The economy of Pakistan is categorized as a developing economy. It ranks as the 25th-largest based on GDP using purchasing power parity (PPP) and the 38th largest in terms of nominal GDP. With a population of 255.3 million people as of 2025, Pakistan's position at per capita income ranks 153rd by GDP (nominal) and 141st by GDP (PPP) according to the International Monetary Fund (IMF).   
In its early years, Pakistan's economy relied heavily on private industries. The nationalization of a significant portion of the sector, including financial services, manufacturing, and transportation, began in the early 1970s under Zulfikar Ali Bhutto. During Zia-ul Haq's regime in the 1980s, an "Islamic" economy was adopted, outlawing economic practices forbidden in Sharīʿah and mandating traditional religious practices. The economy started privatizing again in the 1990s.  
The economic growth centers in Pakistan are located along the Indus River; these include the diversified economies of Karachi and major urban centers in Punjab (such as Faisalabad, Lahore, Sialkot, Rawalpindi, and Gujranwala), alongside less developed areas in other parts of the country. In recent decades, regional connectivity initiatives such as the China-Pakistan Economic Corridor (CPEC) have emerged as pivotal contributors to infrastructure and energy development, with long-term implications for economic stability. Pakistan was classified as a semi-industrial economy for the first time in the late 1990s, albeit an underdeveloped country with a heavy dependence on agriculture, particularly the textile industry relying on cotton production. Primary export commodities include textiles, leather goods, sports equipment, chemicals, and carpets/rugs.  
Pakistan is presently undergoing economic liberalization, including the privatization of all government corporations, aimed at attracting foreign investment and reducing budget deficits. However, the country continues to grapple with challenges such as rapid population growth, widespread illiteracy, political instability, hostile neighbors and heavy foreign debt.  
  
  
== Economic history ==  
  
  
=== Inception ===  
In the late 1940s, upon its establishment, Pakistan had an agrarian-based economy. Agriculture constituted 53% of the country's GDP in 1947 and slightly increased to 53.2% in 1949–50. With a population of approximately 30 million, including around 6 million residing in urban areas, about 65% of the labor force was engaged in agriculture. The agricultural sector played a crucial role, contributing to 99.2% of exports and making up nearly 90% of foreign exchange earnings.  
Despite possessing significant land and mineral resources in both East and West Pakistan, including natural gas, crude oil, coal, limestone, and marble, Pakistan faced numerous challenges. In 1950, its per capita income was around $360 (in 1985 international dollars), and the literacy rate was only 10%. The nation encountered a lack of economic infrastructure, financial resources, and an industrial foundation, particularly with poverty rates ranging from 55% to 60% in the West Pakistan region.  
Due to limited capital in the small private sector, the government opted to focus on the public sector to foster economic and industrial development. In the fiscal year 1949–50, Pakistan recorded a national savings rate of 2%, a foreign savings rate of 2%, and an investment rate of 4%. Manufacturing contributed 7.8% to the GDP, while services, trade, and other sectors accounted for a significant 39%, reflecting a policy centered around import-substituting industrialization. The trade balance of payments indicated a deficit of 66 million rupees (Rs) during the period spanning 1949/50 to 1950/51.  
  
  
=== 1950s ===  
The 1950s marked the initiation of planned development in Pakistan, with the introduction of the Colombo Plan in 1951 leading to a series of Five-Year Plans from 1955 to 1998. Concurrently, a Ten-Year Perspective Plan was implemented, complemented by a rolling Three-Year Development Plan.  
During the 1950s, Pakistan pursued a policy of import-substituting industrialization. Notably, the Korean War (1950–1953) brought substantial merchant profits to Pakistan's public and emerging private sectors, fueling industrialization.  
In 1952, Pakistan imposed bans on the imports of cotton textiles and luxury goods, followed by comprehensive import regulations in 1953, propelling the country into the ranks of the fastest-growing nations. However, biased policies against agriculture and unfavorable trade terms between agriculture and industry led to a decline in the annual growth rate of agriculture.  
By the late 1950s, Pakistan achieved self-sufficiency in cotton textiles, emphasizing export development. The influx of US military and economic aid amounting to US$500 million during 1955–58 contributed to Pakistan's growth reliant on foreign aid.  
In 1959, after a military coup d'état in 1958, the martial law regime introduced export bonus vouchers as import licenses and exempted certain goods from licensing. During this period, Pakistan faced a worsening trade balance, with deficits increasing from −831 million Rupees in 1950/51 to −1043 million rupees in 1959/60.  
Economically, agriculture grew at an annual rate of 1.6%, while manufacturing expanded impressively at 7.7% per annum during the 1950s. In the fiscal year 1959–60, the Per Capita Gross National Product (GNP) stood at Rs. 355 in West Pakistan and Rs. 269 in East Pakistan, indicating a growing economic disparity between the two regions.  
  
  
=== 1960s ===  
In the 1960s, amid a substantial influx of American aid, Pakistan enjoyed political stability, fostering robust economic growth. Poverty, measured by the poverty headcount ratio, fluctuated from nearly 50% in the early 1960s to 54% in 1963–64.  
During the 1960s, Pakistan achieved an impressive annual agricultural growth rate of 5%, driven by substantial investments in water resources, increased farmer incentives, mechanization, greater use of fertilizers and pesticides, and expanded cultivation of high-yielding rice and wheat varieties in the Green Revolution.  
Large-scale manufacturing experienced significant growth, expanding at a remarkable rate of 16% per annum from 1960/61 to 1964/65, fueled by protective measures for domestic industries, including export subsidies.  
However, the Pakistan-India War of 1965 led to reduced foreign economic assistance, impacting the growth rate of large-scale manufacturing. From 1965–70, this sector grew at a comparatively lower rate of 10% per annum.  
Despite challenges, Pakistan achieved an impressive average annual GDP growth rate of 6.7% throughout the 1960s. In the fiscal year 1969–70, the poverty incidence rate decreased to 46%. Per Capita GNP was Rs. 504 in West Pakistan and Rs. 314 in East Pakistan, indicating a widening regional economic disparity.  
  
  
=== 1970s ===  
The economic landscape in the early 1970s witnessed growing disparities between East and West Pakistan, leading to East Pakistan's declaration of independence and the emergence of Bangladesh in 1971. Subsequently, Pakistan underwent notable transformations in both its political and economic spheres.  
Under martial law authorities, amidst challenging macroeconomic conditions, the socialist Pakistan People's Party gained empowerment. This period grappled with numerous economic challenges, including a surge in poverty incidence to 55% during 1971–72. Pakistan also confronted heightened import costs due to the global oil price shock in October 1973, a severe global recession from 1974 to 1977, cotton sector failures in 1974–75, pest infestations affecting crops, and massive floods in 1973, 1974, and 1976–77.  
One significant economic issue during this time was high inflation, with prices increasing by an average of 15% per annum between 1972 and 1977. The fiscal deficit/GDP ratio averaged 8.1% during 1973–77, indicating substantial fiscal challenges. Trade imbalances were apparent, with trade deficits rising from US$337 million in 1970–71 to US$1,184 million in 1976–77.  
The military coup d'état of 1977, leading to the establishment of a martial law regime that initiated denationalization, deregulation, and privatization policies. Agriculture experienced modest growth at a rate of 2.4% per annum, while large-scale manufacturing expanded at a rate of 5.5% per annum during the 1970s.  
Large and medium-scale private manufacturing played a significant role, contributing 75% of the total value-added and investment in manufacturing during the 1970s. The remaining 25% of value-added came from small-scale manufacturing.  
Overall, this period was marked by significant political and economic changes, driven by challenges posed by economic disparities, political shifts, and efforts to address issues such as inflation, fiscal deficits, and trade imbalances.  
  
  
=== 1980s ===  
The 1980s brought substantial changes to Pakistan's economic landscape, moving away from the nationalization policies of the 1970s and fostering private sector industrial investment, which greatly contributed to robust economic growth. Notable developments in this era included a drop in the poverty headcount ratio to 29.1% in 1986–87, showcasing a decline in poverty incidence. The unemployment rate exhibited a positive trend, decreasing from 3.7% in 1980 to 2.6% in 1990.  
Between 1985 and 1988, the government endeavored to implement an Islamic interest-free banking system, introducing business partnerships based on profit and loss sharing. The national savings/GDP ratio reached a notable 16% in 1986–87, largely due to significant worker remittances from the Middle East. Despite this growth, challenges emerged, including negative public savings and a declining public investment/GDP ratio throughout the 1980s.  
To address increasing budget deficits in the early 1980s, the government heavily relied on non-bank domestic borrowing, resulting in substantial domestic debt growth. Consequently, the public debt/GDP ratio surged to 77.1% in 1988, 81.9% in 1989, and 82.6% in 1990, leading to significant interest payments and persistent fiscal deficits.  
In 1985, democracy was restored in Pakistan, marking a pivotal political development. The country experienced a commendable average annual GDP growth rate of 6.3% between 1980 and 1990. The 1980s saw a surge in manufacturing exports, with an annual large-scale manufacturing growth rate of 8.8%, and solid growth in agriculture, with an annual agricultural growth rate of 5.4%.  
These highlights underscore a transformative and recovering economic period in the 1980s, characterized by a shift in economic policies, improved fiscal performance, and substantial progress in poverty reduction and employment. The era also witnessed efforts to align financial practices with Islamic principles and significant economic growth in the manufacturing and agricultural sectors.  
  
  
=== 1990s ===  
The 1990s posed a formidable economic landscape for Pakistan, marked by a series of challenges and developments. Declining worker remittances and escalating external deficits set the tone for economic strains. Simultaneously, the decade witnessed the second-worst inflation in Pakistan's history, driven by diminishing GDP growth rates. Unemployment surged, reaching 5.9% in 1991 and escalating further to 7.2% in 2000.  
Pakistan's external debt tripled, soaring to US$30 billion by 1995. The external debt/GDP ratio rose from 42% to 50%, accompanied by increases in the external debt/exports ratio (from 209% to 258%) and the debt service ratio (from 18% to 27%). A deteriorating external debt profile led to a rise in domestic debt, reaching Rs. 909 billion, and a domestic debt/GDP ratio of 42%.  
The late 1990s witnessed a severe debt crisis, with the public debt/GDP ratio skyrocketing from 57.5% in 1975–77 to 102% in 1998–99. The public debt/revenues ratio surged to 624%, and the interest payments/revenues ratio reached 42.6%, rendering Pakistan's public debt unsustainable. Concerns over external debt default emerged in 1996 and 1998, triggered by Western economic sanctions in response to Pakistan's nuclear tests in May 1998, causing massive capital flight.  
Despite these challenges, Pakistan managed to sustain an agricultural growth rate of 4.4% per annum and a large-scale manufacturing growth rate of 4.8% per annum throughout the 1990s. However, the era witnessed a significant increase in poverty incidence, reaching 30.6% in 1998–99. The decade encapsulated a complex economic narrative, as Pakistan navigated external debt burdens, fiscal imbalances, inflation, and rising unemployment. Amid these difficulties, there were positive aspects, including growth in key sectors like agriculture and manufacturing. Nonetheless, the 1990s also brought forth a looming threat of debt default, magnified by economic sanctions in response to nuclear tests.  
  
  
=== 2000s ===  
The 2000s witnessed a period of substantial economic challenges and transformations for Pakistan. The impact of high public debt gained prominence, identified by the official Debt Reduction and Management Committee in 2001, contributing to a decline in the growth rate to less than 4% per annum. Despite an initial upturn in the growth rate, the decade unfolded with persistent macroeconomic crises. Although achieving a noteworthy growth rate of 8.6% in 2004–05, subsequent years were marred by a series of setbacks, including a growth slowdown, low growth, high inflation, an energy crisis, and worsening fiscal and balance of payments positions.  
The economic landscape reflected the complexities faced by the population, illustrated by a rise in poverty incidence to 34.5% in 2000–01. However, a subsequent decrease to 22.3% in 2005–06 offered a nuanced perspective on the decade's economic trajectory. The unemployment rate saw fluctuations, rising to 7.8% in 2002 but later declining to 5% by 2008.  
Efforts to enhance education and literacy rates were evident as adult literacy stood at 55% in 2007–08. Nevertheless, challenges persisted, and economic crises hit Pakistan in 2008, primarily influenced by the 2008 financial crisis. Despite these adversities, economic growth in 2009–2010 reached a respectable 4.1%, with positive contributions from various sectors, including a 2% growth in agriculture, 4.9% growth in industrial output, 4.4% growth in large-scale manufacturing, and a 4.6% expansion in the services sector.  
By March 2010, public debt had accumulated to Rs. 8,160 billion, with a total public debt/GDP ratio of 56% and a foreign-currency denominated debt/GDP ratio of 25%. Amid these economic dynamics, Pakistan underwent a structural transition. The GDP share of agriculture declined from 53% in 1947 to 21.2% in 2010, while the GDP share of industry rose from 9.6% in 1949–50 to 25.4% in 2010. Additionally, the GDP share of the services sector increased from 37.2% in 1950 to 53.4% in 2010. The 2000s encapsulated a multifaceted economic narrative for Pakistan, marked by challenges, crises, and significant structural shifts, reflecting the nation's resilience and adaptability.  
  
  
== Data ==  
  
  
=== Gross domestic product (GDP) ===  
The table below displays key economic indicators from 1980 to 2025. Inflation rates below 5% are highlighted in green.  
  
  
=== Stock market ===  
  
In the first four years of the twenty-first century, Pakistan's KSE 100 Index was declared the best-performing stock market index in the world by the international magazine "Business Week". The stock market capitalization of listed companies in Pakistan was valued at $5,937 million in 2005 by the World Bank. On 11 January 2016, with the aim of reducing market fragmentation and creating a strong case for attracting strategic partnerships necessary for providing technological expertise, all three stock exchanges, including Karachi Stock Exchange, Lahore Stock Exchange, and Islamabad Stock Exchange, were inducted into a unified Pakistan Stock Exchange.  
In May 2017, the American provider of stock market indexes and analysis tools, MSCI, confirmed that the Pakistan Stock Exchange (PSX) had been reclassified from Frontier Markets to Emerging Markets in its semi-annual index review. The Pakistan Stock Exchange also successfully navigated through the initial COVID-19 induced economic downturn and earned the title of being the 'best Asian stock market and fourth best-performing market across the world in 2020.' The PSE-100 index continued to climb throughout the year. Nearly 40 percent growth in the PSE-100 Index in FY 2021 was driven by the government's large stimulus package, the central bank's stable policy rate, an uptick in large scale manufacturing, improvement in external accounts, and reforms introduced by the Security and Exchange Commission of Pakistan (SECP) and PSX in the wake of the COVID-19.  
PSX 100 index growth rate over the previous years is as follows:  
  
The sales of all non-financial companies surged to Rs 16,815 billion in the fiscal year 2023, marking a substantial increase of Rs 1,864 billion compared to the preceding year. However, the net profit margin of all companies declined to 5.98% in FY23 from 6.34% in FY22. Return on assets (ROA) and return on equity (ROE) of all companies also dropped to 6.05 percent and 17.76 percent respectively in FY23. The key statistics for the last six years of all public and private non-financial companies listed at the Pakistan Stock Exchange are provided in the following table:  
  
  
=== Middle class ===  
  
As of 2017, according to the Wall Street Journal, citing estimates largely based on income and the purchase of consumption goods, had suggested that as many as 42% of Pakistan's population may now belong to the upper and middle classes. If these numbers are correct, or even indicative in any broad sense, then 87 million Pakistanis belong to the middle and upper classes, a population size which is larger than that of Germany. Official figures also show that the proportion of households that own a motorcycle and washing machines has grown impressively over the past 15 years. Furthermore, the IBA-SBP Consumer Confidence Index recorded its highest-ever level of 174.9 points in January 2017, showing an increase of 17 points from July 2016.  
Separately, consumer financing recorded at Rs. 179 billion during FY 2022. Auto finance continued to be the dominant segment, followed by house building, which showed remarkable growth after the Mera Pakistan Mera Ghar scheme initiated by the State Bank of Pakistan in December 2020.  
  
  
=== Poverty alleviation expenditures ===  
  
The Pakistan government spent over 1 trillion rupees (about $16.7 billion) on poverty alleviation programs during the past four years, reducing poverty from 35% in 2000–01 to 29.3% in 2013 and further to 17% in 2015. Rural poverty remains a pressing issue, as development in those areas has been significantly slower than in major urban areas.  
However, according to a World Bank report released in June 2025, around 45% of Pakistan’s population was living below the poverty line. The updated figure was based on revised poverty thresholds and survey data from 2018–19. The report also noted a sharp rise in extreme poverty, with the proportion increasing from 4.9% to 16.5%. As of 2025, the World Bank cautioned that over 10 million additional individuals in Pakistan faced the looming threat of descending into poverty.  
  
  
=== Employment ===  
The high population growth in the past few decades has led to a significant number of young people entering the labor market. Although Pakistan is among the six most populous Asian nations, excessive red tape in the past made firing from jobs, and consequently hiring, difficult. Significant progress in taxation and business reforms has ensured that many firms are no longer compelled to operate in the underground economy.  
  
  
=== Government revenues and expenditures ===  
  
Although the country is a Federation with constitutional division of taxation powers between the Federal Government and the four provinces, the revenue department of the Federal Government, the Federal Board of Revenue, collects more than 80% of the entire national tax collection. The government's revenue streams primarily stem from two sources: taxation and non-tax revenue. Taxation, which includes income tax, sales tax, and customs duties, constitutes a substantial portion of revenues, bolstering both federal and provincial government finances. Non-tax revenue sources, such as mark-up from state enterprises, surplus profits from the State Bank of Pakistan, and royalties on oil and gas, further contribute significantly to the fiscal framework.  
Conversely, government expenditures are strategically allocated across multiple sectors, including defense, social services, infrastructure development, and debt servicing. Current expenditures, covering operational costs, interest payments, pensions, and other obligations, are carefully balanced against development expenditures aimed at fostering long-term growth and progress. The challenge of achieving equilibrium between revenue generation and expenditure allocation leads to budgetary deficits that can necessitate borrowing to bridge the gap.  
The data has been sourced from the Ministry of Finance.  
  
  
== Currency system ==  
  
  
=== Rupee ===  
The basic unit of currency is the rupee, ISO code PKR, and abbreviated Rs, which is divided into 100 paisas. Currently, the 5,000 rupee note is the largest denomination in circulation. From 13 August 2005, the SBP started introducing its fifth generation design of banknotes with additional security features, with the Rs. 20 note being the first issuance. New designs of Rs. 5 (July 2008, later replaced by a coin), 10 (May 2006), Rs. 20 (March 2008, new color scheme), Rs. 50 (July 2008), Rs. 100 (November 2006), Rs. 500 (January 2010), Rs. 1000 (February 2007), and Rs. 5000 (May 2006) were gradually introduced.  
The Pakistani rupee was pegged to the pound sterling until 1982, when the government of General Zia-ul-Haq, changed it to a managed float regime. As a result, the rupee devalued by 38.5% between 1982/83, and many of the industries built by his predecessor suffered a huge surge in import costs. After years of appreciation under Zulfikar Ali Bhutto and despite huge increases in foreign aid, the rupee depreciated.  
  
  
=== Foreign exchange rate ===  
The Pakistani rupee depreciated against the US dollar until around the start of the 21st century, when Pakistan's large current-account surplus pushed the value of the rupee up versus the dollar. Pakistan's central bank then stabilized by lowering interest rates and buying dollars, in order to preserve the country's export competitiveness.  
  
  
=== Foreign exchange reserves ===  
Pakistan maintains foreign reserves with the State Bank of Pakistan. The currency of the reserves was solely the US dollar, incurring speculated losses after the dollar prices fell during 2005, forcing the then Governor SBP Ishrat Hussain to step down. In the same year, the SBP issued an official statement proclaiming diversification of reserves in currencies including Euro and Yen, withholding the ratio of diversification.  
  
Following the international credit crisis and spikes in crude oil prices, Pakistan's economy could not withstand the pressure, and on 11 October 2008, the State Bank of Pakistan reported that the country's foreign exchange reserves had gone down by $571.9 million to $7,749.7 million. The foreign exchange reserves had declined by more than $10 billion to a level of $6.59 billion. In June 2013, Pakistan was on the brink of default on its financial commitments. The country's forex reserves were at a historic low, covering only two weeks' worth of imports. In January 2020, Pakistan's foreign exchange reserves stood at US$11.503 billion.  
  
  
== Structure of economy ==  
  
Agriculture accounted for about 53% of the GDP in 1947. While per-capita agricultural output has grown since then, it has been outpaced by the growth of the non-agricultural sectors, and the share of agriculture has dropped to roughly one-fifth of Pakistan's economy. In recent years, the country has seen rapid growth in industries, such as apparel, textiles, and cement, and services, such as telecommunications, transportation, advertising, and finance.  
  
  
== Major sectors ==  
  
  
=== Agriculture ===  
  
The majority of the population, directly or indirectly, is dependent on this sector, contributing about 23.0% of the gross domestic product (GDP) and accounting for 37.4% of the employed labor force in 2021. It is the largest source of foreign exchange earnings. The most important crops are wheat, sugarcane, cotton, and rice, accounting for more than 75% of the value of total crop output. Pakistan's largest food crop is wheat. In 2017, Pakistan produced 26,674,000 tonnes of wheat, almost equal to all of Africa (27.1 million tonnes) and more than all of South America (25.9 million tonnes), according to the FAOSTAT. In the market year of 2018/19, Pakistan exported a record 4.5 million tonnes of rice.  
Pakistan is a net food exporter, except in occasional years when its harvest is adversely affected by droughts. Pakistan exports rice, cotton, fish, fruits (especially Oranges and Mangoes), and vegetables and imports vegetable oil, wheat, pulses, and consumer foods. The economic importance of agriculture has declined since independence when its share of GDP was around 53%.  
  
\* Cotton production in million bales.  
Pakistan's principal natural resources are arable land and water. About 25% of Pakistan's total land area is under cultivation and is watered by one of the largest irrigation systems in the world. Pakistan irrigates three times more acres than Russia. Pakistan agriculture also benefits from year-round warmth. Zarai Taraqiati Bank Limited is the largest financial institution geared towards the development of the agriculture sector through the provision of financial services and technical expertise.  
  
  
=== Industry ===  
  
Pakistan's industrial sector accounts for approximately 19.12% of GDP. In 2021, it recorded a growth of 7.81%, compared to the negative 5.75% in 2020. The government is privatizing large-scale industrial units, and the public sector accounts for a shrinking proportion of industrial output, while growth in overall industrial output (including the private sector) has accelerated. Government policies aim to diversify the country's industrial base and bolster export industries. Large Scale Manufacturing is the fastest-growing sector in the Pakistani economy. Major industries include textiles, fertiliser, cement, oil refineries, dairy products, food processing, beverages, construction materials, clothing, paper products, and shrimp.  
In Pakistan, SMEs have a significant contribution to the total GDP of Pakistan. According to SMEDA and Economic survey reports, the share in the annual GDP is 40%, with SMEs generating significant employment opportunities for skilled workers and entrepreneurs. Small and medium-scale firms represent nearly 90% of all enterprises in Pakistan and employ 80% of the non-agricultural labor force. These figures indicate the potential and further growth in this sector.  
  
  
==== Manufacturing ====  
Manufacturing is the largest of Pakistan's industrial sectors, accounting for approximately 12.13% of GDP. The manufacturing sub-sector is further divided into three components: large-scale manufacturing (LSM) with a share of 79.6% in the manufacturing sector, small-scale manufacturing with a share of 13.8% in the manufacturing sector, while slaughtering contributes 6.5% to manufacturing. Major sectors in industries include cement, fertiliser, edible oil, sugar, steel, tobacco, chemicals, machinery, food processing, and medical instruments, primarily surgical. Pakistan is one of the largest manufacturers and exporters of surgical instruments.  
  
Pakistan's largest corporations are primarily engaged in utilities such as oil, gas, electricity, automobile, cement, food, chemicals, fertilizer, civil aviation, textile, and telecommunication.  
Their assets, sales, and profit/loss for the year 2023 are listed below:  
  
  
===== Cement industry =====  
In 1947, Pakistan inherited four cement plants with a total capacity of 0.5 million tons. Some expansion occurred in 1956–66 but couldn't keep pace with economic development. The country resorted to cement imports in 1976–77, continuing until 1994–95. The cement sector, comprising 27 plants, contributes over Rs 30 billion to the national exchequer in taxes. By 2013, Pakistan's cement industry grew rapidly, driven by demand from Afghanistan and countries boosting the real estate sector. In April 2020, the government introduced an incentive package for the construction industry, including an amnesty scheme, tax exemptions, and a Rs 36 billion subsidy for Naya Pakistan Housing Scheme. Additionally, banks were directed to increase construction sector loans to 5 percent of their total loan book, and FED reduction on cement from Rs 2/kg to Rs 1.5/kg provided further impetus to the industry.  
  
  
===== Fertilizer industry =====  
There are nine urea manufacturing plants, one DAP, three NP, four SSP, two CAN, one SOP, and two plants of blended NPKs with a total production capacity of 9,172 thousand tonnes per annum in 2021. Urea is the main fertilizer, holding a 70 percent share in total production. The installed production capacity of 6,307 thousand tonnes per annum is sufficient to meet local demand, subject to the availability of uninterrupted gas and RLNG supply.  
  
  
===== Defence industry =====  
  
The defence industry of Pakistan, under the Ministry of Defence Production, was established in September 1951 to promote and coordinate the array of military production facilities that have emerged since independence. It is actively engaged in numerous joint production projects, such as the Al Khalid 2 tank, advanced trainer aircraft, combat aircraft, artillery systems like MRLS, combat and surveillance drones like GIDS Shahpar-1 and Shahpar-2, battle management and surveillance radars, electronic warfare systems, navy ships, and submarines.  
Pakistan manufactures and sells weapons to over 40 countries, including European customers, generating $620 million annually. The country's sophisticated arms imports increased by 119 percent between 2004–2008 and 2009–13, with China providing 54 percent and the USA 27 percent of Pakistan's imports.  
  
  
===== Textiles industry =====  
  
Most of the textile industry is concentrated in Punjab. However, before 1990, the industry was predominantly located in Karachi.  
Presently, the textile industry comprises two main segments: a highly organized large-scale sector and a considerably fragmented cottage/small-scale sector. The organized sector mainly includes integrated Textile Mills, housing numerous spinning units and a limited number of shuttle-less loom units. Conversely, the unorganized sector encompasses downstream industries like Weaving, Finishing, Garment, Towels, and Hosiery, all of which possess significant export potential. Within this sector, certain enterprises have expanded to an international scale and exhibit progressive business philosophies.  
  
As of June 2021, the Pakistani textile industry comprised 517 textile units, including 40 composite units and 477 spinning units. This landscape also included 28,500 shuttle-less looms and 375,000 conventional looms. The growth of the spinning sector has been fueled by export demands and cotton production, with subsequent growth observed in the weaving and processing sector. Notably, independent air-jet weaving units have emerged, both as standalone entities and in conjunction with spinning or processing units.  
A notable trend is the ongoing backward integration of some clothing units, while spinning units are actively developing weaving, finishing, and assembly capabilities to create a comprehensive supply chain. This symbiotic relationship between the textile and clothing sectors is leading to horizontal and vertical integration, often managed by the same entities or through business collaborations.  
This sector contributes nearly one-fourth of industrial value-added and provides employment to about 40 percent of the industrial labor force. Excluding seasonal and cyclical fluctuations, textile products have maintained an average share of about 60 percent in national exports.  
  
  
===== Automobile industry =====  
  
The auto sector constituted about 7 percent of LSM in 2021, contributing significantly to the country's industrial output. Given government support and the removal of obstacles, the industrial expansion is expected to yield positive results soon. Many new investors have joined with commercial production, while existing players have already made substantial investments, with more in the pipeline. Among the automakers yet to start production, Proton, MG, and Volkswagen are poised to make a significant impact in the local passenger vehicle market. Meanwhile, KIA, Hyundai, Changan, and Prince DFSK have already commenced productions in Pakistan.  
  
Note: These figures do not include the production/sale of companies which are not members of the Pakistan Automotive Manufacturers Association (PAMA).  
After the entry of new models and brands by new entrants and due to the significantly low benchmark interest rate of 7%, consumer financing hit an all-time high in 2021. This trend started when a new Automotive Development Policy (2016–2021) was first approved by the ECC in its meeting held on 18 March 2016.  
Such growth in demand for car financing was last seen during President Pervez Musharraf's regime (2001–2008) when banks, having ample liquidity, lent a significant amount for cars without checking borrowers' capabilities to repay the debt. Later, the car financing bubble burst when a large number of people defaulted on paying off the car financing.  
  
  
==== Mining ====  
  
Pakistan is endowed with significant mineral resources and is emerging as a very promising area for prospecting/exploration for mineral deposits. In the wake of the 18th amendment to the constitution, all the provinces are free to exploit and explore the mineral resources within their jurisdiction.  
Mining and quarrying contribute 13.19% to the industrial sector, with its share in GDP being 2.4%.  
In the recent past, exploration by government agencies as well as multinational mining companies presents ample evidence of the occurrences of sizeable mineral deposits. Recent discoveries of a thick oxidised zone underlain by sulphide zones in the shield area of the Punjab province, covered by thick alluvial cover, have opened new vistas for metallic minerals exploration. Pakistan has a large base for industrial minerals. The discovery of coal deposits with over 175 billion tonnes of reserves at Thar in the Sindh province has given an impetus to develop it as an alternative source of energy. There is vast potential for precious and dimension stones.  
Extraction of principal minerals in the last 10 fiscal years is given in the table below:  
  
  
==== Energy ====  
  
The main sources of Pakistan's primary energy supplies are gas, oil, coal, liquefied natural gas (LNG), and hydroelectricity, with shares of 29%, 24%, 15%, 10%, and 11% respectively in 2022. Since coal mining began in the Thar desert and LNG imports from Qatar, coal and imported LNG increased their shares manyfold in just five years in the primary energy supplies of the country. The share of gas has decreased from 50% in 2005 to 24% in 2022, and oil, since 2015, from 35% to 27% in 2022, being largely replaced by coal and LNG. As Pakistan intends to generate around 8,800 megawatts of nuclear power by 2030, its share is also increasing gradually.  
  
(CPPA-G) procures electricity from power producers, and the National Transmission and Despatch Company (NTDC) transmits this electricity via its transmission lines to Distribution Companies (DISCOs), which then distribute this electricity via their distribution lines to end consumers. Balancing Pakistan's supply of electricity against the demand has been a longstanding unresolved issue. Since 2018, there has been an improvement in the availability of electricity due to the substantial increase in generation capacity. However, the cost of electricity has risen due to various factors such as circular debt, capacity payments, fuel costs, currency devaluation, low recovery rates, and transmission and distribution losses. Pakistan faces a significant challenge in overhauling its electricity supply network.  
  
The total demand for petroleum products remained at 23.1 million tonnes during FY2022. The transport and power sectors are major petroleum consumers, covering approximately 90 percent of the total demand.  
  
Pakistan is an importer of petroleum products and crude oil. Imports of petroleum products during FY2022 amounted to around 12.9 million tonnes, valued at more than US$11.1 billion. The major imported products are motor spirit/gasoline, high-speed diesel, and furnace oil, with import quantities of 6,502 thousand tonnes, 3,950 thousand tonnes, and 2,258 thousand tonnes, respectively.  
  
The total production of refineries in Pakistan for fiscal year 2020–21 reached 10.66 million tons. Among these refineries, PARCO holds the largest share, accounting for 41%, followed by ARL, BPPL, NRL, and PRL with shares of 17%, 16%, 14%, and 12% respectively. OGRA, founded in March 2002, serves as the regulatory body with the primary goals of promoting competition and enhancing private investment and ownership within the petroleum sector by implementing effective and efficient regulations. Oil Marketing Companies (OMCs) have established their infrastructure, including storage facilities and retail outlets, to market Petroleum, Oil, and Lubricant (POL) products. Motor Spirit (MS) and High-Speed Diesel (HSD) together make up nearly 80% of OMCs' sales. By the conclusion of fiscal year 2021, OMCs had developed a storage capacity of 0.58 million tons for MS and 0.88 million tons for HSD, distributed across various depots throughout the country. Oil Marketing Companies (OMCs) operate a total of 9,978 retail outlets nationwide. Among these, Pakistan State Oil (PSO) holds the highest number of retail outlets, boasting 3,158 outlets, which accounts for approximately 31.65 percent of the total.  
Indigenous natural gas supplies accounted for approximately 30 percent of Pakistan's total primary energy supply mix in FY2022. Pakistan maintains an extensive gas network comprising over 13,775 kilometers of transmission pipelines, 157,395 kilometers of main pipelines, and 41,352 kilometers of service pipelines. This network serves the needs of more than 10.7 million consumers throughout the country. During FY 2021–22, the natural gas supply in Pakistan reached 3,982 MMCFD. The country relies on several major gas fields, including Sui, Uch, Qadirpur, Sawan, Zamzama, Badin, Bhit, Kandhkot, Mari, and Manzalai, to meet its domestic demand. Additionally, Pakistan has been importing liquefied natural gas (LNG) since 2015, with regasified liquefied natural gas (RLNG) playing a significant role in alleviating natural gas shortages. In the year 2021–22, approximately 24 percent of the country's gas supplies were sourced from imported RLNG.  
In FY 2020–21, the primary consumer of natural gas was the power sector, which accounted for more than 30 percent of the total consumption, equivalent to 1,208 MMCFD. Following the power sector, the domestic sector consumed 21 percent, or 850 MMCFD, while the fertilizer sector consumed 20 percent, totaling 834 MMCFD.  
  
  
=== Services ===  
Pakistan's service sector contributes approximately 61.7% to the GDP. Within this sector, transport, storage, communications, finance, and insurance comprise 24%, while wholesale and retail trade constitute about 30%. Pakistan is actively promoting the growth of the information industry and other modern service industries by offering incentives such as long-term tax holidays.  
  
  
==== Telecommunications ====  
  
After the deregulation of the telecommunications industry, the sector has experienced exponential growth. Pakistan Telecommunication Company Ltd (PTCL) has emerged as a successful Forbes 2000 conglomerate with over US$1 billion in sales in 2005. The mobile telephone market has expanded many-fold since 2003, reaching a subscriber base of 140 million users in July 2017, one of the highest mobile teledensities in the world. Pakistan won the prestigious Government Leadership award of GSM Association in 2006.  
In Pakistan, the following are the top mobile phone operators:  
  
Jazz Pakistan (parent: VEON, Netherlands)  
Ufone (parent: PTCL (Etisalat), Pakistan/UAE)  
Telenor (parent: Telenor, Norway)  
Zong (parent: China Mobile, China)  
By March 2009, Pakistan had 91 million mobile subscribers – 25 million more subscribers than reported in the same period in 2008. In addition to the 3.1 million fixed lines, as many as 2.4 million are using Wireless Local Loop connections. Sony Ericsson, Nokia and Motorola along with Samsung and LG remain the most popular brands among customers.  
Since liberalisation, over the past four years from 2003 to 2007, the Pakistani telecom sector has attracted more than $9 billion in foreign investments. During 2007–08, the Pakistani communication sector alone received $1.62 billion in Foreign Direct Investment (FDI) – about 30% of the country's total foreign direct investment.  
According to the PC World, a total of 6.37 billion text messages were sent through Acision messaging systems across Asia Pacific over the 2008/2009 Christmas and New Year period. Pakistan was amongst the top five rankers with one of the highest SMS traffic with 763 million messages.  
On 14 August 2010, Pakistan became the first country in the world to experience EVDO's RevB 3G technology that offers maximum speeds of 9.3 Mbit/s.  
3G and 4G were simultaneously launched in Pakistan on 23 April 2014 through a SMRA auction. Three out of five companies got a 3G licence i.e. Ufone, Mobilink and Telenor while China Mobile's Zong got 3G as well as a 4G licence. Whereas the fifth company, Warid Pakistan did not participate in the auction procedure, but they launched 4G LTE services on their existing 2G 1800 MHz spectrum due to Technology-neutral terms and became the world's first Telecom Company to transform directly from 2G to 4G. With that, Pakistan joined the 3G and 4G world.  
In December 2017, 3G and 4G subscribers in Pakistan reached 46 million.  
After the successful implementation of the Device Identification Registration and Blocking System (DIRBS) in 2019 along with a comprehensive mobile manufacturing policy, it created a favourable environment for mobile device manufacturing in Pakistan. For the first time in the history of Pakistan, local mobile phone manufacturing exceeded the number of mobile phones that were imported in 2021. Mobile device manufacturing licences have been issued to 26 companies, including Samsung, Redmi, Realme, Nokia, Oppo, TECNO, Infinix, Itel, Vgotel, and Q-Mobile.  
  
  
==== Transportation ====  
  
  
===== Air linkage =====  
  
The year 1955 marked the inauguration of the Pakistan airline's first scheduled international service – to London, via Cairo and Rome. In 1959, the Government of Pakistan appointed Air Commodore Nur Khan as the managing director of PIA. With his visionary leadership, PIA 'took off' and within a short span of 6 years, gained the stature and status of one of the world's frontline carriers. In aviation circles, this period has often been referred to as the "golden years of PIA". On 29 April 1964, with a Boeing 720B, PIA earned the distinction of becoming the first airline from a non-communist country to fly into the People's Republic of China. Private sector airlines in Pakistan include Airblue, which serves the main cities within Pakistan in addition to destinations in the Persian Gulf and Manchester in the United Kingdom.  
  
  
===== Railway linkage =====  
  
Pakistan Railways (PR) is a major mode of transport in the public sector, contributing to the country's economic growth and providing national integration. 13 May 1861 was a historical day when the first railway line was opened for public between Karachi City and Kotri, a distance of 169 km. In 1885, the Sindh, Punjab and Delhi Railways were purchased by the Secretary of State for India. On 1 January 1886 this line and other State Railways were integrated and North Western State Railway was formed; this was later renamed as North Western Railways (NWR). At the time of Independence, the NWR was bifurcated with 1,847 route miles lying in India and 5,048 route miles in Pakistan. In 2022, Pakistan Railways comprised a total of 467 locomotives (462 diesel engines and 05 steam engines) for the 7,479 km route length. Pakistan Railways employed 60,643 people in 2022.  
  
  
===== Road linkage =====  
  
The National Highway Authority (NHA) was established in 1991 through an Act of Parliament for the planning, development, operation, repair, and maintenance of National Highways and Strategic Roads specially entrusted to NHA by the Federal Government or by a Provincial Government or other authority concerned. NHA is the custodian of 39 national highways, motorways, expressways, and strategic routes, with a total length of 12,131 km, constituting 4.6% of the total national roads network, which is 263,775 km. However, it carries 80% of commercial traffic, and the N-5 National Highway, which is the lifeline of Pakistan, carries 65% of this load in the country.  
  
  
===== Maritime linkage =====  
  
Pakistan National Shipping Corporation (PNSC) is a national flag carrier. It was formed through the merger of the National Shipping Corporation and Pakistan Shipping Corporation in 1979. PNSC has had worldwide operations in the dry bulk segment of the shipping market since its inception, and has been involved in the transportation of liquid cargo since 1998, both locally and internationally. The corporation's head office is located in Karachi. Currently, the PNSC fleet comprises eleven vessels of various types and sizes (five bulk carriers, four Aframax tankers, and two LR-1 Clean Product tankers) with a total deadweight capacity (cargo carrying capacity) of 831,711 metric tons, the highest ever carrying capacity since the inception of PNSC.  
  
  
==== Finance ====  
  
Pakistan has a large and diverse banking system. In 1974, a nationalization programme led to the creation of six government-owned banks. A privatization programme in the 1990s led to the entry of foreign-owned and local banks into the industry. As of 2010, there were five publicly-owned commercial banks in Pakistan, as well as 25 domestic private banks, six multinational banks, and four specialised banks.  
  
Since 2000, Pakistani banks have begun aggressive marketing of consumer finance to the emerging middle class, allowing for a consumption boom (more than a seven-month waiting list for certain car models) as well as a construction bonanza. Pakistan's banking sector remained remarkably strong and resilient during the 2008 financial crisis, a feature which has served to attract a substantial amount of FDI in the sector. Stress tests conducted in June 2008 data indicate that the large banks are relatively robust, with the medium and small-sized banks positioning themselves in niche markets.  
The Pakistan Bureau of Statistics provisionally valued this sector at Rs.807,807 million in 2012, thus registering over 510% growth since 2000.  
An article published in the Journal of the Asia Pacific Economy by Mete Feridun of the University of Greenwich in London with his Pakistani colleague Abdul Jalil presents strong econometric evidence that financial development fosters economic growth in Pakistan.  
  
In recent years, banking through digital channels has been gaining popularity in the country. These channels offer alternatives resulting in faster delivery of financial services to a wide range of customers. Significant progress has been observed in the usage of internet banking and mobile banking channels during the last few years. In the last five years, internet banking transactions saw compound annualised growth of 31%, whereas mobile banking transactions grew by 86%.  
  
\* Real-time gross settlement (RTGS) mechanism in Pakistan is named the Pakistan Real-time Interbank Settlement Mechanism (PRISM).  
  
  
==== Housing ====  
  
The property sector has expanded 23-fold since 2001, particularly in metropolises like Lahore. Nevertheless, the Karachi Chamber of Commerce and Industry estimated in late 2006 that the overall production of housing units in Pakistan has to be increased to 0.5 million units annually to address 6.1 million backlog of housing in Pakistan for meeting the housing shortfall in next 20 years. The report noted that the present housing stock is also rapidly aging and an estimate suggests that more than 50% of stock is over 50 years old. It is also estimated that 50% of the urban population now lives in slums and squatter settlements. The report said that meeting the backlog in housing, besides replacement of out-lived housing units, is beyond the financial resources of the government. This necessitates putting in place a framework to facilitate financing in the formal private sector and mobilise non-government resources for a market-based housing finance system. To promote affordable housing and home ownership among low to middle-income group, who currently do not own a house, SBP in 2020 introduced the Government's Mark-Up Subsidy Scheme, through which subsidized financing is provided to individuals for construction or purchase of a new house. Since then, a huge demand for house financing has been witnessed by the commercial banks.  
  
  
==== Tourism ====  
  
Tourism in Pakistan has been hailed as the tourism industry's "next big thing". Pakistan, with its diverse cultures, people, and landscapes, has attracted 90 million tourists to the country, almost double that of a decade ago. Currently, Pakistan ranks 130th in the world by tourist income. Due to the threat of terrorism, the number of foreign tourists has gradually declined, and the shock of the 2013 Nanga Parbat tourist shooting has severely adversely affected the tourism industry. As of 2016, tourism has begun to recover in Pakistan, albeit gradually, with a current global rank of 130.  
  
  
== Foreign trade, remittances, aid, and investment ==  
  
  
=== Investment ===  
Foreign investment significantly declined by 2010, dropping by 54.6% due to Pakistan's political instability and weak law and order, according to the Bank of Pakistan.  
Business regulations have been overhauled along liberal lines, especially since 1999. Most barriers to the flow of capital and international direct investment have been removed. Foreign investors do not face any restrictions on the inflow of capital, and investment of up to 100% of equity participation is allowed in most sectors. Unlimited remittance of profits, dividends, service fees or capital is now the rule. However, doing business has been becoming increasingly difficult over the past decade due to political instability, rising domestic insurgency and insecurity and vehement corruption. This can be confirmed by the World Bank's Ease of Doing Business Index report degrading its ratings for Pakistan each year since September 2009.  
The World Bank (WB) and International Finance Corporation's flagship report Ease of Doing Business Index 2020 ranked Pakistan 108 among 190 countries around the globe, indicating a continuous improvement and taking a jump from 136 last year. The top five countries were New Zealand, Singapore, Denmark, Hong Kong and South Korea.  
With improvement in ease of doing business ranking and giving an investment friendly road map from government, many new auto sector giants like France's Renault, South Korean's Hyundai and Kia, Chinese JW Forland and German auto giant Volkswagen are considering entry into Pakistan auto market through joint ventures with local manufacturers like Dewan Farooque Motors, Khalid Mushtaq Motors and United Motors. As of March 2022, only the Hyundai Nishat JV materialised.  
US oil and gas giant Exxon Mobil returned to Pakistan after nearly three decades gap and has acquired 25% shares in offshore drilling in May 2018, with initial survey showing a potential of huge hydrocarbon reserves discovery offshore.  
To boost Pakistan's unstable foreign-exchange reserves, Qatar announced to invest $3 billion in the form of deposits and direct investments in the country. By the end of June 2019, Qatar sent the first $500 million to Pakistan.  
Data is from SBP.  
  
  
=== Foreign acquisitions and mergers ===  
With the rapid growth in Pakistan's economy, foreign investors are taking a keen interest in the corporate sector of Pakistan. In recent years, majority stakes in many corporations have been acquired by multinational groups.  
  
PICIC by Singapore-based Temasek Holdings for $339 million  
Union Bank by Standard Chartered Bank for $487 million  
Prime Commercial Bank by ABN Amro for $228 million  
PakTel by China Mobile for $460 million  
PTCL by Etisalat for $1.8 billion  
Additional 57.6% shares of Lakson Tobacco Company acquired by Philip Morris International for $382 million  
In 2016, Arçelik acquired Dawlance for $243 million.  
In 2016, FrieslandCampina acquired 51% stake in Engro Foods for $446.81 million.  
In 2016, The Abraaj Group sold its 66.4% stake in K-Electric to Shanghai Electric for $1.77 billion.  
The foreign exchange receipts from these sales are also helping cover the current account deficit.  
  
  
=== Foreign trade ===  
  
Pakistan witnessed the highest export of US$25.4 billion in the FY 2011. However, in subsequent years exports have declined considerably. This decline started from the financial year 2015 when an international commodity slump set in. This was compounded by structural supply-side constraints including energy shortages, high input costs, and an overvalued exchange rate. From the financial year 2014 to 2016, exports declined by 12.4 percent. The exports growth trend over this period was similar to the world trade growth patterns. Pakistan's external sector continued facing stress during 2017. Still, Pakistan's merchandise trade exports grew by 0.1 percent during the fiscal year 2017. The imports continued to grow at a much faster rate and grew by a large percentage of 18.0 during the FY 2017 as compared to the previous year.  
Note: This is the trade data (export and import) as released by the SBP. This may differ from the data compiled by Pakistan Bureau of Statistics.  
  
Pakistan's imports are showing a rising trend at a relatively faster rate due to increased economic activity as part of the China Pakistan Economic Corridor (CPEC), particularly in the energy sector. The construction projects under CPEC require heavy machinery that has to be imported. It is also observed that the economy is currently being led both by investments as well as consumption, resulting in relatively higher levels of imports. During FY 2018, Pakistan's exports picked up and reached US$24.8 billion, showing a growth of 12.6 percent over the previous year, FY 2017. Imports, on the other hand, also increased by 16.2 percent, reaching the highest figure of US$56.6 billion. As a result, the trade deficit widened to US$31.8 billion, which was the highest in the last ten years. Pakistan's exports of goods recorded their highest level of $25.6 billion during the fiscal year 2021, higher than the $25.3 billion recorded in 2011.  
  
  
==== Exports ====  
Pakistan's major export commodities since fiscal year 2014 are listed in the table below.  
  
  
==== Imports ====  
Pakistan's major import commodities since fiscal year 2014 are listed in the table below.  
  
  
=== External imbalances ===  
  
During FY 2017, the increase in imports of capital equipment and fuel significantly put pressure on the external account. A reversal in global oil prices led to an increase in POL imports, accompanied by falling exports; as a result, the merchandise trade deficit grew by 39.4 percent to US$26.885 billion in FY 2017. While remittances and Coalition Support Fund inflows both declined slightly over the same period last year, however, the impact was offset by an improvement in the income account, mainly due to lower profit repatriations by oil and gas firms.  
The current account deficit increased to US$19.2 billion in FY 2018.  
However, the impact of high current deficit on foreign exchange reserves was not severe, as financial inflows were available to the country to partially offset the gap; these inflows helped ensure stability in the exchange rate. Net FDI grew by 12.4 percent and reached US$1.6 billion in the nine-month period, whereas net FPI saw an inflow of US$631 million, against an outflow of US$393 million last year. Encouragingly for the country, the period saw the completion of multiple merger and acquisition deals between local and foreign companies. Moreover, multiple foreign automakers announced their intention to enter the Pakistani market, and some also entered into joint ventures with local conglomerates. This indicates that Pakistan is clearly on foreign investors' radar, and provides a positive outlook for FDI inflows going forward. government's successful issuance of a US$1.0 billion Sukuk in the international capital market, at an extremely low rate of 5.5 percent.  
Pakistan continued to enjoy support from international financial institutions (IFIs) like the World Bank and Asian Development Bank, and from bilateral partners like China, in the post-EFF period: net official loan inflows of US$1.1 billion were recorded during the period. As a result, the country's FX reserve amounted to US$20.8 billion by 4 May 2017 sufficient to finance around four months of import payments.  
  
  
=== Economic aid ===  
  
Pakistan receives economic aid from several sources as loans and grants. The International Monetary Fund (IMF), World Bank (WB), Asian Development Bank (ADB), etc. provide long-term loans to Pakistan. Pakistan also receives bilateral aid from developed and oil-rich countries. Foreign aid has been one of the main sources of money for the Pakistani economy. Collection of foreign aid has been one of the priorities of almost every Pakistani Government with the Prime Minister himself leading delegations on a regular basis to collect foreign aid.  
The Asian Development Bank will provide close to $6 billion development assistance to Pakistan during 2006–9. The World Bank unveiled a lending programme of up to $6.5 billion for Pakistan under a new four-year, 2006–2009, aid strategy showing a significant increase in funding aimed largely at beefing up the country's infrastructure. Japan will provide $500 million annual economic aid to Pakistan. In November 2008, the International Monetary Fund (IMF) has approved a loan of 7.6 billion to Pakistan, to help stabilise and rebuild the country's economy. Between the 2008 and 2010 fiscal years, the IMF extended loans to Pakistan totalling 5.2 billion dollars. The government decided in 2011 to cut off ties with the IMF. However, the government newly elected in 2013 re-established these ties, and a negotiated a three-year $6.6 billion package which would allow it to deal with ongoing debt issues. In May 2019, Pakistan finalised a US$6 billion foreign aid with IMF. This is Pakistan's 22nd such bailout from the IMF.  
The China–Pakistan Economic Corridor is being developed with a contribution of mainly concessionary loans from China under the Belt and Road Initiative. Much like BRI, the value of CPEC investments transcends any fiat currency and is only estimated vaguely as it spans over decades of past and future industrial development and global economic influence.  
  
  
=== Remittances ===  
The remittances of Pakistanis living abroad have played an important role in Pakistan's economy and foreign exchange reserves. Pakistanis settled in Western Europe and North America are significant sources of remittances to Pakistan. Since 1973, Pakistani workers in the oil-rich Arab states have been sources of billions of dollars of remittances.  
The 9 million-strong Pakistani diaspora contributed US$19.3 billion to the economy in FY2017. The major source countries of remittances to Pakistan include UAE, US, Saudi Arabia, GCC countries (including Bahrain, Kuwait, Qatar, and Oman), Australia, Canada, Japan, Norway, Switzerland, UK, and EU countries.  
Remittances sent home by overseas Pakistani workers saw a negative growth of 3.0% in the fiscal year 2017 compared to the previous year when remittances reached an all-time high of 19.9 billion US dollars. This decline in remittances is mainly due to the adverse economic conditions in Arabian and Gulf countries after the fall in oil prices in 2016. However, recent development activities in the Qatar FIFA World Cup, Dubai Expo, Saudi Arabia's implementation of its Vision 2030, and particularly the recent visit of the PM to Kuwait should all be helpful in opening new avenues for employment in these countries. Going forward, one can expect improvements in the coming years. The SBP's data showed that remittances amounted to $29.4 billion for the year 2021. The government and SBP took measures to incentivise the use of formal channels of sending money home. The orderly foreign exchange market conditions also contributed to the rise in remittances. Remittances helped improve the country's external sector position despite the challenging global economic conditions due to the coronavirus pandemic.  
Data is taken from SBP and Ministry of Finance.  
  
Remittances sent home by overseas Pakistanis in the fiscal year 2020/21 are as follows:  
  
  
== Economic issues ==  
  
  
=== 2022 Pakistan economic crisis ===  
  
  
=== Corruption ===  
  
Corruption is an ongoing issue in the government, with claims of initiatives against it, particularly at the government and lower levels of police forces. In 2011, the country consistently ranked poorly on the Transparency International's Corruption Perceptions Index, with scores of 2.5, 2.3 in 2010, and 2.5 in 2009 out of 10. In 2011, Pakistan ranked 134th on the index, with 42 countries ranking worse.  
In 2012, Pakistan's ranking dropped further from 134 to 139, making Pakistan the 34th most corrupt country in the world, tied with Azerbaijan, Kenya, Nepal, and Nigeria.  
However, during the Sharif regime (2013–17), Pakistan improved its ranking to 117th out of 180 countries in 2017 (with an improvement in score from 28, 29, 30, 32, 32 [2013–17]), equal to Egypt (better than 59 countries). Due to the adverse effects of corruption on the country, the National Accountability Bureau (NAB) was established in 1999. The primary purpose of NAB was to recover looted money from corrupt elements and deposit it in the national exchequer. From 2018 to 2020, NAB recovered Rs 502 billion from corrupt elements, a record achievement. Since the bureau's inception, NAB has recovered Rs 814 billion directly or indirectly from corrupt elements, exceeding the recovery of other such anti-corruption organizations.  
  
  
=== Interference by Pakistan Military ===  
The Pakistani military maintains significant influence over the country's economy, as illustrated by a July 2025 meeting between foreign exchange company representatives and a senior intelligence official, Major General Faisal Naseer of the Inter-Services Intelligence (ISI), to discuss the depreciation of the Pakistani rupee. While monetary policy and currency regulation traditionally fall under civilian institutions such as the State Bank of Pakistan, the involvement of a high-ranking military officer reflects the broader role the military plays in national economic matters. This instance underscores the military's informal oversight of financial markets and highlights its longstanding position as a key actor in Pakistan’s political and economic decision-making processes.  
According to Ayesha Siddiqa’s Military Inc.: Inside Pakistan’s Military Economy, Pakistan’s military controls a vast commercial network known as "Milbus," comprising businesses run for the personal benefit of military personnel but excluded from the official defense budget. These ventures include banks, factories, real estate, and retail operations, giving the military significant economic power. This financial autonomy strengthens the military’s political dominance, distorts markets, and hinders democratic development by entrenching military influence in civilian affairs.   
Despite Pakistan’s severe economic crisis marked by hyperinflation, rising debt, and low foreign reserves, the military has remained financially insulated. Military assets grew from A$30 billion in 2016 to over A$39.8 billion, even as state reserves fell to A$5.2 billion and debt surged. In the same period, the military received an increased budget allocation of A$11.27 billion. Senior officers, including Generals Qamar Javed Bajwa and Asim Saleem Bajwa, reportedly amassed significant wealth, while military-run businesses continued to thrive. This resilience is attributed to the military’s vast economic network, institutional autonomy, and strong political influence. In 2025 too, for instance, as Pakistan faced 38 percent inflation, low foreign reserves, and widespread poverty, the military elite reportedly remained insulated from the crisis. They maintained affluent lifestyles, exclusive housing, and substantial business interests, in contrast to the hardships faced by the broader population.  
  
  
=== Debt ===  
  
According to the CIA World Factbook, in 2017, Pakistan ranked 57th in the world in terms of public external debt to various international monetary authorities (owing ~$107.527 billion in 2019), accounting for a total of 67.1% of GDP (in 2017).  
Government debt and liabilities data is sourced from the State Bank of Pakistan.  
  
Pakistan's external debt servicing includes the repayment of both the principal amount borrowed and the accrued interest.  
  
  
== See also ==  
  
Economy of Punjab, Pakistan  
Economy of Sindh  
Economy of Khyber Pakhtunkhwa  
Economy of Balochistan, Pakistan  
Economy of Azad Kashmir  
Economy of Gilgit Baltistan  
  
  
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