Pakistan Economy: Stabilisation with a Human Face

In fiscal year FY20, Pakistan’s economy is expected to remain in a low-growth milieu with double digit inflation. Seen in the historic context, this scenario characterises a typical stabilisation cycle in an economy dealing with current account and fiscal deficits. Early into this fiscal year, performance of key indicators has remained rather mixed and the International Monetary Fund (IMF) has projected a growth rate of under 3% during FY20. On a positive note, the monthly current account deficit has fallen to a manageable level – a win for the policymakers. While this favourable outcome owes mainly to the government’s policy measures regarding demand and import compression; the unfavourable consequence is that major industrial sectors are now faced with lower demand. The contraction in large-scale manufacturing output will also have its impact on Small and Medium Enterprises (SMEs) and services sector, potentially leading to implications for employment during the short term. It is, therefore, important at this stage to provide the market with a clear direction beyond the stabilisation phase. A roadmap for revival of growth in Pakistan is imperative to restore confidence of local and foreign investors. In view of the above, this session aims to look at the current state of Pakistan’s economy, and discuss the following key questions:

1. What are the key challenges for Pakistan from a macroeconomic perspective?
2. Which inclusive growth strategies should be put in place for revival of the real estate sector and job creation?
3. What role can the provincial governments play in the successful implementation of International Monetary Fund programme, particularly with respect to revenue mobilisation?
4. What role can development partners play in ensuring that the poorest of the poor are insulated from the pain of fiscal adjustment?

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