zones, enabling integrated sea-air logistics; in this regard, the financing proposal and draft Framework Agreement have been shared with the Chinese side, with formal progress expected during the upcoming high-level engagement.

ML-1 upgradation remains a strategic priority for railway modernization and the development of an integrated transport corridor under CPEC 2.0. In this regard, third-party financing negotiations for the Karachi-Rohri section are underway, while a detailed financial proposal for the Rohri-Peshawar sections has been prepared

to explore potential Chinese financing for the remaining segments.

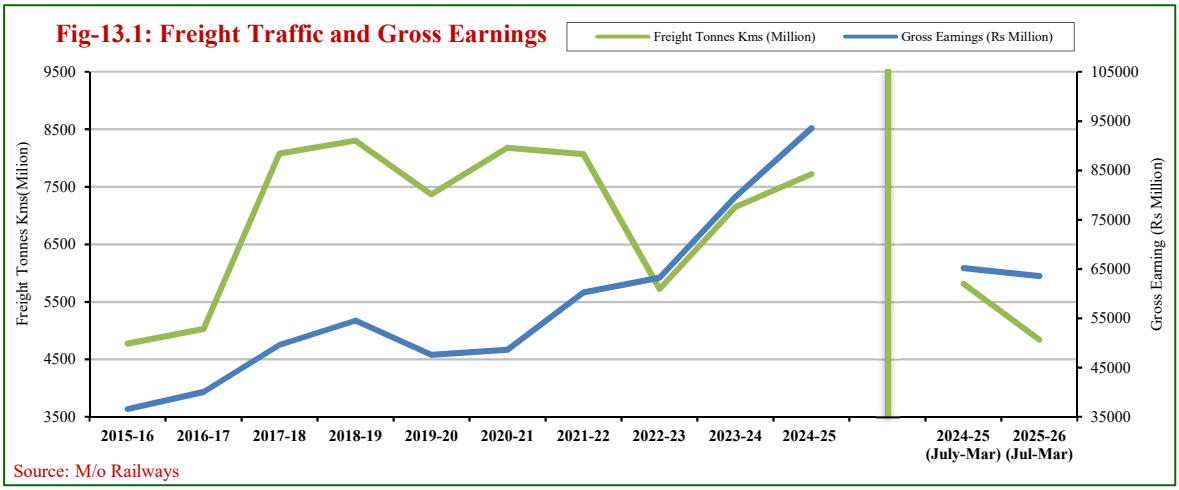
Four MoUs covering the upgradation of the D.I. Khan-Zhob (N-50), the Mirpur-Mangla-Muzaffarabad Expressway, the M-10 Motorway, and the Babusar Tunnel are being advanced through the Joint Working Group on Transport Infrastructure, with both sides agreeing to establish a Joint Technical Working Group (JTWG) to undertake feasibility studies. In parallel, additional projects proposed by the Government of Khyber Pakhtunkhwa, including the Peshawar-D.I. Khan Motorway and the Dir Motorway, are also being progressed under the CPEC portfolio.

Mining cooperation under CPEC 2.0 is reinforcing the development of road transport infrastructure, particularly through the proposed Mining Corridor from Nokundi to Gwadar Port, aimed at improving connectivity between resource-rich areas and export hubs. This initiative is expected to enhance logistics efficiency and facilitate the seamless movement of minerals, while also contributing to the expansion of regional road networks and supporting mining-led economic activity in Balochistan.

13.1-b Rail Transportation

Pakistan Railways remains an integral component of the national transport infrastructure, playing a vital role in facilitating passenger mobility, freight transportation, and economic integration across the country. Operating a network of 444 locomotives over 7,791 km of route length, the railway system transported 24.16 million passengers during July-March FY 2026, while freight operations reached 4,839 million tonne-kilometers, reflecting its continued importance in supporting trade and logistics activity. During the period under review, Pakistan Railways generated gross earnings of Rs 63.6 billion, compared to Rs 65.2 billion in the corresponding period last year. The trend in freight traffic and gross earnings over the past ten years is illustrated in Fig-13.1.

Fig-13.1: Freight Traffic and Gross Earnings



Source: M/o Railways

13.1-c Air Transportation

The public sector passenger and freight transport service by air is delivered by Pakistan International Airlines. The year 2025 witnessed a notable turnaround in the performance of Pakistan International Airlines (PIA), marked by improved operational discipline, enhanced financial performance, and the resumption of international operations. Despite prevailing geopolitical uncertainties and fleet-related constraints, the airline demonstrated resilience and maintained operational continuity. During the period, PIA generated total revenue of Rs 212 billion, while passenger traffic reached approximately 3.9 million across domestic and international routes, reflecting a gradual recovery in demand and improved network stability. Passenger revenue exceeded Rs 188 billion, supported by better yield management, rationalized pricing strategies, and improved

schedule reliability, thereby contributing to overall operational efficiency and financial stabilization. The following table summarizes performance of the PIA during last five years:

Table 13.1: PIAC Performance

Indicators	2021	2022	2023	2024	2025
PIAC Fleet (No. of Planes)	30	35	32	33	31
Route (Km)	374,054	341,821	301,832	593,063	570,223
Available Seat (Million Km)	7,682	13,075	13,768	12,123	12,466
Passenger Load Factor (Percent)	66.9	80.3	83.3	81.8	82
Revenue Flown (000 Km)	34,544	53,811	57,122	51,984	53,841
Revenue Hours Flown (Hours)	55,710	84,742	90,067	82,043	79,862
Revenue Passengers Carried (000 nos.)	2,657	4,281	4,496	3,904	3,791
Revenue Passengers (Million Km)	5,138	10,497	11,468	9,918	10,172
Revenue Load Factor (Percent)	53.7	58.0	60.9	64.4	64
Operating Revenue (Rs millions)	86,185	172,038	238,505	204,164	211,667*
Operating Expenses (Rs million–unaudited)	101,212	183,345	235,317	194,807	198,263

* Net Revenue for CY 2025
(PIA's financial year is based on calendar year)

Source: Pakistan International Airlines

A key structural milestone during the year was the successful transition of the privatization process of Pakistan International Airlines (PIA), marking a decisive shift toward a market-driven operating model. The transition is expected to facilitate the adoption of commercially oriented practices, strengthen governance frameworks, and enable timely, performance-based decision-making.

Key Initiatives and Achievements in 2025

- A major milestone was achieved in January 2025 when the European Union Aviation Safety Agency (EASA) lifted its four-and-a-half-year ban, allowing Pakistan International Airlines (PIA) to resume international operations, reflecting strengthened safety oversight and enhanced regulatory compliance.
- Subsequently, PIA resumed direct Islamabad–Paris flights, re-entering a key European market and improving connectivity for the Pakistani diaspora, while interline arrangements, including with Air France, facilitated onward access to multiple destinations across Europe.
- In April 2025, PIA re-established connectivity with Central Asia through the resumption of Baku operations, supporting renewed momentum in regional trade, tourism, and cultural engagement.
- The restoration of United Kingdom operations marked another significant development, with PIA recommencing direct services to Manchester in October 2025 after nearly five years under Third Country Operator (TCO) approval. Furthermore, a five-year ACC3 certification from the UK Department for Transport confirmed compliance with international security and cargo standards, reinforcing confidence in the airline's operational framework.
- Cargo operations remained a key pillar of revenue diversification, with over 38 thousand tonnes uplifted during 2025, generating approximately Rs 10.5 billion in revenue and underscoring the segment's strategic contribution to the airline's commercial portfolio.
- Charter operations contributed around Rs 2 billion to revenue streams through serial, ad-hoc, and special flights, including movements for the United Nations, the oil and gas sector, the Higher Education Commission, and national sporting events, thereby reinforcing the airline's role in meeting diverse commercial and national service requirements.
- Improvements in operational efficiency translated into a strong financial turnaround, with Pakistan International Airlines (PIA) achieving a record operating profit of Rs 16

billion in 2025, compared to Rs 9.3 billion in 2024.

- Digital transformation and commercial optimization enhanced market reach and customer accessibility, as expanded online distribution channels, including travel portals and digital payment systems, contributed over 10 percent to total revenue. At the same time, strengthened code-share and Special Prorate Agreements (SPAs) broadened connectivity across six continents, facilitating seamless access to international markets.
- Building on the gains achieved in 2025, PIA enters 2026 with improved operational efficiency, enhanced service quality, and stronger customer orientation. The privatization process is expected to further consolidate these gains by reinforcing commercial discipline and supporting continued improvements in operational and service standards.

13.2 Maritime Transportation

Pakistan's maritime freight operations are managed by key public sector entities, including PNSC, KPT, PQA, and GPA, which collectively underpin seaborne trade and port-based logistics.

13.2-a Pakistan National Shipping Corporation (PNSC)

At present, PNSC fleet comprises of 13 vessels of various type / size (05 Bulk carriers, 05 Aframax tankers and 02 LR-1 Clean Product tankers, 1 MR-2 Tanker) with a total DWT (deadweight cargo carrying capacity) of 996,683 metric tonnes. The commercial performance of the PNSC from July-March FY 2026 is summarized in Table 13.2.

Table 13.2: Commercial Performance of PNSC

	Tanker	Chartering	SLOT Consolidated	
	Liquid Cargo (MT)	Dry Cargo (MT)	TEU*s	Slot BB/LCL
FY 2025 (July-March)	6,987,892	1,196,202	754	32,412
FY 2026 (July-March)	7,892,139	1,901,505	843	9,646

* Twenty Equipment Unit i.e. a 20-foot container

Source: Pakistan National Shipping Corporation

During the first nine months of FY 2026, Pakistan National Shipping Corporation (PNSC) recorded a profit before tax of Rs 7.99 billion, compared to Rs 16.82 billion during the corresponding period of FY 2025, is given in Table 13.3.

Table 13.3: Financial Performance of PNSC — Amount in Rs '000

S.No.	Financial Results	July-March FY 2025	July-March FY 2026
1	Revenue	28,404,570	36,558,352
2	Expenses	(19,422,582)	(25,100,147)
3	Gross Profit/Loss	8,981,988	11,458,205
4	Administrative, Impairment & Other Expenses	(1,497,906)	(1,622,558)
5	Other Income	10,775,013	4,085,834
6	Operating Profit	17,672,171	9,447,473
7	Finance Cost	(320,269)	(991,373)
8	Profit before Taxation	16,824,485	7,996,012

Source: Pakistan National Shipping Corporation

Some of the highlights of the FY 2026 are as under:

- During July–March FY 2026, Pakistan National Shipping Corporation (PNSC) Group reported a net profit after tax of Rs 7.5 billion, compared to Rs 15.4 billion in the corresponding period last year; however, the standalone entity posted a loss of Rs 1.16 billion against a profit of Rs 3.7 billion in the same period last year.
- Group earnings per share (EPS) stood at Rs 37.89 during the period under review,

compared to Rs 77.94 last year, while the standalone entity recorded a loss per share (LPS) of Rs 5.86 against an EPS of Rs 18.73 in the corresponding period.

- PNSC Group achieved a turnover of Rs 36.6 billion, including Rs 11.9 billion from the standalone entity, compared to Rs 28.4 billion (including Rs 4.05 billion from PNSC) in the same period last year, reflecting a notable increase in overall revenue.
- The growth in revenue was primarily driven by higher charter-out activity of Aframax, LR-I, and MR-II vessels, with charter-out days increasing by 143 days, generating additional revenue of Rs 2.76 billion; this was further supported by the induction of two Aframax and one MR-II tankers during the third quarter.
- Foreign chartering revenue increased by Rs 6.8 billion, supported by a rise of 29 voyages during the period, indicating greater reliance on chartered-in vessels following the disposal of two Aframax tankers in the previous year.
- Despite overall revenue growth, earnings were partially offset by a decline in average freight rates in the refinery segment from US $ 10.41 to US $ 9.86 per metric ton, along with a 35 percent contraction in the slot business.
- On a positive note, bulk carrier revenue increased from Rs 2.67 billion to Rs 3.3 billion, registering a growth of 24 percent during the period under review.
- Other expenses increased by Rs 4 billion, primarily due to a contribution to the Prime Minister's Austerity Fund 2026, in compliance with directives of the Federal Government.

13.2-b Karachi Port Trust

Karachi Port Trust (KPT), Pakistan's oldest and principal seaport, continues to serve as the country's primary maritime gateway, playing a central role in facilitating international trade and cargo movement. With the capacity to handle over 125 million tonnes of cargo annually, including approximately 4.25 million TEUs (containers), the port possesses extensive infrastructure and operational capability to manage transshipment and in-transit trade through its terminals, including three privately operated container terminals. During July–March FY 2026, Karachi Port handled 42.03 million tonnes of cargo and container traffic, registering a growth of 4 percent compared to 40.38 million tonnes handled during the corresponding period of FY 2025. Nonetheless, trends in cargo and container handling, particularly across imports and exports in recent years, have remained mixed, as illustrated in Table 13.4.

Table 13.4: Cargo & Container Handling at Karachi Port 000 tonnes

Fiscal Year	Imports	Exports	Total	%Change		
				Imports	Exports	Total
2020-21	36,469	15,810	52,279	34	2	19
2021-22	35,540	16,169	51,709	-2	0.6	-1
2022-23	29,075	12,776	41,851	-18	-6	-23
2023-24	32,854	18,800	51,654	13	47	23
2024-25	33,932	20,019	53,951	3.28	6.48	4.4
(July-March)						
2024-25	25,149	15,229	40,378	1.5	8.6	4.1
2025-26	27,187	14,846	42,033	8.1	-2.5	4.1

Source: Karachi Port Trust

13.2-c Port Qasim Authority (PQA)

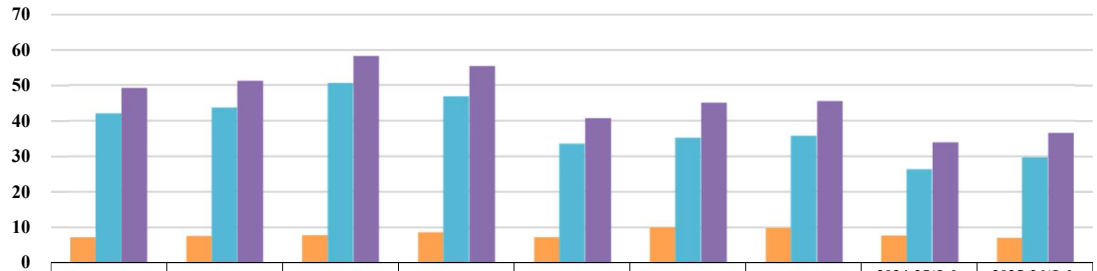
During July–March FY 2026, Port Qasim Authority (PQA) handled a total cargo throughput of 36.42 million metric tonnes (MMT), registering a growth of 8 percent over 33.77 MMT recorded during the corresponding period of FY 2025. The increase in throughput was primarily driven by higher dry cargo handling, which constituted 32 percent of total cargo operations during the period under review. Import cargo continued to dominate overall port activity, while export throughput witnessed a moderate decline due to lower shipments of certain major commodities.

Total imports during July–March FY 2026 increased significantly by 12.7 percent to 29.51 million tonnes, compared to 26.18 million tonnes handled during the corresponding period last year, reflecting higher demand for energy, industrial, and essential commodities. Major non-containerized import cargoes included coal, liquefied natural gas (LNG), petroleum, oil and lubricants (POL), chemicals, palm oil, and grain. Among these, coal remained the largest import commodity handled at PQA, accounting for over 26 percent of total import cargo, followed by containerized cargo with a share of 19 percent, while LNG represented 15.2 percent of total imports during the period under review.

Export throughput during July–March FY 2026 stood at 6.91 million tonnes, compared to 7.59 million tonnes handled during the corresponding period of the previous fiscal year, reflecting a decline of 9 percent. The contraction in export cargo handling was primarily driven by lower rice exports, which accounted for nearly 62 percent of the overall decline in export volumes. Nevertheless, cement exports recorded a notable growth of 10.7 percent during the period under review, partially mitigating the decline in other export commodities.

Figure 13.2 gives a summary position of last eight years' cargo handling and trade activity by the PQA.

Fig-13.2: Year-wise Trade Activity of Port Qasim Authority (Million Tonnes)



	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2024-25(Jul-Mar)	2025-26(Jul-Mar)
Exports	7.15	7.51	7.65	8.49	7.12	9.87	9.72	7.59	6.91
Imports	41.88	43.51	50.34	46.67	33.38	35.03	35.59	26.18	29.51
Total	49.03	51.02	57.99	55.15	40.50	44.91	45.30	33.77	36.42

Source: PQA

13.2-d Gwadar Port Authority (GPA)

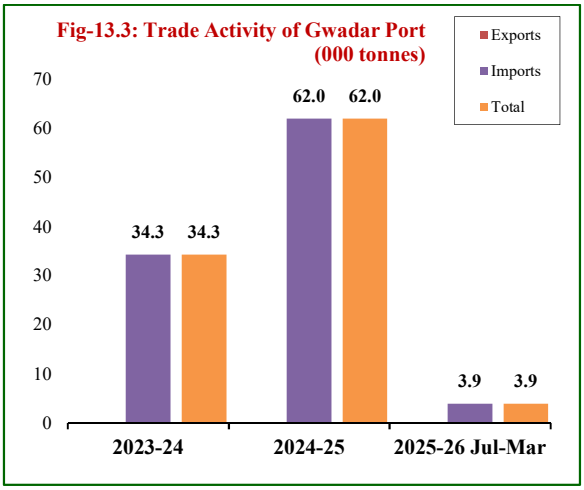
Gwadar Port, situated on the Arabian Sea in Balochistan, occupies a strategically significant position at the mouth of the Persian Gulf, just outside the Strait of Hormuz and along one of the world's busiest maritime trade corridors. Located approximately 630 km from Karachi and only 120 km from the Iranian border, the port serves as a vital gateway connecting regional and international markets. Its development under the China-Pakistan Economic Corridor (CPEC) has enhanced Gwadar's importance as a future hub for trade, logistics, and transshipment activities, with the potential to strengthen regional connectivity and attract foreign investment. Complementing Karachi Port and Port Qasim, Gwadar Port is steadily emerging as a strategic pillar of Pakistan's maritime economy and regional trade architecture.

Fig-13.3 exhibits port operations and cargo activity at Gwadar Port during last three years.

Progress on the Development of Gwadar Port and Business Promotion

Building upon its strategic importance, development activities at Gwadar Port continued under the China-Pakistan Economic Corridor (CPEC) to enhance its commercial viability and operational capacity. In this regard, China Overseas Port Holding Company (COPHC) completed the master planning and feasibility studies for the main Free Zone spread over 2,281 acres, while construction work on a number of industrial units has also commenced, reflecting

gradual progress toward industrial and business development at the port.



Port operations also continued to gain momentum, with sustained efforts to increase commercial shipping activity and improve port utilization. International shipping liners, including COSCO and Sino-Trans, maintained regular calls at Gwadar Port, while weekly container services by COSCO continued to facilitate cargo movement. These developments are expected to further support Gwadar Port's emergence as a regional trade, logistics, and transshipment hub.

Lastly, a number of projects under the Federal PSDP 2025-26 are scheduled for completion during the current and forthcoming financial years. The financial outlay of these PSDP-funded projects is provided in Table 13.5.

Table 13.5: List of PSDP Projects Aimed at Gwadar Port Development Rs millions

S.No.	Name of the Project	Total Project Cost
1	Land acquisition as per Gwadar Port Master Plan 750 Acre	3920
2	Ancillary Facilities at GPA Housing Complex Gwadar	225
3	infrastructure work of off-Dock Terminal at Gwadar	250

Source: M/o Maritime Affairs

13.3 Communication sector

The communication sector, a key component of the services sector in terms of its contribution to GDP, encompasses postal, broadcasting, and electronic media networks that play a vital role in information dissemination, connectivity, and service delivery across the country.

13.3-a Pakistan Post Office

Pakistan Post Office is one of the oldest government department, providing Services in the country as an attached department under the administrative control of Ministry of Communications. Pakistan Post is the largest postal operator in the country for providing diverse services meant for transmission of money and messages at the doorsteps of customers.

It is playing a vital role in the economic and social development of Pakistan through providing postal services broadly categorized as domestic and International Postal Services, Financial Services, collection of utility bills and Foreign Remittances Payment. Pakistan Post is providing shipping, delivery and courier services with postal communication network of 9,695 post offices of various categories.

Key Initiatives of Pakistan Post:

Pakistan Post has recently taken important initiatives to provide the efficient postal services to the people of Pakistan. The details are as under:

- The Same Day Delivery Service has been introduced as an initiative to ensure expedited delivery of packets and documents within urban centers, offering same-day delivery for items booked before noon. Currently operational in 29 cities, the service is being expanded to additional locations.
- Pakistan Post has launched a dedicated mobile application offering key services, including access to tariff information, postal codes, post office locator, complaint registration, and facilities for track and trace as well as pickup requests.

- Pakistan Post has strengthened its compliance with international data requirements, including those of the United States and the European Union, through comprehensive upgrades to its domestic and international IT infrastructure. Key measures include the modernization of the International Postal System (IPS), integration with airline systems to enhance shipment visibility, and activation of advanced data features in dispatch messaging, aligning operations with global standards. These improvements contributed to an upgrade in Pakistan Post's ranking by the Universal Postal Union (UPU) from Postal Development Level 5 to Level 6 in 2025.
- Pakistan Post has finalized a Memorandum of Understanding (MoU) with Belarus Post and Karpost, while similar agreements with Kyrgyzstan Post, China Post, Türkiye Post, and Emirates Post are currently under process, aimed at strengthening international postal cooperation and expanding global connectivity.
- A Joint Working Team comprising Pakistan Post, Pakistan Single Window (PSW), and Pakistan Customs is actively progressing the integration of the Customs Declaration System (CDS) with WeBOC through coordinated planning and phased implementation, while a Foreign Post Office is being established at Wazirabad Head Post Office, in collaboration with Customs and the Anti-Narcotics Force (ANF), to facilitate Small and Medium Enterprises (SMEs).
- International Letter Mail, a core service provided under the Universal Service Obligation (USO), enables transmission of letters up to 2 kg in both ordinary and registered categories, and is currently available for 24 international destinations.
- International Parcel Service remains a major revenue-generating segment of postal operations, facilitating parcel transmission of up to 30 kg and currently serving 204 international destinations.
- Express Mail Service (EMS) is a premium global postal product offering fast, end-to-end delivery of documents and merchandise through an extensive international network spanning around 200 countries and territories; Pakistan Post currently provides EMS services to 36 destinations.
- Pakistan Post has partnered with private courier companies to provide expedited delivery services to 238 international destinations, with EMS Plus offering competitive rates, track and trace facility, and delivery within 2 to 5 days.
- Under an agency agreement with Western Union, Pakistan Post provides international remittance services through 469 post offices nationwide; during January–March FY 2026, it processed 29,728 transactions, disbursing Rs 1.86 billion and generating Rs 7.5 million in revenue.

13.3-b Pakistan Electronic Media Regulatory Authority

The Pakistan Electronic Media Regulatory Authority (PEMRA) was established under the PEMRA Ordinance, 2002, as amended by the PEMRA (Amendment) Act, 2023, to regulate and facilitate the development of private electronic media in Pakistan. The Authority aims to improve the standards of information, education, and entertainment while expanding the diversity of content available to the public, including news, current affairs, religious knowledge, culture, and advancements in science and technology. It oversees the establishment and operation of broadcast media and distribution services across international, national, provincial, and local levels, ensuring an organized and responsible media environment.

PEMRA's core functions include licensing and regulating satellite television channels, FM radio stations, and distribution platforms such as cable TV, DTH, IPTV, and mobile TV services. The Authority also regulates the distribution of both local and foreign channels, issues regulations and policy determinations, and ensures fair, transparent, and independent audience measurement through licensed rating agencies. Its broader mandate focuses on enhancing content quality, promoting access to diverse and credible information, strengthening grassroots-

level media access, and ensuring accountability, transparency, and good governance through the free flow of information. Additionally, PEMRA is responsible for safeguarding the welfare of media employees and maintaining transparency in the rating system.

Over the past two decades, Pakistan's electronic media sector has undergone significant expansion and transformation. From a largely state-controlled landscape dominated by Pakistan Television (PTV) and Pakistan Broadcasting Corporation (PBC) in 2002, the sector has evolved into a vibrant and competitive industry. Currently, more than 142 domestic satellite television channels and 28 foreign channels operate in Pakistan under landing rights permission, alongside a growing number of FM radio stations and distribution networks. This rapid growth reflects sustained policy support for media development and PEMRA's pivotal role in facilitating sectoral expansion, enhancing public awareness, and projecting Pakistan's image as a progressive and dynamic society at the international level. The licensing position is summarized in Table 13.6:

Table 13.6: Licensing Status Nos.

Category	Till 31st March, 2026	July-March 2025-26
Satellite TV Licenses Issued:	142	01
i. News & Current Affairs	49	-
ii. Entertainment	47	-
iii. Regional Languages	21	-
iv. Health	03	01
v. Sports	06	-
vi. Education	09	-
vii. Specialized subject Channel (Non-Commercial/ Education)	06	-
viii. Agriculture	01	-
FM Radio Licenses Issued:	240	02
i. Commercial	172	01
ii. Non Commercial	68	01
Cable TV Licenses Issued	2,951	77
Landing Rights Permissions Issued	28	01
Mobile TV (Video & Audio Content Provision) Service Licensing	03	-
Internet Protocol TV (IPTV) Licences Issued	33	-
Direct-to-Home (DTH)	01	-
Teleport (Broadcast) License	01	-
Provisionally Registered Television Audience Measurement (TAM) / Television Rating Point (TRP) Companies in Pakistan	02	-

Source: PEMRA

In addition to collecting advance tax from licensees at the time of issuance and renewal of licenses, PEMRA made a substantial contribution to the Federal Consolidated Fund (FCF), depositing Rs 1.1 billion into the national exchequer during July-March of FY 2026.

13.3-c Pakistan Television Corporation Limited

Pakistan Television Corporation Limited (PTV) continues to serve as the national broadcaster, delivering education, information, and entertainment in line with the country's cultural, social, and religious values. The Corporation plays a central role in the coverage of national and religious events with due prominence, while its programming, particularly dramas, reflects societal norms alongside providing quality entertainment. PTV also maintains extensive sports coverage, broadcasting major national and international events. The network operates multiple channels, including PTV Home, PTV News, PTV Sports, PTV Global, PTV National, PTV Bolan, AJK TV, and PTV Parliament, thereby catering to diverse audience segments. With nationwide terrestrial coverage reaching virtually 100 percent of the population, PTV retains a broad outreach, while its international transmission continues to project Pakistan's narrative and cultural identity globally. The number of registered TV set holders in the country was 26,407,427 as on 30th June, 2025.

During FY 2026, the Government of Pakistan allocated Rs 1.01 billion under the Public Sector Development Programme (PSDP) for Pakistan

Television Corporation Limited (PTVC) to upgrade its telecasting and broadcasting equipment in line with evolving technological requirements. The initiative is aimed at strengthening signal quality and modernizing technical infrastructure, enabling the Corporation to enhance broadcast standards, improve viewer experience, and align its operations with contemporary industry benchmarks.

13.3-d Pakistan Broadcasting Corporation

Pakistan Broadcasting Corporation (PBC) operates as the national radio broadcaster, entrusted with the responsibility of informing, educating, and entertaining the public while supporting the dissemination of government policies and the national narrative at both national and international levels. Through its news and programme content, PBC plays a vital role in shaping public awareness and responding to misinformation & adverse external narratives. It also contributes to the promotion of Islamic values, national cohesion, and democratic principles such as tolerance, equality, and social justice. Furthermore, the Corporation supports the development and preservation of national and regional languages and culture, while serving as an effective platform for fostering unity and promoting social cohesion.

For FY 2026, an allocation of Rs 6.27 billion was made to Pakistan Broadcasting Corporation (PBC) to meet employee-related and operational expenditures. Against this allocation, Rs 4.63 billion was released during the period July–March FY 2026 to support ongoing financial requirements. The following policy measures and steps were undertaken during July–March FY 2026:

- A comprehensive range of religious and awareness programming was broadcast by Pakistan Broadcasting Corporation (PBC) during July–March FY 2026, including extensive Quran transmissions, daily religious programmes, special Ramadan and Rabi-ul-Awwal broadcasts, live coverage of key religious events, and targeted awareness campaigns promoting Islamic teachings, interfaith harmony, and social values across national and regional networks.
- Radio Pakistan provided extensive coverage of high-level diplomatic engagements during July–March FY 2026, including official visits of the President and Prime Minister to key international forums and partner countries, ensuring wide dissemination of policy positions, bilateral outcomes, and strategic developments through news, current affairs programming, and digital platforms, thereby effectively projecting Pakistan's foreign policy objectives and global engagement.
- Radio Pakistan provided extensive coverage of inaugural ceremonies of completed mega projects and the progress of ongoing development initiatives, complemented by the broadcast of over 20,250 special programmes during July–March FY 2026 to highlight development efforts and inform the public.
- Radio Pakistan actively promoted women's empowerment and social protection initiatives during July–March FY 2026 through extensive coverage of government programmes, dedicated broadcasts including 234 episodes of "Sukhi Ghar," and targeted awareness content highlighting measures such as working women hostels and daycare facilities, aimed at enhancing outreach, awareness, and participation of women in socio-economic activities.
- Radio Pakistan promoted youth-focused development initiatives during July–March FY 2026 through dedicated programming on the "Uraan Pakistan" initiative and the Prime Minister's Youth Programme, complemented by over 11,000 broadcasts, awareness campaigns, and youth-centric content, aimed at enhancing outreach, fostering optimism, and facilitating access to education, skills development, and employment opportunities.
- Radio Pakistan conducted extensive national awareness and security-related campaigns during July–March FY 2026, including over 33,750 broadcasts on the Revised National Action Plan-2021, alongside targeted programming address misinformation and adverse narratives, highlight the role of

armed forces and law enforcement agencies, and raise awareness on issues such as illegal migration and human trafficking.

- Radio Pakistan carried out a series of special awareness campaigns during July–March FY 2026 on key public health, environmental, and social issues, including tree plantation, breast cancer, dengue, polio, anti-narcotics, pneumonia, human trafficking, traffic safety, and smog, aimed at enhancing public awareness and promoting responsible civic behavior.
- Radio Pakistan broadcast comprehensive special transmissions on Kashmir during July–March FY 2026, covering key observances such as Youm-e-Istehsaal-e-Kashmir, Kashmir Black Day, Right to Self-Determination Day, and Kashmir Solidarity Day, through diverse programming aimed at expressing solidarity with the Kashmiri people and highlighting developments in Indian Illegally Occupied Jammu & Kashmir.
- Radio Pakistan significantly enhanced its social media outreach during July–March FY 2026 by strengthening its presence across major digital platforms, establishing a dedicated Social Media Cell, and expanding content dissemination through live programmes, podcasts, and internet streaming of over 50 stations. These efforts improved audience engagement, particularly among youth, reflected in strong digital performance, including millions of views and interactions across Facebook, TikTok, and YouTube, alongside recognition such as the YouTube Silver Button, thereby reinforcing its role in promoting national narrative, culture, and public awareness through modern communication channels.
- PBC also undertook measures to enhance revenue generation, with monthly station performance monitored against approved targets, enabling Pakistan Broadcasting Corporation (PBC) to meet a greater share of its operational expenditures from internal resources; in this regard, monthly performance of stations is regularly monitored against approved targets, with total revenue generation of Rs 44.3 million recorded during the period.
- News and Current Affairs Wings provided comprehensive coverage of government initiatives during July–March FY 2026 across news bulletins, programmes, and digital platforms, with particular focus on economic developments, high-level diplomatic engagements, and international forums, thereby ensuring effective dissemination of policy measures, enhancing public awareness, and projecting Pakistan's national perspective at the national and global levels.

Concluding Remarks

Pakistan has made significant progress in the development of its transport and communication infrastructure, narrowing gaps with global standards while laying the foundation for a more integrated and efficient network. International experience demonstrates that advanced economies have achieved sustainable growth through robust infrastructure systems, which underpin industrial competitiveness, agricultural productivity, and seamless market access. In the contemporary global environment, the quality and reliability of transport and communication networks have become decisive facstors in determining economic performance, with even competitive sectors facing constraints in the presence of weak infrastructure.

Recent global trends further underscore that economic powers are increasingly prioritizing the resilience, efficiency, and security of their transport and communication systems to safeguard supply chains and maintain strategic advantage. In this context, Pakistan's continued focus on expanding connectivity through modernization of logistics and port infrastructure and the integration of digital technologies is essential. Going forward, sustained investment, policy continuity, and adoption of modern, technology-driven solutions will be critical to enhancing efficiency, reducing costs, and strengthening Pakistan's position as a regional trade and logistics hub, thereby supporting long-term, inclusive economic growth.

ENERGY

Total Installed Capacity (End Mar FY2026) **49,651** (MW)

Total Electricity Generation (Jul-Mar FY2026) **92,835** (Gwh)

Consumptions (Jul-Mar 2026)

Total Electricity **83,143** (Gwh)

Petroleum Products **13.64** (Million Tonnes)

Gas **2,929** (Mmcfd)

Coal **21.41** (Metric Tonnes)

Chapter 14

Energy

The energy sector remains a fundamental pillar of Pakistan's economy, serving as a critical enabler of economic growth, industrial development, and social progress. Reliable and affordable access to energy is essential for sustaining industrial production, enhancing agricultural productivity, facilitating trade and commerce, and supporting the delivery of essential services. As economies become increasingly integrated and technology-driven, energy has evolved beyond a mere input for production to become a key driver of economic competitiveness, investment attractiveness, productivity enhancement, and long-term economic resilience.

During the first nine months of FY 2026, Pakistan's energy sector continued to navigate a challenging and operational landscape shaped by the competing objectives of energy affordability, supply concerns, economic efficiency, and environmental sustainability. The sector remained under pressure to ensure reliable energy availability while addressing structural challenges and advancing the transition toward a cleaner and more diversified energy mix. Nevertheless, ongoing reforms, capacity additions, and evolving patterns in the energy composition reflected gradual progress toward building a more resilient, efficient, and sustainable energy system.

The ongoing geopolitical tensions and disruptions to maritime routes in and around the Strait of Hormuz have significantly increased volatility in global energy markets, resulting in a sharp rise in crude oil prices and heightened uncertainty regarding energy supplies. For Pakistan, which remains highly dependent on imported petroleum products, posing a substantial macroeconomic risk through multiple transmission channels such as inflation, higher import bill, supply disruptions of industrial raw material etc.

This chapter presents a detailed overview of developments in the power sector, including electricity generation, consumption patterns, installed capacity, and the role of private investment through the Private Power and Infrastructure Board (PPIB). It also covers recent petroleum, natural gas, and coal production and consumption trends.

As of March 2026, the total installed electricity generation capacity stood at 49,651 MW, with a progressive shift toward cleaner energy sources. Hydel, nuclear, and renewable sources collectively accounted for 50.8 percent of the installed capacity, up from previous years, while the share of thermal power declined to 49.2 percent from 56.7 percent in the same period last year. In terms of electricity generation, Pakistan produced 92,835 GWh during July-March FY 2026, of which 53.1 percent was contributed by hydel, nuclear, and renewable sources, reflecting a welcome transition toward indigenous and environment-friendly energy sources. Sectoral consumption patterns highlight the continued dominance of the household sector, accounting for nearly half of national electricity usage.

In the petroleum sector, domestic production remained constrained, and reliance on imports continued. However, instability in international oil markets due to the Middle East conflict

increased the energy import bill compared to the previous year. Domestic refining capacity utilization remained suboptimal, while efforts to attract investment in refinery upgrades and new capacity continued. On the natural gas front, the depletion of indigenous reserves remains a major concern. With no significant discoveries, the country relied heavily on imported LNG to meet domestic demand, especially for the power and industrial sectors. In response, efforts are underway to improve energy efficiency and expand the LNG supply chain infrastructure.

Thar coal has become the cornerstone of Pakistan's push for energy security and economic stability. Indigenization of coal-based energy is being actively pursued, with several Thar coal-fired plants contributing to the national grid. However, environmental concerns and the need for clean technology adoption remain important policy considerations.

The government remains committed to ensuring energy security, affordability, and sustainability through improved governance, enhanced private sector participation, and strategic investment in renewable and indigenous resources. The Integrated Generation Capacity Expansion Plan (IGCEP) and ongoing reforms under the National Electricity Policy 2021 and Alternative & Renewable Energy Policy 2019 provide the roadmap for future sectoral transformation.

14.1 POWER SECTOR

Installed Capacity and Generation of Electricity

As of July-March FY 2026, Pakistan's total installed electricity generation capacity stood at 49,651 MW, reflecting a 8.5 percent increase compared to 45,782 MW recorded in the corresponding period of FY 2025. The increase can be attributed to the installed capacity of 7,319 MW from net metering. However, out of 102 commissioned IPPs, 13 IPPs of 5,105 MW combined capacity have been closed for various reasons. These include 9 RFO based IPPs of 2,877 MW), 3 gas/RLNG-based IPPs of 601 MW, and 1 multi-fuel-based IPP of 1,638 MW.

The percentage shares of hydel, nuclear, renewable, and thermal are 23.4 percent, 7.1 percent, 20.3 percent, and 49.2 percent, respectively (Table 14.1). The share of thermal power as the dominant source of electricity supply has declined over the past few years, highlighting an increased reliance on indigenous sources. Out of the total electricity generation of 92,835 GWh, the share of hydel, nuclear, and renewable stands at 53.1 percent. This shift marks a positive development of the economy, as the energy mix transitions away from thermal generation towards more sustainable and environmentally friendly alternatives (Table 14.2).

Table 14.1: Installed Capacity of Electricity

Source	FY 2025		July-March FY 2025		July-March FY 2026 (P)	
	MW	Share (%)	MW	Share (%)	MW	Share (%)
Hydel	11,561	25.5	10,635	23.2	11,615	23.4
Thermal	27,507	60.6	25,937	56.7	24,405	49.2
Nuclear	3,530	7.8	3,530	7.7	3,530	7.1
Renewable	2,782	6.1	5,680*	12.4	10,101**	20.3
Total	**45,380**	**100.0**	**45,782**	**100.0**	**49,651**	**100.0**

* includes 2,813 MW from net metering
** includes 7,319 MW from net metering

Source: HDIP, PPIB & Pakistan Atomic Energy Commission

Table 14.2: Generation of Electricity

Source	FY 2025		July-March FY 2025		July-March FY 2026	
	GWh	Share (%)	GWh	Share (%)	GWh	Share (%)
Hydel	39,973	31.5	27,413	30.5	27,961	30.1
Thermal	58,580	46.2	41,397	46.1	43,581	46.9
Nuclear	22,452	17.7	17,175	19.1	17,133	18.5
Renewable	5,700	4.5	3,824	4.3	4,160	4.5
Total	**126,705**	**100.0**	**89,809**	**100.0**	**92,835**	**100.0**

Source: Power Planning and Monitoring Company

Electricity Consumption

During July-March FY 2026, total electricity consumption in Pakistan stood at 83,143 GWh, compared to 80,811 GWh in the corresponding period of FY 2025, reflecting a 3.8 percent increase in electricity usage.

The household sector continued to dominate electricity consumption, with its share declining to 47.5 percent (39,472 GWh) during July-March FY 2026, down from 49.6 percent (39,730 GWh) in the same period of FY 2025. This decrease indicates a relative structural shift to alternative energy sources due to tariff hikes, which have reduced affordability and incentivized conservation. In contrast, industrial consumption increased to 26,205 GWh, up from 21,083 GWh, increasing its share from 26.3 percent to 31.5 percent.

Electricity usage in the agriculture sector dropped significantly by 42.3 percent, falling from 4,566 GWh to 2,636 GWh, which reduced its share from 5.7 percent to 3.2 percent. This sharp decline is likely due to changes in irrigation practices, rainfall patterns, and possibly a switch to diesel-powered or solar alternatives in response to rising electricity costs. The commercial sector recorded a modest increase in consumption, from 6,898 GWh to 7,044 GWh. This rise indicates a marginal pickup in business and retail activity, particularly in urban centers. The "others" category, comprising public lighting, bulk supply, and government buildings, consumed 7,785 GWh, slightly decreasing its share from 9.8 percent to 9.4 percent.

Fig-14.1: Sectoral Share in Electricity Consumption (%)

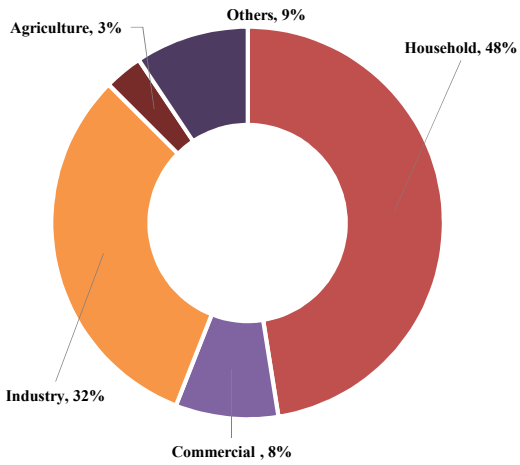


Table 14.3: Sectoral Share in Electricity Consumption

Source	FY 2025		July-March FY 2025		July-March FY 2026	
	GWh	Share (%)	GWh	Share (%)	GWh	Share (%)
Household	57,455	50.8	39,730	49.6	39,472	47.48
Commercial	9,721	8.6	6,895	8.6	7,044	8.47
Industry	29,181	25.8	21,083	26.3	26,205	31.52
Agriculture	5,882	5.2	4,566	5.7	2,636	3.17
Others	10,901	9.6	7,837	9.8	7,785	9.36
Total	**113,140**	**100.0**	**80,111**	**100**	**83,143**	**100**

Source: Ministry of Energy (Power Division) & Hydrocarbon Development Institute of Pakistan

Private Power and Infrastructure Board

The Private Power and Infrastructure Board (PPIB) played a critical role in facilitating private sector participation in power generation and transmission. As the focal organization responsible for promoting private-sector investment in power generation and transmission, PPIB is leading Pakistan's energy transition by facilitating diversified, secure, and sustainable power production and infrastructure development through innovative public-private partnerships and strategic policy implementation.

During the review period, key milestones were achieved, as 32 MW bagasse-based Shahtaj Sugar Mills power plant achieved Commercial Operations Date (COD) on 10 October 2025 and started supplying the national grid 126 million units of clean energy annually over its 30-year lifespan. The Prime Minister of Pakistan has granted in-principle approval for processing of a 40 MW power project in the Gwadar region. The

100 MW GB Solar Photovoltaic (PV) Project is progressing under two principal work streams, distributed rooftop solar PV and utility-scale solar PV clusters. The government's push to prioritize renewable energy, which is based on clean energy.

PPIB has made significant strides by successfully commissioning 102 multi-fuel-based Independent Power Producers (IPPs) with a total capacity of 25874 MW, attracting over 35 billion US $ as foreign direct investment. Among these, 60 IPPs of 4,753 MW are based on hydel, solar, wind, and bagasse energy sources. Additionally, a +660kV mega HVDC Matiari-Lahore transmission line project has been completed with private sector investment through PPIB. Currently, PPIB is overseeing a fleet of 90 operational IPPs with a cumulative capacity of 20,769 MW totaling 28.7 billion US $ combined investment. The fuel-mix of 90 operational IPPs is presented in Table 14.4.

Fig-14.2: Capacity Addition by PPIB (20,727 MW)

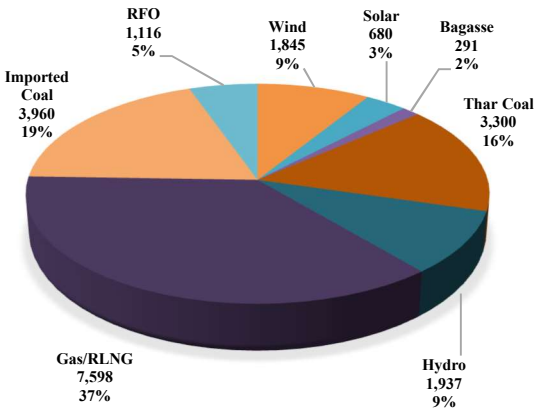


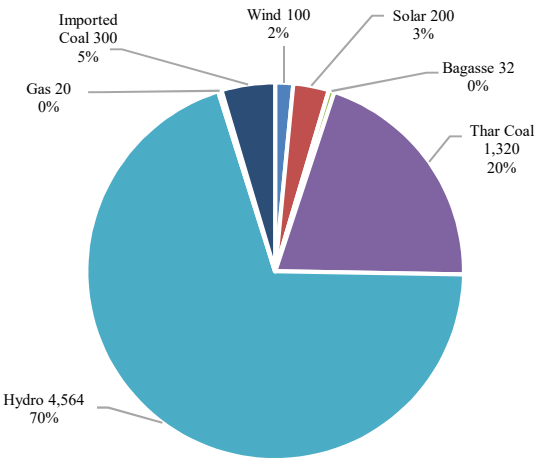
Table 14.4: PPIB's Facilitated Installed Capacity

Commissioned Projects: Fuel/Technologies								
Total 20,727 MW	**Wind**	**Solar**	**Bagasse**	**Thar Coal**	**Hydro**	**Gas/RLNG**	**Imported Coal**	**RFO**
	1,845	680	291	3,300	1,937	7,598	3,960	1,116

Source: Private Power and Infrastructure Board

PPIB is working on multiple fronts, such as diversifying the energy mix, prioritizing indigenous and renewable resources, replacing imported fuel-based IPPs with indigenous and renewable fuels/technologies, etc. Alongside, PPIB is steadily progressing towards successful energy transition and promotion of indigenization. This is very much evident from PPIB's current portfolio which consists of 19 new multiple fuels/technologies (solar, wind, coal, hydro, R-LNG/Gas, bagasse) based IPPs of 6,536 MW combined capacity. Among these, 16 are renewable energy projects (including hydropower), indicating that 84 percent of the portfolio will be sourced from clean and green energy. This scenario testifies PPIB's steadfast approach to the promotion of indigenization and implementation of RE-based power projects in the country. Further, Government of Pakistan (GoP) has also decided to process future projects based on demand-supply projections as per the approved IGCEP. Year-wise induction of upcoming IPPs is given in Table 14.5.

Fig-14.3: Energy Mix of Upcomming IPPs, 6,536 MW



Source: PPIB

Table 14.5: Power Projects under Facilitation by PPIB

Year/Description	No. of IPPs	Fuels	Power Generation (MW)
2025	1	Bagasse (32)	32
2026	2	Hydel, Solar (7.1+100)	107.1
2028	4	Thar Coal, Solar, Wind (1,320+100+100)	1,520
2029	2	Hydel, Imp Coal (82.3+300)	382.3
2033	2	Hydel (1,340)	1,340
2034	1	Hydel (1,124)	1,124
Other Projects in Process	7	Hydel, Gas (2,010+20)	2,030
Total	**19**		**6,536**

Source: Private Power and Infrastructure Board

The major activities performed by PPIB during July-March FY 2026 are summarized as follows:

Completion Bagasse-based Shahtaj Sugar Mills Power Plant: 32 MW bagasse-based Shahtaj Sugar Mills power plant achieved Commercial Operations Date (COD) on 10 October 2025 and started supplying the national grid 126 million units of clean energy annually over its 30-year lifespan, sufficient to meet the annual electricity needs of over 50,000 homes.

Net-Metering / Certification of Installers Under AEDB (Certification) Regulations 2021: Apart from large-scale solar PV projects, the Government of Pakistan is also encouraging the utilization of solar energy technology at the consumer end across the domestic, commercial, and industrial sectors.

40 MW Power Project in Gwadar Region: The Prime Minister of Pakistan has granted in-principle approval for the processing of a 40 MW power project in the Gwadar region. The proposed project is to be procured through International Competitive Bidding (ICB) to be conducted by PPIB, in its role as Independent Auction Administrator (IAA). The project is required to be included in the Indicative Generation Capacity Expansion Plan (IGCEP) and the Power Acquisition Program (PAP) and subsequently in the PPIB Auction Plan.

Resolution of Complaints Against PPIB Certified Installers: Under the AEDB Certification Regulations 2021, PPIB is empowered to act against defaulting certified installers, thereby reinforcing compliance with certification standards and safeguarding consumer interests.

G2G Engagement – Uzbekistan: PPIB is designated as the focal entity for international engagement with Uzbekistan on potential cooperation in solar, wind energy, Battery Energy Storage Systems (BESS), and Advanced Metering Infrastructure (AMI) manufacturing in Pakistan.

PSDP Funded 100 MW Solar PV Projects in Gilgit-Baltistan:

PPIB is leading the Technical Sub-committee established by the Power Division the PSDP-funded 100 MW GB Solar PV Project. The project is progressing under two principal work streams, distributed rooftop solar Photovoltaic (PV) and utility-scale solar PV clusters, with key milestones achieved in procurement, restructuring, and technical optimization.

Resolving Water and Power Issues in Gwadar: PPIB/Power Division conducted preliminary sizing analysis of PV and BESS to address water and power challenges in the Gwadar region. The analysis focused on solarizing 24 pumping stations and one water desalination plant. The proposed solution comprises 9.7 MW of solar PV systems coupled with 18.26 MWh of BESS. This configuration is expected to generate annual savings of Rs 987 million, with an estimated payback period of 2.7 years.

Health Facilities Solar Electrification (HFSE) by UNICEF and GAVI: Under this program, hybrid solar PV systems ranging from 10 to 25 kW are being installed in 397 health facilities at both national and provincial levels. The project is funded by GAVI, the Vaccine Alliance, with an allocation of US $ 6 million, and is being implemented by UNICEF as the lead agency.

Transition from Net-Metering to Net-Billing: To establish a more balanced, transparent, and sustainable framework for Distributed Energy Resources (DERs), the Government is considering a transition from net-metering to net-billing.

PPIB-Danish Energy Agency Collaboration under DETI & SSC Program: PPIB has been actively engaged with the Danish Energy Agency under the Danish Energy Transition Initiative (DETI), through which the Government of Denmark has been providing technical assistance and facilitating knowledge exchange to support the integration and upscaling of renewable energy technologies in Pakistan's power sector. These engagements have, inter alia, included knowledge sharing on renewable energy auction design and associated procurement mechanisms.

Availability of Thar Coal to Lucky Energy Power Plant (LEPCL): Partial Thar coal supply commenced in September 2025 and is being gradually ramped up, with full-scale supply planned by March 2026. The commercial operation date (COD) for Phase-3, along with full lignite coal utilization, is expected by the third quarter of 2026, ensuring the plant operates entirely on local coal.

Conversion of Jamshoro Power Project to Thar Coal: During the period from 1 July 2025 to 31 December 2025, significant progress was made on the conversion of the 660 MW Jamshoro Power Project to Thar coal.

Box-I: PPIB's Initiatives for Sustainable Clean Energy

Pakistan's transition to a sustainable power sector relies on a diversified energy mix that prioritizes indigenous, low-cost resources to ensure grid stability, lower generation costs, and reduce reliance on volatile fuel imports.

Pakistan has embarked upon on much needed clean energy transition to curb emissions, aiming to generate its electricity from renewable sources. Moving away from expensive imported fossil fuels stabilizes the economy and directly drives UN Sustainable Development Goal 7 (SDG 7) by delivering affordable, clean energy nationwide.

Regarding coal-based projects, Pakistan is fully cognizant of the climate change agenda; hence, all such projects have been developed in strict compliance with the international environmental standards set by the World Bank/IFC.

PPIB, being a policy implementing agency of the Government of Pakistan, also has a strong focus on the development of clean and indigenous power generation sources. At present, out of ninety (90) operational IPPs, sixty (60) IPPs of 4,753 MW are based on renewable energy, developed by the private sector on IPP mode, supported through PPIB.

Indicative Generation Expansion Plan (IGCEP) outlines future power generation needs based on demand and supply forecasts, least cost generation principles, energy mix diversification, grid stability, fuel availability, environmental considerations, and investment requirements, ensuring alignment with national policies and regulations. Complementing this, TSEP focuses on transmission network expansion by addressing load growth, grid congestion, integration of new power plants, system reliability, renewable energy incorporation, cross-border interconnections, technological advancements, and financial viability. Together, IGCEP and TSEP provide a structured roadmap for a cost-effective and sustainable energy future.

Source: PPIB

Conversion of Imported Coal-based IPPs to Thar Coal

Pakistan is blessed with a vast 175 billion-ton Thar Coal Reserve, which is sufficient to provide a cost-effective and indigenous fuel option for base load power generation for decades to come. So far, five Thar Coal-based IPPs of 3,300 MW have been commissioned through PPIB, which provide inexpensive electricity to the national grid. These projects include:

- 1320 MW Thar Coal Block-1 Company (Shanghai) at Thar Block-1
- 660 MW Engro Power Project at Thar Block-II

- 660 MW Lucky Electric Project at Port Qasim
- 330 MW Thar Energy Limited Project at Thar Block-II
- 330 MW ThalNova Project at Thar Block-II

Nevertheless, there is still a need to harness Thar's coal potential as much as possible for meeting the country's electricity and energy needs. In this regard, GoP has already imposed a moratorium on the processing of new imported fuel-based power projects since 2016. Due to the increased prices of imported coal in the international market, GoP took the initiative to substitute imported coal-based IPPs with Thar coal. Subsequently, efforts are underway to start blending Thar coal by three imported coal-based IPPs with a cumulative capacity of 3,960 MW which were implemented under the CPEC regime, namely:

- 1,320 MW Sahiwal Coal Power project located at Sahiwal
- 1,320 MW Port Qasim Coal Power Project located at Port Qasim
- 1,320 MW Hub Coal Project located at Hub

Nuclear Energy

Six nuclear power plants (NPPs) are operating at two different sites with a total installed capacity of 3,530 MW. Chashma Nuclear Power Generating Station (CNPGS) near Mianwali comprises four units (C-l, C-2. C-3 & C-4) with a total capacity of 1330 MW. Karachi Nuclear Power Station (KNPGS) has a total capacity of 2,200 MW and is located on Karachi coast.

Pakistan is among 32 countries that exploit nuclear energy for electricity generation. The construction and operation of NPPs for electricity generation require the highest standards of industrial precision engineering. They are based on advanced science and high-tech engineering. Therefore, such plants are capital-intensive, but their fuel cost is low and stable that makes nuclear energy a competitive energy supply option in the electricity market.

In Pakistan, the share of debt repayment is notable in the total cost of electricity generation based on nuclear energy. This debt is mainly associated with the newly constructed K-2 and K-3 NPPs that were commissioned in 2022 and 2023, respectively. The period of this debt repayment is only 20 percent (12 years) of the NPP's economic life, after which the tariff becomes the lowest among all the thermal power generation plants.

The performance of Pakistan's NPPs is up to the mark compared to international standards. These NPPs are placed at the top notch among thermal power generation options in the national merit order. Over the past six months of the current fiscal year, the overall capacity factor of nuclear capacity is about 80 percent despite the challenges of low demand in the country. For more information, the following table provides generation statistics of each NPP.

Table 14.6: Performance of Nuclear Power Plants

Plants	Capacity (MW)		Electricity sent to Grid (million kWh)	
	Gross	Net	July-March FY 2026	Lifetime up to 31st March 2026
C-1	325	300	1,764	52,757
C-2	325	300	1,619	34,213
C-3	340	315	1,718	22,283
C-4	340	315	1,562	20,281
K-2	1,100	1,017	5,646	35,092
K-3	1,100	1,017	4,828	27,180

Source: Pakistan Atomic Energy Commission

NPPs emit no greenhouse gases (GHG), unlike other thermal power plants. In fact, the country's NPPs annually avoid 16-18 million tonnes of $CO_{2\text{-eq}}$ GHG emissions. This avoidance can contribute to make Pakistan's energy-intensive products more competitive for export when carbon taxation on products is being implemented in various markets. In addition to

avoiding GHG emissions, NPPs strengthen the electricity supply by reducing import dependency and enhancing supply security.

PAEC is committed to maintaining high occupational health, safety and environment (HSE) performance at its generating stations as per regulatory requirements and industry standards. NEPRA conducts an annual HSE performance evaluation of all the licensees. Nuclear power generating stations CNPGS and KNPGS ranked 1st and 2nd among 149 power sector companies as per the NEPRA HSE performance evaluation report 2024-25.

Planners expect the share of nuclear power generation to remain consistent Pakistan's supply system, due to the stability and resilience it brings to the national grid in both long term and short-term energy expansion scenarios of the country. December 30th 2024, marked the first concrete pour of yet another nuclear power plant C-5 at CNPGS, expected to join the existing fleet by the year 2030-31 and bearing a generation capacity of 1200 MW.

14.2 OIL SECTOR

During July-March FY 2026, total consumption of petroleum products stood at 13.64 million metric tonnes (MMT), registering a year-on-year increase of 3.5 percent compared to 13.17 MMT during the same period of FY 2025 (Table 14.7). The data reflects varied consumption trends across different economic sectors, shaped by changes in industrial activity, power generation needs, transportation demand, and operational dynamics in public and overseas segments.

The transport sector, which remains the dominant consumer, recorded a 6.7 percent increase in consumption, rising from 10.55 MMT in July-March FY 2025 to 11.25 MMT (82.5 percent of total demand) in the same period of FY 2026. This growth is indicative of increased mobility, recovery in trade and logistics, and higher fuel demand from road transport and commercial vehicles. In contrast, the industrial sector saw a substantial decline of 42.6 percent, with consumption dropping from 754.6 thousand metric tonnes (MT) to 433.5 thousand MT (3.2 percent of total demand). This decline may be attributed to improved fuel-switching towards cheaper alternatives such as natural gas and renewables.

A significant decline of 15 percent was recorded in the power sector's petroleum usage, which fell to 98.7 thousand MT during July-March FY 2026. This drop reflects the shift toward hydropower, nuclear and coal (particularly Thar coal), reducing the reliance on furnace oil-based generation. The domestic sector also saw a substantial decline of 51.4 percent, while the agriculture sector's consumption experienced a huge decline of 61.7 percent, likely due to improved mechanization and rapid adoption of solar-powered tube wells and government-driven electrification projects. Meanwhile, the government sector posted a decline of 6.3 percent in petroleum usage.

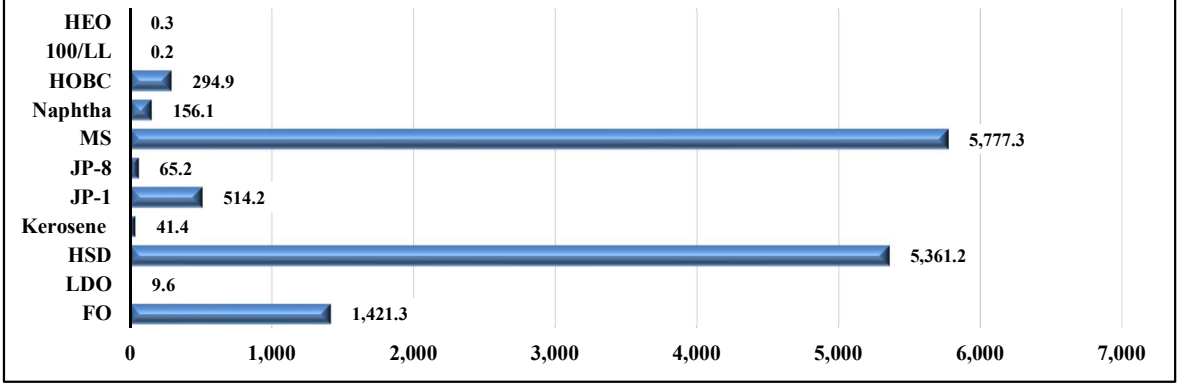
The overseas sector (which includes bunker sales and other exports) experienced a moderate surge of 8.9 percent, increasing from 1,490.11 thousand MT in July-March FY 2025 to 1,622 thousand MT in the corresponding period of FY 2026. This sharp rise is largely driven by enhanced shipping activity and increased refueling demands at Pakistani ports. Product-wise consumption of petroleum products is depicted in Figure 14.4.

Table 14.7: Sectoral Consumption of Petroleum Products 000 MT

Sector	FY 2024	FY 2025	July-March FY 2025	July-March FY 2026	Change (%)
Domestic	24.66	25.06	20.183	9.8	-51.4
Industry	1,076.72	1,133.55	754.579	433.5	-42.6
Agriculture	14.51	13.10	9.816	3.8	-61.7
Transport	13,339.39	14,554.20	10,551.74	11,256.4	6.7
Power	607.10	147.85	116.211	98.7	-15.0
Government	312.89	322.66	232.05	217.5	-6.3
Overseas	1,420.65	1,920.63	1,490.11	1,622.0	8.9
Total	**16,795.92**	**18,117.05**	**13,174.68**	**13,641.7**	**3.54**

Source: Oil Companies Advisory Council (OCAC)

Fig-14.4: Product-wise consumption of Petroleum Products, 000 MT (July-March) FY 2026



During July-March FY 2026, Pakistan imported a total of 13.88 million metric tonnes (MMT) of petroleum products, up from 12.53 MMT in the same period of FY 2025, representing a 10.8 percent increase in quantity (Table 14.8). However, the total import bill in value terms increased to US $ 8.9 billion from US $ 8.4 billion in July-March FY 2025. This reflects a combination of higher import volumes as well as unstable international oil prices. The import of Motor Spirit (MS) increased by 2.3 percent in volume to 4.07 MMT, though the import value declined by 2.4 percent to US $ 2.96 billion, compared to US $ 3.03 billion in the corresponding period of last year. This divergence points to a favorable shift in global prices in 1st and 2nd quarters of FY 2026 despite rising demand from the transport sector.

A sharp surge was observed in HOBC imports, rising from 144.44 thousand MT to 187.48 thousand MT, with the import value increasing from US $ 108.4 million to US $ 138.3 million. This indicates rising demand for premium fuels, possibly due to an expanding high-end vehicle segment. Imports of High-Speed Diesel (HSD) declined from 1,447.54 thousand MT to 1,069.80 thousand MT, marking a 26.1 percent decrease in volume. The value also significantly declined to US $ 0.74 billion, reflecting unstable pricing in global markets.

Imports of crude oil rose from 6,763.12 thousand MT to 8,448.79 thousand MT, registering a 24.9 percent increase in volume, while the value increased by 21.9 percent from US $ 4.1 billion to US $ 5.0 billion, owing to increasing trend in the domestic economic activities. A marginal quantity of 100/LL aviation gasoline (0.24 thousand MT) was also imported during July-March FY 2026. Jet fuel (JP-1) import also reduced, decreasing from 195.67 thousand MT to 108.71 thousand MT, with the import value decreasing to US $ 75.8 million.

Table 14.8: Import of Petroleum Products Quantity in thousand MT; Value in million US $

Period/	FY 2025		July-March FY 2025		July-March FY 2026	
Product	**Quantity**	**Value (C&F)**	**Quantity**	**Value (C&F)**	**Quantity**	**Value (C&F)**
MS	5,353.02	3,989.8	3,981.22	3,035.30	4,070.88	2,962.00
Crude Oil	9,261.23	5,461.4	6,763.12	4,109.12	8,448.79	5,008.70
HOBC	182.44	134.4	144.44	108.4	187.48	138.3
HSD	1,996.38	1,352.3	1,447.54	1,005.40	1,069.80	747.90
100/LL	0.24	0.5	0.24	0.5	0.24	0.4
JP-1	250.49	256.2	195.67	143.1	108.71	75.8
Total	**17,043.79**	**11,194.6**	**12,532.23**	**8,401.82**	**13,885.90**	**8,933.10**

Source: Petroleum Division, Ministry of Energy & Oil Companies Advisory Council (OCAC); C&F=Cost & Freight

14.3 GAS SECTOR

Natural gas is widely recognized as the cleanest-burning fossil fuel. Its indigenous supplies contribute about 29.3 percent (FY 2026) to the total primary energy supply mix of the country. Pakistan has an extensive gas network of over 13, 729 KM Transmission, 124,382 KM Mains and 30,661 KM Services gas pipelines to cater to the requirements of more than 10.9 million consumers across the country. The Government of Pakistan is pursuing its policies for enhancing indigenous gas production as well as imported gas to meet the increasing demand for energy in the country. At present, the capacity of two FRSUs to Re-gasified Liquefied Natural Gas (RLNG) is 1200 MMCFD and accordingly RLNG is being imported to mitigate the gas demand-supply shortfall.

The average natural gas consumption was about 2,929 Million Cubic Feet per day (MMCFD) including 613 MMCFD volume of RLNG during July 2025 to March 2026. During July 2025 to March 2026, the two Gas utility companies (SNGPL & SSGCL) have laid 729 Km Mains and 403 Km Services lines and connected 95 villages/towns to the gas network. During this period, 149,908 additional gas connections including 148,225 domestic, 1,578 commercial and 105 industrial were provided across the country. It is expected that gas will be supplied to approximately 708,245 new consumers (during the FY 2027).

It is expected that gas will be supplied to approximately 708,245 new consumers (during the FY 2027) Gas utility companies have planned to invest Rs 4,491 million on Transmission projects, Rs 87,457 million on Distribution Projects and Rs 10,810 million on other projects bringing the total investment of Rs 102,758 million during the FY 2027. Table 14.9 depicts sector-wise natural gas consumption.

Table 14.9: Sector-wise Gas Consumption MMCFD

Sector	July-March FY 2025			July-March FY 2026		
	Gas Consumption	RLNG	Total	Gas Consumption	RLNG	Total
Power	477	496	973	519	405	924
Domestic	776	1	777	769	3	772
Commercial	33	5	38	33	5	38
Transport (CNG)	47	8	55	40	9	49
Fertilizer	690	74	764	695	69	764
General Industry	322	214	536	260	122	382
Total	2,345	798	3,143	2,316	613	2,929

Sources: Ministry of Energy (Petroleum Division)

In pursuance of the Oil & Gas Regulatory Authority (OGRA) Ordinance 2002, the objective of OGRA is to foster competition, increase private investment and ownership in the midstream and downstream petroleum industry, protect the public interest while respecting individual rights and provide effective and efficient regulations.

For the period July-March FY 2026, the progress/status of the project and steps undertaken by OGRA in the petroleum industry are mentioned below:

- The Authority granted the following licenses during the mentioned period:
  - Marketing license to one (01) oil company was granted for operational purposes and one (01) provisional marketing license was also granted.
  - 03 construction licenses to new refineries establishment under the Greenfield Refining Policy – 2003
  - 08 construction licenses and 09 operational licenses issued to the Lubricant Plants.
  - Issued 16 licenses for setting up new Lubricant Marketing Companies and 15 marketing licenses.
- LPG plays an important role in the energy mix of Pakistan as it provides a cleaner

alternative to biomass-based sources, especially in locations where natural gas is not available. The total supply of LPG during July-March FY 2026 was 1,965,498 M. Tonnes (approximately). Currently there are 11 LPG producers and 382 LPG marketing companies operating in the country having around 6200 authorized distributors.

- OGRA has simplified the procedure for grant of LPG license and the same is granted on fast-track basis once the requirements are complied. During July-March FY 2026 thirty (30) licenses for operation of LPG Storage & Filling Plants, eighty (80) licenses for the construction of LPG Storage & Filling plants and one hundred thirty-six (136) licenses/ registrations for road bowsers for transportation of LPG were issued. In addition, OGRA has also issued one (01) license for storage and refueling of LPG/ Auto Refueling Stations and thirty-seven (37) licenses for construction of LPG Auto Refueling Stations during the same period.
- Due to augmented investment and future expansion plans of the LPG marketing companies, significant investment in LPG supply and distribution infrastructure has been witnessed. OGRA has made a noteworthy contribution to national economic progress and created an environment for additional investment which will not only result in the creation of infrastructure in the LPG sector all over the country but will also provide jobs to hundreds of unemployed people. OGRA is playing its vital regulatory role to increase private investment in the midstream and downstream petroleum industry. During July 2025 to March 2026 an investment of approximately Rs 10.36 billion has been made in LPG infrastructure.
- OGRA issues two (02) LNG Terminals are Operational with OGRA Licenses granted in 2016 and 2018 to M/s Engro Elengy Terminal Limited (EETL) and M/s Pakistan GasPort Consortium Limited (PGPCL) respectively.
- For development of new LNG terminals, OGRA has granted construction licenses to two private sector companies i.e. Energas Terminal Private Limited (ETPL) and Tabeer Energy (Private) Limited (TEPL). They have however not taken the final investment decisions (FID) so far. Once these terminals are built and are operational, they are expected to add approximately 1.5-2 BCFD of re-gasification capacity, which shall help mitigate the natural gas demand-supply gap.
- OGRA has granted four Provisional Licenses (out of which only one is valid at the instant) for virtual pipeline projects to facilitate for completing the formalities required for the application of a construction/ installation license. Moreover, M/s LNG Easy (Private) Limited has been granted a construction license to develop the project; the company has yet to take a Final Investment Decision (FID).

COAL

Coal is an important source of energy. In Pakistan the power sector uses a significant share of coal for electricity generation. Indigenous coal resources are reasonably substantial and sufficient to meet the country's requirements on a long-term, sustainable basis. Domestic coal production is expected to increase in the coming years, starting with mining activity at Thar Coalfield Block-I and expanding the existing mine at Block-II. Indigenous coal production is mainly consumed by power generation plants situated at Thar Coalfield, whereas production from other coalfields is utilized in brick kilns. Furthermore, power plants and the industrial sector consumed imported coal.

During July-March FY 2026, the power sector's coal consumption remained at about 59.6 percent (12,758.30 thousand metric tonnes), whereas, in the brick Kilns sector, it stands at 20.8 percent (4,451.90 thousand metric tonnes). On the other hand, the cement and other industries sector consumes 19.6 percent (4,200.00 thousand metric tonnes). Sector-wise consumption of coal is depicted in Table 14.10.

Table 14.10: Sector-wise Consumption of Coal 000 metric tonnes

Sector	FY 2025 (July-March)	Share (%)	FY 2026 (July-March)	Share (%)
Household	0	0	1	0.0
Power	11,278.7	69.7	12,758.3	59.6
Brick Kilns	2,292.3	14.2	4,451.9	20.8
Cement/Others	2,600.0	16.1	4,200.0	19.6
Total	**16,171.0**		**21,411.2**	**100.0**

Source: Hydrocarbon Development Institute of Pakistan (HDIP)

Concluding Remarks

In Pakistan, the energy sector holds particular significance given the country's growing energy demand arising from population growth, urbanization, and expanding economic activity. The performance of the energy sector has direct implications for macroeconomic stability through its impact on inflation, fiscal balances, external accounts, and overall cost structures across the economy. Therefore, ensuring an efficient, secure, affordable, and sustainable energy system remains central to Pakistan's broader development and growth agenda.

The increase in installed capacity, driven by the gradual progress towards a more resilient and diversified energy landscape and termination of costly and underutilized thermal PPAs, reflects the government's deliberate shift towards a more sustainable, cost-efficient, and environmentally responsible energy future. The government is prioritizing energy security, fiscal prudence, and climate resilience by gradually phasing out expensive fossil fuel-based generation and increasing the share of hydel, nuclear, and renewable sources in the energy mix. These actions are in line with broader national and international commitments to transition towards low-carbon energy systems, signaling a decisive move toward a cleaner and more sustainable electricity sector.

INFORMATION TECHNOLOGY AND TELECOMMUNICATION

IT Exports	**3,388*** (US$ million)	
Trade Surplus of IT and ITeS	**2,911*** (US$ million)	
Freelancers' Remittances	**856.3*** (US$ million)	
Telecom Revenues	**837*** (Rs billion)	
Broadband Subscribers	**161**** (million)	
Total Telecom Subscribers Mobile and Fixed	**207.2**** (million)	

* : July-March FY2026

** : End March 2026

Chapter 15

Information Technology and Telecommunication

The Information Technology and Telecommunications sector has emerged as one of the most dynamic and strategically pillar of Pakistan's economy, playing a decisive role in productivity enhancement, export diversification, digital sovereignty, and inclusive growth. Pakistan is advancing a comprehensive digital transformation agenda aligned with URAAN Pakistan and the Digital Pakistan Vision, aimed at building a knowledge-based, innovation-driven economy.

Institutional strengthening across key agencies has significantly reinforced sectoral performance. The Universal Service Fund (USF) has expanded broadband and fiber connectivity in underserved and rural areas, narrowing the digital divide and promoting regional economic integration. The National Telecommunication Corporation (NTC) has modernized government communication networks, strengthened cybersecurity frameworks, and deployed AI-integrated secure digital infrastructure to enhance public sector efficiency. Meanwhile, the Pakistan Software Export Board (PSEB) has contributed to robust growth in Information and Communication Technology (ICT) exports, facilitated the freelance ecosystem, expanded Software Technology Parks (STPs), and attracted digital foreign investment. Innovation and human capital development remain central pillars, with Ignite National Technology Fund leading initiatives in AI upskilling, startup incubation, freelancing development, and emerging technologies including semiconductors.

Information Technology Sector

During FY 2026, Pakistan is accelerating its digital transformation under the "Digital Nation Pakistan" framework, led by the Ministry of Information Technology & Telecommunication (MoITT). The government is committed to expanding affordable IT access nationwide, particularly in rural and underserved areas, aiming to uplift lower-income households and bridge the digital divide. Key initiatives include the Artificial Intelligence (AI) Policy 2025, and the promotion of AI adoption through Indus AI Week 2026. To enhance connectivity, 2025 was declared the "Year of 5G," with a spectrum auction scheduled and targets to achieve broadband speeds of 50–100 Mbps, alongside a National Fiberization Policy aiming for 60 percent fiber coverage. Local IT manufacturing has also been prioritized, highlighted by the inauguration of a Chromebook assembly line in partnership with Google, while IT exports have surpassed US $ 3.38 billion mark during July-March FY 2026, supported by over 1,300 startups operating in National Incubation Centers.

On governance, the Digital Nation Pakistan Bill 2025 was approved, complemented by initiatives like the Pakistan AsaanKhidmat Centre and a new partnership with LUMS to strengthen digital governance and cybersecurity. In healthcare, integration of national ID numbers with medical records is being fast-tracked to establish a unified health database. Efforts toward digital inclusion have also been remarkable, with over 240,000 women trained in digital skills and 800,000 digital wallets enabled within a month. These initiatives aim to transition Pakistan toward a digitally

empowered economy, strengthening both local infrastructure and global IT competitiveness.

Pakistan Software Export Board (PSEB)

The development of Pakistan's ICT sector can be gauged from 34,420 IT &IT-enabled services (ITeS) Companies registered with the Securities and Exchange Commission of Pakistan (SECP), as of March 2026. ICT export remittances surged 19.7 percent, reaching US $ 3.38 billion (3.388 million) during July-March FY 2026, compared to US $ 2.8 billion (2,829 million) achieved during the corresponding period last year. ICT services export amounted to US $ 413 million in March 2026, a 20 percent increase over US $ 344 million in March 2025. The US $ 3.38 billion in ICT export remittances during July-March FY 2026 is by far the highest among all service sectors, with "other business services" stood at US $ 1.5 billion. The ICT industry has achieved a trade surplus of US $ 2.9 billion (2,911 million), representing 86 percent of total ICT export remittances during July-March FY 2026. This trade surplus marks a 20 percent increase compared to US $ 2.43 billion (2,433 million) recorded in the corresponding period last year. Tech Freelancer exports, included in the ICT services remittances inflow, surged to US $ 856.3 million during July-March FY 2026 compared to US $ 567.5 million during the corresponding period last year an increase of 51 percent.

Table 15.1: Historical ICT Exports:

S No.	Financial Year	ICT Remittances US $ (Millions)	Growth (%)
1	2020-21	2,108	46.38
2	2021-22	2,619	24.24
3	2022-23	2,596	-0.88
4	2023-24	3,223	24.15
5	2024-25	3,812	18.27

Source: SBP

The remittance inflows from the ICT industry have increased at a 16.0 percent CAGR over the past five years, with the final year being FY 2025.

Activities undertaken by PSEB to Enhance ICT Industry Exports during FY 2026 (July-March):

i. Marketing and Branding

Pakistan participated in 20 major international technology events across North America, Europe, Middle East, and Asia, including GITEX Global, LEAP, London Tech Week, Web Summit Qatar, AI Everything Global, and the Game Developers Conference (GDC). More than 300 Pakistani IT and ITeS companies showcased their solutions, resulting in 4,228 qualified B2B leads and US $ 73.89 million in reported business. PSEB implemented a multi-channel content strategy, delivering more than 2 billion media impressions through national and international platforms. Digital outreach efforts resulted in 135,000 social media followers and 75.84 million social media impressions, supported by 16 webinars, 20 podcasts, newsletters, promotional videos, and success stories highlighting Pakistan's ICT capabilities. To support long-term export growth, PSEB initiated targeted export marketing and positioning strategies for key international markets, while continuing to align global branding, investment promotion, and industry visibility efforts with the national objective of achieving US $ 15 billion in annual IT exports.

ii. Infrastructure Development

PSEB manages over 50 Software Technology Parks (STPs) across Pakistan, facilitating more than 350 IT and ITeS companies. These STPs span a total area of approximately 1.9 million square feet and provide employment to over 18,000 IT professionals, of whom 21 percent are females contributing more than US $ 245 million to the national economy. In addition, PSEB issued an advertisement in December 2025 to establish 10–12 new Software Technology Parks during the current FY 2026, aiming to further strengthen the country's IT infrastructure. Under the National Co-Working Space Programme (NCSP), PSEB has established more than 80 e-Rozgaar Centers across the country with a total capacity of approximately 6,000 freelancers. At present, around 4,600 freelancers are actively working from these centers. The Programme aims to further expand its footprint, with a

target to establish 250 e-Rozgaar Centers nationwide, fostering freelance employment, entrepreneurship, and digital inclusion. A state-of-the-art IT Park with the latest ICT infrastructure is under construction in Islamabad with 720,000 Sq.Ft of covered area. This park shall provide an ecosystem for startups, SME and anchor IT companies. The Park is expected to be completed in 2026, creating approximately 7,500 employment opportunities and generating annual IT exports worth US $ 60 million. Another mega IT Park project with 1,120,000 Sq.Ft of covered area is under process in Karachi with the latest ICT infrastructure with allied facilitates and would be operational in 2028. The Park would create 13,400 jobs, office space to more than 220 ICT companies, contribute to Pakistan's ICT ecosystem and boost IT exports up to US $ 90 million.

iii. Human Resource and Skill Development

a. Prime Minister's Initiative: Support for IT Startups, Specialized IT Training and Venture Capital (Component-III), 1,082 interns have been placed in PSEB-registered IT companies to enhance their employability and industry readiness. In addition, a total of 935 applications are under process, and reimbursement claims for 38 candidates have been successfully processed.

b. National Semiconductor HR Development Programme: The global semiconductor market has surpassed US $ 600 billion and is projected to exceed US $ 1 trillion by 2030. Approximately 70 percent of this growth is driven by rapid advancements in computing and data storage, automotive electronics, wireless connectivity. Power management training Programme is on-course for 675 students in Digital Design and Verification to develop industry-ready human capital aligned with the needs of the semiconductor sector.

c. Revamping IT Industry Landscape: Under this Programme, there will be 20,950 beneficiaries, IT graduates, senior IT & public sector professionals, and trainers. Additionally, 520 candidates under the Bootcamp Training & Certification Programme are scheduled to start in February 2026.

d. Semiconductor Chip Design Upskilling (Pilot Project): This Programme has already been completed with 54 graduates upskilled in Semiconductor Chip Design and Verification and are ready for job placement.

e. Shenzhen-Inspired ICT Education Roadmap: This Programme focuses on system reform across four critical verticals K-12 education, Technical and Vocational Education and Training (TVET), Higher Education, and professional training, targeting the entire national talent pipeline from early digital literacy to advanced specialization

f. Integrated Labour Management System: ILMS is designed to onboard and centrally manage more than 75,000 annual IT graduates, integrate training and certification data, and create a verified national ICT talent repository for job matching and workforce planning.

g. Industry-Led Training Programmes (including ZTE): The project is geared to provide large-scale trainings to 100,000 students and 100 faculty members in high-demand technologies, including 5G, Artificial Intelligence, Cloud Computing, and Data Centers, thereby strengthening practical industry readiness.

h. Industry-Led Export Enablement Programme (U.S. SLED): This initiative focuses on enabling Pakistani IT/ITeS firms to access the U.S State Local and Education (SLED) procurement market. The Programme delivers 140 to 150 hours of training over 6 weeks to a pilot cohort of 50 professionals, building capabilities in compliance, bid management, and engagement with U.S. prime contractors. Through a blended model (LMS with live sessions) incorporating AI tools, CRM workflows, and bid simulations, the Programme prepares participants to tap into high-value subcontracting opportunities (more than 70 percent of contracts) and drive export growth.

i. GDPR-Driven ISO Compliance & IT Exports Enhancement Programme: The project supports IT and IT-enabled Services (ITeS) companies in achieving General Data Protection Regulation (GDPR) compliance through internationally recognized certifications, including ISO 27001 and ISO

27701. In addition, certifications in ISO 22301 and ISO 42001 are provided to enable robust Business Continuity Management and effective governance of Artificial Intelligence Management Systems. Under the initiative, 50 IT/ITeS companies will be facilitated for GDPR-aligned ISO compliance to foster sustainable growth in Pakistan's IT sector.

k. Industry Facilitation &Policy:

Offices in Gilgit Baltistan and Khyber Pakhtunkhwa have been established for facilitating the growth of IT industry in the respective regions. PSEB has strengthened 24/7 IT industry support through MARKAZ, which addresses industry issues such as PSEB registration, visa facilitation, and issuance of foreign remittance NOCs, along with other related matters. In this context, PSEB coordinates with SECP, SBP, Banks, the Labor Department, Social Security, EOBI, PTA, and FBR. MARKAZ has clearly defined escalation and resolution mechanisms.

Box-I: Pakistan's AI Policy 2025: Building a Digital, Skilled and Innovation-Driven Economy

Pakistan's **Artificial Intelligence (AI) Policy 2025** is designed to accelerate economic transformation through AI-led productivity gains, job creation, and improved public service delivery. It is structured around six core pillars that collectively aim to position Pakistan in the global digital economy.

i. AI Innovation Ecosystem: The policy establishes a strong innovation base through the National AI Fund (NAIF) and Centers of Excellence in AI (CoE-AI). A venture fund and innovation grants aim to support scaling of AI startups and attract private investment. This ecosystem is expected to generate thousands of new AI-enabled enterprises and skilled jobs**,** while reducing dependency on imported technologies.

ii. Awareness & Readiness: Launch a National AI Skill Development Programme to train 200,000 individuals annually in AI & allied technologies through a national skill Programme. "Train the Trainer" initiative to prepare 10,000 trainers by 2027, ensuring sustainable delivery of high-quality training Programmes. Training & Upskilling Workforce funding of 400 AI projects annually in academia and the private sector, with mentorship and financial support up to Rs 1 million per project, to ensure commercialization and attract investment. To support advanced education and specialized training, the CoE-AI will launch an annual 3,000-student scholarship Programme for postgraduate and doctoral studies in AI and ethics, alongside an interest-free financing scheme for 15,000 students pursuing high-tech certifications and degrees in AI.

iii. Secure AI Ecosystem: To ensure safe adoption, the policy emphasizes AI-based cybersecurity systems, data protection, and ethical governance frameworks**.** It introduces AI transparency mechanisms, human oversight, and regulatory sandboxes. The framework aims to reduce cyber risks, protect personal data, and strengthen trust in digital systems, enabling secure digital transformation across government and industry.

iv. Transformation & Evolution: AI will be integrated into key sectors including health, education, agriculture, governance, and industry**.** The policy targets modernization of public services, smart decision-making, and industrial automation. By 2026, at least 50 institutions will adopt AI maturity models**,** while sectoral transformation Programmes are expected to significantly improve productivity and service efficiency across the economy.

v. AI Infrastructure: Pakistan plans to develop a national AI compute grid, high-performance computing (HPC) centers, and data repositories**.** Access will be provided to over 100 academic institutions for research and development. AI hubs across major cities will support innovation, while shared cloud infrastructure will reduce costs and expand AI accessibility for startups and researchers.

vi. International Partnerships and Collaborations: The policy strengthens Pakistan's integration into the global AI ecosystem through bilateral agreements, research collaborations, and international funding**.** It encourages participation in global AI forums and aims to attract foreign direct investment (FDI) in AI startups and infrastructure**.** This pillar enhances knowledge exchange, technology transfer, and global competitiveness.

Source: Ministry of Information Technology & Telecommunication

IGNITE-National Technology Fund (NTF) focuses on supporting and promoting technology innovation and entrepreneurship in Pakistan through the following funding programmes:

a. Digiskills.pk 3.0 Training Programme for Freelancing: During July-March FY 2026, overall number of trainings that DigiSkills.pk has conducted is more than 5.14 million, comprising 70 percent males and 30 percent females. The number of overseas Pakistanis trained in the Programme is more than 61,754. Furthermore, Digiskills.pk freelancers have earned US $ 1.65 billion during July-March FY 2026.

b. Prime Minister's Cloud Programme for startups: Ignite is launching the Prime Minister's Cloud Programme for Startups, designed to reduce financial and technical barriers to cloud adoption and promote responsible, efficient use of cloud resources. Through structured support, the Programme will enable startups to focus on building and scaling their products, strengthening Pakistan's overall digital ecosystem. Up to 100 technology startups will be selected through a merit-based evaluation process, with reimbursement levels of up to 60 percent depending on their stage of growth and readiness

Universal Service Fund (USF): In line with the vision of the honorable Prime Minister and the dynamic leadership of the Ministry of Information Technology & Telecommunication, Universal Service Fund has continued its mission to extend telecommunication services to people in unserved, underserved, rural, and remote areas across the country. Reaffirming its commitment to Sustainable Development Goals (SDGs), USF is proud of its contributions to multiple global goals and its subsequent targets under the SDGs framework. Achievements under SDG Goal 09, which requires significantly increased access to information and communications technology and strives to provide universal and affordable access to the Internet in least-developed countries, remain the most significant.

USF Programme can be categorized into two broad categories:

a. Voice and High-speed Broadband Data Services: It focuses on the establishment of infrastructure and the provision of voice and high-speed broadband data services to the unserved and underserved mauzas across the country. Under different variations of this Programme, coverage is also being extended on unserved Road segments along National Highways & Motorways and to the tourist locations.

b. Backhaul Services: It focuses on laying Optic Fiber Cable (OFC) up to the unserved Tehsil Headquarters/Union Councils and major towns and establishing points of connectivity (Nodes) which can be utilized by telecom operators for expansion of their services, as well as bridging the digital divide and adding to the infrastructure that supports 5G introduction & expansion.

Province-wise breakup of initiatives undertaken under different categories follows:

Voice and Broadband Data Services Projects (3G/4G)

i. Balochistan: During July-March FY 2026, USF has successfully provided coverage to a population of 50,547 residing in 91 mauzas across the province. An approximate subsidy of Rs 804 million has been disbursed on the achievement of different project milestones. Furthermore, USF has successfully awarded a new project targeting the provision of telecom services to a population of 75,637 residing in 144 Mauzas of the district Khuzdar.

ii. Khyber Pakhtunkhwa: During July-March FY 2026, USF has successfully provided coverage to 27 km of unserved road segments on NH & MW N-35. Furthermore, under the flagship Tourist Destination Programme, 8 tourist locations, along with 50 km of access route in the districts of Swat, Upper Dir & Battagram have been enabled with voice and high-speed broadband services for the tourists. An approximate subsidy of Rs 1,167 million has been disbursed on the achievement of different project milestones. Furthermore, USF has successfully awarded three new projects targeting the provision of telecom services to a population of 371,866 residing in 230 Mauzas of

the district Abbottabad, Kohat (Incl. Ex FR Kohat) and Mansehra.

iii. Sindh: During July-March FY 2026, USF has successfully awarded two new projects targeting the provision of telecom services to a population of 676,361 residing in 286 Mauzas of the districts Badin and UmerKot. An approximate subsidy of Rs 168 million has been disbursed on the achievement of different project milestones.

iv. Punjab: During July-March FY 2026, USF has successfully provided coverage to a population of 8,458 residing in 7 mauzas across the province. An approximate subsidy of Rs. 455 million has been disbursed on achievement of different project milestones. Furthermore, USF has successfully awarded five new projects targeting the provision of telecom services to a population of 1,109,317 residing in 440 Mauzas of the districts Attock, Sargodha, Khushab, Bahawalnagar, Faisalabad, Sheikhupura, Hafizabad, Chiniot, Gujranwala, Mandi Bahuddin and Muzaffargarh.

b. Backhauls Projects

i. Balochistan: During July-March FY 2026, USF has successfully awarded one new project targeting the deployment of 493 km of OFC and the establishment of 47 OFC Nodes in the district of Quetta and Ziarat. An approximate subsidy of Rs 728 million has been disbursed on the achievement of different project milestones.

ii. Khyber Pakhtunkhwa: During July-March FY 2026, 155 km of OFC has been deployed and 15 nodes have been established across the province, whereas an approximate subsidy of Rs 325 million has been disbursed on achievement of different project milestones.

iii. Sindh: During July-March FY 2026, 151 km of OFC has been deployed and 12 nodes have been established across the province. In the same period, 274 BTS towers have been enabled with FTTS connectivity. An approximate subsidy of Rs 1,266 million has been disbursed on the achievement of different project milestones. Furthermore, USF has successfully awarded a new project targeting the deployment of 415 km of OFC and the establishment of 54 OFC Nodes in the district Sanghar.

iv. Punjab: During July-March FY 2026, USF has successfully awarded three new projects targeting the deployment of 1,460 km of OFC and establishment of 211 OFC Nodes in the districts of Jhang, Sialkot and Narowal. A subsidy of approximately Rs 445 million has been disbursed on achievement of different project milestones.

National Telecommunication Corporation (NTC)

NTC has established a strong and modern ICT infrastructure to effectively deliver its mandated services across Pakistan. This includes two Tier-III compliant National Data Centers along with an International Gateway, modern IP-based Next Generation Network (NGN) system comprising 603 exchanges, 400,000 PSTN and 60,000 broadband subscribers, 4,343 kilometers of long-haul backbone and 2,155 kilometers of metro optical fiber. NTC's Annual Development Plan (ADP) consists of 26 Development projects amounting to Rs 5,290.403 million are approved by the NTCDWP Committee and endorsed by the NTC Management Board for the FY 2026. During July-March FY 2026, NTC made an accounting profit of Rs 54.37 million before taxation.

Major Initiatives and Milestones (FY 2026) - Cyber Security (CS) Department:

NTC established a dedicated Cyber Security (CS) Department in August 2025 to manage Security Operation Centre (SOC) round the clock; implementing revised National Cyber Security Strategy and spearheading CS initiatives to ensure provision of secure C&IT services to Government organizations/ departments as per the mandate entrusted to NTC. Within a short span of time, multiple initiatives have been taken by the CS Department. These initiatives include:

a. Secure Mobile Communication: A custom-built secure mobile communication platform was proposed to provide encrypted, reliable and controlled Voice/ Data services for Government officials. The primary objective is to deploy a

sovereign, secure, "below-internet" mobile communication ecosystem to ensure confidentiality, integrity, availability, and national data sovereignty. Proof of Concept has been completed for the project; PC-1 (with cost estimate of Rs 709 million) approved by MoITT and shared with Planning Division for approval of funds through PSDP in the upcoming budget.

b. Secure Connectivity for Government establishments and SOEs through Software Defined - Wide Area Network (SD-WAN): A fresh initiative by NTC with primary objective to modernize the Government networking infrastructure by deploying a Secure SD-WAN that addresses the limitations of legacy systems. By evolving to a software-defined architecture, the initiative aims to minimize operational bottlenecks, and ensure high-speed, scalable, resilient connectivity across country with highest security standards thus creating a future-proof foundation for a digital-first Government. PC-1 (with cost estimate of Rs 3,861 million) has been approved by MoITT and shared with Planning Division for approval of funds through PSDP in the upcoming budget.

c. Secure E-Mail Facilities Based on best practices and advisories for use of secure emails, NTC has completely evaluated 15476 clients (Government departments and SOEs) and shifted all active clients to secure licensed Network Edition.

National Information Technology Board (NITB)

During July-March FY 2026, NITB's digital transformation initiatives generated measurable fiscal and productivity gains across the federal government. Direct non-tax revenue mobilization exceeded Rs 4 billion through digital platforms, while paperless governance reforms reduced recurring administrative expenditures. Accelerated processing timelines enhanced institutional productivity and improved public service delivery. Transparent digital systems strengthened accountability, reduced governance leakages, and supported fiscal discipline. Collectively, these initiatives contributed to improved governance efficiency, enhanced ease of doing business, and Pakistan's continued transition toward a digitally enabled and knowledge-based economy.

Major Initiatives

a. Austerity Compliance Monitoring Dashboard: In response to heightened global and regional geopolitical tensions, the Government introduced austerity measures to safeguard fiscal stability. To support effective implementation and oversight of these measures, the National Information Technology Board (NITB) developed and deployed an Austerity Compliance Monitoring Dashboard. The dashboard functions as a centralized digital platform through which ministries, divisions, and attached departments report compliance against 12 defined Key Performance Indicators (KPIs) aligned with the approved austerity framework. The system enables standardized data submission, real- time aggregation, and centralized monitoring, thereby strengthening transparency and expenditure control. By institutionalizing KPI-based compliance tracking, the initiative reinforces fiscal discipline, enhances accountability in public spending, and supports improved public financial management amid external economic uncertainties.

b. **Pakistan Asan Khidmat (Islamabad App):** The Pakistan Asan Khidmat App integrated key citizen services under a unified digital interface with Single Sign-On authentication and RAAST-based digital payments. The platform facilitated 86,865 domicile applications, 855,361 arms license services, 60,463 international driving permits, and 1,178,177 vehicle token tax payments, generating approximately Rs 1.9 billion in revenue, including Rs 685 million in token tax.

National Cyber Emergency Response Team (National CERT): During July-March FY 2026, National CERT delivered 48 cybersecurity training sessions, enhancing capacity across government officials, professionals, and students, while also training 200 interns and inducting 20 research fellows to build future cyber talent. The organization further expanded its institutional outreach through 11 new MoUs and strategic partnerships, including achieving

operational membership in the Asia Pacific Computer Emergency Response Team (APCERT), reinforcing Pakistan's international cybersecurity collaboration. On the technical front, National CERT conducted vulnerability assessment and penetration testing (VAPT) of over 300 government websites and completed multiple cybersecurity audits, strengthening the security of public digital infrastructure. A key policy milestone was the development and finalization of the Pakistan Information Security Framework (PISF) 2025, aligned with the National Telecommunication and Information Security Board (NTISB) guidelines, establishing mandatory baseline cybersecurity controls for federal and provincial entities. Additionally, the 24/7 National Cyber Security Control Room remained operational, ensuring continuous monitoring and incident response during critical situations.

Special Communication Organization (SCO)

The following two projects were executed by SCO from July-March FY 2026:

a. NGMS Core Up-gradation: To improve Quality of Service and increase GSM subscriber capacity, 98 percent of the NGMS PR/ DR Core Network of Azad Jammu & Kashmir and Gilgit Baltistan core has been upgraded, which has increased subscriber base and efficiency of the system.

b. NGMS IV: During the above mentioned period 60 percent of the projects, have been completed. Projects will increase the revenue of government exchequer.

Telecommunication Sector

The Pakistan Telecommunication Authority (PTA) is building a vibrant telecom sector. Despite economic hurdles, the past year delivered major advancements amid rising consumer demands for reliable connectivity. By prioritizing affordable, high-quality services, we introduced progressive regulations to optimize digital infrastructure, attract investment, bolster cybersecurity, and improve delivery. These efforts advance technology, online safety, consumer rights, and fair competition.

The PTA achieved remarkable progress in the nationwide expansion of telecom coverage, improving accessibility and connectivity for millions of Pakistanis. Cellular mobile services are now covering 92 percent of the population, with 3G/4G signals available to over 81 percent. By December 2025, there were 60,014 operational cell sites, of which 97.0 percent support 4G. These efforts fueled a surge in broadband subscription, which reached 160.9 million including 2.7 million FTTH subscriber by March 2026. Broadband penetration rose to 64.2 percent, up from 32.6 percent in 2019. Telecom revenues reached Rs 837 billion in July-March FY 2026, with sector investments totaling US $ 567 million, contributing Rs 285 billion to the national exchequer through taxes and duties.

Table 15.2: Telecom Industry Financials

Indicator/Years	2021-22	2022-23	2023-24 (R)	2024-25 (P)	2025-26 (P) (July-March)
Telecom Revenues (Rs Billion)	717	817	957	1,075	837
Telecom Contribution (Rs Billion)	329	341	336	402	285
Telecom Investment (US $ Million)	1,657	770	766	838	567

R: Revised, P: Provisional

Source: Pakistan Telecommunication Authority

Regulatory Activities

Pakistan Crosses 207 million Telecom Subscribers

Pakistan's telecom sector achieved successive transformative milestones, reaching 207.22 million subscribers by March 2026, including 160.9 million broadband users and over 4.29 million fixed broadband connections, positioning the country among the fastest-growing telecom markets in the region. This growth was enabled by PTA's forward-looking

regulatory framework, effective spectrum management, market liberalization, and proactive engagement with operators, resulting in expanded connectivity across urban and rural areas and a resilient digital ecosystem.

Complementing market growth, PTA advanced nationwide digital inclusion initiatives in collaboration with telecom operators, including free mobile services, expanded Wi-Fi access, enhancement of PERN capacity at selected HEC universities (including women institutions), and distribution of locally assembled smartphones to female users, reaffirming PTA's commitment to accessible, inclusive, and future-ready digital development.

PTA Clears PTCL-Telenor Acquisition& Approves Transfer of Telenor Licenses to Ufone

PTA approved the acquisition of Telenor Pakistan with PTCL, subject to stringent conditions to prevent abuse of market power and ensure sustained competition and investment. Consistent with the Competition Commission of Pakistan's determination, PTCL and its mobile arm Ufone (PTML) will remain separate legal entities, with strict prohibitions on cross-subsidization and requirements for maintaining separate, detailed accounts.

The acquired mobile entity, Merged Co (Ufone-Telenor), along with PTCL, is barred from discriminatory or preferential practices in interconnection, pricing, branding, wholesale bandwidth access, and exclusive arrangements that could restrict competition. PTCL is further prohibited from predatory pricing or subsidizing downstream services through upstream revenues. All liabilities of Telenor Pakistan, TLDI, and Orion Towers will be assumed by PTCL. PTA granted conditional approval for the transfer of Telenor PTA license(s) to PTML and the subsequent amalgamation on 18th March 2026, followed by issuance of the NOC on 2nd April 2026.

Box-II: 5G Spectrum Auction

PTA conducted its 5G spectrum auction on 10th March 2026, generating approximately US $ 509.6 million (approximately Rs 142.6 billion) in revenue from the sale of radio frequency spectrum licenses to telecom operators. The same will be paid after a period of one year. A total of 480 MHz of spectrum across key bands (including 700 MHz, 2300 MHz, 2600 MHz, and 3500 MHz) was auctioned and awarded to major operators Jazz, Ufone, and Zong. Jazz secured 190 MHz, Ufone 180 MHz, and Zong 110 MHz across different bands. Competitive bidding for spectrum blocks was carried out, followed by an assignment stage to determine the exact placement of spectrum among the winning operators. The auction marks a key step toward the commercial rollout of 5G services in cities such as Islamabad, Karachi, Lahore, Peshawar, and Quetta during 2026, before gradual expansion to other parts of the country.

Source: PTA

PTA Retained as a Fifth-Generation (G5) Regulator (Advanced Level)

PTA has retained its "G5 Regulator Advanced Level" status from the ITU, ranking among the world's most advanced telecom regulators. Operating at the highest maturity level, it excels in forward-looking, collaborative, evidence-based policymaking. Overall score of Pakistan rose from 68.36 (2023) to 75.77 (2025) based on strong gains in regulatory governance, policy design, market oversight, and consumer protection. Improvements in Pakistan's score reflect PTA's alignment with global standards, boosting competition, innovation, service quality, and digital transformation amid emerging tech and market shifts.

Adoption of Wi-Fi 7

PTA has approved the adoption of Wi-Fi 7 and future Wi-Fi generations in the 6 GHz band (5925-6425 MHz), building on technical parameters already defined for Wi-Fi 6E. This strategic step positions Pakistan among the leading countries in the Asia-Pacific region to formally adopt next-generation Wi-Fi. Wi-Fi 7 offers significantly higher throughput, ultra-low latency, and enhanced reliability, enabling advanced applications such as 8K streaming,

AR/VR, and industrial automation, while strengthening Internet resilience and supporting an inclusive digital economy.

Cybersecurity, Digital Sovereignty & Online Safety

PTA continued to strengthen telecom sector cybersecurity under the Cyber Security Policy, 2021, supported by the Cyber Security Strategy 2023-2028. Key initiatives included Critical Telecom Data and Infrastructure Security Regulations, regular audits, CERT operations, and sector-wide awareness Programmes. PTA launched a restricted Telecom CERT portal for licensees and introduced the national Telecom CERT (nTCERT) website to provide public alerts, advisories, and cybersecurity guidance.

During the April-May 2025 escalation with India, PTA implemented round-the-clock cyber surveillance and coordinated institutional action to counter cross-border disinformation and safeguard Pakistan's digital sovereignty. Measures included geo-fencing and restriction of access to 202 hostile digital assets, removal of Indian-origin content from OTT platforms, and coordinated enforcement with relevant stakeholders, effectively neutralizing propaganda and reinforcing national digital security.

Flood Response: Commitment Beyond Connectivity

During the 2025 floods, PTA, under directives of the Prime Minister and MoITT, led a rapid nationwide response to ensure continuity of telecom services and emergency communications. Measures included activation of the 911 helpline, establishment of the National Emergency Telecommunication Coordination Centre (NETCC) for real-time monitoring, deployment of Cells-on-Wheels and VSATs, and dissemination of multilingual public alerts.

Despite damage to 4,349 telecom sites, including over 200 towers in Khyber Pakhtunkhwa, 85 percent of affected sites in Khyber Pakhtunkhwa were restored within 48 hours and 95 percent nationwide by early September, through close coordination with CMOs, civil authorities, and armed forces. Additional relief measures, including free calls and SMS for flood victims, underscored PTA's role in emergency response and recovery.

Licensing of Satellite Services for National Development

Following the enactment of the National Space Policy (December 2023) and Pakistan Space Activities Rules (February 2024), PTA assumed a lead regulatory role in satellite communications. PTA is developing a comprehensive licensing regime to enable satellite-based services, particularly fixed broadband for underserved areas, enterprise backhaul, and data connectivity.

Through engagement with over 30 stakeholders, the Pakistan Telecommunication Authority (PTA) developed a draft Fixed Satellite Services (FSS) licensing framework. The draft license template was submitted to the Ministry of Information Technology and Telecommunication (MoITT) for consultation, following completion of the consultation process it has now been submitted to the Government of Pakistan for approval. At the same time, PTA is also establishing data collection and analytical mechanisms to support evidence-based policymaking, positioning satellite communications as a key pillar of Pakistan's digital future.

Advancing the National Fiberization Plan

PTA, in collaboration with MoITT, advanced the National Fiberization Plan under the Digital Economy Enhancement Project (DEEP) to expand optical fiber deployment, enhance fixed broadband penetration, and support 5G and emerging digital services. The plan emphasizes streamlined Right-of-Way approvals, rationalization of charges toward zero cost, infrastructure sharing, and private sector investment, with a focus on underserved and rural areas.

As of mid-2025, approximately 228,940 km of fiber optic cable had been deployed nationwide, highlighting the need for continued expansion to enable gigabit-level connectivity and resilient digital infrastructure.

Cross-Border Connectivity

Pakistan strengthened its international connectivity through six submarine cable systems and one terrestrial cable system, offering a total installed capacity of 17.7 Tbps, operated by PTCL, Cybernet, Trans World Associates, and SCO. Four additional high-capacity submarine cable systems, AFRICA-1, SMW-6, 2AFRICA, and Makran Gulf Gateway are planned to further enhance bandwidth and redundancy.

As of FY 2025, 20 cross-border fiber links were operational, supporting regional transit capacity and international data traffic flows.

Strengthening the Device Manufacturing Ecosystem

PTA strengthened Pakistan's Mobile Device Manufacturing (MDM) ecosystem through effective implementation of DIRBS, curbing counterfeit and non-compliant devices, enhancing consumer protection, and formalizing the device market. Under the MDM Regulations, 2021, over 95 percent of devices used on Pakistani networks were locally manufactured by 2025, including 71 percent smartphones.

To date, 36 manufacturing authorizations have been issued, with fiscal contributions exceeding Rs 83 billion since 2019. To date, enforcement actions led to the blocking of 868,000 lost or stolen device IMEIs and 72 million fake or replica device IMEIs, reinforcing a secure and transparent ecosystem.

National Roaming

PTA advanced national roaming to enhance universal connectivity by enabling subscribers to access partner networks in areas lacking primary operator coverage. Following the Jazz-Ufone rollout on the Makran Coastal Highway, further deployments were facilitated, including Telenor Pakistan's activation at need-based sites in Punjab. Expansion along major highways and motorways remains under review.

Pakistan's Rise in Global ICT Rankings

Pakistan demonstrated notable improvement in global ICT rankings during FY 2025. In the Global Cybersecurity Index, Pakistan ranked among top-performing countries, reflecting enhanced cybersecurity capacity. The country also climbed 14 places in the 2024 UN EGDI, entering the "High EGDI" category, marking significant progress in digital governance.

Digital Gender Inclusion

Pakistan achieved substantial progress in digital gender inclusion, with the GSMA Gender Gap Report 2025 recognizing it as the top-performing country globally in narrowing the mobile Internet gender gap. The gap declined from 38 percent in 2023 to 25 percent in 2024, driven by increased female mobile Internet usage from 33 percent to 45 percent.

Platform Engagement & Unlawful Online Content Management

PTA strengthened engagement with major platforms including Meta, TikTok, X, Google, and Telegram, resulting in improved content moderation mechanisms, API-based compliance systems, priority escalation channels, and removal of terrorism-related and unlawful content.

PTA blocked 88,035 URLs hosting unlawful material, primarily related to decency and morality, followed by anti-state, security-related, hate speech, and sectarian content, reinforcing digital trust and online safety.

Quality of Service, SIM Security & Enforcement

PTA conducted nationwide Quality of Service (QoS) surveys for cellular services across 73 cities, highways, and railway routes, using drive tests, operator KPIs, and crowdsourced data. Fixed broadband surveys under the 2022 Regulations covered 65 cities and 122 operators, prompting corrective actions and enforcement where required.

In parallel, PTA strengthened SIM security and market surveillance, blocking or recycling 891,000 dormant SIMs, deactivating 3.2 million SIMs issued against deceased individuals, and disabling SIMs linked to expired, cancelled, or impounded CNICs. Targeted inspections, raids against illegal SIMs and device cloning, MDM

checks, spectrum audits, and retailer monitoring further reinforced compliance and consumer protection.

Complaint Management System

PTA manages consumer complaints through its Complaint Management System (CMS), mobile applications, toll-free numbers, and postal channels. From July-March FY 2026 total 50,553 complaints were received out of which 48,508 were resolved, achieving an overall satisfaction level (67 percent as of March, 2026). Cellular Mobile Telephony accounted for the majority of complaints and maintained the highest resolution rate (96.63 percent), while other services also demonstrated strong performance, all exceeding 91 percent in complaint disposal.

Institutional Modernization & Digital Transformation

PTA advanced institutional modernization through comprehensive digitalization initiatives, including online portals, automated licensing systems, integrated e-payments, Single Sign-On, and centralized data platforms, streamlining regulatory processes and improving ease of doing business. Integration of the Type Approval System with Pakistan Single Window further enabled paperless trade facilitation.

The launch of the Online Automated System for Issuance of Licenses (OASIS), establishment of a Disaster Recovery Site in Lahore, and deployment of SAP for HR, finance, and procurement enhanced operational resilience, transparency, and institutional agility.

Pakistan Elected as SATRC Chair

The Pakistan Telecommunication Authority (PTA) hosted the 26th meeting of the South Asian Telecommunication Regulators' Council (SATRC-26) from 5-7 November 2025 in Islamabad. The meeting was attended both remotely and in person by representatives from Afghanistan, Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan and Sri Lanka. The agenda of the meeting focused on regional collaboration in telecommunications policy and regulation, including emerging technologies, spectrum management, and consumer protection frameworks. During the meeting, the Chairman PTA was unanimously elected as Chair of SATRC. Additionally, the Member (Compliance & Enforcement) PTA was elected as Chair of the SATRC Working Group on Policy, Regulation and Services (PRS).

Regulatory Frameworks and Regulations

Pakistan Telecommunication Authority (PTA) strengthened the telecom regulatory framework through the introduction of several new regulations and targeted amendments to existing regimes. Key initiatives included the notification of the Tariff for Cellular Mobile Telecommunication Services Regulations, 2025, IP Whitelisting Regulations, 2024, Critical Telecom Data and Infrastructure Security Regulations 2025 and the Framework for Mobile Virtual Network Operators (MVNOs). In addition, PTA introduced amendments to important regulatory instruments such as the Telecom Consumer Protection Regulations, Class Licenses and Registration Regulations, and Fixed Broadband Quality of Service (QoS) Regulations in 2025, alongside revisions in Subscribers' Antecedents Verification, Type Approval Technical Standards, and Number Allocation and Administration frameworks. Collectively, these measures enhanced regulatory clarity, strengthened consumer safeguards, improved service quality standards, and promoted fair competition, thereby supporting a more secure, transparent, and competitive telecom ecosystem in Pakistan.

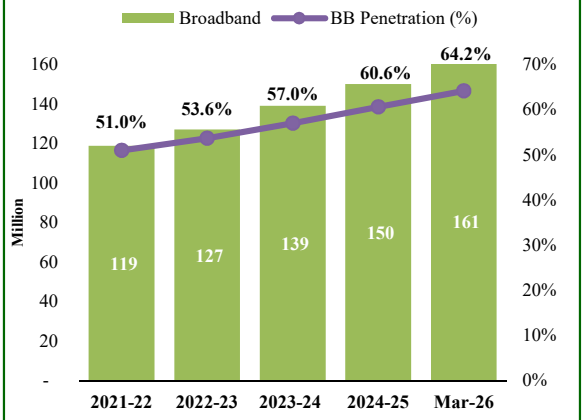
Telecom Development

Broadband Proliferation

PTA recognizes the importance of broadband connectivity in fostering economic development and digital inclusion. Broadband expansion is at the heart of the 'Digital Pakistan' vision, aimed at modernizing various sectors of the economy and providing digital services to the entire population. Given Pakistan's relatively low GDP growth in recent years, the productivity gains stemming from digital connectivity have

become indispensable for sustained economic growth.

Fig-15.1: Broadband Subscribers & Penetration



Source: PTA

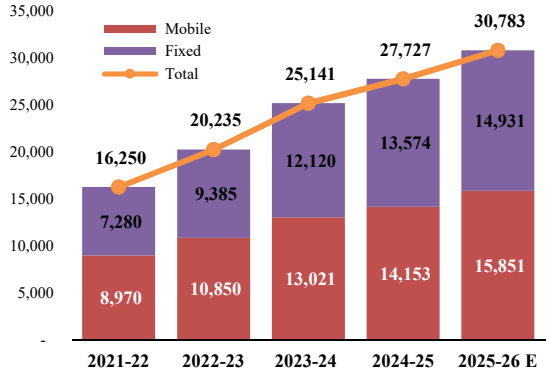
Ever since the launch of 3G and 4G services in 2014, the broadband landscape in Pakistan has undergone significant transformation. PTA has played a vital role in initiating strategic initiatives such as spectrum auctions, renewals (spanning from 2016 to 2021), spectrum reframing, and additional rollout obligations. These actions have stimulated the expansion and adoption of 4G services. Over the past years, the telecommunications sector has experienced remarkable growth in broadband subscriptions, encompassing both mobile and fixed services. Broadband subscribers surged by 174 percent, increasing from 58.7 million in FY 2018 to 161.0 million as of March 2026. These statistics emphasize the growing significance of broadband services in Pakistan's digitally connected society.

Data usage in the telecom sector has seen a significant surge, the combined data consumption from both mobile and fixed broadband services in FY 2025 amounted to a substantial 27,727 petabytes, emphasizing the pivotal role of broadband in Pakistan's digitally connected society and the need for infrastructure expansion, during FY 2026 30,783 petabytes.

Telecom Subscribers and Teledensity

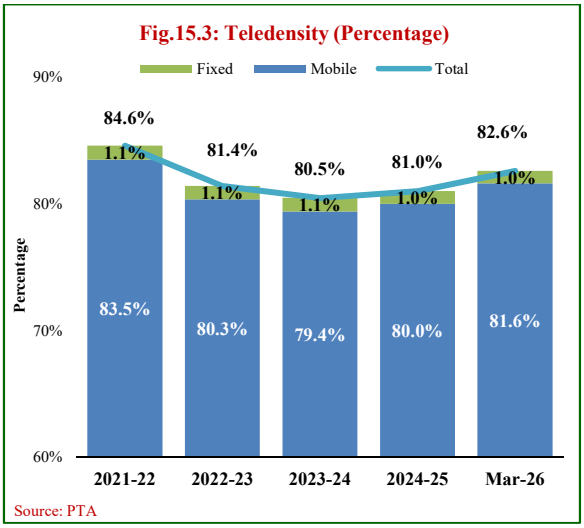
At the end of March 2026, the total telecom subscriptions (Mobile and Fixed) reached 207.22 million and total teledensity in the country reached 82.6 percent. Cellular mobile segment was the main contributor towards overall growth in subscribers and teledensity.

Fig-15.2: Data Usage (PB)



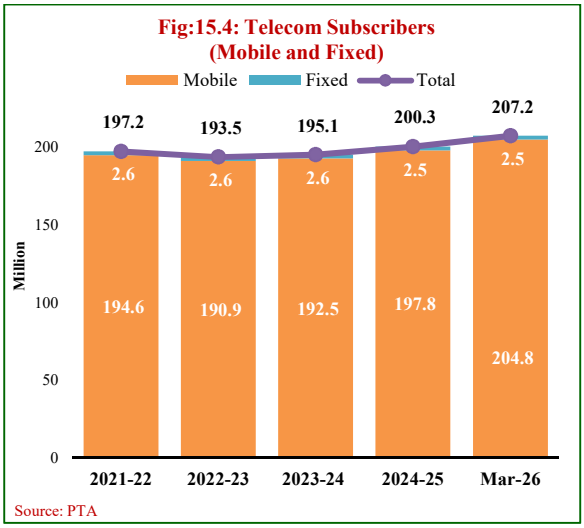
Source: PTA
Note: 2025-26 Figures are estimated

Fig.15.3: Teledensity (Percentage)



Source: PTA

Fig:15.4: Telecom Subscribers (Mobile and Fixed)



Source: PTA

Cellular Cell Sites Network International Connectivity

The growing demand for broadband expansion and upgradation of technology, particularly with the launch of 3G and 4G networks, has been pivotal in shaping Pakistan's telecom landscape. At the end of Dec-2025, Total number of cell sites reached 60,014. During June 2022 to September 2025, CMOs have deployed 8,246 cell sites. Apart from cell site additions, multi-billion-dollar investments in upgrading existing 2G sites to 4Ghave been made. Currently, 97.0 percent of cell sites are 4G-enabled, with more undergoing upgrades.

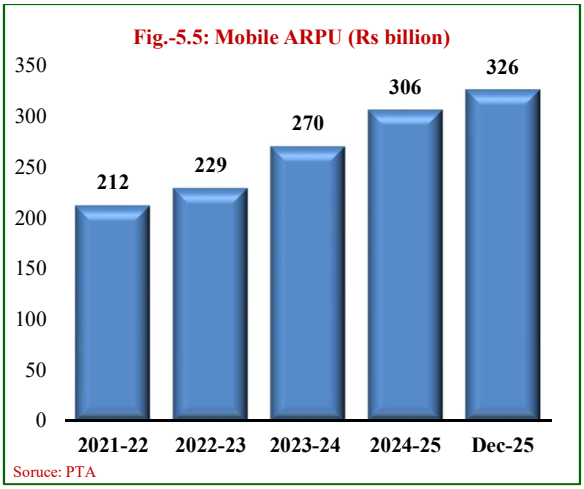
Table 15.3: Cellular Mobile Cell Sites

Year	Cell Sites	4G%
2021-22	51,768	92.3%
2022-23	53,581	94.0%
2023-24	55,777	95.5%
2024-25	58,423	97.0%
Dec-25,	60,014	97.0%

Source: PTA

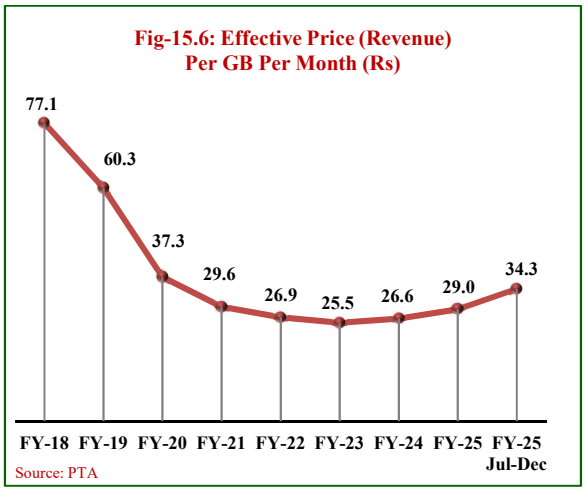
Mobile Average Revenue Per User (ARPU)

Pakistan's Competitive telecom environment and its reputation of offering some of the most affordable rates in the region, the country traditionally maintained a relatively low ARPU, compared to its neighbours. However, recent development such as the expansion of broadband services, flexible pricing regulations for telecom operators amidst rising inflation, and decline in the multi-SIM phenomenon, has led a noteworthy increase in ARPU. In Dec-25 ARPU reached to Rs 326 per Month.



Affordable Broadband Services

One of PTA's strategic objectives is to provide affordable, high-quality services while ensuring that investors and operators receive a reasonable return on their investments. Pakistan offers some of the world's lowest and most budget-friendly telecom prices to its citizens, by virtue of proactive regulatory practices and a competitive broadband market. The cost of 1 GB of data in Pakistan is as low as US $ 0.12, making it the lowest in the region and sixth lowest in the world. An analysis of the effective price of 1 GB of data over the years reveals a consistently declining trend, with data costs per GB registering a 56 percent decline since FY 2018, decreasing from Rs 77.1 to Rs 34.3 per GB during July-December FY 2026.



Telecom Device Manufacturing:

PTA has provided a level playing field for foreign investments in the mobile device manufacturing industry in Pakistan. PTA introduced the Mobile Device Manufacturing (MDM) Regulations in 2021, leading to the establishment of local manufacturing plants by 36 local and foreign companies. These company both standalone and joint venture secured a 10-year MDM authorization for the purpose. From January 2019 to March 2026, Pakistan manufactured a whopping 161.6 million mobile handsets (including 67.0 million smartphones), creating numerous job opportunities. Accordingly, an uptake of smartphones to 71.6

percent of devices on network can be seen in the table.

Table 15.4: Uptake of 3G/4G Devices (Percentage of IMEIs on Mobile Networks)

Years	2G (%)	Smartphones (%)
2019	56	44
2020	52	48
2021	48	52
2022	54	55
2023	43	57
2024	35	65
2025	29	71
2026(March)	28.4	71.6

Source: PTA

Concluding Remarks

The Information Technology and Telecommunication sector has become a key pillar of Pakistan's economic transformation, driving productivity, expanding exports, and accelerating digital inclusion across the country. Rapid progress in artificial intelligence adoption, broadband penetration, 5G preparedness, and cybersecurity has strengthened the foundations of a more resilient and competitive digital economy. Rising ICT exports, a thriving freelance workforce, and continued expansion of digital infrastructure highlight Pakistan's growing presence in the global technology landscape. At the same time, focused initiatives in skill development, women's participation, and startup support are laying the groundwork for a dynamic knowledge-based economy. Looking ahead, sustained investment in fiberization, innovation ecosystems, and forward-looking regulatory reforms will be critical to positioning Pakistan as a regional digital hub while supporting long-term economic growth and stability.

SOCIAL PROTECTION

Poverty (HIES, 2024-25)	**28.9%**	
PRSP Expenditure	**4.66** (Rs. trillion)	
BISP Allocation (FY2026)	**722.49** (Rs. billion)	
Disbursement: Rs 540.27 billion		
Zakat Disbursed:	**11.77** (Rs. billion)	
EOBI Collection	**63.15** (Rs. billion)	
PBM Disbursed:	**6.65** (Rs. billion)	
PPAF Disbursed:	**2.75** (Rs. billion)	
Micro Finance Active Borrowers	**7.54** (million)	

All figures reported for the CFY cover the period July-March, except poverty estimate.

Chapter 16

Social Protection

Poverty reduction and social protection remain central to Pakistan's development agenda. Over the longer term, Pakistan recorded a substantial decline in consumption-based poverty, reflecting sustained efforts towards improving household welfare and expanding access to support mechanisms. The latest estimates, however, indicate renewed pressure on household welfare in the wake of overlapping economic and climate-related shocks. In this setting, updated poverty and inequality estimates provide an important basis for assessing recent welfare outcomes and for shaping an effective policy response.

This chapter presents the latest position on poverty and inequality and it also reviews the Government's social protection response through major programmes and institutions, including Benazir Income Support Programme (BISP), Pakistan Bait-ul-Mal (PBM), Workers Welfare Fund (WWF), Employees' Old-Age Benefits Institution (EOBI), and Zakat. These interventions continue to provide support to poor and vulnerable segment of the society through cash transfers, pensions, welfare grants, education and nutrition support, and other targeted assistance.

The chapter thus brings together two closely linked dimensions of welfare policy. It first presents the latest evidence on poverty and inequality. It then highlights the role of social protection in cushioning vulnerable groups, supporting human development, and promoting more inclusive recovery. Going forward, sustained progress will depend on continued macroeconomic stability, effective targeting, and stronger coordination across social protection interventions.

16.1 Poverty & Inequality

Poverty measurement remains an important policy instrument for evidence-based planning, targeting, and assessment of welfare outcomes. In Pakistan, national poverty estimates are derived through the Cost of Basic Needs (CBN) approach. This approach defines the poverty line on the basis of minimum expenditure required to meet essential food and non-food needs. Following the release of HIES 2024-25 microdata by the Pakistan Bureau of Statistics, the Ministry of Planning, Development and Special Initiatives initiated the process of updating poverty estimates for 2024-25. For this purpose, a Technical Working Group and a Poverty Estimation Committee were constituted. The final estimates of poverty and inequality were subsequently endorsed by the relevant committee.

16.1.1 Determination of Poverty Line

Pakistan's national poverty estimates are based on the Cost of Basic Needs (CBN) approach, which has remained the standard framework for estimating consumption-based poverty. Under this approach, the poverty line represents the minimum expenditure required to meet essential food and non-food needs. Over time, the poverty line has been updated in line with changes in prices to preserve comparability across survey rounds. In historical terms, the national poverty line increased from Rs 3,757.85 per adult equivalent per month in 2018-19 to Rs 8,484 in 2024-25, reflecting substantial inflation over the period. This updated poverty line provides the

benchmark for estimating the proportion of population living below the minimum consumption threshold and forms the basis of the latest poverty estimates.

16.1.2 Poverty & Inequality Trends

Pakistan's poverty trends over the longer term show a significant decline until the latest round. Based on the national poverty line estimated under the CBN approach, the poverty headcount fell from 50.4 percent in 2005-06 to 21.9 percent in 2018-19. Similar improvement was observed in both urban and rural areas, indicating broad-based gains in household welfare over time. This historical progress reflects the improved access to public services, and continued public efforts towards poverty reduction through extension in social safety networks.

The latest estimates, however, indicate a reversal in this declining trend. The national poverty headcount increased to 28.9 percent in 2024-25, compared to 21.9 percent in 2018-19. Poverty remained significantly higher in rural areas. Rural poverty increased from 28.2 percent to 36.2 percent, while urban poverty increased from 11.0 percent to 17.4 percent over the same period. At the provincial level, poverty increased across all major provinces. In 2024-25, poverty was estimated at 23.3 percent in Punjab, 32.6 percent in Sindh, 35.3 percent in Khyber Pakhtunkhwa, and 47.0 percent in Balochistan. In 2018-19, the corresponding rates were 16.5 percent, 24.5 percent, 28.7 percent, and 41.8 percent, respectively. Balochistan continued to record the highest poverty incidence, while Punjab remained the lowest among the four provinces.

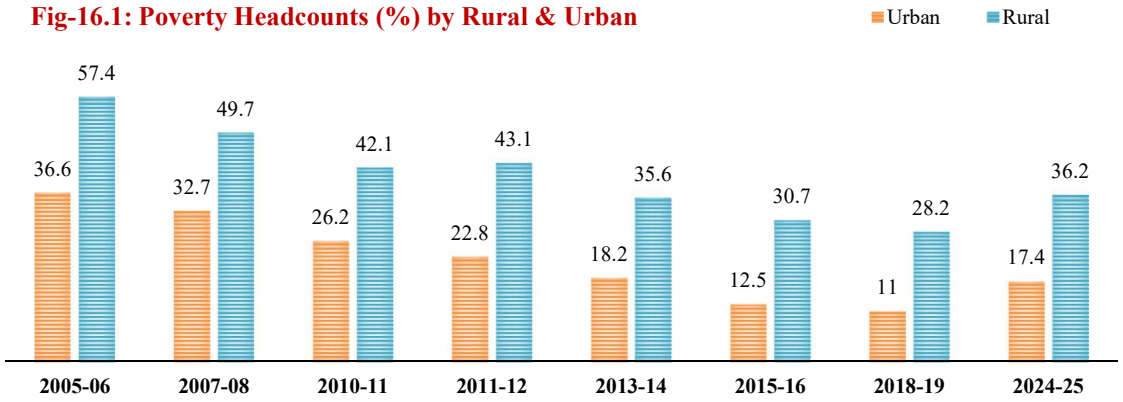
Table 16.1: Poverty Trends by National & Sub-National

Year	Poverty Line* Monthly consumption per adult equivalent (PKR)	National (%)	Punjab (%)	Sindh (%)	KPK (%)	Balochistan (%)
2005-06	1,277.74	50.4	45.2	50.9	60.1	76.5
2007-08	1,543.51	44.1	39.1	48.3	47.4	75.1
2010-11	2,333.35	36.8	34.0	37.6	42.3	48.9
2011-12	2,600.15	36.3	32.8	38.1	41.4	57.3
2013-14	3,030.32	29.5	25.3	34.2	27.6	56.8
2015-16	3,250.28	24.3	20.8	32.2	18.1	42.2
2018-19	3,757.85	21.9	16.5	24.5	28.7	41.8
2024-25	8,483.80	28.9	23.3	32.6	35.3	47.0

* poverty line base is 2013-14

Source: Government of Pakistan, M/O Planning Development & Special Initiatives

Fig-16.1: Poverty Headcounts (%) by Rural & Urban



Source: Government of Pakistan, M/O Planning Development & Special Initiatives

The updated estimates also indicate a rise in inequality. The national Gini coefficient increased from 28.4 in 2018-19 to 32.7 in 2024-25. The increase was visible in both urban and rural areas. Urban inequality rose from 31.0 to 34.4, while rural inequality increased from 23.4

to 29.2. This suggests that the recent rise in poverty was accompanied by wider disparities in income distribution.

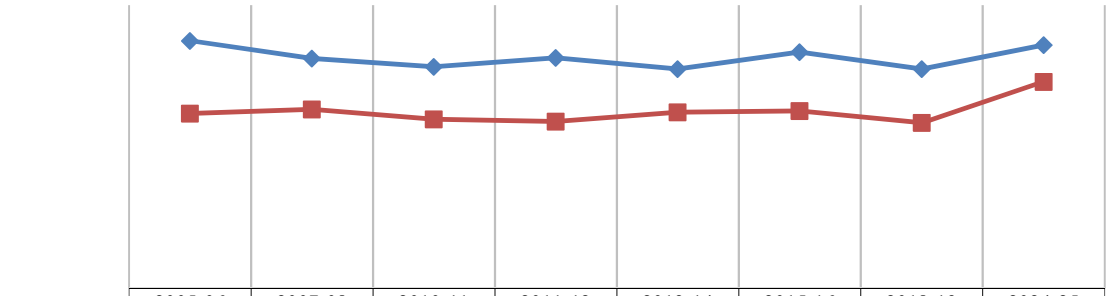
Provincial inequality also moved upward over the same period. In 2024-25, the Gini coefficient stood at 32.0 in Punjab, 35.9 in Sindh, 29.4 in Khyber Pakhtunkhwa, and 26.5 in Balochistan. In 2018-19, the corresponding values were 28.4, 29.7, 24.8, and 21.0. The provincial pattern indicates that inequality increased across all provinces, with Sindh recording the highest level in 2024-25. These results suggest that the recent pressures on household welfare were accompanied by widening disparities in income distribution.

Table 16.2: Inequality Trends by National & Sub-National

Year	National	Punjab	Sindh	KPK	Balochistan
2005-06	30.2	30.1	31.6	26.3	24.5
2007-08	29.0	29.0	29.8	25.2	23.1
2010-11	27.7	28.5	28.3	23.8	18.9
2011-12	28.5	28.6	30.1	24.9	20.7
2013-14	28.4	29.7	25.9	24.6	24.0
2015-16	30.3	29.8	34.1	25.0	23.1
2018-19	28.4	28.4	29.7	24.8	21.0
2024-25	32.7	32.0	35.9	29.4	26.5

Source: Government of Pakistan, M/O Planning Development & Special Initiatives

Fig-16.2: Inequality Trends by Rural & Urban



	2005-06	2007-08	2010-11	2011-12	2013-14	2015-16	2018-19	2024-25
Urban	35	32.5	31.3	32.6	31	33.4	31	34.4
Rural	24.7	25.3	23.9	23.6	24.9	25.1	23.4	29.2

Source: Government of Pakistan, M/O Planning Development & Special Initiatives

Box-1: Progress in Social Indicators amid Higher Consumption-based Poverty

- Selected HIES-based SDG indicators show that progress in key social areas continued between 2018-19 and 2024-25, even though consumption-based poverty increased during the same period. The poverty headcount rose from 21.9 percent to 28.9 percent, while the Gini coefficient increased from 28.4 to 32.7. At the same time, school attendance among population aged 10 years and above improved from 61 percent to 67 percent, and literacy increased from 60 percent to 63 percent. Household internet access expanded from 34 percent to 70 percent. In health, record-based immunization coverage for children aged 12–23 months increased from 68 percent to 73 percent, while infant mortality declined from 60 to 47 per 1,000 live births.
- Other indicators also showed improvement. Contraceptive prevalence rose from 34 percent to 38 percent. Flush toilet access increased from 80 percent to 89 percent. Handwashing facilities with soap and water reached 64 percent. Clean fuel use increased from 35 percent to 38 percent. These trends suggest that progress in access to basic services and selected social outcomes continued despite pressures on household welfare.

Indicator	Related SDG	HIES 2018-19	HIES 2024-25	Change
National poverty headcount (%)	SDG 1	21.9	28.9	7.0
Gini coefficient	SDG 1	28.4	32.7	4.3
Ever attended school, age 10+ (%)	SDG 4	61.0	67.0	6.0
Literacy rate, age 10+ (%)	SDG 4	60.0	63.0	3.0
Out-of-school children, age 5-16 (%)	SDG 4	30.0	28.0	-2.0
Net primary enrolment rate, age 6-10 (%)	SDG 4	66.0	68.0	2.0
Households with internet (%): digital inclusion	SDG 17	34.0	70.0	36.0
Population 10+ using internet (%)	SDG 17	17.0	57.0	40.0
Population 10+ with mobile ownership (%)	SDG 17	45.0	50.0	5.0
Full immunization (12-23 months, record) (%)	SDG 3	68.0	73.0	5.0
ORS given in diarrhoea cases under 5 (%)	SDG 3	53.0	60.0	7.0
Infant mortality (per 1,000 live births)	SDG 3	60.0	47.0	-13.0
Mean number of children ever born	SDG 3	2.1	1.9	-0.2
Total fertility rate	SDG 3	3.7	3.6	-0.1
Contraceptive prevalence rate (%)	SDG 3	34.0	38.0	4.0
Clean fuel: cooking, lighting and heating (%)	SDG 7	35.0	38.0	3.0
Households with own dwelling units (%)	SDG 1	84.0	82.0	-2.0
Household flush toilet (%)	SDG 6	80.0	89.0	9.0
Handwashing facility with soap and water (%)	SDG 6	50.0	64.0	14.0

Source: Pakistan Bureau of Statistics, HIES 2018-19 and HIES 2024-25

- Overall, the comparison presents an encouraging picture: the improvement in several social indicators reflects continued public efforts in service delivery and social sector support despite increase in consumption-based poverty. With macroeconomic conditions improving in 2025, there is an encouraging basis for translating these gains into broader household welfare over time through targeted and well-coordinated social protection.

16.2 Pro-Poor Expenditures

Pro-poor expenditures remained an important policy instrument for protecting vulnerable groups and supporting inclusive development. During July-March FY 2026, total pro-poor expenditures stood at Rs 4,663.13 billion, compared to Rs 4,256.03 billion in the corresponding period of FY 2025. This shows an increase of 9.56 percent. The overall spending pattern reflects continued government focus on welfare protection, disaster response, public service delivery, and enabling infrastructure.

The strongest increase was recorded under natural calamities & other disasters, where spending rose from Rs 64.2 billion to Rs 224.92 billion, showing growth of 250.19 percent. This indicates a strong public response to climate-related and emergency needs. Spending on roads, highways and bridges also increased sharply by 69.32 percent, reaching Rs 566.07 billion. Similarly, environment, water supply and sanitation increased by 47.64 percent, while social security & welfare rose by 43.20 percent to Rs 822.21 billion. In addition, expenditures on education and health also increased by 9.14 percent and 1.68 percent respectively during July-March compared to last year. Agriculture also remained an important component, with spending of Rs 412.50 billion, supporting rural livelihoods and food-related welfare concerns. These increases show that government spending remained focused on both immediate welfare needs and longer-term resilience.

Table 16.3: Pro-Poor Expenditures Rs Billion

Sectors	2025-26 (July-March)	2024-25 (July-March)	Change (%)
Roads, Highways, & Bridges	566.07	334.3	69.32
Environment, Water Supply, & Sanitation	89.60	60.7	47.64
Education	963.15	882.5	9.14
Health	680.50	669.1	1.68
Population Planning	14.62	24.7	-40.72

Table 16.3: Pro-Poor Expenditures Rs Billion

Sectors	2025-26 (July-March)	2024-25 (July-March)	Change (%)
Social Security & Welfare*	822.21	574.13	43.20
Natural Calamities & Other Disasters	224.92	64.2	250.19
Agriculture	412.50	420.5	-1.89
Land Reclamation	4.23	4.7	-10.22
Rural Development	97.17	109.7	-11.46
Law and Order	366.44	597.9	-38.71
Low Cost Housing	2.05	33.6	-93.90
Justice Administration	110.56	103.1	7.23
Subsidies	309.11	376.9	-17.99
Grand Total	**4663.13**	**4256.03**	**9.56**

*: it includes BISP & PBM, and others expenditures

Source: PF Wing, Ministry of Finance

Some expenditure heads recorded lower spending during the period. These included population planning, law & order, low cost housing, and etc. However, the overall pro-poor expenditure envelope remained higher than last year. The composition suggests a shift towards social welfare, disaster response, infrastructure, and environmental services. Moving forward, stronger targeting, timely execution, and better alignment with poverty reduction priorities will further improve the impact of pro-poor spending.

Box-2: External Geopolitical Shocks and Risks to Poverty

- The recent military escalation in the Middle East is a reminder that geopolitical shocks do not remain external for long. They enter domestic economies through fuel, freight, fertilizer and food prices. UNDP's regional assessment shows that 33 out of 36 countries in Asia and the Pacific are highly vulnerable to oil-price shocks, 25 countries face major trade and supply-chain disruption, and 22 countries are exposed to food and fertilizer stress. Even under a short disruption scenario, regional output losses are estimated at US $ 97–299 billion, while around 8.8 million people across the simulated countries could be pushed into poverty.
- The shock is strongly regressive. It hurts the poor first and the poor most. War-risk premiums on vessels transiting the Persian Gulf reportedly rose by more than 1000 percent in some cases, while rerouting can lengthen Asia–Europe shipping time from about 31 days to 41 days. Fertilizer prices also reacted sharply, with Middle East urea prices rising from under US $ 500 per tonne to above US $ 700 per tonne. Countries such as India, Nepal and Sri Lanka are exposed through heavy dependence on Gulf energy, trade routes, labour markets and remittance flows.
- For Pakistan, the message is immediate and relevant. National poverty has already increased from 21.9 percent in 2018-19 to 28.9 percent in 2024-25. Another external shock can therefore quickly weaken purchasing power, raise food insecurity and strain remittance-receiving families. The same UNDP assessment notes that around 55 percent of Pakistan's remittances originate from the Middle East. In such conditions, social protection is not only a welfare instrument; it is an economic stabilizer.
- Pakistan, however, is not starting from zero. In FY 2026, BISP covered 10.20 million UCT beneficiaries and 6.59 million CCT beneficiaries, while Social Protection Wallets are being rolled out for around 10 million beneficiary households. The policy lesson is clear: in a more volatile world, Pakistan must move from routine social protection to shock-responsive social protection that is fast, targeted and digitally enabled. That is how temporary global shocks can be prevented from turning into lasting domestic poverty.

In an increasingly uncertain global environment, external conflict can rapidly become domestic welfare stress. Building resilience now is therefore a matter of economic prudence as well as social protection.

Source: UNDP, Military Escalation in the Middle East: Human Development Impacts Across Asia and the Pacific — Preliminary Assessment, April 2026.

16.3 Social Protection Programmes

To reduce the adverse effects of poverty, the government remains committed to strengthening social protection programmes as a key component of its poverty reduction strategy. These initiatives provide support to poor and vulnerable groups through cash transfers and welfare services, including budgetary programmes such as Benazir Income Support Programme (BISP) and Pakistan Bait-ul-Mal, alongside non-budgetary schemes like Zakat, EOBI, WWF, PPAF, and microfinance services for low-income communities.

16.3.1 Benazir Income Support Programme (BISP)

Benazir Income Support Programme (BISP) remained the country's flagship social protection programme in FY 2026. The programme continued to support poor and vulnerable households through Unconditional Cash Transfers (UCTs), Conditional Cash Transfers (CCTs), and Complementary Initiatives (CIs). Over time, BISP has expanded both in financial scale and beneficiary coverage. It continues to play a central role in providing income support and in promoting education and human development outcomes for beneficiary families.

16.3.1-1 BISP Cash Transfers & Beneficiaries

(i) Unconditional Cash Transfers (UCTs): Benazir Kafaalat remained the largest component of BISP in FY 2026. Cash transfers under the UCT component amounted to Rs 564.89 billion. The programme covered 10.20 million beneficiaries. The long-term trend shows sustained expansion in beneficiary coverage. The number of UCT beneficiaries increased from 1.76 million in FY 2009 to 10.20 million in FY 2026. This reflects the continued role of Benazir Kafaalat as the principal income support intervention under BISP.

(ii) Conditional Cash Transfers (CCTs): The CCTs continued to strengthen the human development focus of BISP. As reported in Table 16.4, cash transfers under the CCT component stood at Rs 133.02 billion in FY 2026. CCT beneficiary coverage reached 6.59 million. This marks a substantial increase over time. CCT beneficiary coverage, which was first reported at 0.03 million in FY 2014, rose to 6.59 million in FY 2026. The CCT portfolio continued mainly through Benazir Taleemi Wazaif and Benazir Nashonuma.

a. Benazir Taleemi Wazaif remained the main education-linked intervention under the CCT framework. The programme continued to support school-going children of BISP beneficiary families. As reported in the BISP annexes, 5.58 million beneficiaries were covered under Benazir Taleemi Wazaif in FY 2026. The historical trend shows steady expansion in outreach. Beneficiary coverage increased from 0.03 million in FY 2014 to 5.58 million in FY 2026. This indicates the growing scale of education-linked support under BISP.

b. Benazir Nashonuma also continued during FY 2026. The programme covered 1.01 million beneficiaries and was reported in 157 districts. Its coverage has expanded significantly since its introduction in the series. Beneficiary coverage increased from 0.04 million in FY 2021 to 1.01 million in FY 2026, while district coverage increased from 14 districts to 157 districts over the same period. This reflects a notable expansion in programme outreach.

(iii) Complimentary Initiatives (CIs): Under Complementary Initiatives, BISP Scholarships for Undergraduates continued during FY 2026. The actual expenditure of Rs 0.103 billion under this initiative. The programme was reported as continuing under ongoing batches across Pakistan.

16.3.1-2 Financial and Physical Achievements

The budgetary allocation for BISP in FY 2026 stood at Rs 722.49 billion, while the amount released was reported at Rs 540.27 billion during

July-March of FY 2026. Total budgetary allocation FY 2026 on cash transfers under UCTs and CCTs were reported at Rs 697.91 billion. Overall, the programme covered 10.20 million UCT beneficiaries and 6.59 million CCT beneficiaries in FY 2026. These figures show the large fiscal and operational scale of BISP. They also indicate that BISP remained the central pillar of the country's social assistance framework during the year.

In addition, the programme continued to be financed mainly by the Government of Pakistan, with international assistance playing a supplementary role. For FY 2026, out of total BISP budget, 88 percent was financed by the Government of Pakistan, while 12 percent came through international assistance.

Table 16.4: BISP Financial and Physical Achievements Rs billion

Year	Budgetary Allocation	Amount Released	Budgetary Allocation			Number of UCT Beneficiaries (million)	Number of CCT Beneficiaries (million)
			Conditional Cash Transfer (CCT)	Unconditional Cash Transfer (UCT)	Total (UCT+CCT)	Females	Children & PLWs
2008-09	33.98	15.32	0.04	15.81	15.85	1.76	-
2009-10	70.00	47.33	2.89	31.94	34.83	2.57	-
2010-11	50.00	50.00	5.30	29.66	34.96	3.10	-
2011-12	50.00	50.00	4.28	41.60	45.88	3.60	-
2012-13	60.00	58.00	3.17	43.30	46.47	3.70	-
2013-14	70.00	70.78	1.20	65.11	66.31	4.60	0.03
2014-15	97.15	100.85	0.45	88.59	89.04	5.04	0.67
2015-16	102.00	102.00	1.88	96.65	98.53	5.20	1.20
2016-17	115.00	111.50	2.27	102.10	104.37	5.08	1.27
2017-18	121.00	113.00	3.20	99.00	102.20	5.10	1.60
2018-19	124.70	118.67	4.01	104.60	108.61	5.08	2.47
2019-20	180.00	243.72	3.70	228.67	232.37	4.60	1.32
2020-21	200.00	194.91	5.57	169.40	174.97	6.40	1.27
2021-22	250.00	235.63	25.35	193.74	219.09	7.78	6.39
2022-23	364.08	412.33	61.24	332.91	394.15	9.00	8.35
2023-24	471.16	471.68	94.38	360.17	454.55	9.30	10.08
2024-25	598.09	598.72	113.32	470.03	583.35	10.22	11.05
2025-26*	722.49	540.27	133.02	564.89	697.91	10.20	6.59
Total	**3679.65**	**3533.70**	**465.27**	**3038.17**	**3503.44**	-	

* Till March, 2026

Source: Benazir Income Support Programme, Islamabad

16.3.1-3 Step Towards Digitation: BISP--Social Protection Wallets (SPWs)

Digitalization is becoming an important pillar of social protection delivery. It helps improve transparency, strengthen payment security, reduce transaction frictions, and enhance beneficiary convenience. In this context, the Benazir Income Support Programme (BISP) is implementing Social Protection Wallets (SPWs) as a major step towards a beneficiary-centric and digitally enabled payment system.

- The SPW initiative is designed to transition BISP payments to a CNIC-linked digital payment framework. The reform targets around 10 million beneficiary households, making it one of the largest government-to-person (G2P) digital payment transitions in the country. Under this system, payments are to move from restricted and channel-bound cash disbursement towards beneficiary-owned digital accounts.
- Considerable progress has been made on the foundational layer of the SPW ecosystem. To support digital onboarding, SIM issuance has been operationalized across all 710 tehsils of the country. Around 7.3 million SIMs have already been distributed to beneficiaries. This process is expected to move close to full coverage and will provide the basis for wallet activation. At the same time, a clean and verified dataset of around

6.5 million MSISDNs has been shared with partner financial institutions to support accurate mobile number tagging with SPWs.

- The SPW lifecycle is being implemented in phases. Wallets are being provisioned against beneficiaries' CNICs by partner financial institutions. This is followed by SIM tagging and biometric verification system (BVS)-based activation to ensure secure authentication. Once activated, funds will be credited directly into SPWs. Beneficiaries will then be able to access their payments through regulated channels, including POS agents and BVS-enabled ATMs. The transition is being aligned with tranche cycles to ensure continuity of payments while supporting gradual digital adoption.
- The rollout is being supported through coordinated efforts of multiple institutions. The State Bank of Pakistan is providing regulatory guidance. The Ministry of Information Technology and Telecommunication and PTA are facilitating SIM issuance and verified MSISDN data. Telecom operators are managing field-level biometric SIM distribution. Partner financial institutions are responsible for wallet creation, activation, and transaction processing. At the core, BISP's Management Information System (MIS) is enabling real-time monitoring through API-based reporting and structured progress tracking.
- The SPW initiative represents an important reform in the delivery of social protection payments. By shifting to beneficiary-owned digital accounts, the model is expected to improve transparency, reduce dependence on intermediaries, and minimize the risk of informal deductions and leakages. At scale, it is expected to support the transition of the full beneficiary base to a more secure, efficient, and traceable digital payment system.

16.3.2 Pakistan Bait-ul-Mal

Pakistan Bait-ul-Mal (PBM) continued to provide support to poor and vulnerable groups during July 2025 to March 2026. Its assistance covered widows, orphans, persons with disabilities, senior citizens, patients suffering from serious illnesses, child labourers, and other deserving individuals. PBM remained focused on meeting basic welfare needs through financial assistance, medical support, food provision, shelter, rehabilitation, and skill development interventions. For FY 2026, an allocation of Rs 14.20 billion was made for PBM. Out of this, Rs 10 billion was earmarked for assistance to deserving and needy beneficiaries through various welfare schemes and initiatives. During July 2025 to March 2026, PBM extended support to 3.218 million beneficiaries and disbursed Rs 6.56 billion under different programmes. This reflects the continued role of PBM as an important pillar of the country's social protection system.

16.3.2-1 Disbursement Under Various Projects/Schemes of PBM

Individual Financial Assistance (IFA): Individual Financial Assistance remained a major area of PBM support. Medical assistance was provided to 12,264 beneficiaries, with disbursement of Rs 2.68 billion. This component mainly supported treatment of catastrophic and other major illnesses through government hospitals. Educational assistance was extended to 6,748 students, amounting to Rs 249.5 million, to help deserving students continue their studies in public institutions. General financial assistance was provided to 5,052 beneficiaries, while 5,980 special families also received support. These interventions helped ease immediate financial pressure on vulnerable household.

Cochlear Implant: PBM also continued its specialized health support through cochlear implant assistance. During the period from July 2025 to March 2026, 695 children/patients benefited from this intervention, with disbursement of Rs 1.49 billion. The scheme supports the cost of cochlear implant devices and allied surgery through panel hospitals. This remained an important targeted intervention for children suffering from severe hearing impairment. The total cost of a cochlear implant device including surgery is Rs 2.150 million per child.

Table 16.5: Disbursement (Rs Million) & Beneficiaries of PBM from July 2025 to March, 2026

Programmes/Schemes of PBM	Nos of Beneficiaries	Amount Disbursed
Individual Financial Assistance Medical	12,264	2,678.052
Individual Financial Assistance Education	6,748	249.512
Individual Financial Assistance general	5,052	99.603
Individual Financial Assistance SFP	5,980	195.290
Cochlear Implant device & allied surgery cost @ Rs 2.150 million	695	1,494.250
PBM Shelter Homes	1,564,250	207.497
Khana Sab key Leay (KSKL)	1,568,750	99.956
Women Empower Centres (WECs)	16,350	335.090
Pakistan Sweet Homes (PSH)	4,247	695.254
Orphan & Widow Support Programme	1,456	43.945
Pakistan Old Home	29	6.956
CSW/NGOs	13,143	24.678
Schools for Rehabilitation of Child Labour (SRCLs)	18,933	430.647
Total	**3,217,897**	**6,560.730**

Source: Pakistan Bait-ul-Mal (PBM)

Food and Shelter Support: PBM maintained its outreach through food and shelter programmes aimed at people facing acute hardship. PBM Shelter Homes served 1.564 million beneficiaries and disbursed Rs 207.5 million. These facilities provided free meals and temporary accommodation to shelter-less individuals. In addition, under these facilities, the quality service delivery is ensured by addressing multiple aspects including healthcare, a safe and secure living environment, hygienic food and overall dignified care. Under Khana Sab Key Leay (KSKL), free meals were provided to 1.569 million beneficiaries, with disbursement of Rs 100.0 million. In terms of outreach, these two interventions remained among the largest PBM programmes during July 2025 to March 2026. Under KSKL, PBP provides free meals to poor beneficiaries on daily basis through mobile food vehicles.

Care for Orphans and Senior Citizens: PBM continued to support highly vulnerable groups through residential care initiatives. Pakistan Sweet Homes served 4,247 orphan children and disbursed Rs 695.3 million. These homes provided food, education, boarding, lodging, and medical care. Pakistan Old Home supported 29 senior citizens, with disbursement of Rs 7.0 million, and provided free boarding, lodging, and medical care. These interventions remained important for groups requiring long-term institutional support.

Women Empowerment and Child Protection: Women Empowerment Centres (WECs) continued to support poor women through free vocational training. During July 2025 to March 2026, these centres served 16,350 beneficiaries and disbursed Rs 335.1 million. Training was provided in trades such as stitching, embroidery, knitting, and computer skills. This support contributes to skill development and income-earning capacity among widows, orphan girls, and poor women.

PBM also continued its child-focused interventions. The Orphans and Widows Support Programme reached 1,456 beneficiaries, with disbursement of Rs 43.9 million. The Schools for Rehabilitation of Child Labour (SRCLs) served 18,933 beneficiaries and disbursed Rs 430.6 million. These centres help withdraw children from hazardous labour and bring them into non-formal education by providing free uniforms, books, and stationery.

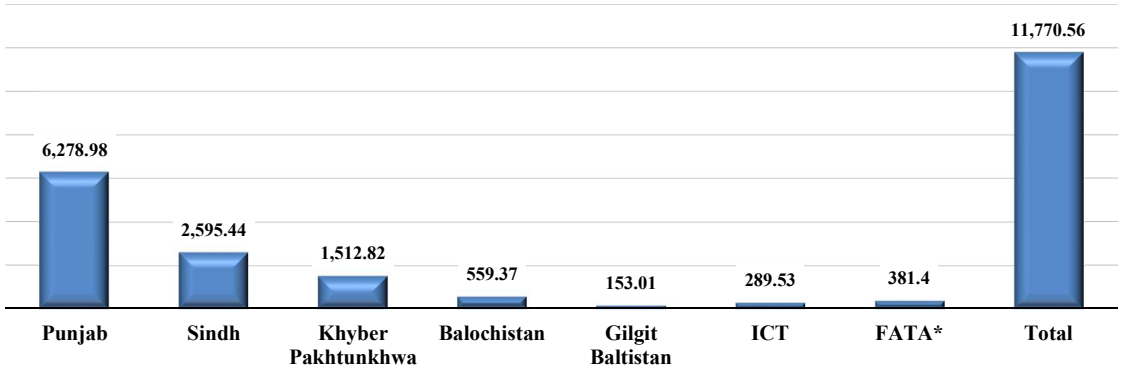
Institutional Support through NGOs: PBM also provided assistance to registered NGOs engaged in welfare and rehabilitation work. During the period under review, 13,143 beneficiaries were supported through this channel, with disbursement of Rs 24.7 million. This support covered services such as dialysis, eye care, and other welfare-related interventions. It also helped widen the service delivery reach of PBM through partnership with credible institutions.

16.3.3 Zakat

After the 18th Constitutional Amendment, the subject of Zakat stands devolved to the Provinces and Federal Areas. Under the Rules of Business, 1973, the Federal Government is responsible for collection of Zakat and its bulk distribution to Provinces and Federal Areas in accordance with the formula approved by the Council of Common Interests (CCI). In this framework, the federal role remains focused on resource mobilization and inter-governmental distribution.

During FY 2026, a total amount of Rs 11,770.56 million was released to Provinces and Federal Areas. Out of this, Punjab received Rs 6,278.98 million, Sindh Rs 2,595.44 million, Khyber Pakhtunkhwa Rs 1,512.82 million, Balochistan Rs 559.37 million, Gilgit-Baltistan Rs 153.01 million, and Islamabad Capital Territory Rs 289.53 million. An amount of Rs 381.40 million was also shown against FATA. According to the submission, the share of FATA is released to Khyber Pakhtunkhwa as approved by the CCI in its meeting dated 07.04.2021.

Fig-16.3: Disbursement of Zakat (Rs Million)



Source: Ministry of Poverty Alleviation & Social Safety Nets
*Share of FATA released to KPK Province as approved by the CCI in its meeting dated 07.04.2021

The Ministry declares the Nisab of Zakat each year in the last week of the Hijri month of Sha'aban-ul-Muazzam through the State Bank of Pakistan and the print and electronic media. For the year 1446-47 AH (FY 2026), the Zakat Nisab was declared at Rs 503,529 after approval by the Secretary/Administrator General Zakat, Ministry of Poverty Alleviation and Social Safety.

16.3.4 Workers Welfare Fund (WWF)

Workers Welfare Fund (WWF) is a federally managed fund under the administrative control of the Ministry of Overseas Pakistanis and Human Resource Development. Established under the WWF Ordinance, 1971, it supports industrial workers through housing and other welfare measures. Its receipts come from contribution by industrial establishments, left-over amount under the Companies Profit Workers Participation Act, 1968, and income from investments. WWF provides support through housing, education, health, labour colonies, Workers Welfare Schools, marriage grant, and death grant, and remains an important institution for the welfare of industrial workers and their families.

16.3.4-1 Performance During July 2025 to March 2026

During the period from July 2025 to March 2026, WWF continued disbursement under its major welfare schemes. Under the marriage grant scheme, 6,592 cases were supported with release of Rs 2,576.670 million. Under the death grant scheme, 982 cases were supported with release of Rs 805.500 million. Punjab accounted for the largest number of cases under both heads. Islamabad, Khyber Pakhtunkhwa, and Balochistan also received support under these schemes. WWF also continued support under the Hajj Scheme. During the period under review, 68 beneficiaries were supported with an amount of Rs 75.174 million.

16.3.4-2 Scholarship Support

Scholarship support remained a major component of WWF interventions. During July 2025 to March 2026, WWF disbursed scholarships in 36,187 cases, amounting to Rs 6,827.067 million. Punjab accounted for the largest share, followed by Islamabad. Khyber Pakhtunkhwa and Balochistan also received scholarship support. This assistance continued to facilitate access to education for workers' children and other eligible beneficiaries.

16.3.4-3 Housing and Welfare Infrastructure

WWF and provincial Workers Welfare Boards continued implementation of housing and welfare projects during the period under review. In Islamabad, work continued on the construction of 500 houses at Zone-V, with disbursement of Rs 220.660 million.

- In Khyber Pakhtunkhwa, on-going projects included construction of 1,200 family flats at Peshawar, construction of 856 family flats at Peshawar, and maintenance of 20 Workers Welfare Schools for boys and girls. Total disbursement on these projects amounted to Rs 55 million.
- In Balochistan, on-going projects included construction of a Girls High School at Sorange and repair and rehabilitation of 200 quarters at Shaheed Benazir Bhutto Labour Colony, Hub. Total disbursement on these projects amounted to Rs 180 million.
- In Punjab, the Workers Welfare Complex (Phase-I) adjacent to Sundar Industrial Estate reached an advanced stage. The project includes 720 flats, a model school, and road network. According to the submission, the flats, model school, and road network were completed, while water supply and sewerage network was reported at 60 percent completion. The approved cost of the project was Rs 3,450 million. The project started in February 2018 and its completion date was reported as December 2025.

16.3.5 Employees' Old-Age Benefits Institution (EOBI)

Employees' Old-Age Benefits Institution (EOBI) was established under the EOB Act, 1976. It is the national pension scheme for employees working in industrial and commercial establishments with at least five employees. EOBI operates under a tripartite arrangement with representation from government, employers, and workers. Under the existing framework, employers contribute 5 percent of the minimum wage, while employees contribute 1 percent. EOBI provides old-age pension, survivors' pension, invalidity pension, and old-age grant. The government had earlier provided a matching grant, which was withdrawn in July 1995. EOBI remains an important contributory pillar of the country's social protection system.

16.3.5-1 Coverage and Beneficiaries

EOBI continued to provide income protection to a large number of workers and their families during FY 2026. As of 28 February 2026, the institution reported 159,526 registered employers, of which 105,748 were active. The number of registered employees stood at 11.997 million. As of March 2026, EOBI had 322,751 active old-age pensioners, 248,357 active survivors' pensioners, and 7,009 active invalidity pensioners. These figures show the continued importance of EOBI in supporting post-retirement income security.

Table 16.6: Performance During July-March FY 2026 Rs million

Month	Monthly Target	Collection of Contribution	Target achieved (%)	Old-Age Pension	Invalidity Pension	Survivor Pension	Old-Age Grant	Total Pension Disbursement
July	7,666.66	6,382.12	83	2,774.02	52.77	1,903.01	81.06	4,810.38
August	7,666.66	6,386.24	83	5,882.16	112.31	3,966.56	106.06	10,067.11
September	7,666.66	6,742.61	88	3,180.25	59.71	2,165.46	82.25	5,487.69
October	7,666.66	7,201.55	94	3,238.28	60.12	2,188.38	84.78	5,571.56
November	7,666.66	6,872.82	90	3,254.02	60.41	2,191.05	102.41	5,607.90

Table 16.6: Performance During July-March FY 2026 Rs million

Month	Monthly Target	Collection of Contribution	Target achieved (%)	Old-Age Pension	Invalidity Pension	Survivor Pension	Old-Age Grant	Total Pension Disbursement
December	7,666.66	7,677.89	100	3,300.10	60.62	2,216.91	110.87	5,688.52
January	7,666.66	7,349.35	96	3,369.97	60.96	2,308.07	97.70	5,836.72
February	7,666.66	7,187.44	94	3,282.33	60.96	2,219.46	68.19	5,630.95
March	7,666.66	6,963.20	91	3,254.16	61.06	2,211.05	65.30	5,591.59
Total	**68999.94**	**63,145.77**	**68**	**31,535.34**	**588.46**	**21,369.98**	**798.65**	**54,292.45**

Source: Employees' Old-Age Benefits Institution (EOBI), Karachi

16.3.5-2 Contribution Collection

Contribution collection improved during the period under review. During July 2025 to March 2026, EOBI collected Rs 63,145.77 million, compared to Rs 56,650.45 million in the corresponding period of last year. This represents an increase of Rs 6,495.32 million, or 11.46 percent. According to EOBI, this improvement was supported by record checking, recovery of defaulted arrears, and registration of new employers.

16.3.5-3 Pension Disbursement

EOBI continued to disburse benefits under different pension categories during FY 2026. During July 2025 to March 2026, total pension disbursement amounted to Rs 54,292.45 million. Out of this, old-age pension accounted for Rs 31,535.34 million. Survivors' pension amounted to Rs 21,369.98 million. Invalidity pension stood at Rs 588.46 million, while old-age grant amounted to Rs 798.65 million. The composition of disbursement shows that old-age and survivors' pensions remained the major heads of benefit payments.

16.3.5-4 Issues and Challenges

Despite improvement in collection, EOBI continues to face legal and institutional challenges. According to the institution, uncertainty after the 18th Amendment has affected compliance and expansion of coverage. The promulgation of a separate EOB law in Sindh has added further legal and administrative complexity. In addition, the Supreme Court judgment reported as PLD 2017 SC 28, which declared certain amendments made through Finance Acts void, affected coverage, contribution rates, and registration of new insured persons and establishments. EOBI has indicated that these developments also resulted in refund claims by some entities and imposed financial costs on the institution.

Table 16.7: Summary of EOBI Key Indicators for Economic Survey 2025-26

Indicator	Value	Unit	Time
Total registered employers	159,526.00	Nos	As at 28 Feb 2026
Out of total registered, active employers	105,748.00	Nos	As at 28 Feb 2026
Registered employees	11.99	Million	As at 28 Feb 2026
Active old-age pensioners	322,751.00	Nos	July-March of FY 2026
Active survivors' pensioners	248,357.00	Nos	July-March of FY 2026
Active invalidity pensioners	7,009.00	Nos	July-March of FY 2026
Contribution collection	63,145.77	Rs million	July-March of FY 2026
Contribution collection	56,650.45	Rs million	FY 2025
Increase in collection	6,495.32	Rs million	July-March of FY 2026
Increase in collection	11.47	(%)	July-March of FY 2026
Annual contribution target	9200000	Rs million	FY 2026
Target achieved	68.64	(%)	July-March of FY 2026
Gap to annual target	28,854.23	Rs million	July-March of FY 2026
Total pension disbursement	54,292.45	Rs million	July-March of FY 2026

Source: Employees' Old-Age Benefits Institution (EOBI), Karachi

16.3.5-5 Reform Measures and Future Direction

EOBI is pursuing a number of reform measures to strengthen the scheme and widen coverage. These include proposals for the inclusion of self-employed persons and overseas Pakistanis in the scheme. The institution has also proposed extension of coverage to informal sector workers, banking sector employees, and contractual and daily wage workers employed by statutory bodies. In addition, EOBI is considering cleansing of its database through third-party review to improve registration records and strengthen contribution recovery. Measures are also under consideration to improve online payment mechanisms and facilitate employers through digital channels.

EOBI is also planning to implement the EOBI Transformation Initiative (ETI). The initiative is aimed at improving efficiency, service delivery, and transparency. Its proposed features include self-registration, call centres, mobile applications, real-time data updating, and automation of contribution collection and pension disbursement. These measures are expected to improve compliance and public facilitation over time.

16.3.6 Pakistan Poverty Alleviation Fund (PPAF)

Pakistan Poverty Alleviation Fund (PPAF) is a national apex institution working for poverty reduction through community-driven development across Pakistan. PPAF implements its interventions through partner civil society organizations. PPAF follows a poverty graduation approach. This approach combines consumption support, skills development, asset transfers, savings, access to finance, and enterprise support to help poor households move towards economic self-reliance. According to PPAF's preliminary analysis based on common beneficiary data with BISP, out of 334,596 common beneficiaries, 108,043 beneficiaries, or 32 percent, were assessed as eligible to graduate out of BISP.

Table 16.8: Province/Region-wise Interest Free Loan (IFL) Progress (July 2025-March 2026)

Province	No. of Loans			Amount Disbursed (Rs Million)		
	Male	Female	Total	Male	Female	Total
AJK	211	586	797	16.17	46.52	62.69
Balochistan	2,900	338	3,238	229.93	23.19	253.12
Gilgit-Baltistan (GB)	548	381	929	47.31	27.41	74.72
Khyber Pakhtunkhwa	6,953	4,948	11,901	503.83	302.98	806.81
Punjab	19,930	44,177	64,107	1,086.7	2,538.37	3,625.07
Sindh	5,640	14,576	20,216	368.55	770.89	1,139.44
Total	**36,182**	**65,006**	**101,188**	**2,252.49**	**3,709.36**	**5,961.85**

Source: Pakistan Poverty Alleviation Fund (PPAF)

- PPAF continued to implement the Prime Minister's Interest Free Loan Programme as an important tool for livelihood support and financial inclusion. During July 2025 to March 2026, 101,188 interest-free loans were disbursed, amounting to Rs 5.96 billion, including reflows. Women accounted for 64 percent of the beneficiaries. Cumulatively, up to March 2026, 3.68 million loans amounting to Rs 137.95 billion had been disbursed through 736 loan branches in over 100 districts. Punjab received the largest share during the period, followed by Sindh and Khyber Pakhtunkhwa.
- Social mobilization remained central to PPAF's work. Since inception, PPAF has established 171,200 Community Institutions with 2.67 million members, including 63 percent women. It has also organized more than 22,000 capacity-building events for community members. During July 2025 to March 2026, 71 new Community Institutions were formed and 6,964 community members were trained, including 44 percent women. These efforts

helped strengthen local participation, accountability, and collective action at the community level.

- PPAF continued to support poor and vulnerable households through productive assets, skills training, and enterprise development. During July 2025 to March 2026, 1,798 productive assets were transferred, including 55 percent to women, while 694 individuals received income and productivity enhancement training. PPAF also supported rural SMEs through matching grants and financial linkages. Since 2021, 399 matching grants worth Rs 1.471 billion were awarded to SMEs, while loans worth Rs 1,123 million were mobilized for 520 SMEs.
- PPAF also supported households affected by drought, earthquakes, and floods. In response to the floods of 2022 and 2025, PPAF reached over 136,700 households with relief assistance. During the July 2025 to March 2026, it trained 220 Emergency Response Teams, conducted community, school, and health-centre based disaster risk management sessions, and trained 1,975 district stakeholders in disaster risk reduction and climate adaptation.
- PPAF continued to invest in community physical infrastructure to improve access to basic services. Since inception, more than 35,300 infrastructure projects have been completed, benefiting over 18 million individuals, including 51 percent women. During July 2025 to March 2026, 641 infrastructure projects were completed, benefiting around 1 million individuals. These projects covered water, sanitation, irrigation, agriculture, and local connectivity. Renewable energy also remained an important area, with more than 1,450 projects generating around 18 MW and benefiting over 0.58 million individuals.
- PPAF continued to support health, education, and inclusion in marginalized areas. During the July 2025 to March 2026, over 70,000 health consultations were facilitated through 15 health centers, while 124 medical camps served 47,926 patients in response to the 2025 floods. In education, PPAF has supported 2,868 educational facilities, including more than 1,500 public schools. These interventions facilitated enrolment of over 433,300 students, including around 10,000 blind and deaf children. PPAF also supported inclusion through assistive devices for more than 39,000 persons with disabilities, of whom 49 percent were women.
- During July 2025 to March 2026, PPAF disbursed Rs 2,747.22 million to partner organizations. The largest share went to climate change and flood emergency response at Rs 852.89 million, followed by institutional development, social mobilization and capacity building at Rs 637.75 million, and livelihood enhancement and protection at Rs 508.96 million. Other disbursements included Rs 369.86 million for interest-free loans, Rs 214.58 million for water and infrastructure, and Rs 163.19 million for education, health and nutrition. The composition shows continued emphasis on emergency response, institution building, livelihoods, and resilience.

Table 16.9: Financial Progress (Amount Disbursed Rs Million) Update (July 2025 - March 2026)

Sr. #	Programme Components	Financial Progress
1	Institutional Development/Social Mobilization (ID/SM)/Capacity Building	637.75
2	Livelihood Enhancement and Protection	508.96
3	Water and Infrastructure	214.58
4	Education, Health and Nutrition	163.19
5	Interest Free Loans	369.86
6	Climate Change: Flood Emergency Response	852.89
	Total	**2,747.22**

Source: Pakistan Poverty Alleviation Fund (PPAF)

16.4 Pakistan Microfinance Sector

The microfinance sector continued to serve as an important channel for financial inclusion in Pakistan. It supported low-income and underserved households through access to micro-credit, micro-savings, and micro-insurance. The latest reported data suggest that the sector maintained a sizeable footprint and continued to expand in key areas to strengthen household resilience, and supporting the broader poverty reduction effort.

16.4.1 Overall Outreach and Scale

The microfinance sector continued to expand in value terms. Reported micro-credit value rose from Rs 274,706.55 million in 2018-19 to Rs 739,076.28 million in 2025-26. Micro-savings value increased from Rs 239,962.87 million to Rs 796,162.53 million over the same period. Micro-insurance sum insured also increased from Rs 248,782.91 million to Rs 279,258.43 million. These trends indicate that the sector continued to deepen its financial footprint.

In addition, a continued client outreach is al visible: active borrowers increased from 6,936.55 in 2018-19 to 7,544.30 thousands in 2025-26. Active savers increased sharply from 35,294 to 133,475 thousands. Policy holders stood at 7,759 in 2025-26, compared to 8,456 thousand in 2018-19. The broad pattern suggests that savings outreach expanded strongly, while insurance coverage remained sizeable and credit outreach continued to be maintained.

Table 16.10: Active Borrowers & Savers and Policy Holders (000) and value in Rs million

	Micro-Credit		Micro-Savings		Micro-Insurance	
	Value (million)	Active Borrower	Value (million)	Active Savers	Sum Insured (million)	Policy Holder
2018-19	274706.55	6936.55	239962.87	35294.00	248782.91	8456.00
2019-20	305753.45	7249.94	267591.36	47642.00	266747.57	8480.00
2020-21	324155.43	7005.89	374361.75	64113.00	243947.95	7292.00
2021-22	391401.17	8096.02	407058.73	78525.00	321418.89	8202.00
2022-23	491262.24	9092.25	514289.64	93957.00	316948.60	8265.00
2023-24	496338.47	9063.89	541129.50	62527.00	298696.12	8608.00
2024-25	465257.46	11446.68	539402.60	115535.00	215533.74	7167.00
2025-26	739076.28	7544.30	796162.53	133475.00	279258.43	7759.00
Annual Percentage (%) Rate of Change						
2018-19	--	--	--	--	--	--
2019-20	11.30	4.52	11.51	34.99	7.22	0.28
2020-21	6.02	-3.37	39.90	34.57	-8.55	-14.01
2021-22	20.74	15.56	8.73	22.48	31.76	12.48
2022-23	25.51	12.31	26.34	19.65	-1.39	0.77
2023-24	1.03	-0.31	5.22	-33.45	-5.76	4.15
2024-25	-6.26	26.29	-0.32	84.78	-27.84	-16.74
2025-26	58.85	-34.09	47.60	15.53	29.57	8.26

Source: Pakistan Microfinance Network

16.4.2 Micro-Credit

Micro-credit remained the main operational pillar of the sector. Between 2018-19 and 2023-24, the reported value of micro-credit increased steadily from Rs 274,706.55 million to Rs 496,338.47 million. In 2024-25, it moderated to Rs 465,257.46 million, before rising to Rs 739,076.28 million in the latest reported year. The annual rate of change shows a 58.85 percent increase in micro-credit value in 2025-26. At the same time, the number of active borrowers declined by 34.09 percent in that year. As reported, this suggests an increase in loan value alongside a moderation in borrower numbers in the latest period.

16.4.3 Micro-Savings & Micro-Insurance

The value of micro-savings increased from Rs 239,962.87 million in 2018-19 to Rs 796,162.53 million in 2025-26. The number of active savers also rose from 35,294 to 133,475 thousands over the same period. Even after a decline in active savers in 2023-24, the latest two years show

strong recovery. In 2025-26, the annual increase was reported at 47.60 percent in value terms and 15.53 percent in outreach. This points to a stronger savings culture and a wider use of deposit services in the sector.

Micro-insurance continued to provide a layer of risk protection to low-income clients, where the sum insured stood at Rs 279,258.43 million in 2025-26, compared to Rs 248,782.91 million in 2018-19. The number of policy holders was reported at 7,759 thousand in the latest year. After a decline in both sum insured and policy holders in 2024-25, the latest year shows recovery. An annual increase of 29.57 percent in sum insured and 8.26 percent in policy holders in 2025-26 has been witnessed. This indicates renewed momentum in insurance coverage in the latest reporting period.

16.4.4 Loan Disbursement by Microfinance Institutions & Banks

The loan disbursement through microfinance banks remained active, though the pattern varied across institutions. In the latest reported year, MMFB recorded the highest disbursement at Rs 77,566 million. It was followed by TMFB at Rs 24,550 million, U Bank at Rs 18,822 million, and NRSP-B at Rs 8,753 million. The same table also shows continued activity by POMFB and SMFB, though at lower levels. Overall pattern suggests that a few larger providers continued to account for a major share of bank-based microfinance disbursement.

Table 16.11: Types of Micro Finance Banks: Loan Disbursement Rs million

Financial Year	MMFB	NRSP-B	POMFB	SMFB	TMFB	U Bank
2018-19	4,517.20	12,894.19	582.08	195.42	10,230.36	7,148.00
2019-20	4,424.00	12,997.77	820.79	120.39	4,479.21	7,950.00
2020-21	6,596.12	7,358.68	1,177.54	-	3,104.93	8,701.00
2021-22	13,382.57	8,447.30	1,784.76	266.69	4,154.41	4,580.00
2022-23	22,498.37	7,905.88	1,310.94	431.25	5,364.21	21,671.00
2023-24	36,942.60	9,010.61	1,166.43	621.63	14,433.20	16,058.00
2024-25	68,641.13	7,324.86	1,734.67	868.72	-	16,994.00
2025-26	77,566.00	8,753.00	3,007.00	1,226.00	24,550.00	18,822.00

Source: Pakistan Microfinance Network

A medium-term view also shows notable expansion in some institutions. For example, MMFB increased from Rs 4,517.20 million in 2018-19 to Rs 77,566 million in 2025-26. TMFB increased from Rs 10,230.36 million to Rs 24,550.00 million over the same period. U Bank also remained an important channel, with reported disbursement of Rs 18,822 million in the latest year. This indicates a continued strengthening of formal microfinance bank channels.

Disbursement through reporting microfinance institutions also remained substantial. In FY 2026, Akhuwat recorded the highest disbursement at Rs 39,110 million. It was followed by NRSP at Rs 20,598 million and Kashf at Rs 19,094 million. Other institutions with reported disbursement included RCDP at Rs 6,281.00 million, JWS at Rs 3,471 million, TFC at Rs 1,838 million, and Agahe at Rs 1,283.00 million. This indicates that non-bank channels also continued to play an important role in expanding access to finance. The institutional landscape remained diverse.

Some institutions reported modest disbursement, while others showed sharp expansion in the latest year. For example, Akhuwat rose from Rs 12,484.65 million in FY 2025 to Rs 39,110 million in FY 2026. NRSP increased from Rs 17,514.47 million to Rs 20,598.00 million, while Kashf increased from Rs 13,444.30 million to Rs 19,094.00 million. This suggests continued concentration of disbursement among a few large institutions, alongside the presence of smaller specialized providers.

Table 16.12: Types of Micro Finance Banks: Loan Disbursement				Rs million
Financial Institutions	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Agahe	776.20	830.67	878.47	1,283.00
Akhuwat	6,390.15	7,698.35	12,484.65	39,110.00
FDO	98.06	-	32.50	42.00
FFO	382.57	377.43	423.62	614.00
JWS	2,191.41	2,904.10	3,236.18	3,471.00
Kashf	11,215.40	12,070.70	13,444.30	19,094.00
MOJAZ	286.23	191.41	54.02	101.00
OPD	41.58	43.81	44.12	0.00
OPRCT	335.45	313.59	388.30	387.00
RCDP	2,899.19	3,442.06	0.00	6,281.00
SMFC	1,197.69	934.41	1,637.18	155.00
TMF	790.37	197.39	140.12	0.00
Union MF	56.57	37.32	0.62	3.00
NRSP	8,131.12	11,130.49	17,514.47	20,598.00
PRSP	494.78	624.09	539.14	608.00
SRSO	783.95	1,111.17	1,284.26	930.00
SRSP	98.45	111.58	134.23	87.00
TFC	0.00	762.68	1,305.93	1,838.00

Source: Pakistan Microfinance Network

16.5 Concluding Remarks

Pakistan's latest poverty estimates show that household welfare came under significant pressure during the period under review. Poverty increased, and inequality also widened across regions and provinces. These outcomes reflect the cumulative impact of economic shocks, inflation, and climate-related disruptions on vulnerable households.

The government remains committed to improving people's quality of life through policies aligned with poverty alleviation objectives and SDG targets. Effective implementation and monitoring of social protection initiatives, along with measures to ease the cost of living, can provide meaningful short-term relief to vulnerable groups. Over the long term, achieving inclusive and sustained economic growth, supported by investments in human resource development, remains essential for durable poverty reduction and equitable progress.

Going forward, durable poverty reduction will depend on translating macroeconomic stability into broad-based welfare gains. This requires sustained growth, job creation, effective targeting, stronger institutional coordination, and timely support to at-risk households. A well-coordinated and responsive social protection system will remain essential for building resilience, reducing inequality, and advancing inclusive development in Pakistan.

CLIMATE CHANGE

- **2025: 2nd Warmest Year in 65 years with 23.9 °C average temperature & 3% below average rainfall**
- **IMF RSF Progress with Completion of Four Key Reforms**
- **Pakistan Climate Prosperity Plan (CCP): Climate Investment Blueprint Launched**
- **Pakistan Green Taxonomy (PGT) Issued and Implemented**
- **Pakistan Monsoon 2026 Strategic Plan Prepared**
- **Climate and Disaster Resilience Enhancement Programme (CDREP) Subprogram-II under Implementation: Allocation US$ 500 million**
- **Green Climate Fund Regional Programme G2F Approved: Allocation US$ 27.5 million**

Chapter 17

Climate Change

Climate change has become a defining global challenge, with far-reaching implications for human well-being, economic stability and sustainable development. Widespread and rapid changes have already been experienced in the atmosphere, oceans, cryosphere and biosphere. According to the Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6)[1], human-induced climate change is intensifying weather and climate extremes in every region of the world. This has caused widespread losses and damages to both natural and human systems. As per the report, approximately 3.3 to 3.6 billion people currently live in highly climate-vulnerable environments, where structural development constraints further amplify exposure and reduce adaptive capacity. Although vulnerable populations contribute the least to global emissions, they are affected the most by climate change. Between 2010 and 2020, mortality caused by floods, droughts and storms is estimated to be fifteen times higher in highly vulnerable regions compared to those with less vulnerability.

The continued greenhouse emissions are expected to drive the global warming to 1.5 °C[2] in the near term (2021-2040). Every additional increase in temperature intensifies concurrent hazards, including compound heatwaves, droughts and extreme precipitation events. These dynamics are driving a more volatile global water cycle, marked by heightened variability and increasingly frequent extremes of both wet and dry conditions. Climate change is further transforming rare and recurring hazards into a 'new normal' of persistent risks, as highlighted in the Climate Risk Index (CRI)[3] 2026. Similarly, Global Risks Report[4] 2026 by World Economic Forum ranked extreme weather events among the top five global risks in the short term (1-2 years) and projected extreme weather events as the highest-ranked long-term risk over a 10-year horizon. Together, these projections establish climate change as a systemic global threat, which requires collective action. Consequently, the human and economic costs of insufficient climate action continue to escalate. According to CRI[5] 2026, more than 832,000 lives were lost and nearly US $ 4.5 trillion in direct economic damages was recorded from over 9,700 extreme weather events between 1995-2024, globally.

Pakistan stands as one of the most severely affected countries. Climate change is no longer a distant or abstract threat to the country but a present reality and an escalating challenge to the country's economy and population. Although Pakistan is a minor contributor to global emissions at less than 1 percent and historic emissions at 0.4 percent[6], the country bears a disproportionately high burden of global climate change. Coupled with this, the country's vulnerability is also linked to its geography, spans from the world's second-highest peaks in

[1]Intergovernmental Panel on Climate Change Sixth Assessment Report, IPCC (IPCC_AR6_SYR_FullVolume.pdf)
[2]Under very high GHG emissions scenario (SSP5-8.5) & intermediate and high GHG emission scenario (SSP2-4.5, SSP3-7.0), Intergovernmental Panel on Climate Change Sixth Assessment Report, IPCC (IPCC_AR6_SYR_FullVolume.pdf)
[3]Climate Risk Index (CRI) 2026, Germanwatch (CRI 26 full report.pdf)
[4]Global Risk Report 2026, World Economic Forum (WEF_Global_Risks_Report_2026.pdf)
[5]Climate Risk Index (CRI) 2026, Germanwatch (CRI 26 full report.pdf)
[6]World Bank (2026), World Development Indicators. Total greenhouse gas emissions excluding LULUCF (MtCO2e) (World Development Indicators | DataBank)

the north to low-lying coastal areas in the south. The Hindu Kush, Himalaya and Karakoram ranges contain the largest non-polar glacial reserves, while the Arabian Sea coastline further amplifies the country's sensitivity to climatic shifts, resulting in wide-ranging and spatially uneven effects of climate change. In the last 50 years, the annual mean temperature in Pakistan has increased by approximately 0.5 °C[7], with projections indicating a further rise by 3 °C to 5 °C by the end of this century. In particular, for the year 2025, northern regions have warmed more intensively, temperature anomalies reached +1.24 °C in Gilgit-Baltistan (GB), +1.29 °C in Khyber Pakhtunkhwa and +1.56 °C in Azad Jammu & Kashmir (AJK), all ranked 1st highest during the past 65 years[8]. These rising temperature records are therefore accelerating glacial melt, increasing the risk of glacier lake outburst floods while intensifying atmospheric moisture, resulting in intensified rainfall variability in the country.

This rainfall variability has been increasingly pronounced due to changing monsoon dynamics of Pakistan. Notably, there has been a decrease in the number of rainy days, accompanied by an increase in rainfall intensity, resulting in more frequent and extreme precipitation events. Additionally, the monsoon patterns are also shifting geographically, with increasing concentration in southern regions, thereby altering flood risk profile of the country. Over the past decade, excessive heat and rainfall have led to several major and minor floods. The 2022 floods appeared as one of the most devastating climate disasters in the country's history. Similarly, the recent 2025 floods emerged as one of the most widespread climate-related disasters, as it hit all four provinces; Punjab, Sindh, Khyber Pakhtunkhwa and Balochistan as well as AJK.

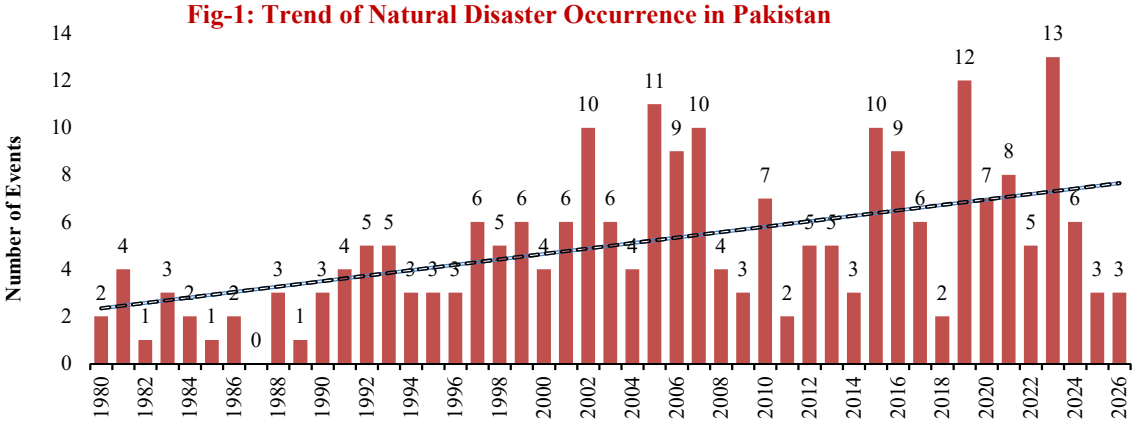
Beyond immediate disaster impacts, climate change has become a systemic risk to Pakistan's economic and social stability. Rising sea levels and saline intrusion in the Indus Delta are degrading coastal ecosystems, including mangroves and fisheries, while increasing cyclonic activity threatens coastal populations. At the same time, deteriorating air quality, climate-affected communities and water scarcity are compounding existing socioeconomic pressures. Thus, Pakistan's climate crisis is not a future threat but a present and escalating reality already unfolding across multiple sectors. With adaptive capacity still developing and high exposure to climate risks, the country remains on the frontline of a global crisis it has contributed little to create.

17.1 Historical Trend of Natural Disaster Occurrence in Pakistan

The trend of natural disaster occurrence in Pakistan during 1980-2026 reflects a clear long-term rise in the frequency of disaster events, highlighting the country's increasing exposure and vulnerability to natural hazards. During the 1980s, the number of recorded disasters remained relatively low, generally fluctuating between 0 and 4 events annually (Figure 1). However, from the early 1990s onward, disaster occurrence began to increase gradually, with more frequent fluctuations in recurring years. A more pronounced escalation in the occurrence of the disaster is visible after 2000, when annual disaster events repeatedly crossed the range of 6 to 11 incidents. Several peak years were recorded during the mid-2000s and, most notably, after 2015, indicating a growing pattern of recurrent natural disasters, including floods, storms, heatwaves, droughts, landslides and other extreme climatic events. The year 2023 proved to the most disaster-prone year in 43 years with 13 natural events recorded, demonstrating the intensified incidence of the disaster risks in the country. The upward-sloping trend line further depicts that natural disasters are becoming more frequent over time rather than isolated or cyclical events thereby highlighting the urgency of strengthened climate resilience, disaster preparedness and integrated risk management.

[7]Climate Change Profile of Pakistan 2017, Asian Development Bank (climate-change-profile-pakistan.pdf)
[8]State of Pakistan Climate Report 2025, Pakistan Metrological Department (Pakistan_Climate_2025.pdf)

Fig-1: Trend of Natural Disaster Occurrence in Pakistan



Source: EM-DAT (The Internatonal Disaster Database)

17.2 Global Climate & Air Quality Snapshot and Pakistan's 2025 Profile

The following presents a snapshot of key climate indicators in 2025 against their typical range of variability under a business-as-usual scenario, along with the assessment of air pollution condition at global level and in Pakistan.

17.2-a State of Global Climate and Air Quality in 2025

The State of the Global Climate[9] 2025 report by World Meteorological Organization (WMO) confirms that 2015-2025 are the hottest eleven years on record, with 2025 ranking as the second or third warmest year in the 176-year observational record, at about 1.43 °C above the 1850-1900 average. This sustained warming is primarily driven by increasing concentrations of heat-trapping greenhouse gases. Among key indicators, the greenhouse gases data show that in 2024 atmospheric carbon dioxide concentrations reached their highest level since its measurements began in 1957 due to continued fossil fuel emissions and reduced effectiveness of land and ocean carbon sinks. This increase along with rise in methane and nitrous oxide gases have upset the Earth's energy balance, particularly over the past two decades, reaching a new high in 2025.

Consistent with this, the indicator of ocean heat content reached a new record high in 2025, exceeding the previous record set in 2024 and of the past nine years. Although 2025 is marked by the shift towards La Niña conditions that temporarily cool the planet, around 90 percent of the ocean surface experienced at least one marine heatwave in 2025. Further, the indicator of global mean sea level, in 2025 remained near the record highs observed in 2024 thereby continued to damage coastal ecosystems and contribute to groundwater salinization and flooding. At the same time, glacier mass loss and declining sea-ice continue to signal rapid cryosphere changes. In the 2024-2025 hydrological year, glacier mass loss was among the five worst on record since 1950. These ocean warming and sea-level rise are projected to continue in the coming centuries and much of this is long-term and irreversible in nature. Further, the world continued to experience extreme events. Thus, the rapid and large-scale changes in the earth system are creating cascading impacts on both human and natural systems thereby, causing food insecurity and displacement, especially in countries with high vulnerability and low adaptive capacity.

While air pollution has long been recognized as a persistent global hazard, but 2025 marked a turning point as the crisis moved to the forefront on the international agenda after being placed at a top ranked global risk by the World Economic Forum's Global Risks Report 2025[10]. The 2025 IQAir World Air Quality Report[11] highlights continued deterioration of global air quality,

[9]State of the Global Climate 2025, World Meteorological Organization (https://wmo.int/publication-series/state-of-global-climate/state-of-global-climate-2025)
[10]Global Risk Report 2025, World Economic Forum (WEF_Global_Risks_Report_2025.pdf)
[11]World Air Quality Report, 2025, IQAir (2025 World Air Quality Report | IQAir)

with wildfire activity severely impacting regions that had historically experienced relatively low PM2.5 levels. Consequently, only 14 percent of cities met the World Health Organization (WHO) annual average PM2.5 guideline of 5 µg/m³ threshold, down from 17 percent in 2024. Similar to a pattern seen in 2024 and in the preceding years, the largest population-weighted PM2.5 concentrations were still concentrated in Africa & Central and South Asia. Central and South Asia remained the top most polluted region with respect to annual average PM2.5 levels as 17 of the 20 most polluted cities located within the region. Taken together, the worsening global air quality alongside intensifying climate pressures underscores brewing environmental crises at global level.

17.2-b State of Pakistan Climate and Air Quality in 2025

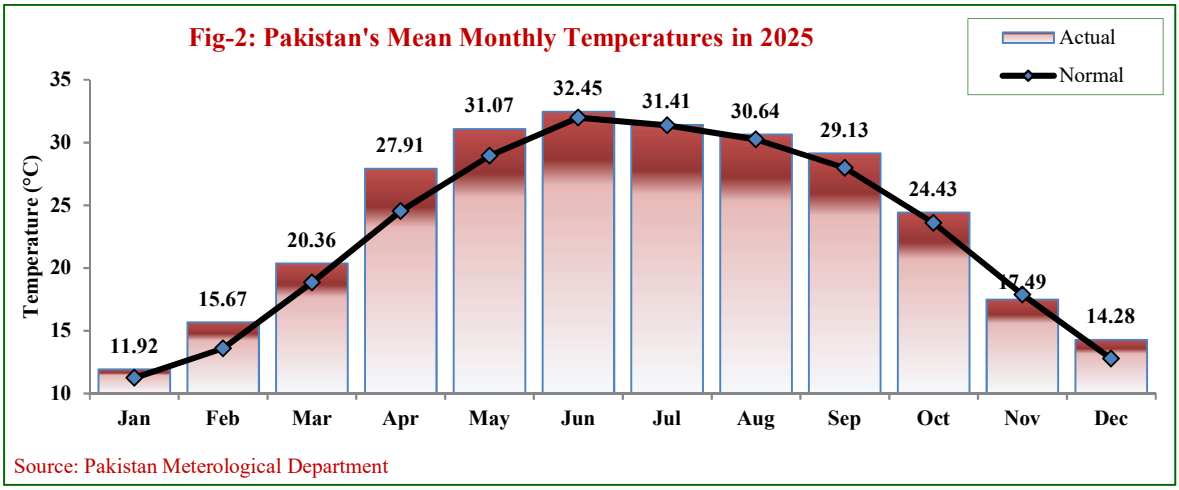
The year 2025 recorded a national annual mean temperature of 23.9 °C in Pakistan, which was 1.09 °C above the long-term average and ranked as the 2nd warmest year on record during past sixty-five years. In contrast, rainfall during the year was near average with a slight decline of 3 percent below the average. Additionally, significant climate events in 2025 reflect notable variations in temperature, rainfall patterns and incidence of wind extremes across Pakistan. According to State of Pakistan Climate Report[12] 2025, during the year, temperature extremes were particularly pronounced in southern regions, where Sibbi (Balochistan) been hottest place recorded the highest average period maximum temperature of 37.8 °C. In contrast, colder conditions prevailed in the northern areas, where Skardu (GB) been coldest place recorded the lowest average period minimum temperature of 7.0 °C. Rainfall distribution also exhibited significant regional disparities. The highest rainfall was recorded in Malam Jabba (Khyber Pakhtunkhwa) at 1461.0 mm, whereas Sialkot (Punjab) experienced the wettest day with 363.3 mm on 27th August 2025. In contrast, Panjgur (Balochistan) remained the driest location, receiving only 0.5 mm of rainfall. Overall, these patterns highlight pronounced spatial contrasts in both temperature extremes and precipitation, reflecting the diverse climatic conditions experienced across the country during 2025. In regards to wind extremes, strong wind events (≥30 knots) were reported extensively across multiple stations nationwide. In particular, very high wind speeds, including peaks of 75 knots experienced at Lahore Airport, 70 knots at Sialkot Airport and Padidan, and 65 knots at Multan Airport, reflecting the widespread occurrence and extreme intensity of winds experienced during the year.

17.2-b (i) Temperature: Another Warm Year

Pakistan experienced national annual 2025 mean temperature of 23.9 °C, was +1.09 °C warmer than average of 22.8 °C (baseline period 1961–1990), and ranked as the 2nd warmest year during past sixty-five years. A similar situation of well above average temperatures prevailed across all the sub-regions: for AJK with 17.77 °C (1.56 °C higher), GB with 15.46 °C (1.24 °C higher) and Khyber Pakhtunkhwa 20.89 °C (1.29 °C more) all ranked 1st highest during the past 65-years (the records are 17.43 °C in 2001, 15.3 °C in 1971 & 20.63 °C in 2022 respectively), Sindh with 27.67 °C (1.09 °C higher) ranked 4th highest (the record is 27.89 °C in 2018), Balochistan with 24.24 °C (1.13 °C more) ranked 5th highest (record 24.99 °C in 2002) and Punjab with 25.35 °C (0.8 °C higher) ranked 9th highest (the record is 25.62 °C in 1970) annual mean temperature.

On a monthly basis, temperature fluctuations are also observed reflecting warming trend in 2025 (Figure 2). January with national mean monthly temperature of 11.92 °C was 0.69 °C warmer than average at country-level. In the month of February national mean temperatures at country-level and across the sub-regions were significantly warmer than average by 2.07 °C higher. Further, the mean temperatures in the pre-monsoon season AMJ 2025 also remained warmer than average by 1.94 °C more than the country average 28.53 °C. Followed by it the summer/ monsoon (JAS 2025) seasonal mean temperatures were warmer than average with a positive anomaly (0.5 °C). Lastly, the year also ended with the warmer temperature at country-level as post-monsoon (OND) seasonal mean temperature appeared warmer than average with a positive anomaly of 0.64 °C.

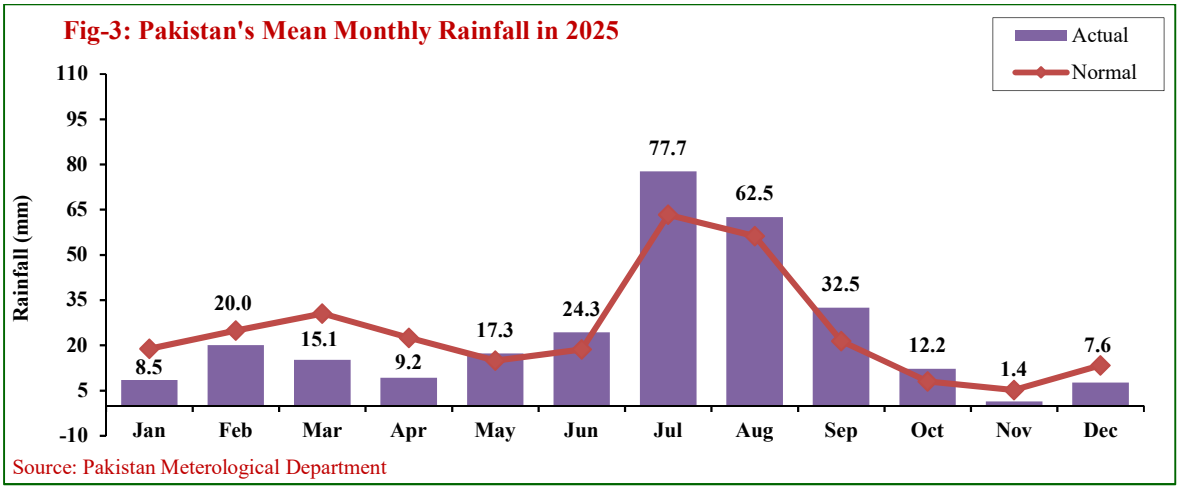
[12]State of Pakistan Climate Report 2025, Pakistan Metrological Department (Pakistan_Climate_2025.pdf)



17.2-b (ii) Rainfall: Below-Average Annual Rain

For the year 2025, the national total rainfall appeared at 288.5 mm (with near average of 297.6 mm (1961-2010)) with slight negative departure of -3 percent. Khyber Pakhtunkhwa with 543.4 mm (-21 percent) ranked 8th Driest (least rainfall was 502.0 mm in 1985) and Balochistan with 125.2 mm (-22 percent) observed below average. AJK with 879.3 mm (-6 percent) was near average. It was above average over Sindh with 230.1 mm (positive anomaly of 34 percent), GB with 232.2 mm (20 percent higher) and Punjab with 434.6 mm (12 percent higher).

Fig-3 represents synoptic mean monthly rainfall trend at country level. The year 2025 started with an excessively below-average rainfall. The national quarterly (Jan-Mar, JFM 2025) rain with 43.7 mm (-41.2 percent) recorded the 9th driest well below average rainfall. Similarly, the Pre-Monsoon (April-June, AMJ 2025) came up with -9 percent below average rainfall. However, monsoon season (July–September, JAS 2025) aggregate rainfall proved to be above 23 percent higher average with national total rainfall of 172.8 mm. Lastly, the post-monsoon season (October to December, OND 2025) appeared with the aggregate rainfall of 21.5 mm (-19 percent), was below the average across the country.



With regards to air pollution, as per 2025 IQAir World Air Quality Report[13],Pakistan ranked as the most polluted country in the world in 2025 (despite a reduction of 6.6 µg/m³ in average

[13]World Air Quality Report, 2025, IQAir (2025 World Air Quality Report | IQAir)

PM2.5 levels compared to the last year), with a population-weighted annual average PM2.5 concentration reaching 67.3 µg/m³ (thirteen times higher than the WHO guideline). Further there is evidence of concentration of urban hotspots, as the country appeared home to four of the world's ten most polluted cities, with Faisalabad recording the highest national average at 98.8 µg/m³. Broadly, 13 cities of the country reported PM2.5 levels exceeding 50 µg/m³. At the same time, seasonal variations further intensified pollution levels, with PM2.5 concentrations rising during April and May due to dust storms, and in Karachi during November where levels increased by nearly 57 percent compared to 2024. The crisis is primarily driven by several sources, which include industrial emissions, vehicle exhaust, brick kilns and construction dust. Thus, air pollution has continued to be a significant health issue affecting the population, reportedly causing almost 22,000 deaths every year and also straining ecosystems.

17.3 FY 2026 Government Performance Overview: Institutional Arrangements and Key Developments

Ministry of Climate Change and Environmental Coordination (MoCC&EC) has advanced Pakistan's climate resilience, adaptation, mitigation, and green development agenda during July–March 2026 through a range of strategic initiatives, policy reforms, international engagements and climate finance interventions. The Ministry prioritized strengthening institutional preparedness for climate induced disasters; enhancing glacier conservation and ecosystem restoration, promoting climate resilient infrastructure and localized adaptation planning, and mobilizing green and innovative financing mechanisms aligned with national priorities and international commitments under the Paris Agreement and the Sustainable Development Goals (SDGs).

Notable progress was achieved in operationalizing carbon market mechanisms, advancing the Pakistan Green Taxonomy, leveraging international climate finance, and fostering green skills, entrepreneurship, and sustainable economic transformation. Collectively, these efforts underscore Pakistan's commitment to transitioning toward a resilient, low-carbon, and environmentally sustainable development pathway while safeguarding vulnerable communities and ecosystems from the escalating impacts of climate change.

17.3-a Pakistan at 30th session of the Conference of the Parties (COP30)

The 30th Conference of the Parties (COP30) to the UNFCCC, held in Belém, Brazil, from 10th-22nd November 2025. Framed as the "Implementation COP" under the theme "Mutirão" (collective effort), the conference focused on translating climate commitments into actionable outcomes and strengthening multilateral cooperation for effective implementation of the Paris Agreement. The details of major outcomes and Pakistan's participation in COP30 are presented in Box-I.

Box-I: COP30 Agenda and Pakistan's Strategic Role

COP30 adopted the Belém Political Package, anchored in the Global Mutirão decision, with several outcomes of direct relevance to Pakistan. These included the launch of a Global Implementation Accelerator to support implementation of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs); a strong emphasis on climate finance, including a call to triple adaptation finance by 2035, establishment of a two-year work programme on finance under Article 9.1, and enhanced ex-ante finance reporting (Article 9.5) to improve predictability and transparency and operationalization of the Loss and Damage Fund under the Barbados Implementation Modalities with an initial allocation of US $ 250 million, based on grant financing and simplified access. Progress was also achieved on the Global Goal on Adaptation (GGA) through adoption of 59 Belém Adaptation Indicators across key sectors, designed to remain voluntary and country-driven, reflecting Pakistan's position on flexibility. Additional outcomes included establishment of a Just Transition Mechanism emphasizing nationally determined pathways and support for developing countries in operationalization of the Technology Implementation Programme (TIP) to accelerate technology transfer and innovation.

Pakistan positioned itself as a leading voice among developing countries, advocating for adaptation, climate resilience, equity and scaled-up means of implementation. At the Pakistan Pavilion, MoCC&EC organized a series of high-level side events on key themes included cryosphere adaptation and disaster risk reduction in the Hindu Kush–Karakoram–Himalaya region, implementation of Pakistan's NDC 3.0, operationalization of loss and damage mechanisms, gender dimensions of heatwaves and energy poverty, transformation of climate finance architecture, promotion of green skills and climate innovation. It also highlighted scaling up of the Green Pakistan Programme which has achieved plantation of over 2.25 billion trees and restoration of approximately 700,000 hectares. COP30 also witnessed extensive participation from provincial governments and national institutions. Provinces showcased initiatives on climate-resilient urban planning, flood recovery housing, forestry interventions and green growth. The Punjab delegation highlighted major initiative including the international launch of "Suthra Punjab", a large-scale integrated solid waste management system demonstrating innovation in circular economy practices.

Source: Ministry of Climate Change and Environment Coordination

17.3-b Climate Resilience and Adaptation Initiatives

i. Monsoon 2026 Strategic Plan

In the wake of the devastating 2025 monsoon floods and its pronounced impacts, the Monsoon 2026 Plan has been sets forth as a proactive framework to mitigate risks, strengthen resilience and safeguard communities against future climate-driven disasters. Pakistan's Monsoon 2026 Strategic Plan, prepared by MoCC&EC and approved by the Honourable Prime Minister in November 2025, constitutes a time-bound and anticipatory climate adaptation framework. Acknowledging the country's widespread exposure to riverine, urban, hill-torrent, glacial lake outburst flood (GLOF), and coastal flooding, the Plan adopts a risk-informed approach encompassing targeted structural, non-structural and institutional interventions.

The 240-day preparedness phase emphasizes rapid rehabilitation of embankments and critical flood infrastructure, completion of small dams, restoration of urban drainage systems, enforcement of floodplain zoning regulations, and integration of real-time telemetry with forecasting systems and reservoir operations. Community-level resilience is further enhanced through the provision of mobile health and WASH services, establishment of temporary learning facilities and improved access to district-level early warning systems. The strategic plan measures are complemented by investments in advanced meteorological monitoring and the development of an integrated national early warning system, supported by governance reforms to ensure coordinated water and climate management. Collectively, the Plan seeks to transition Pakistan from a predominantly reactive response paradigm to a proactive, resilience-oriented flood management framework, thereby safeguarding lives, livelihoods and critical infrastructure from intensifying monsoon-related risks. Implementation is being carried out in close coordination with line ministries, relevant departments and provincial governments, including AJK and GB.

ii. Glaciers Preservation and Resilience Initiatives

Pakistan hosts more than 13,000 glaciers, forming a significant component of Hindu Kush Karakoram Himalaya, often referred to as the "Third Pole", which are vital for national water security, agriculture, hydropower generation and local livelihoods. Despite Pakistan's relatively low contribution to global greenhouse gas emissions, rising temperatures and the deposition of light absorbing particulates such as black carbon, are accelerating glacier retreat, thereby increasing the risk of hydrological instability and downstream hazards. In response, the government has prioritized resilience-building and disaster risk reduction interventions. The completion of the GLOF-II project in December 2025 marked a significant milestone, enhancing early warning systems, strengthening institutional capacity and improving community-level preparedness in vulnerable glacial regions. Recognizing the transboundary and global significance of cryospheric change, Pakistan presented a cross-regional Glacier Preservation and Resilience

Initiative at COP30 under the United Nations Framework Convention on Climate Change framework, where it received broad international support.

Building on this momentum, Pakistan has initiated the planning phase for GLOF-III and is concurrently developing a comprehensive national Glacier Preservation and Resilience Strategy. These efforts underscore the strategic prioritization of glacier systems within the country's climate policy framework, reflecting their critical importance for long-term environment sustainability and socio-economic stability.

iii. Integrated Climate Risk Management in Buner and Shangla Districts of Khyber Pakhtunkhwa

The Buner and Shangla Climate Adaptation Project has been initiated in March 2025 in Khyber Pakhtunkhwa, with a total allocation of US $ 9.8 million, financed by the Green Climate Fund. The project focuses on strengthening early warning systems, enhancing local institutional capacity and promoting community preparedness through structured training and awareness programmes. It is expected to benefit over 1.6 million people, enabling vulnerable populations in these mountainous districts to better withstand the escalating impacts of climate change.

iv. Sustainable Actions for Ecosystem Restoration in Pakistan (SAFER Pakistan Project)

A project titled "SAFER Pakistan Project" launched in September 2025 is a major climate adaptation initiative funded by the Adaptation Fund and led by Pakistan's MoCC&EC in partnership with the International Centre for Integrated Mountain Development (ICIMOD). With a portfolio of US $ 10 million, it aims to strengthen resilience against climate change by focusing on water security. The project focuses on nature-based solutions and integrated water resource management, including community-based early warning systems, spring and groundwater recharge, climate-resilient water infrastructure, wetland restoration and wastewater treatment and rehabilitating traditional water bodies. It also emphasizes social inclusion by building the capacity and participation of women, youth and children in adaptation planning and disaster resilience.

v. National Adaptation Plan Progress: DAPs

Under National Adaptation Plan, the preparation of District Adaptation Plans progress. This initiative is a climate adaptation effort aimed at strengthening local resilience by developing inclusive, evidence-based strategies for addressing climate risks at the district level. It focuses on building the capacity of district governments and communities to assess climate vulnerabilities, prioritize adaptation actions, and integrate climate-resilient planning into local development processes. Through stakeholder engagement, data collection, risk analysis and training, the initiative helps districts design and implements tailored adaptation measures across key sectors such as water, agriculture, disaster risk reduction and infrastructure. District adaptation plans for Badin and Dera Ghazi Khan have already been finalized, while plans for Karak and Charsadda are currently in process.

vi. Climate and Disaster Resilience Enhancement Programme (CDREP) – Subprogramme II:

For strengthens institutional and financial preparedness for disasters, the Government of Pakistan, through the Finance Division as the Executing Agency, is implementing Asian Development Bank (ADB)-supported Climate and Disaster Resilience Enhancement Programme (CDREP) with a total programme size of US $ 1.0 billion, comprising Subprogramme-I and Subprogramme-II. CDREP adopts an integrated policy reform approach focusing on: (i) improving institutional capacity for disaster planning, preparedness and response (ii) increasing investments in disaster risk reduction (DRR) and climate resilience and (iii) operationalizing a risk-layered Disaster Risk Financing (DRF) framework to ensure timely availability of financial resources during disaster events.

Subprogramme-II (September 2024 – March 2026)

Subprogramme-II (SP-II), with a financing envelope of US $ 500 million (US $ 250 million

OCR and US $ 250 million concessional OCR), is currently under implementation. The loan carries a 15-year term, including a 3-year grace period, with an interest rate of SOFR + 0.5 percent. A key feature of SP-II is the Contingent Disaster Fund (CDF) of up to US $ 500 million, designed as a multi-year facility to provide immediate liquidity in the event of disasters, with disbursements routed through the national budget. Under SP-II, 24 policy actions across 11 government entities are being implemented, expected to be completed by December 2025. The key reforms include:

- Adoption of the National Disaster Management Plan III (2024)
- Development of a Natural Catastrophe (NatCat) Risk Model
- Introduction of Gender-Responsive Disaster Management Frameworks
- Establishment of Blended Finance Frameworks and Climate Screening Mechanisms

The programme also promotes innovative climate finance instruments, including green sukuk and supports the development of a National Climate Finance Strategy. The DRF Strategy aims to enable rapid financial response and support vulnerable populations through mechanisms such as the Benazir Income Support Programme (BISP). ADB is providing technical assistance (US $ 1 million) to strengthen implementation capacity, focusing on institutional strengthening, development of innovative financing instruments (insurance, catastrophe bonds) and programme monitoring. Overall, CDREP SP-II represents a critical step toward enhancing Pakistan's institutional, financial and operational capacity to manage climate-induced disasters and safeguard sustainable development.

17.3-c Capacity Building on Water Quality Monitoring SDG 6 (6.1) Reporting

The capacity building regarding reporting of water quality monitoring initiative is a climate adaptation and sustainable development intervention designed to strengthen Pakistan's ability to track and report progress toward Sustainable Development Goal 6.1 with a portfolio of Rs 102.0 million. The initiative is critical as the SDG 6.1 aims to achieve universal and equitable access to safe and affordable drinking water. By improving institutional systems for consistent, accurate and transparent water quality monitoring, the initiative supports evidence-based decision-making, compliance with national and international standards and integrate water quality data into planning and policy frameworks.

17.3-d Submission of Nationally Determined Contributions (NDC 3.0)

In fulfillment of commitments under the United Nations Framework Convention on Climate Change and the Paris Agreement, Pakistan submitted its third Nationally Determined Contribution (NDC 3.0) on 24th September 2025. This submission articulates an integrated and forward-looking framework that embeds both mitigation and adaptation priorities within national development planning. It outlines cross-sectoral interventions spanning energy, industry, agriculture, forestry, waste, water, health, education, housing and social protection systems, with the objective of advancing climate resilience, sustainability and inclusive development. Pakistan remains committed to reduce projected greenhouse gas emissions by up to 50 percent relative to a business-as-usual trajectory. Under NDC 3.0, this target is extended to 2035, with 17 percent to be achieved unconditionally through domestic policy measures and resource mobilization and an additional 33 percent contingent upon the provision of adequate (primarily grant-based or concessional) international climate finance, alongside technology transfer and capacity-building support.

However, progress has been constrained by limited access to the required international financing. The total investment needed to achieve these targets is estimated at US $ 565.7 billion. The World Bank, in its Pakistan Country Climate and Development Report (2022), estimated baseline climate-resilient and low-carbon investment needs at US $ 348 billion up to 2030, implying an additional requirement of approximately US $ 217.7 billion by 2035.

Overall, NDC 3.0 reflects a dual strategic orientation: advancing low-carbon development while strengthening resilience to climate-induced shocks. It underscores that the scale of ambition exceeds domestic capacities alone, thereby necessitating sustained international cooperation, technology partnerships and financial support to enable effective implementation while safeguarding long-term development gains.

17.3-e Submission of Third National Communication of Pakistan

Pakistan submitted its Third National Communication (TNC) to the United Nations Framework Convention on Climate Change on 30th June 2025, representing a critical milestone in the country's climate reporting and policy framework. A central component of the TNC is the national greenhouse gas (GHG) inventory for 2020–21, prepared by the Global Climate-Change Impact Studies Centre (GCISC). The inventory was developed in accordance with the IPCC 2006 Guidelines for National Greenhouse Gas Inventories, utilizing standardized tools and methodologies, including the IPCC GHGI Software, to ensure transparency, consistency and comparability. Beyond fulfilling reporting obligations, the TNC serves as a strategic, evidence-based foundation to guide Pakistan's transition toward a low-carbon and climate-resilient development pathway. MoCC&EC as the national focal institution for climate governance has led this process with technical support from GCISC.

17.3-f Pakistan Climate Change Authority (PCCA)

In response to the climate burdens, the Government of Pakistan has established Pakistan Climate Change Council, Pakistan Climate Change Authority (PCCA) and Pakistan Climate Change Fund (PCCF) under the Pakistan Climate Change Act 2017 as the key milestones to strengthen climate governance in the country. As a newly established national technical entity, the PCCA is mandated to mobilize international climate finance and support coordinated implementation and monitoring of national climate policies, strategies and programmes in collaboration with the provinces, in line with international commitments and to pursue low emission and climate-resilient development pathways.

During 2025-26, the institutional set up, operational rules and procedures for effective function of PCCA and for the establishment of PCCF were formulated as the essential foundational steps. So, far the authority has played an effective role in accessing climate by formulation of more than 38 project proposals and successfully secured three projects. Currently, PCCA is in process of engaging with GCF as the first-ever national entity for Direct Access Readiness Support from GCF in collaboration with MoCC&EC. The proposed readiness support aims to establish a mechanism for coordinated implementation, monitoring, data management and reporting of climate interventions.

17.3-g Establishment of Green University and National Green Startup Innovation Challenge (NGSIC)

For promotion of green skills in Pakistan, MoCC&EC is advancing the establishment of a "Green University in Pakistan" as a strategic initiative to develop a climate resilient, future-ready human capital base. The initiative aims to equip young professionals with advanced green skills while fostering innovation, green entrepreneurship and applied research in climate and environmental domains. Strategically, the university is envisioned to produce a skilled and adaptive workforce capable of driving Pakistan's transition toward a low-carbon, resource-efficient and climate-resilient economy.

Further, MOCC&EC is organizing a "Shark Tank" style Green Startup Innovation Challenge which will create a high-visibility, competitive, and investment-focused platform. The initiative will promote climate-smart entrepreneurship in Pakistan by identifying, supporting, and scaling innovative green startup solutions with high environmental, social, and economic impact. It will help in establishing a national-level investment pitching platform where green startups and innovators present their business ideas to a panel of investors for funding,

mentorship and partnership opportunities. The intended outcomes of the event are to enhance number of viable green startups, enhanced youth engagement in climate action and green economic growth. It will contribute towards Pakistan's NDC targets, green industrial policy and national green jobs agenda.

17.3-h Initiatives Related to Ecosystem, Forestry and Biodiversity

Pakistan is advancing integrated long-term interventions focused on ecosystem restoration and climate adaptation, including forest landscape restoration, mangrove rehabilitation and blue carbon initiatives in the Indus Delta. At the international level, Pakistan is an active member of the Riyadh Global Drought Resilience Partnership and ratified the Middle East Green Initiative Charter in 2025, strengthening regional collaboration on drought resilience, land restoration and nature-based solutions. The country continues to operationalize Land Degradation Neutrality targets through integration into national planning processes.

Concerning forestry, Pakistan's total forest area is estimated at approximately 4.1 million hectares, representing about 4.7 percent of the national land area. The average annual deforestation rate is estimated at around 11,000 hectares, reflecting persistent pressures on forest resources. MoCC&EC, in collaboration with provincial and territorial governments is implementing large-scale afforestation and ecosystem restoration initiatives to enhance forest cover. Under the Green Pakistan Programme, with a total allocation of Rs 122.1 billion, approximately 2.3 billion plants have been raised, regenerated and distributed nationwide. By March 2026, a cumulative total of 2,283.3 million plants had been planted, regenerated, or distributed, achieving 69.3 percent progress and increasing tree cover over about 0.7 million hectares. As reported by the provinces /territories, a total of 30.5 million plants were planted, regenerated or distributed during July–March 2026. The province-wise and special areas performance against plantation targets remained as under: Punjab (79 percent), Sindh (86 percent), Khyber Pakhtunkhwa (73 percent), Balochistan (28 percent), AJK (34 percent) and GB (62 percent).

In the biodiversity sector, Pakistan is revising its National Biodiversity Strategy and Action Plan in alignment with the Kunming-Montreal Global Biodiversity Framework. The country has also ratified the Agreement on Biodiversity Beyond National Jurisdiction, aimed at strengthening global governance for marine biodiversity conservation. Efforts to expand protected areas continue, with a total of 476 protected areas now covering over 20 percent of the country's territory, including marine ecosystems.

17.3-i Key Development Related to International Cooperation

Pakistan ratified Kigali Amendment in 2025 via presidential signing. The Kigali Amendment to the Montreal Protocol is a legally binding international agreement aimed at phasing down hydrofluorocarbons (HFCs) and potent greenhouse gases. Its significance lies in reducing global warming by up to 0.5 °C by 2100, promoting energy-efficient and eco-friendly cooling technologies. Furthermore, an import licensing system had been introduced for the import of hydrofluorocarbons (HFCs) which was a mandatory requirement of the Kigali Agreement. Additionally, Pakistan has also imposed a ban on the import of chloroform.

17.4 Pakistan Climate Finance: Performance Insights of FY 2026

Apart for advancing climate resilience and adaptation through institutional arrangements and key integrated policy developments, the Government of Pakistan has also made following significant progress in regards to climate finance and investment frameworks.

17.4-a Pakistan Climate Prosperity Plan (CPP) and Investor Framework

Pakistan Climate Prosperity Plan (CPP) is the Government's flagship investment-led framework designed to transform climate challenges into opportunities for sustainable

economic growth, resilience and prosperity. It serves as a comprehensive climate investment blueprint aligned with Pakistan's NDCs, national development priorities and global sustainability commitments. The CPP has been launched by the Finance Division on 29th April 2026, aiming to reposition climate action as a driver of economic transformation by mobilizing public, private and international finance and by embedding climate resilience across key sectors of the economy.

Strategic Vision and Investment Framework of CPP

The CPP targets a transition toward a climate-resilient and low-carbon economy through: 1) Expansion of renewable energy and clean technologies 2) Promotion of climate-resilient agriculture and food security 3) Development of green industrial zones and circular economy models 4) Strengthening of climate-resilient infrastructure, 5) Scaling up financial protection mechanisms and disaster risk financing and 6) Protection and restoration of natural capital through nature-based solutions.

The plan estimates an overall investment requirement of approximately US $ 1.6 trillion by 2050, with annual investment needs of around US $ 65 billion. Investments are projected to reach US $ 565.7 billion by 2035. To operationalize implementation, a Country Platform led by the Finance Division in coordination with key ministries and provinces will facilitate project pipeline development, mobilize financing and strengthen institutional coordination. In this regard, the CPP identifies priority sectors including energy transition, agriculture, green economic zones, infrastructure, transport and natural capital. The key targets include:

- Transition to 60 percent clean energy by 2030 and 95 percent by 2040
- Achieving 30 percent EV penetration by 2030
- Boosting agricultural productivity by 30 percent through climate-smart practices
- Climate-proofing 75 percent of infrastructure by 2040
- Expanding protected natural areas and restoring degraded ecosystems

In regards, to Investment Pipeline and Investor Engagement, there is CPP Investor Guide, which presents a pipeline of climate-aligned, bankable projects across sectors including renewable energy, hydropower, electric mobility, climate-smart agriculture, waste management and carbon markets. In particular, these projects include: 1) Hydropower and solar energy projects 2) Electric vehicle manufacturing and mobility solutions 3) Climate-smart agriculture and biochar initiatives 4) Wastewater treatment and circular economy projects and 5) Carbon offset and afforestation initiatives. The investor framework emphasizes blended finance, public-private partnerships (PPPs) and innovative instruments such as green bonds, sukuk, and carbon markets to attract private capital and reduce financing constraints.

Regarding macroeconomic and development impact, the CPP is expected to promote green growth and reduce climate-induced economic losses, enhance energy security and reduce import dependence, strengthen fiscal resilience through reduced disaster-related expenditures, generate employment through green sectors and lastly, improve environmental sustainability and public health outcomes.

17.4-b Pakistan Green Taxonomy (PGT)

Pakistan Green Taxonomy has been approved and notified on 15th September, 2025. It is a classification system for sustainable economic activities, developed to guide investment towards environmental objectives such as climate change mitigation and adaptation. It categorizes activities to prevent green washing by providing a standardized definition of green projects, making it easier to mobilize capital for sustainable development. The implementation is on fast-track in collaboration with Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP).

The SECP has implemented the green taxonomy by issuing revised ESG Disclosure Guidelines for listed companies, aligning corporate reporting with PGT. This framework mandates reporting of climate related risks, opportunities, and for large listed companies, taxonomy-aligned activity data, starting voluntarily until June 2029 before a three-phase mandatory rollout. The primary goals are to increase investor confidence, improve the credibility of climate disclosures and direct capital towards sustainable, green projects in line with national climate goals.

17.4-c Carbon Markets

Pakistan policy guidelines for Trading in Carbon Markets have been operationalized, incentivizing mitigation activities under the market-based mechanisms of Article 6 of the Paris Agreement. Under the policy guidelines, four projects have been issued Letters of Intent during the period July–March 2026. The projects details include:

i. Biomethane, Bio-Pellets & Organic Fertilizer Project

The project began in October 2024 with a 15-year crediting period. It is expected to achieve emission reductions of 12,299,429 tCO2e over 25 years' operational lifetime, averaging 491,977 tCO2e annually. The project will convert cow dung, fruit and vegetable waste into biogas and organic fertilizer. As an outcome, the principal product is biogas, a clean-burning fuel derived from organic waste, which will also be converted into bio-methane gas.

ii. Lakhodair Landfill Site Methane Capturing Project

The project has an estimated credit of 225,000 tCO_2e per year over a 10-year crediting period, with the first issuance expected in 2027. It will reduce greenhouse gas emissions and air pollution by capturing methane and preventing open burning of waste. The project will result in solid waste management and protection of public health from the risks posed by unsafe disposal of waste material.

iii. Pakistan Finance for Lowering Emissions in Waste and Water Sectors Project in Punjab

The project is estimated to generate 1,184,791 tCO_2e credits between 2026 and 2030. Its outcomes include wastewater treatment, clean drinking water supply and the use of renewable energy in operations.

iv. Pakistan Finance for Lowering Emissions in Waste and Water Sectors Project in Sindh

The project has an estimated credit of around 0.5 million tCO_2e per year. Its outcome focuses on improved solid waste management in the Sindh province.

17.4-d Development of Climate Finance Dashboard

Climate Finance Dashboard is under development to ensure transparency and accountability in the inflow of funds mobilized nationally and internationally under the climate finance. The dashboard will have real time data related to all kinds of climate budget tagged finance mobilized nationally through PSDP, ADPs, Private Sector Investments and internationally donor-funded projects all over the country. The purpose is to digitize information based on validated data which will eventually help draft strategies related to activities under adaptation, mitigation and other supporting areas. It will also ensure completeness and authenticity of future climate finance data to be collected through well-defined protocols from federal and provincial stakeholders.

17.4-e IMF Resilience and Sustainability Facility (RSF) – Reform Progress

Pakistan is implementing a comprehensive set of climate-related reforms under the IMF's Resilience and Sustainability Facility (RSF), aimed at strengthening climate resilience, promoting green growth and improving fiscal sustainability. The progress update in this regard is presented in Box-II.

Box-II: IMF's RSF Progress Update

The key "Completed Reforms" under the programme include:

- Introduction of a supplementary carbon levy on petroleum products through the FY 2026 Finance Act.
- Adoption of a revenue-neutral electric vehicle (EV) policy framework, including subsidies for EVs and taxation of internal combustion vehicles.
- Issuance by State Bank of Pakistan (SBP) of climate-related financial risk management and stress testing guidelines.
- Operationalization of green taxonomy and ESG disclosure guidelines by Securities and Exchange Commission of Pakistan (SECP), with phased mandatory reporting from 2029.

Whereas, the "Ongoing and Pipeline Reforms" comprise of:

- Integration of climate weighting (minimum 30 percent) in PSDP project selection and improved climate screening.
- Development of a National Disaster Risk Financing Strategy implementation framework.
- Reform of energy subsidies, transitioning to targeted support mechanisms for low-income households through BISP.
- Promotion of EV charging infrastructure through viability gap funding (VGF) frameworks.
- Introduction of irrigation water tariff reforms (e-Abiana) to improve cost recovery and water efficiency.
- Expansion of Minimum Energy Performance Standards (MEPS) and energy-efficient public procurement.
- Strengthening of climate budget tagging and reporting, including quarterly execution reports.

These reforms collectively aim to reduce carbon intensity, enhance climate resilience, improve resource allocation and mobilize sustainable finance, while addressing structural inefficiencies in energy, water and public investment systems.

Source: Ministry of Finance

17.4-f Glaciers to Farms (G2F) Regional Programme: Advancing Climate Resilience & Sustainable Development in Central and West Asia

In November 2025, a Green Climate Fund Regional Programme Glaciers to Farms (G2F) has been approved and Pakistan has been allocated US $ 27.5 million against which concepts notes are being developed and sifted to pitch projects.

17.4-g Green Climate Fund (GCF) Financing

The "Artificial Recharge Interventions for Ground Water & Climate Adaptive Watershed Management in Quetta Sub Basin" project proposal received from the Government of Balochistan was approved by the Pakistan GCF Board on 17th December, 2025 and later forwarded to GCF international for approval through NRSP being accredited agency. The project proposes an integrated solution to Quetta's water crisis by constructing a network of 205 recharge wells and 113 injection wells strategically located in permeable zones near existing check dams and natural flood channels. These are synergistically combined with the afforestation of 350 acres of degraded watershed using native, drought-resistant species and the installation of a real-time monitoring network of 50 sensor-equipped wells.

The project will cost US $ 9.0 million and indicative funding from GCF would be around US $ 5.6 million. It will benefit 2.5 million people directly. Estimated project lifespan is 20 years with the implementation period of 3 years. The project will contribute to reduce 20 percent emissions and 80 percent in adaptation with increased resilience and livelihood of the

communities based in Quetta. Approximately 66,000 to 67,000 tCO2e sequestration expected in 20 years (141.6 hectares afforestation planned) under the project. The artificial recharge interventions and watershed restoration measures through afforestation are expected to remain effective and continue generating climate adaptation benefits beyond the project completion.

17.4-h Global Biodiversity Framework Fund (GBFF) Financing

Under the 2nd Tranche of Global Biodiversity Framework Fund (GBFF) with indicative ceiling for Pakistan US $ 2.8 million, MoCC&EC has endorsed two projects (i) Nature-based Solutions (Nbs) in form of Wetlands and reforestation for Biodiversity Enhancement and Climate Change Adaptation in the Riverine and Marine Urban Context-Lyari River, Karachi with proposed GEF financing of US $ 1.9 million and (ii) Accessing the benefits of Biodiversity: Working towards the national Legislation and Implementation of the Nagoya Protocol with proposed GEF financing of US $ 1 million). Upon approval from GBFF, Pakistan would leverage US $ 2.8 million as climate finance.

17.5 Natural Disasters of 2025–2026 in Pakistan

The overview of natural disasters appeared in Pakistan during 2025–2026 and their associated human and economic impacts are detailed below.

Floods of 2025

Pakistan, consistently ranked among the most climate-vulnerable countries, is recurrently exposed to climate-induced hazards due to its location within the Indus River Basin, the intensity of the South Asian monsoon system and the cryospheric dynamics of the Hindu Kush–Himalayan region. These wide spectrums of interlinked climate-induced and hydro-climatic hazards include floods, droughts, heatwaves, GLOFs, cloudbursts, extreme monsoon precipitation, riverine flooding and flash floods and severe smog episodes. The risks from hydro-climatic hazards are amplified by the highly integrated nature of the Indus Basin hydrological system, where major rivers such as the Indus, Jhelum, Chenab, Ravi and Sutlej River can experience concurrent peak flows during extreme rainfall events, overwhelming downstream infrastructure and flood protection systems.

The frequency and intensity of these events have risen markedly in recent years, reflecting escalating climate stress. During the 2025 monsoon season, rainfall beginning in late June rapidly evolved into a large-scale compound disaster. According to Pakistan Metrological Department, monsoon season (July–September, JAS 2025) aggregate rainfall proved to be above average (positive anomaly of 23 percent) with national total rainfall of 172.8 mm. Overall, all provinces and territories have experience above average rainfall with Punjab with 310.1 mm (34 percent higher), GB with 51.9 mm (31 percent higher), Balochistan with 74.8 mm (28 percent higher), Sindh with 168.8 mm (26 percent higher) all exhibited above average rainfall, while AJK with 407.8 mm (5 percent higher) and Khyber Pakhtunkhwa with 260.7 mm (2 percent higher) saw near average monsoon rains. This heightened precipitation, combined with enhanced glacier melt, elevated river discharges, inadequate drainage capacity and unsustainable land-use practices, led to widespread inundation across Khyber Pakhtunkhwa, GB, AJK and Punjab. The interaction of these drivers transformed a seasonal monsoon into a multi-hazard disaster. The situation further intensified in late August 2025 when Sutlej, Ravi and Chenab River experienced synchronized flood peaks, producing unprecedented compound flooding across Punjab. Thousands of people were displaced and villages were inundated, causing substantial agricultural losses with implications for national food security. Damage to embankments, irrigation networks and rural infrastructure compounded humanitarian needs and magnified economic losses. The details of these damages in economic terms are reported in Box-III.

Box- III: Economic and Sectoral Impacts of 2025 Floods

The 2025 flooding caused widespread economic and humanitarian devastation, with total damages estimated at Rs 822 billion (US $ 2.9 billion). The disaster resulted in over 1,039 fatalities, displaced more than 4 million people and affected approximately 6.5 million individuals across 70 districts, with nearly 77 percent of losses concentrated in Punjab.

According to the Flood Assessment Report 2025 (data as of 30th September 2025), the agriculture sector incurred damages of Rs 430 billion, including Rs 422.6 billion in crop losses, while infrastructure-related damages were estimated at Rs 307 billion. Within overall infrastructure losses of Rs 307 billion, major damage includes of road networks accounted Rs 187.7 billion, followed by housing infrastructure at Rs 91.2 billion, whereas other sectors, including bridges, water and energy infrastructure, sustained combined damages of Rs 28.05 billion. Regionally, the distribution of damages is highly uneven, heavily concentrated in Punjab accounting Rs 631 billion (76.8 percent) of total losses.

Sectoral impacts were particularly pronounced across the agriculture and infrastructure sectors. In agriculture, critical crops including cotton and rice sustained damages, thereby undermined food security and export potential. At the same time, widespread destruction of physical infrastructure, including thousands of kilometers of road networks, bridges and more than 229,763 housing units, has imposed severe strain on public resources and recovery capacities.

These floods disruptions are also projected to have labor market implications, with unemployment expected to increase by approximately 0.2 million in FY 2026. Consequently, the floods have emerged as a significant downside risk to Pakistan's macroeconomic outlook, with real GDP growth for FY 2026 revised downward to an estimated range of 3.5-3.9 percent compared to the initial target of 4.2 percent.

Source: Ministry of Climate Change and Environment Coordination

The latest update as of 5th December 2025 by EM-DAT, the floods of 2025 have caused the estimated US $ 3.0 billion in damages, affected 6.9 million people and resulted in 1,037 deaths due to the monsoonal rains. Additionally, so far in 2026, despite only a few months into the year, the severe weather event in the form of storm, which lasted just one day in the Karachi region (Sindh province) has caused economic losses of US $ 5.0 million alone to the economy (Table 17.1).

Table 17.1: Natural Disasters of 2025-2026 and their Consequences in Terms of Human Life and Damages

Year	Disaster Type	Disaster Sub Type	Total Deaths	Total Affected	Total Damages ('000 US $)
2025	Storm	Storm (General)	10	21	-
	Flood	Flash flood	1,037	6,901,067	3,000,000
	Storm	Severe weather	20	150	-
2026	Earthquake	Ground movement	1	152	-
	Storm	Severe weather	83	2,315	-
	Storm	Severe weather	19	50	5,000
Total			1,170	6,903,755	3,005,000

Source: EM-DAT (The International Disaster Database)

17.6 Provincial Performance Regarding Environment Protection: Achievements and Key Initiatives of FY 2026

Punjab

- Environment and Climate Change Endowment Fund has been established on 20th September 2025 with the capitalization of Rs 6,700 million under the World Bank-assisted Punjab Green Development Programme (PGDP), in line with the Punjab Green Financing Strategy, to achieve Disbursement Linked Result (DL.R 8-1).

The fund serves as a sustainable financing mechanism, operationalized through the not-for-profit Punjab Environment & Climate Change Endowment Fund (PECCEF) Company to promote green investments, environmental protection, emissions reduction and enhance climate resilience.

- Similarly, a Green Climate Fund (GCF) Accreditation Unit has been constituted on 10th October 2025, by the Environment Protection Climate Change Department. The unit serves as the focal entity for all matter pertaining to GCF accreditation, ensuring coordination with MoCC&EC and compliance with fiduciary and institutional requirements in accordance with the GCF framework.
- The CM Punjab Climate Internship Programme was approved on 22nd October 2025 as a provincial initiative to strengthen climate governance through structured youth engagement. The programme bridges the gap between academic leaning and field implementation by recruiting 1,250 interns from diverse academic backgrounds and all districts of Punjab.
- Punjab Green School Certification Programme has been formally initiated with Phase-I launched on 12th September 2025. The programme promotes school-level climate action across 41 districts through six thematic sectors (i) Air for Life (ii) Every Drop Counts (iii) Save Energy (iv) Waste Wise (v) Environmental Action and (vi) Plant for Pakistan. Till end December 2025, 16,461 schools have pledged participation, including 14,934 public schools (91 percent) and 1,527 private schools (9 percent), reflecting strong institutional uptake of the programme across the province.
- Further, with regards to digitalization, Punjab Environment Protection Agency (EPA) has introduced wide range of initiatives, mainly include:

i. **Industrial Directory, E-Mapping, AI-based Monitoring and System Integration:** EPA Punjab maintains a comprehensive industrial directory with assigned Unique Identification (ID) numbers to each industrial unit. It has also completed province-wide e-mapping of industrial units, enabling real-time tracking of location, operations and environmental compliance, further supported by CCTV-based monitoring with AI and machine learning for violation alerts. It also integrates the Planning Support System (PSS) with the Environmental Assets Management System (EAMS), supported by GIS-based mouza-level mapping, therefore improves policy planning and removes unnecessary procedural steps.

- Additionally, regarding institutional reform initiatives, EPA Punjab undertook a series of measures in 2025, to strengthen environmental governance and enforcement across the province. The details include:

i. **ISO 9001 Certification:** EPA Punjab achieved ISO 9001 certification in 2025 for its EIA process, becoming the first provincial environmental agency in Pakistan to meet this international quality management standard.

ii. **Air Quality Monitoring System (AQMS):** The EPA has strengthened province-wide Air Quality Monitoring Stations through installation of 46 monitoring stations across 18 districts. These stations conduct continuous, real time monitoring of local air quality and environmental parameters.

iii. **Drought Management Initiative:** For the first time, EPA Punjab took a proactive role in drought management by initiating coordinated measures to assess, monitor and address drought impacts through evaluation of environmental stress indicators, water

scarcity trends and ecosystem vulnerability to support informed planning and mitigation efforts.

- Further, during 2025 EPA Punjab conducted large-scale enforcement actions, including over 150,000 inspections in industrial and brick kiln sectors, resulting in demolitions, sealing actions, FIRs and fines exceeding Rs 687 million. Alongside significant interventions reported below, resulted into measurable environmental gains, including a 13 percent reduction in PM2.5 levels in Lahore as reported by IQAir 2025 report, expansion of the Air Quality Monitoring System from 3 to 51 stations with a target of 100 by April 2026 and enhanced real-time pollution monitoring across Punjab. The details of these initiatives are:

  i. **Hawk Eye Surveillance System:** EPA Punjab deployed the Hawk Eye vehicle with 360-degree live camera vehicle for real-time monitoring of environmental compliance. It is also supporting enforcement of regulations through daily surveillance of industrial hotspots, dust management and water recyclers installation monitoring and hotspots identification for fog cannon operations.

  ii. **Fog Cannon Fleet (Anti-Smog Initiative):** Pakistan's first ever fog cannon fleet has been launched, with 15 units operating in Lahore as part of air pollution mitigation strategy. The ultra-fine mist spray technology will effectively settle harmful PM10 particles, reducing level of suspended particles, thereby improving air quality locally.

  iii. **Brick Kiln Reforms (Zig-Zag Technology):** In 2025, EPA Punjab strengthened its enforcement against brick kiln ensured transition to zig-zag technology, achieving 100 percent compliance along motorway zones. Resultantly, the initiative substantially reduced particulate emissions and black carbon levels thereby improved air quality along major transport corridors.

  iv. **Anti-Stubble Burning Initiative:** EPA Punjab has launched a dedicated initiative to curb stubble burning, a major contributor to air pollution in the province. Some comprehensive initiatives in this regard include: Anti-Stubble Burning Squad, provision of 5,000 super seeders to farmers, deployment of drone and eight e-squad monitoring and establishment of 67 Quick Response Centers along major motorways (M-2, M-3, M-4 &M-11) in 8 Stubble Burning Hotspots Districts, which enabled prevention, monitoring and rapid response to crop burning incidents.

  v. **Construction Dust Control Measures:** The EPA has deployed modern mist sprinkler systems at construction sites as a part of anti-smog measure in Lahore as construction activities are significant contributors to dust and particulate pollution. These systems spray water over exposed soil, debris and construction materials, reducing the dispersion of airborne particulate matter thereby help maintain air quality.

  vi. **Thermal Night Vision Drone Surveillance:** The EPA for the very first time introduced thermal night vision drones to conduct aerial surveillance on day and night basis to monitor, inspect and enforce environmental regulations more effectively. Equipped with advanced thermal imaging technology, these drones can detect emissions, illegal discharges and other violations that are hard to observe at night.

  vii. **Mandatory Rainwater Harvesting Systems:** One of the most important water conservation initiatives undertaken was the introduction of regulations mandating rainwater harvesting systems in new construction

projects. Developers of residential, commercial and institutional buildings were required to integrate rainwater collection and recharge mechanisms into project designs through environmental approvals, promoting groundwater recharge, reducing runoff and supporting climate-resilient urban development.

viii. **Water Recycling and Reuse System in Commercial Operations:** Reinforcing a holistic environmental management approach, EPA mandated installation of water recycling and reuse systems in water-intensive facilities such as car wash stations. The initiative result reducing freshwater consumption in the commercial sector and encouraged businesses to adopt sustainable practices.

ix. **Fuel Quality Testing Laboratories:** The EPA has for the first time in Punjab introduced fuel testing laboratories to monitor and ensure the quality of petrol and diesel sold at petrol pumps across the province. These laboratories test fuel samples for adulteration and control environmental pollution and protect vehicle engines. In addition, EPA Punjab has launched mobile fuel testing labs, enabling on site testing and swift enforcement actions against non-compliance fuel outlets, marking a significant step toward improving fuel and air quality across the province.

Sindh

- Regarding, the quality of drinking water, the province-wide assessment conducted by the Sindh Environmental Protection Agency (SEPA) reflects ongoing provincial efforts in ensuring safe drinking water standards across Sindh. A total of 950 drinking water samples were collected and analyzed across all six divisions of Sindh. Of these, 734 samples (77.3 percent) were found fit for drinking purposes, while 216 samples (22.7 percent) were declared unfit.
- In compliance with environmental pollution control measures, SEPA through Environment, Climate Change & Coastal Development Department has implemented province-wide interventions. An updated survey of wet process industries shows that Karachi Division has 509 wet process industries, of which more than 174 have installed wastewater treatment plants, with approximately 104 million gallon per day (MGD) of effluent generated in Karachi, out of which 30 MGD get treated.
- Regarding incineration plants, SEPA has approved 18 hazardous waste incineration plants to reduce waste volume, destroy hazardous components and mitigate methane emissions from landfills.
- For vehicular emission monitoring, continuous monitoring has been conducted in coordination with traffic police. A total of 37,977 heavy vehicles were monitored, out of which 10,858 vehicles were challaned or penalized. Moreover, SEPA has directed all industries to submit quarterly vehicular emission monitoring reports.
- Under targeted actions to control air pollution:

  i. Operations of 218 illegal battery recycling units have been stopped and demolished across Sindh province, mainly operated in Karachi and Hyderabad.

  ii. SEPA has also enforced the installation of Zig Zag technology in 10 brick kiln units and 83 units were prosecuted. The majority of brick kilns using hazardous fuels such as used tyres, shoes and plastic have been stopped from their operations.

  iii. Further, all illegal coal storage sites were removed, and coal was shifted to

legal storage yards particularly located in district Malir.

iv. Actions have also been taken against all stone crushing units in Sindh province for controlling dust emissions; they have been directed to implement SEPA guidelines and environmental management plans. As an update, in Larkana region, 147 rice mills have installed air emission control systems (cyclone separators/dust catchers). In Mirpurkhas region, 103 cotton ginners have installed dust catcher systems. Monitoring of cement industries in Sindh has been completed and found that all cement factories are in compliance with air pollution control equipment requirements.

- Regarding environmental development projects:

  i. The Jam Chakro Landfill Site is being upgraded from a traditional open dumping area into a modern engineered sanitary landfill. The project envisages potential utilization of recovered landfill gas for power generation, with an estimated annual GHG emission reduction of approximately 0.4 million metric tons of CO_2 equivalent ($MtCO_2e$).

  ii. The Green Bus Rapid Transit system in Karachi, a 21.7-kilometer route from Municipal Park to Surjani Town, is projected to reduce carbon emissions by 2.6 million metric tons of CO_2 equivalent over its 30-year life. SEPA has approved the Environmental Impact Assessment of the Green Line BRT and the Red Line BRT (under construction), while the Yellow Line BRT is under review.

  iii. With regards to renewable energy, SEPA has issued approvals to 35 wind energy companies producing total of 1,845 MW. A single megawatt of wind power can avoid approximately 2,400 tons of CO_2 emissions per year. Similarly, approvals have been issued to 5 solar power projects producing 350 MW, with one megawatt of solar power avoiding approximately 1,400 tons of CO_2 emissions per year.

- Regarding pyrolysis plants, the Government of Sindh imposed a ban on tyre pyrolysis plants due to unscientific practices and lack of environmental controls. Subsequently, more than 20 such plants were shut down.

- Lastly, with regards to environmental legislation, the Sindh Cabinet approved the Environment, Climate Change & Coastal Development Department's proposal regarding ban on substandard fuel for the prevention and control of hazardous emissions.

Khyber Pakhtunkhwa

- Khyber Pakhtunkhwa Wildlife Department took significant initiatives to strengthen biodiversity conservation in the province. During July–December 2025, Rs 533.6 million (US $ 1,913,842) revenue has been generated inducing exportable Markhor permits worth Rs 263.7 million (US $ 946,000) from the bid of 39 Big Game Hunting Permits. Further, 1,647 small game and 9 big game licenses have been issued. Similarly, under non-exportable quota under Big Game-Hunting, 20 Ibex and 6 Grey-Goral permits were successfully bid out, valued at US $ 16,042 and US $ 398,500, respectively

- Likewise, corresponding to broader efforts to promote climate resilience and biodiversity conservation, Darsam and Hangu and Lower Tanawal Beer Valley in Abbottabad arid Haripur have been notified as Community Game Reserve and Gallies Abbottabad, Chitral Bashkar Garamchashma have been declared as Biosphere Reserves, under the categories of protected areas.

- Regarding forestry initiatives in the province, under the revised 10 Billion Tree Tsunami Programme (10-BTTP) significant progress has been made with the plantation of 0.3 million plants across all categories and the free distribution of 0.2 million farm forestry plants during July–December 2025.
- Additionally, the update as of July–December 2025 on Forestry Sub-Sector project include establishment of 20 Seed Stands in Merged Areas (10 in Chilghoza Forest, 2 in Oak Forests, 4 in Acacia Forests and 4 in other Forest "Gurgura, dodonea, Chir & Kail"). Additionally, 4 Bio-Gas Plant has been established in South Waziristan in order to provide alternate source of energy and to reduce pressure on Chilghoza Forests.
- Lastly, the updated status (July–December 2025) of NTFP Sub-Sector project comprise of: Provision of bio-briquette technology to 135 local communities, Value chain development of one Chilghoza product initiated, Propagation of lemongrass was carried out over 2 acres, 165 apiculture kits and 228 medicinal plant collection kits distributed, Walnut nurseries in Malakand and Hazara established over 4.2 acres, In-situ conservation areas covering 47 acres created, 188 Chilghoza cone collection tools distributed, 50 acres of degraded Chilghoza forests conserved and restored and Non-timber Forest Product nursery has been established on 0.5 kanal land.

Balochistan

- The implementation update for the use of Plastic Shopping and Flat Bags Act, 2023 reflects its continued progress across Balochistan. The Act has been promulgated and enforced province-wide, alongside mass awareness seminars and stakeholder consultations for its effective implementation. For sound management of plastic (polythene) pollution, the Balochistan Environmental Protection Agency (BEPA) has confiscated approximately 158,293kg of illegal plastic shopping bags from July–March 2026.
- The establishment of a dedicated Climate Change Unit within the Planning & Development Department, Government of Balochistan, marks further progress in strengthening institutional arrangements for climate action. The unit has been set up on a priority basis to address the growing need for integrated climate action and sustainable development, focusing on policy formulation, project planning and resource mobilization for climate mitigation and adaptation initiatives.
- The update on the installation of Effluent Treatment Plants (ETPs) indicates continued progress in industrial pollution control in the province. Effluent generated from industries such as textiles, pharmaceuticals, chemicals and tanneries is being managed through the installation of ETPs to prevent contamination of water resource. In the Hub industrial area, out of 34 industrial units generating effluent waste, 26 have installed ETPs while 4 other are currently in the process and the remaining 4 plans for the installation.
- The update on hospital waste management reflects strengthened regulatory enforcement under the updated Balochistan Hospital Waste Management Rules, 2025. Regular monitoring and inspection of 14 public and 49 private hospitals in Quetta are being conducted, alongside strict surveillance and enforcement actions (such as legal proceedings against violators) by the BEPA. As a result, a total of 195,980.3 kg of infectious hospital waste was incinerated during the period July–March 2026.
- The update on actions against brick kiln emissions reflects continued provincial efforts to transition from Bull Trench Kilns (BTKs) to Zig-Zag Kiln (ZZK) technology. Approximately 353 brick kilns are currently operational, of which 40 have been converted to ZZK technology, while more

than 250 kilns have been relocated to remote areas of District Mustang to mitigate environmental impacts.

- Further, to strengthen public-private collaboration for environmental sustainability in the province, a Memorandum of Understanding (MoU) has been signed between the Lasbella Chamber of Commerce and BEPA. Under the agreement, industrial units will collectively undertake the plantation of 1,000 trees annually as part of efforts to mitigate environmental hazards and enhance green cover in the province.
- The update on safeguarding the coastal environment of Balochistan highlights ongoing efforts to control marine pollution through improved industrial effluent management in the Hub Industrial & Trading Estate (HITE) and surrounding industrial clusters. At present, 160 industrial units in HITE and 25 marble units in District Hub are operational, of which 32 units discharge industrial effluents. In this regard, 4 units have already installed Effluent Treatment Plants (ETPs), while installation in the remaining 2 units is in progress. As a result, a total of 900,000 gallons of wastewater are being treated and safely discharged into the system in accordance with prescribe standards.
- Additionally, the province has made substantial progress towards meeting the compliance cut-off date of June 2025 under Pakistan's 2023 accession to the Hong Kong International Convention (HKC) on ship recycling. In this regard, safe and environmentally sound recycling of ships at Gaddani has been focused on. Gaddani comprises 132 ship-breaking yards operated by 25 shipbreakers, contributing significantly to steel production, tax revenue and employment (directly and indirectly supporting a dependent population of around 3.5 million). As an update to this initiative, 11 shipbreakers have completed the required yard work for HKC compliance and have formally submitted their application for certification.
- Regarding monitoring and regulation of vehicular emissions, the BEPA, in collaboration with relevant departments, identified 16 public transport routes in Quetta and conducted targeted inspections of buses operating on these routes. Following the exercise, route permits were cancelled for vehicles emitting excessive smoke, while compliance stickers were issued to compliant vehicles.
- Furthermore, BEPA has strengthened environmental compliance through continued effective implementation of Environmental Impact Assessments (EIA) and Initial Environmental Examinations (IEE). In this regard, 24 EIAs and 301 IEEs were conducted during July–March 2026, generated significant revenue of Rs 17.45 million.

Concluding Remarks

Pakistan is on the frontlines of climate crisis. Climate change is no longer a future threat but a current reality affecting people, economies and ecosystems, with effects already seen in various sectors. The challenge extends beyond rising temperatures to how effectively and urgently responses are mobilized, as the crisis continues to intensify with far-reaching human and economic consequences. In a rapidly evolving global climate landscape, Pakistan's role is also expanding through active climate diplomacy at international forums such as COP30 to more active participation in climate finance and international partnerships, including being at the forefront at Climate Vulnerable Forum (CVF-V20) and employing avenues such as Resilience and Sustainability Facility, Green Climate Fund, Adaptation Fund and Global Environment Facility. In addition, the country is also pro-actively advancing localized climate agenda through Monsoon 2026 Strategic Plan, Glaciers Preservation and Resilience Initiative, Pakistan

Green Taxonomy, NDC 3.0 and Pakistan Climate Prosperity Plan.

The Government of Pakistan has remained committed to addressing climate change, with environmental sustainability being at the forefront of national climate priorities. Climate change has increasingly become an integral part of Pakistan's mainstream economic and governance agenda, supported by sustained policy direction towards adaptation and mitigation, increasing inter-provincial and federal coordination. Pakistan is transitioning from recognizing climate change as a systemic risk toward strengthening climate resilience, however, the scale and urgency of the challenge demand multifaceted and strong implementation, greater and effective financial mobilization and sustained policy continuity. Pakistan is now at a pivotal stage in its climate change journey. The momentum generated through national and international efforts needs to be translated into effective implementation through sustainable holistic and forward-looking approach, policy effectiveness, institutional strengthening and enhanced global cooperation, thereby securing a resilient and sustainable future of the country.

ANNEXURE

Contingent Liabilities

Contingent Liabilities

In evaluating a country's pubic debt profile, it is essential to consider contingent liabilities alongside direct debt obligations. Contingent liabilities are possible obligations that can arise from specific future events. They can only become an actual liability based on the occurrence of one or more future events, not wholly within the control of the Government.

Contingent liabilities of the Government are primarily composed of guarantees issued on behalf of Public Sector Enterprises (PSEs) to secure financing from local or external lenders. A sovereign guarantee is normally extended to improve financial viability of projects or activities undertaken by Government entities with significant social and economic benefits. It allows public sector companies to borrow money at lower costs or on more favourable terms and in some cases to fulfil the requirement where sovereign guarantee is a precondition for concessional loans from bilateral/multilateral agencies to sub-sovereign borrowers.

Contingent liabilities should be examined in the same manner as a proposal for a loan, considering, inter alia, the credit-worthiness of the borrower, the amount and risks sought to be covered by a sovereign guarantee, the terms of the borrowing, justification and public purpose to be served, probabilities that various commitments will become due and possible costs of such liabilities. Hence, such off-balance sheet transactions are important to monitor in order to gain a holistic view of a country's fiscal position and unveil the hidden risks associated with the obligations made by the Government outside the budget.

The Fiscal Responsibility and Debt Limitation Act, 2005 (as amended from time to time) under section 3, sub-section (3), clause (d) imposes following two ceilings related to Government guarantees:

i) Flow ceiling: 2 percent of GDP on the issuance of Government guarantees, with renewal of existing guarantees being considered as issuing new guarantees.

ii) Stock ceiling: 10 percent of estimated GDP on the total stock of outstanding Government guarantees.

During July-March FY 2025, the Government issued fresh/rollover of guarantees aggregating to Rs 769 billion or 0.61 percent of estimated GDP. The outstanding stock of guarantees was Rs 4,322 billion at end-March 2026. This amount also includes guarantees issued for commodity financing operations undertaken by Trading Corporation of Pakistan (TCP), Pakistan Agriculture Storage & Services Corporation (PASSCO).

Summary of Outstanding Government Guarantees (Rs bn; unless otherwise stated)

Domestic Guarantees (A)	2,259
External Guarantees (B)	2,063
Total Guarantees (A+B)	4,322
Memo:	
External (US$ in million)	7,391
Exchange Rate (Pak Rupee/US Dollar)	279.0947

Source: Debt Management Office, Ministry of Finance

STATISTICAL APPENDIX

ECONOMIC AND SOCIAL INDICATORS

Note: Statistical Appendix of the respective chapters are available on Finance Division's Website.

finance.gov.pk

ECONOMIC AND SOCIAL INDICATORS

INDICATORS	1960s	1970s	1980s	1990s	2000s	2009-10	2010-11	2011-12	2012-13	2013-14
	Average (Annual)									
GDP										
Rs billion	-	-	-	-	-	16,507	19,731	22,435	25,042	27,953
US $ billion	-	-	-	-	-	197.0	230.8	250.4	258.9	271.8
FINANCIAL SECTOR:										
GROWTH RATE (at constant fc) %										
GDP	6.8	4.8	6.5	4.6	4.3	2.3	3.2	3.2	3.9	3.6
Agriculture	5.1	2.4	5.4	4.4	2.4	0.3	2.7	3.2	3.1	2.4
Manufacturing	9.9	5.5	8.2	4.8	6.7	1.4	2.6	2.0	5.4	5.8
Commodity Producing Sector	6.8	3.9	6.5	4.6	4.5	1.8	3.6	2.9	2.3	3.2
Services Sector	6.7	6.3	6.7	4.6	5.0	2.6	2.9	3.5	5.1	3.8
GROWTH RATES (at current mp) %										
Total Investment	-	21.8	4.2	8.1	14.3	1.9	9.6	17.4	10.7	11.1
Fixed Investment	14.8	20.5	3.7	7.8	14.3	0.8	8.4	18.0	10.5	11.0
Public Investment (including general govt.)	14.0	25.3	2.6	7.3	11.4	-2.0	5.3	26.7	4.9	2.9
Private Investment	20.9	17.0	5.1	8.8	16.0	1.8	9.4	15.3	12.4	13.6
(as % of Total Investment)										
National Savings	-	67.5	79.2	75.4	90.4	87.5	100.6	87.7	93.6	92.3
Foreign Savings	-	32.5	20.8	24.6	9.6	12.6	-0.6	12.2	6.4	7.7
(as % of GDP current mp)										
Total Investment	-	17.1	18.7	18.3	17.6	16.0	14.6	15.2	15.0	14.9
Fixed Investment	-	15.9	17.0	16.6	16.0	14.3	12.9	13.5	13.3	13.2
Public Investment	-	10.3	9.2	7.5	4.4	3.5	3.0	3.4	3.2	2.9
Private Investment	-	5.6	7.8	9.1	11.7	10.8	9.9	10.1	10.1	10.3
National Savings	-	11.2	14.8	13.8	15.8	14.0	14.7	13.3	14.0	13.8
Foreign Savings*	-	5.8	3.9	4.5	1.8	2.0	-0.1	1.9	1.0	1.2
Domestic Savings	-	7.4	7.7	14.0	14.5	11.2	11.2	9.4	10.1	9.5
Per Capita Income (mp-US $)*	-	-	-	-	811.4	1171	1348	1433	1446	1487
GDP DEFLATOR (growth %)	-	-	2.3	8.3	7.6	10.6	16.5	9.9	7.4	7.2
CONSUMER PRICE INDEX (CPI)										
(growth %)	3.2	12.5	7.2	9.7	7.6	10.1	13.7	11.0	7.4	8.6
FISCAL POLICY										
(as % of GDP mp)										
Total Revenue	13.1	16.8	17.3	17.1	13.5	12.6	11.4	11.5	11.9	13.0
Tax Revenue	-	-	13.8	13.4	10.0	8.9	8.6	9.2	8.8	9.2
Non-Tax Revenue	-	-	3.5	3.7	3.5	3.7	2.8	2.3	3.1	3.8
Total Expenditure	11.6	21.5	24.9	24.1	17.8	18.2	17.5	19.4	19.2	18.0
Current Expenditure	-	-	17.6	19.4	14.7	14.5	14.7	15.5	14.6	14.3
Defence	-	-	6.5	5.6	3.0	2.3	2.3	2.3	2.2	2.2
Markup Payments	-	-	3.8	6.8	4.6	3.9	3.5	4.0	4.0	4.1
Others**	-	-	7.3	7.0	7.1	8.3	8.9	9.3	8.5	8.0
Development Expenditure	-	-	7.3	4.7	3.3	3.7	2.6	3.5	3.1	4.1
Overall Deficit	2.1	5.3	7.1	6.9	4.3	5.6	6.1	7.9	7.3	5.0
MONEY & CREDIT (growth %)										
Monetary Assets (M2)	16.3	21.0	13.2	16.8	14.8	12.5	15.9	14.1	15.9	12.5
Domestic Assets	15.0	20.5	15.4	12.2	13.9	12.7	13.1	20.2	20.9	9.1
STOCK EXCHANGE (growth %)										
KSE 100 Index	-	-	0.1	4.1	27.9	35.7	28.5	10.4	52.2	41.2
Aggregate Market Capitalization	-	-	2.5	13.4	29.1	28.8	20.3	6.2	47.6	36.2

- : Not available mp : Market prices fc : Factor cost P: Provisional, R: Revised, F: Final

*: At average exchange rate used in National Accounts Committee meeting

**: also include provincial expenditure

: 2023 Population Census

Note: From 2016-17, CPI is estimated on 2015-16 = 100 as base year

SOCIAL INDICATORS

Base Year 2015-16											
2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 F	2024-25 R	2025-26 (Jul-Mar) P
30,426	32,725	35,553	39,190	43,798	47,540	55,836	66,658	83,651	105,290	114,039	126,870
300.4	313.9	339.6	356.8	321.8	300.8	348.9	375.6	337.2	372.1	408.2	452.1
3.8	4.1	4.6	6.1	3.1	-0.9	5.8	6.2	-0.2	2.6	3.2	3.7
1.8	0.4	2.2	3.9	0.9	3.9	3.5	4.2	2.2	6.4	1.5	2.9
4.1	4.0	4.9	7.1	4.5	-7.8	10.5	10.9	-5.3	3.0	2.0	6.6
3.3	2.9	3.3	6.3	0.6	-0.6	5.6	5.5	-0.6	3.1	3.2	3.2
4.2	5.0	5.6	6.0	5.0	-1.2	5.9	6.7	0.0	2.3	3.1	4.1
15.4	8.4	11.3	15.2	1.5	3.8	15.2	27.8	12.7	19.0	18.3	10.9
16.3	8.5	11.6	15.8	0.3	3.2	14.9	28.9	11.1	18.0	19.8	10.9
28.3	6.2	29.7	24.4	-24.0	-2.1	23.3	40.4	6.3	4.0	44.3	5.3
12.9	9.3	5.9	12.4	10.8	4.7	12.6	25.5	12.7	22.4	13.2	12.8
94.3	90.1	77.9	68.5	73.1	90.0	94.4	70.1	93.0	95.8	103.1	98.3
5.7	9.9	22.1	31.5	26.9	10.0	5.6	29.9	7.0	4.2	-3.1	1.7
15.8	15.9	16.3	17.1	15.5	14.8	14.5	15.6	14.0	13.2	14.4	14.4
14.1	14.2	14.6	15.4	13.8	13.1	12.8	13.9	12.3	11.5	12.7	12.7
3.5	3.4	4.1	4.6	3.1	2.8	3.0	3.5	3.0	2.4	3.3	3.1
10.6	10.8	10.5	10.7	10.7	10.3	9.9	10.4	9.3	9.0	9.5	9.6
14.9	14.4	12.7	11.7	11.3	13.3	13.7	10.9	13.0	12.6	14.9	14.1
0.9	1.6	3.6	5.4	4.2	1.5	0.8	4.7	1.0	0.6	-0.5	0.2
10.3	9.8	8.6	7.8	6.4	7.6	6.7	4.2	6.8	7.1	7.9	7.0
1609	1640	1723	1768	1578	1458	1677	1767	1547	1607 #	1751 #	1901 #
4.4	0.8	4.0	3.7	9.2	9.9	10.4	14.1	26.0	22.2	4.2	6.1
4.5	2.9	4.8	4.7	6.8	10.7	8.9	12.2	29.2	23.4	4.5	6.2
12.9	13.6	13.9	13.3	11.2	13.2	12.4	12.1	11.5	12.6	15.8	11.7
9.9	10.4	10.4	10.8	9.7	9.3	9.4	10.1	9.3	9.6	11.2	8.0
3.0	3.2	3.5	2.5	1.5	3.9	2.9	1.9	2.2	3.0	4.6	3.7
17.7	17.7	19.1	19.1	19.1	20.3	18.5	19.9	19.3	19.4	21.2	12.3
14.5	14.3	14.6	14.9	16.2	17.9	16.3	17.3	17.3	17.6	18.9	11.2
2.3	2.3	2.5	2.6	2.6	2.6	2.4	2.5	2.3	1.8	1.9	1.3
4.3	3.9	3.8	3.8	4.8	5.5	4.9	4.8	6.8	7.7	7.8	3.9
8.0	8.2	8.3	8.5	8.8	9.9	9.0	10.0	8.2	8.1	9.2	6.0
3.7	4.0	4.8	4.0	2.7	2.4	2.2	2.4	2.3	1.9	2.6	1.5
4.8	4.1	5.2	5.8	7.9	7.1	6.1	7.9	7.8	6.8	5.4	0.7
13.2	13.7	13.7	9.7	11.3	18.9	16.2	13.1	15.6	16.0	12.9	6.8
11.7	12.9	18.3	15.9	19.1	11.0	10.7	20.3	21.4	13.1	8.2	4.8
16.0	9.8	23.2	-10.0	-19.1	1.5	37.6	-12.3	-0.2	89.2	60.1	18.4
5.7	2.3	25.5	-9.0	-20.5	-5.2	27.1	-16.1	-8.5	62.9	46.9	8.5

(Contd...)

INDICATORS		1960s	1970s	1980s	1990s	2000s	2009-10	2010-11	2011-12	2012-13	2013-14
		Average (Annual)									
TRADE AND PAYMENTS (growth %)											
Exports (fob)		-	13.5	8.5	5.6	9.3	2.9	28.9	-2.6	0.3	1.1
Imports (fob)		-	16.6	4.5	3.2	12.3	-1.7	14.9	12.8	-0.6	3.8
Workers' Remittances		-	-	1.9	-5.3	25.6	14.0	25.8	17.7	5.6	13.7
As % of GDP (mp)											
Exports (fob)		-	-	9.8	13.0	11.6	10.0	11.0	9.9	9.6	9.2
Imports (fob)		-	-	18.7	17.4	15.4	15.8	15.5	16.1	15.5	15.3
Trade Deficit		-	-	8.9	4.4	3.8	5.8	4.5	6.3	5.9	6.1
Current Account Deficit		-	-	3.9	4.5	3.2	2.0	+0.1	1.9	1.0	1.2
COMMODITY SECTOR:											
Agriculture											
Total Cropped Area	mln. hectares	-	-	20.3	22.4	23.0	23.9	22.7	22.5	22.6	23.2
Production											
Wheat	mln. tons	-	-	12.5	17.0	21.0	23.3	25.2	23.5	24.2	26.0
Rice	mln. tons	-	-	3.3	3.9	5.3	6.9	4.8	6.2	5.5	6.8
Sugarcane	mln. tons	-	-	33.1	44.6	50.3	49.4	55.3	58.4	63.8	67.5
Cotton	mln. bales	-	-	6.3	9.7	11.8	12.9	11.5	13.6	13.0	12.8
Fertilizer Offtake	mln.N/tons	-	-	1.4	2.3	3.4	4.4	3.9	3.9	3.6	4.1
Credit Disbursed	bln. Rs.	-	-	11.2	23.8	125.2	248.1	263.0	293.9	336.2	391.4
Manufacturing											
Cotton Yarn	mln. Kg.	5.6	3.4	10.0	1884.4	2286.3	2787.3	2939.5	2954.6	3017.9	3066.0
Cotton Cloth	mln. sq. mtr.	3.1	-5.2	-1.1	487.8	785.7	1009.4	1020.3	1023.4	1029.1	1036.1
Fertilizer	mln. tons	27.5	13.2	10.7	4.9	5.4	6.5	5.9	6.0	5.7	6.7
Sugar	mln. tons	34.3	2.2	14.4	3.6	3.3	3.1	4.2	4.6	5.1	5.6
Cement	mln. tons	10.7	2.5	8.6	11.2	17.8	31.3	28.8	29.5	31.1	31.4
Soda Ash	000 tons	12.0	2.6	6.7	269.0	303.2	409.6	378.0	370.7	366.2	409.1
Caustic Soda	000 tons	24.4	5.0	6.6	147.2	193.9	182.3	172.0	179.1	182.9	167.5
Cigarettes	bln. nos.	10.7	4.9	-0.4	55.4	60.4	65.3	65.4	62.0	67.4	64.5
Jute Goods	000 tons	-	3.4	9.5	101.1	105.1	106.2	93.2	94.1	102.8	101.7
INFRASTRUCTURE:											
Energy											
Crude Oil Extraction	mln. barrels	-	2.8	10.9	26.1	23.3	23.7	24.0	24.6	27.8	31.6
Gas (production)	mcf	-	165.4	385.2	908.0	1213.7	1482.8	1471.6	1559.0	1505.8	1493.5
Electricity (installed capacity)	000 MW	-	1.3	3.1	12.9	18.9	20.9	22.5	22.8	22.8	23.5
Transport & Communications											
Roads	000 km	70.5	74.1	123.8	279.3	256.1	260.8	259.5	261.6	263.4	263.8
Motor Vehicles on Roads	mln. nos.	-	0.4	1.4	4.6	6.7	9.8	10.4	11.5	11.6	13.2
Post Offices	000 nos.	7.1	9.0	11.8	15.8	12.3	12.0	12.0	12.0	12.8	12.1
TV Sets	000 nos.	-	-	-	-	-	11136	11704	12491	13729	14245
Information Technology and Telecom											
Telephones	mln. nos.	0.1	0.2	0.6	3.3	4.1	3.4	5.7	5.8	6.4	5.7
Mobile Phones	mln. nos.	-	-	-	-	36.6	99.2	108.9	120.2	128.9	140.0
Telecom Revenues	Rs. bln.	-	-	-	-	-	-	-	-	-	-
Teledensity	percent	-	-	-	-	-	-	-	-	-	-
Broadband Subscribers	mln. nos.	-	-	-	-	-	-	-	-	-	-

- : Not available P: Provisional, R: Revised, F: Final

SOCIAL INDICATORS

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 F	2024-25 R	2025-26 (Jul-Mar) P
-3.9	-8.8	0.1	12.6	-2.1	-7.1	13.8	26.7	-14.2	11.1	4.4	-8.0
-0.8	-0.6	16.7	16.0	-6.8	-15.9	24.4	31.8	-26.3	0.9	11.2	6.9
18.2	6.4	-2.8	2.9	9.2	6.4	27.3	6.2	-12.6	10.7	26.6	8.2
8.0	7.0	6.5	6.9	7.5	7.5	7.3	8.6	8.3	8.3	7.9	6.9
13.8	13.1	14.1	15.6	16.1	14.5	15.6	19.0	15.6	14.3	14.5	15.4
5.7	6.1	7.7	8.7	8.6	7.0	8.2	10.4	7.4	6.0	6.6	8.5
0.9	1.6	3.6	5.4	4.2	1.5	0.8	4.7	1.0	0.6	+0.5	+0.02
23.3	24.0	23.0	23.5	23.5	24.1	23.8	24.0	24.2	24.6	24.6	24.2
25.1	25.6	26.7	25.1	24.3	25.2	27.5	26.2	28.2	31.8	28.4	29.6
7.0	6.8	6.8	7.5	7.2	7.4	8.4	9.3	7.3	9.9	9.7	10.0
62.8	65.5	75.5	83.3	67.2	66.4	81.0	88.7	88.0	87.6	84.2	89.4
14.0	9.9	10.7	11.9	9.9	9.1	7.1	8.3	4.9	10.2	7.1	7.1
4.3	3.7	5.0	4.8	4.6	4.5	5.0	5.0	4.4	4.8	4.4	3.8
515.9	598.3	704.5	972.6	1174.0	1214.7	1365.9	1418.9	1776.0	2215.7	2577.3	2161.6
3360.0	3405.6	3428.1	3430.1	3431.4	3059.9	3441.6	3458.7	2694.8	2477.2	2665.3	2024.1
1036.1	1039.2	1043.3	1043.7	1046.0	934.5	1048.4	1050.8	920.6	871.4	877.3	659.1
7.0	8.0	8.1	7.2	7.7	8.1	8.9	9.1	8.3	9.2	9.4	6.9
5.1	5.1	7.0	6.6	5.3	4.9	5.7	7.9	6.7	6.8	5.8	7.6
32.2	35.4	37.0	41.1	39.9	39.1	49.8	48.0	41.5	39.6	37.8	31.1
437.1	468.5	479.7	509.8	572.1	550.6	594.3	651.3	736.7	785.3	699.5	436.3
184.0	225.3	223.9	270.1	246.6	342.4	394.1	405.1	475.7	497.2	452.5	316.2
62.7	53.5	34.3	59.1	60.7	46.1	51.5	59.7	42.8	32.9	35.2	29.4
94.3	55.4	59.9	74.2	67.1	65.0	69.8	57.7	63.4	41.1	29.5	14.8
34.5	31.7	32.3	32.6	32.5	28.1	27.6	26.8	25.4	25.8	22.8	17.5
1465.8	1481.6	1471.9	1458.9	1436.5	1316.6	1279.2	1237.3	1189.5	1140.6	1054.8	778.2
23.8	25.9	29.9	33.6	35.1	36.7	36.5	41.4	45.6	45.3	45.4	49.7
265.4	265.9	267.0	268.9	271.0	501.4	500.7	501.2	501.2	501.2	501.2	501.2
13.9	15.6	21.9	24.3	25.2	30.0	32.1	34.3	35.9	37.4	37.4	40.8
12.1	11.7	11.5	11.5	10.1	10.1	9.6	10.2	10.1	10.6	7.0	9.7
14758	15425	16619	17767	19251	20512	20513	23389	24204	25330	-	26407
4.2	3.3	2.6	2.6	2.7	2.5	2.6	2.6	2.6	2.6	2.5	2.5
114.7	133.2	139.8	150.2	162.3	168.6	184.2	194.6	190.9	192.5	197.8	204.8
-	-	-	-	608.0	599.0	641.0	717.0	817.0	957.0	1075.0	837.0
-	-	-	-	75.1	76.3	81.7	84.6	81.4	80.5	81.0	82.6
-	-	-	57	71.5	83.8	102.7	119	127.0	139.0	150.0	161.0

(Contd...)

INDICATORS		1960s	1970s	1980s	1990s	2000s	2009-10	2010-11	2011-12	2012-13	2013-14
		Average (Annual)									
HUMAN RESOURCES:											
Population*	million	-	-	96.3	124.6	152.9	173.5	177.1	180.7	184.4	188.0
Crude Birth Rate	per 1000 person	-	-	-	-	27.5	28.0	27.5	27.2	26.8	26.4
Crude Death Rate	per 1000 person	-	-	-	-	7.9	7.4	7.3	7.2	7.0	6.9
Infant Mortality Rate	per 1000 person	-	-	-	-	78.9	72.0	70.5	69.0	67.5	66.1
Labour Force & Employment[@]											
Labour Force	million	-	-	11.6	35.1	46.2	53.7	58.1	59.3	60.3	60.1
Employed Labour Force	million	-	-	11.2	33.1	43.2	50.8	54.7	55.8	56.6	56.5
Un-employed Labour Force	million	-	-	0.4	2.0	3.5	2.9	3.5	3.5	3.8	3.6
Un-employment Rate	% per annum	-	-	1.4	5.7	6.7	5.5	6.0	6.0	6.2	6.0
SOCIAL DEVELOPMENT:											
Education**											
Primary Schools	000 nos.	-	-	88.8	143.5	155.4	157.5	155.5	154.6	159.7	157.9
Male	000 nos.	-	-	64.6	96.4	96.6	96.9	93.6	93.6	99.6	97.6
Female	000 nos.	-	-	24.2	47.1	58.8	60.6	58.2	57.0	60.1	60.3
Middle Schools	000 nos.	-	-	6.8	15.3	32.8	41.3	41.6	42.0	42.1	42.9
Male	000 nos.	-	-	4.6	8.8	17.1	21.8	21.9	21.6	20.7	21.8
Female	000 nos.	-	-	2.2	6.5	15.6	19.5	20.4	21.0	21.4	21.1
High Schools	000 nos.	-	-	5.4	10.6	19.1	24.8	25.2	28.7	29.9	30.6
Male	000 nos.	-	-	3.9	7.4	12.4	14.2	14.4	14.3	17.6	18.0
Female	000 nos.	-	-	1.5	3.2	6.7	10.6	9.5	11.6	12.3	12.6
Technical / Vocational Institutions	nos.	-	-	508.6	572.2	1766.4	3192.0	3224.0	3257.0	3290.0	3323.0
Male		-	-	282.2	328.7	887.1	1010.0	1018.0	1028.0	1037.0	1047.0
Female		-	-	235.2	243.5	879.3	2182.0	2206.0	2229.0	2253.0	2276.0
Literacy Rate	percent	-	-	29.5	40.7	53.1	57.7	58.0	58.0	60.0	58.0
Male		-	-	39.0	51.6	66.2	69.5	69.0	70.0	71.0	70.0
Female		-	-	18.7	28.6	41.9	45.2	46.0	47.0	48.0	47.0
Expenditure on Education (as % of GDP)		1.4	1.7	2.3	2.0	1.6	1.6	1.6	1.8	1.9	1.9
Health*											
Registered Doctors	000 nos.	2.0	6.3	28.1	68.9	115.6	144.9	152.4	160.9	167.7	175.2
Registered Nurses	000 nos.	-	2.9	9.9	24.1	52.8	73.2	77.7	82.1	86.1	90.3
Registered Dentists	000 nos.	0.2	0.7	1.4	2.8	6.7	10.5	11.6	12.7	13.7	15.1
Hospitals	nos.	380.0	521.0	651.0	823.0	922.5	972.0	980.0	1092.0	1113.0	1143.0
Dispensaries	000 nos.	1.7	2.8	3.5	4.3	4.7	4.8	5.0	5.2	5.4	5.5
Rural Health Centers	nos.	-	1.0	127.0	330.0	505.3	577.0	579.0	640.0	667.0	669.0
TB Centres	nos.	-	90.0	122.0	245.0	285.5	304.0	345.0	326.0	329.0	334.0
Total Beds	000 nos.	25.5	38.4	55.6	83.8	99.7	104.1	107.5	111.8	118.4	118.2
Expenditure on Health (as % of GDP)		-	0.6	0.8	0.7	0.6	0.5	0.2	0.2	0.6	0.7

P: Provisional, R: Revised, F: Final - : Not available * : on Calendar Year basis ** : estimated 2024-25

Notes:

[@]: Labour Force Survey 2024-25

1. Total may differ due to rounding off

2. Total Population is revised from 2018 to 2022 on the basis of Census 2017 by NIPS

SOCIAL INDICATORS

2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 F	2024-25 R	2025-26 (Jul-Mar) P
191.7	198.8	207.7	211.8	216.1	220.4	224.8	229.2	241.5	246.9	252.1	-
26.1	27.8	27.3	26.7	26.1	25.4	-	-	-	25.9	25.7	-
6.8	7.0	7.6	7.8	6.7	6.6	-	-	-	5.7	5.7	-
64.6	62.4	67.2	67.2	59.5	58.5	-	-	-	-	47.0	-
61.0	-	-	65.5	68.8	-	71.8	-	-	-	83.1	-
57.4	-	-	61.7	64.0	-	67.3	-	-	-	77.2	-
3.6	-	-	3.8	4.7	-	4.5	-	-	-	5.9	-
5.9	-	-	5.8	6.9	-	6.3	-	-	-	7.1	-
165.9	164.6	168.9	172.5	180.1	180.1	180.2	162.1	168.2	158.7	154.9	-
99.9	99.3	102.8	99.0	99.4	94.7	95.1	91.3	90.3	89.4	88.2	-
66.0	65.3	66.1	73.5	80.7	85.4	85.1	70.8	77.9	69.3	66.7	-
44.8	45.7	49.1	46.7	47.3	47.0	47.2	47.8	51.0	44.4	43.9	-
22.4	18.7	21.2	23.2	23.6	20.1	20.7	23.6	25.4	21.8	22.0	-
22.4	27.0	27.9	23.5	23.7	26.9	26.5	24.2	25.6	22.6	21.9	-
31.3	31.7	31.6	31.4	31.7	31.7	34.2	34.6	39.4	45.0	48.7	-
18.2	16.1	16.9	17.9	18.0	17.2	19.1	19.5	22.2	22.5	23.6	-
13.1	15.6	14.7	13.5	13.7	14.5	15.1	15.1	17.2	22.5	25.1	-
3579.0	3746.0	3798.0	3740.0	3740.0	3740.0	3740.0	4182.0	4406.0	4549.0	4746.0	-
1760.0	2232.0	2262.0	2410.0	2410.0	2410.0	2410.0	2553.0	2682.0	2738.0	2804.0	-
1819.0	1514.0	1536.0	1330.0	1330.0	1330.0	1330.0	1629.0	1724.0	1811.0	1942.0	-
60.0	58.0	-	62.3	60.0	60.0	62.8	-	-	60.7	63.0	-
70.0	70.0	-	72.5	71.0	70.0	73.4	-	-	68.0	73.0	-
49.0	48.0	-	51.8	49.0	50.0	51.9	-	-	52.8	54.0	-
2.0	2.0	2.0	2.1	2.0	1.9	1.4	1.7	1.5	1.2	0.8	-
184.7	195.9	208.0	220.8	233.3	246.0	266.4	282.4	299.1	319.6	336.6	-
94.8	99.2	103.8	108.5	112.1	116.7	121.2	127.9	134.7	138.4	138.4	-
16.7	18.3	20.5	22.6	24.9	27.4	30.5	33.2	36.0	39.1	42.1	-
1172.0	1243.0	1264.0	1279.0	1282.0	1289.0	1276.0	1284.0	1696.0	1934.0	1934.0	-
5.7	6.0	5.6	5.7	5.7	5.8	5.8	5.6	5.6	6.2	6.2	-
684.0	668.0	688.0	686.0	670.0	719.0	736.0	697.0	783.0	802.0	802.0	-
339.0	345.0	431.0	441.0	412.0	410.0	416.0	417.0	482.0	486.0	486.0	-
119.5	124.8	131.0	132.2	133.7	147.1	146.1	151.7	167.9	174.0	174.0	-
0.7	0.7	0.8	1.1	1.0	1.1	1.0	1.4	1.0	0.9	0.8	-

ABBREVIATIONS

10-BTTP	10 Billion Tree Tsunami Programme
ACDs	Additional Customs Duties
ACSPs	Accredited Certificate Service Providers
ACT	Action to support implementation of Codex AMR texts
AD	Authorized Dealer
ADP	Annual Development Programme
AI	Artificial Intelligence
AIT	Agriculture Income Tax
AJK	Azad Jammu & Kashmir
AMCs	Asset management companies
AMJ	April- May-June
AMR	Antimicrobial Resistance
APM	Alternate Payment Mechanisms
APTTA	Afghanistan-Pakistan Transit Trade Agreement
AQMS	Air Quality Monitoring System
ARE	Alternative and Renewable Energy
ARPU	Average Revenue Per Unit
ASIP	Access to Scientific Instrumentation Program
ATL	Active Tax List
ATM	Average Time to Maturity
BB	Branchless Banking
BDC	Benazir Debit Cards
BICs	Business Incubation Centers
BISP	Benazir Income Support Programme
BNP	Benazir Nashonuma Program
BOE	Bank of England
BOJ	Bank of Japan
BPR	Business Process Re-engineering
BRI	Belt & Road Initiative
BSU	BISP Scholarships for Undergraduate
BTKs	Bull Trench Kilns
BTR-1	First Biennial Transparency Report
BVS	Biometric Verification System
CAN	Calcium Ammonium Nitrate
CAR	Capital Adequacy Ratio
CBs	Commercial Banks

CCA	Cultivable Command Area
CCI	Council of Common Interests
CCT	Conditional Cash Transfer
CDF	Contingent Disaster Fund
CDNS	Central Directorate of National Savings
CDR	Cash to Deposit Ratio
CDREP	Climate and Disaster Resilience Enhancement Programme
CDWP	Central Development Working Party
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CFCs	Common Facility Centers
CFTC	Commodity Futures Trading Commission
CIC	Currency in Circulation
CKD	Completely Knocked Down
CLI	Composite Leading Indicators
CMOs	Cellular Mobile Operators
CNG	Compressed Natural Gas
CNPGS	Chashma Nuclear Power Generating Station
CoE	Center of Excellence
COP29	Conference of the Parties 29th session
COP30	Conference of the Parties 30th session
CPEC	China Pakistan Economic Corridor
CPI	Consumer Price Index
CPP	Climate Prosperity Plan
CRI	Climate Risk Index
CRM	Compliance Risk Management
CSPs	Certificate Service Providers
CTS	Cargo Tracking System
CVF	Climate Vulnerable Forum
CWG-COP	Council Working Group on Child Online Protection
D&FLP	Digital & Financial Literacy Programme
DAP	Diammonium Phosphate
DDWP	Departmental Development Working Party
DFIs	Development Finance Institutions
DISCOs	Distribution Companies
DL	Digital Library
DPBs	Domestic Private Banks
DPC	Deposit Protection Corporation

DPCC	District Price Control Committees
DRC	Disaster Recovery Centre
DRCs	Dynamic Registration Centers
DRF	Disaster Risk Financing
DWT	Deadweight Tonnage
EAMS	Environmental Assets Management System
ECAC	Electronic Certification Accreditation Council
ECB	European Central Bank
ECD	Early Childhood Development
ECE	Early Childhood Education
ECIB	Electronic Credit Information Bureau
ECNEC	Executive Committee of National Economic Council
ECTAD	Emergency Centre for Transboundary Animal Diseases
EEZ	Exclusive Economic Zone
EFF	Extended Fund Facility
EIAs	Environmental Impact Assessments
EMDEs	Emerging Markets and Developing Economies
EOBI	Employees' Old Age Benefits Institution
EPA	Economic Partnership Agreement
ESFCAs	Exporters' Special Foreign Currency Accounts
ESG	Environmental, Social and Governance
ESP	Education Sector Plan
ETI	EOBI Transformation Initiative
ETPs	Effluent Treatment Plants
EV	Electric Vehicle
FAB	Frequency Allocation Board
FAO	Food and Agriculture Organization
FBR	Federal Board of Revenue
FCA	Faceless Customs Assessment
FED	Federal Excise Duty
FP	Family Planning
FPI	Foreign Portfolio Investment
FRDLA	The Fiscal Responsibility and Debt Limitation Act, 2005
FTTS	Fiber-To-The-Site
FWCs	Family Welfare Centers
FY	Fiscal Year
G2F	Glaciers to Farms

GACC	General Administration of Customs of the People's Republic of China
GB	Gilgit-Baltistan
GBFF	Global Biodiversity Framework Fund
GBV	Gender-Based Violence
GCC	Gender and Child Cell
GCF	Grand Challenge Fund
GCF	Green Climate Fund
GCISC	Global Climate-Change Impact Studies Centre
GDP	Gross Domestic Product
GDS	Government Debt Securities
GEM	Growth Enterprise Market
GER	Gross Enrolment Rate
GFCF	Gross Fixed Capital Formation
GGA	Global Goal on Adaptation
GHG	Green House Gas
GHGs	Greenhouse Gases
GIS	Government Ijara Sukuk
GLOF	Glacial Lake Outburst Flood
GLOFs	Glacial Lake Outburst Floods
GLP	Gross Loan Portfolio
GNI	Gross National Income
GPA	Gwadar Port Authority
GRASP	Growth for Rural Advancement and Sustainable Progress
GWh	Gigawatt-hour
HEC	Higher Education Commission
HEDP	Higher Education Development in Pakistan
HEIs	Higher Education Institutions
HES	Higher Education Statistics
HFCs	Hydrofluorocarbons
HKC	Hong Kong International Convention
HP	Horsepower
HPC	High Performance Computing
HSPS	Hybrid Social Protection/Bachat Scheme
IBI	Islamic Banking Institutions
IBs	Islamic Banks
ICIMOD	International Centre for Integrated Mountain Development
ICOR	Incremental Capital Output Ratio

ICT	Information and Communication Technology
IEEs	Initial Environmental Examinations
IGCEP	Integrated Generation Capacity Expansion Plan
IIP	International Investment Position
IMF	International Monetary Fund
IPCC AR6	Intergovernmental Panel on Climate Change Sixth Assessment Report
IPOs	Initial Public Offerings
IPPs	Independent Power Producers
ITeS	IT-enabled Services
IVR	Interactive Voice Response
JAS	July-August-September
JFM	January-February-March
JWG	Joint Working Group
KANUPP	Karachi Nuclear Power Plant
KCR	Karachi Circular Railway
KKH	Karakoram Highway
KM	Kilometres
KP	Khyber Pakhtunkhwa
KPIs	Key Performance Indicators
KPT	Karachi Port Trust
KSE	Karachi Stock Exchange
LCF	Local Challenge Fund
LCVs	Light Commercial Vehicles
LMOs	Liability Management Operations
LMS	Learning Management System
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LSM	Large-Scale Manufacturing
M/o PASS	Ministry of Poverty Alleviation & Social Safety
M2	Broad Money
MAF	Million Acre Feet
MDM	Mobile Device Manufacturing
MENA	Middle East and North Africa
MEPS	Minimum Energy Performance Standards
MFBs	Microfinance Banks
MFIs	Microfinance Institutions
MFN	Micro Finance Network
MGD	Million Gallon per Day

ML	Machine Learning
MMBL	Mobilion Microfinance Bank
MMCFD	Million Cubic Feet per day
MMT	Million Metric Tonnes
MoCC&EC	Ministry of Climate Change and Environmental Coordination
MoMA	Ministry of Maritime Affairs
MoNFSR	Ministry of National Food Security & Research
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
MRVs	Mobile Registration Vehicles
MtCO2e	Million metric tons of CO2 equivalent
MTDF	Medium Term Development Framework
MTDS	Medium-Term Debt Management Strategy
MW	Mega Watt
N4G	Nutrition for Growth
NAC	National Accreditation Council
NAHE	National Academy of Higher Education
NAP	National Adaptation Plan
NAPHS	National Action Plan for Health Security
NAPs	National Adaptation Plans
NatCat	Natural Catastrophe
NAVTTC	National Vocational & Technical Training Commission
NBFCs	Non-Banking Finance Companies
NBMFC	Non-Banking Microfinance Companies
Nbs	Nature-based Solutions
NCCP	National Climate Change Policy
NCCPIC	National Climate Change Policy Implementation Committee
NCs	National Centers
NCSA	National Cyber Security Academy
NDA	Net Domestic Assets
NDC	National Data Centre
NDCs	Nationally Determined Contributions
NEPRA	National Electric Power Regulatory Authority
NER	Net Enrolment Rate
NFA	Net Foreign Assets
NFBE	Non-Formal Basic Education
NFC	National Finance Commission
NFIS	National Financial Inclusion Strategy

NFP	National Fiscal Pact
NGSIC	National Green Startup Innovation Challenge
NGSO	Next Generation Satellite Orbits
NHA	National Highway Authority
NHV	National Health Vision
NICs	National Incubation Centers
NIISS	National Institute of Intelligence and Security Studies
NMDs	Newly Merged Districts
NP	Nitrogen Phosphorous
NPI	Net Primary Income
NPISH	National Institutions Serving Households
NPK	Nitrogen Phosphorus Potassium
NPL	Non Performing Loans
NPPs	Nuclear Power Plants
NRPU	National Research Programme for Universities
NSER	National Socio-Economic Registry
NSIS	National Skills Information System
NSS	National Savings Scheme
NTC	National Telecommunication Corporation
NTF	National Technology Fund
NTP	National Tariff Policy
OCAC	Oil Companies Advisory Council
ODP	Other Development Programme
OFC	Optical Fiber Cable
OGRA	Oil & Gas Regulatory Authority
OMOs	Open Market Operations
OND	October-November-December
OOSC	Out-of-School Children
ORICs	Offices of Research Innovation and Commercializations
OSHA	Occupational Safety & Health Administration
OWSP	Orphans & Widows Support Program
PAEC	Pakistan Atomic Energy Commission
PAO	Principal Accounting Officer
PASSCO	Pakistan Agricultural Storage and Services Corporation
PBC	Pakistan Broadcasting Corporation
PBM	Pakistan Bait-ul-Mal
PBS	Pakistan Bureau of Statistics
PCCA	Pakistan Climate Change Authority

PCCF	Pakistan Climate Change Fund
PCD	Ph.D. Country Directory
PCMS	Payment Complaint Management System
PDI	Pakistan Deworming Initiative
PEF	Punjab Education Foundation
PEIMA	Punjab Education Initiatives Management Authority
PEMRA	Pakistan Electronic Media Regulatory Authority
PFM	Public Financial Management
PGT	Pakistan Green Taxonomy
PIACL	Pakistan International Airlines Corporation Limited
PIBs	Pakistan Investment Bonds
PIE	Pakistan Institute of Education
PIEAS	Pakistan Institute of Engineering & Applied Sciences
PKI	Public Key Infrastructure
PLW	Pregnant and Lactating Women
PMEX	Pakistan Mercantile Exchange Limited
PMIFL	Prime Minister's Interest Free Loan
PMNIA	Prime Minister's National Innovation Award
PMRRP	Prime Minister Ramadan Relief Package
PMT	Proxy Means Test
PMYB&ALS	PM’s Youth Business & Agriculture Loan Scheme
PMYSDP	Prime Minister’s Youth Skill Development Program
PNSC	Pakistan National Shipping Corporation
POs	Partner Organizations
PPAF	Pakistan Poverty Alleviation Fund
PPAs	Power Purchase Agreements
PPCBL	Punjab Provincial Cooperative Bank Limited
PPIB	Private Power and Infrastructure Board
PQA	Port Qasim Authority
PRSP	Poverty Reduction Strategy Paper
PSDP	Public Sector Development Programme
PSEB	Pakistan Software Export Board
PSHs	Pakistan Sweet Homes
PSLM	Pakistan Social and Living Standards Measurement
PSS	Planning Support System
PSX	Pakistan Stock Exchange
PTA	Pakistan Telecommunication Authority
PTV	Pakistan Television Corporation

PXX	Pakistan Stock Exchange
RBI	Reserve Bank of India
RDA	Roshan Digital Account
RDMC	Reko Diq Mining Company
RDs	Regulatory Duties
REITs	Real Estate Investment Trusts (REITs)
RFCD	Resident Foreign Currency Deposits
RMS	Risk Management System
ROE	Return on Equity
RSF	Resilience and Sustainability Facility
RSPs	Rural Support Programs
RTTG	Rapid Technology Transfer Grant
SAARC	South Asian Association for Regional Cooperation
SAFER	Sustainable Actions for Ecosystem Restoration
SBA	Stand-By Arrangement
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
SEPA	Sindh Environmental Protection Agency
SIFC	Special Investment Facilitation Council
SISA	Sarwa Islamic Savings Account
SITA	Sarwa Islamic Term Account
SKD	Semi Knocked Down
SMEDA	Small and Medium Enterprises Development Authority
SMEs	Small Medium Enterprises
SNF	Specialized Nutritious Food
SNGPL	Sui Northern Gas Pipelines Limited
SOEs	State Owned Enterprises
SOP	Sulphate of Potash
SPI	Sensitive Price Indicator
SPV	Special Purpose Vehicle
SRCLs	School for Rehabilitation of Child Labours
SROs	Statutory Regulatory Orders
SSM	Small-Scale Manufacturing
SSN	Social Safety Net
SSP	Single Super Phosphate
STSC	Short-Term Savings Certificates
SYN	Scaling Up Nutrition (SUN) Youth Network

T.T	Telegraphic Transfer
T-Bills	Treasurer Bills
TDF	Technology Development Fund
TIP	Technology Implementation Programme
TNC	Third National Communication
TRACES NT	Trade Control and Expert System New Technology (European Union)
TTA	Transit Trade Agreement
TTSF	Technology Transfer Support Fund
TVET	Technical and Vocational Education and Training
UCT	Unconditional Cash Transfer
UHC	Universal Health Coverage
UIS	Unified Information System
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
USF	Universal Service Fund
VGF	Viability Gap Funding
VPS	Voluntary Pension Schemes
WADR	Weighted Average Deposit Rate
WAHIS	World Animal Health Information System (WOAH platform)
WALR	Weighted Average Lending Rate
WASH	Water, Sanitation and Hygiene
WB	World Bank
WECs	Women Empowerment Centres
WMO	World Meteorological Organization
WOAH	World Organization for Animal Health (formerly OIE)
WPI	Wholesale Price Index
WWF	Workers Welfare Fund
ZTBL	Zarai Taraqiati Bank Limited
ZZK	Zig-Zag Kiln

WEIGHTS AND MEASURES

RUPEES

One Lakh ---------- One hundred thousand ------- 100,000
Ten Lakh ---------- One million ---------- 1,000,000
One Crore---------- Ten million ---------- 10,000,000
One Billion---------- One thousand million
One Trillion ---------- One thousand billion

CURRENCY EQUIVALENT

Prior to 1972
One Rupee---------- US$ 0.21 One US$ ---------- Rs. 4.76
With effect from 8th January, 1982, Rupee is floating against Dollar and is linked to a basket of currencies.

WEIGHTS

One Gram---------- 0.035 Ounce---------- 0.0857 Tola
One Pound---------- 16 ounces ---------- 453.592 grams
One Kilogram---------- 1000 grams ---------- 1.07 seers----------2.205 pounds
One Metric tonne ------ 1000 Kilograms------- 0.9842 ton ----------26.792 Maunds
One Maund---------- 37.3242 Kilograms
One Tonne---------- 2240 pounds---------- 1.016 metric tonnes
One cotton bale--------- 375 Ibs. ---------- 170.2 kg
One bushel ---------- 0.73 mds ---------- 27.25 kg

LENGTH

One yard ---------- 3 feet ---------- 36 inches----------0.914 metre
One mile ---------- 1760 yards ---------- 1.609 kilometres
One sq. yard---------- 0.83613 sq. metres
One sq. metre ---------- 1.196 sq. yards
One Acre---------- 4840 sq. yards--------- 0.4049 hectare
One Hectare ---------- 2.47 Acres

VOLUME

One cubic metre-------- 35.315 cubic feet

LIQUID MEASURE

One barrel ---------- 36 gallons (imperial)---------- 163.656 litres

YEAR

Fiscal/Trade/Agriculture Year in Pakistan starts from 1st July and ends on 30th June

CROPPING SEASONS

Kharif – Crop sowing from April to June and harvested during October-December
Rabi – Crops sowing from October to December and harvested during April-May

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