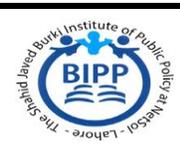
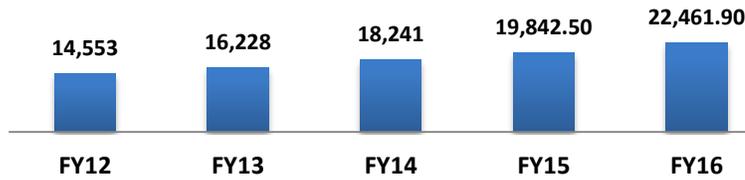


PAKISTAN'S DEBT PROFILE

(2013 - 2017)

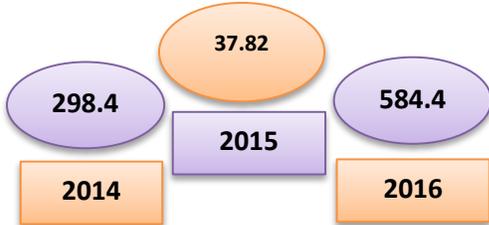


Total Debt and Liabilities



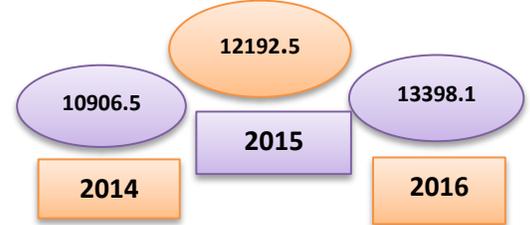
The debt and liabilities trend for fiscal years 12, 13, 14, 15 and 16: It shows that the value of debt and liabilities has increased on a year over year basis. It was \$ 14, 553 billion in 2012 having increased to \$ 22,462 billion in 2016. The government has set a deadline of June 2018 for fulfilling the Fiscal Responsibility and Debt Limitation Act of 2005 by bringing the total debt down to 60% of the GDP.

DEBT FROM IMF (Rs.Bn)



In 2013, domestic debt stood at Rs14.39tr of which long term was Rs7.9tr and short term was Rs6.48tr. When the incumbent PML-N government came to power, the country's overall debt stood at Rs14.32tr of which domestic debt was recorded at Rs9.52tr.

GOVT. DOMESTIC DEBT (RS.Bn)



Ease of Doing Business



- ➔ 1) Starting Business
- ➔ 2) Getting Credit
- ➔ 3) Getting Electricity
- ➔ 4) Registering Property
- ➔ 5) Trade Across Border
- ➔ 6) Protecting Minor
- ➔ 7) Paying Tax
- ➔ 8) Enforcing Contract
- ➔ 9) Resolving Insolvency
- ➔ 10) Dealing permits

WORLD BANK REPORT

Pakistan has been ranked 144th out of 190 economies for 2017 on the World Bank's Ease of Doing Business

GROWTH IN THREE AREAS

Pakistan witnessed a remarkable improvement mainly in three areas: Registering Property, Getting Credit and Trade across Borders

Topic	DB 2017	DB 2016
Overall	144	148
Trade Across Border	172	172
Registering Property	169	173
Getting Electricity	170	163
Getting Credit	82	134
Starting Business	141	135



World Bank Report

As per World Bank report, Pakistan's economy is the 23rd largest economy in the world in terms of GDP growth and 26th in terms of purchasing power.

Foreign Direct Investment

FDI



CHINA 172 MILLION \$

China holds the top position terms of FDI contribution to Pakistan, having surpassed the United States and the UK.

UK 79.8 MILLION \$

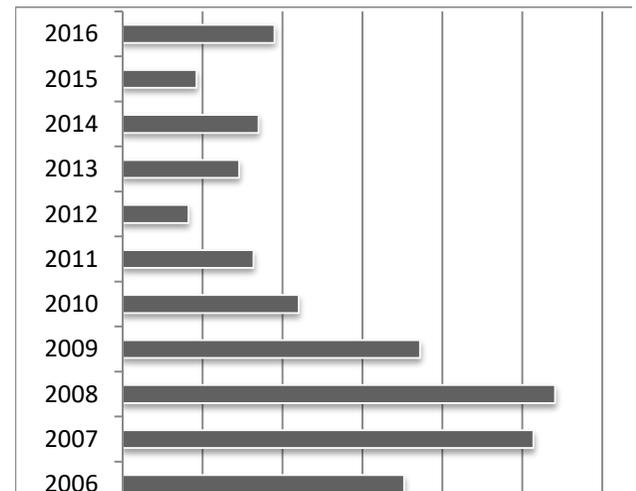
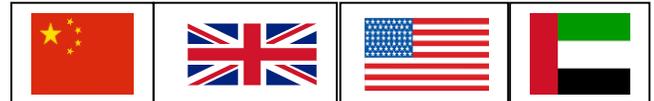
UK is ranked 4th among the top export market in the world for Pakistan with regards to major exporting countries to Pakistan UK takes 15th position.

USA 65.5 MILLION \$

USA has been one of the major sources of FDI to Pakistan. In 2015, FDI originating from the US was nearly \$400 million.

UAE 64.5 MILLION \$

The UAE emerged as the second largest investor in Pakistan with \$111m followed by Hong Kong \$101M.



Foreign Debt, EODB and FDI

Asad Ejaz Butt and Ali Gill

In the context of the current macroeconomic situation of Pakistan to say that the economy is heading towards a serious debt problem – would not be an overstatement. The overall debt, estimated at Rs. 12.7 trillion in 2016, is considerably higher than the 9.5 trillion in 2013. External debt, at 73 billion dollars, has also increased significantly from \$61 billion in 2013. The debt servicing cost has risen to \$6.5 billion+ which is likely to increase up to \$8.5 billion in a year and estimated \$10 billion by 2019. An additional drain on the foreign exchange will be repatriation of earnings on the foreign direct investment to the tune of around \$3.6 billion. This speaks of the enormity and magnitude of the problem with potentially disastrous social and economic consequences for the generations to come. There is, though nothing wrong with debt itself; countries may borrow but only after ensuring that the rate of growth in the GDP is faster than the rate at which debt is serviced.

As per the Ease of Doing Business (EODB) report published by the World Bank in 2015, Pakistan was ranked 138th out of 181 countries. In 2017 however, this ranking improved slightly to 144th out of 190 countries. This was achieved primarily through a three year road map announced by the government in 2016 to improve its global EODB ranking with the result that Pakistan is now starting to be recognized as business friendly country that can provide lucrative and safe investment opportunities. Apart from that, Pakistan has also been included in the top ten economies of the world that are regulating their businesses in a more robust and effective manner.

According to the World Bank, Pakistan's economy is the 23rd largest in the world in terms of GDP growth and 26th in terms of purchasing power parity. It has a dynamic market and a vast purchaser base of more than 200 million people to attract foreign investors. The Government has provided a package of incentives e.g., formation of exclusive economic zones; co-production and joint ventures; 100% foreign equity for foreign investors; repatriation of profits and dividends; attractive concessions and tax exemptions; one-window operation at the Board of Investment, etc. to facilitate and encourage business activity. According to one study, Pakistan will become the 20th largest economy by 20130 and 16th by 2050. However, Corruption, financial aberrations, fiscal indiscipline, poor tax regime and governance dysfunctions continue to be the major challenges and, if not addressed with urgency and speed, will frustrate the realization of accelerated economic growth and sustainable development and could instead lead to the financial insolvency of the country.

**The Shahid Javed Burki Institute
of Public Policy at NetSol**

