1

State of the Pakistan Economy: Growth, Inflation, Welfare, and the Budget for the Fiscal Year 2025

Moazam Mahmood,[1] Azam Chaudhry,[2] Seemab Sajid,[3] Amna Noor Fatima,[4] and Sara Qasim[5]

Abstract

The Modeling Lab at the Lahore School of Economics estimated Pakistan's gross domestic product (GDP) growth over the fiscal year (FY) 2025 (July 2024–June 2025) to be 2.44 percent. This represents a very weak recovery from the 1.7 percent GDP growth estimated for FY 2024 and the flatlining of GDP growth (0.05 percent) for FY 2023.

Our estimate appears conservative compared to the World Bank's higher-end estimate of 2.7 percent, the International Monetary Fund (IMF)'s estimate of 2.6 percent, and the Asian Development Bank's estimate of 2.5 percent. The major productive sectors, manufacturing and agriculture, have weakened sectoral growth. Large-scale manufacturing contracted by 1.9 percent over the fiscal year after flatlining last year at 0.07 percent and experiencing a contraction of 2.9 percent the prior year.

This paper explores the structural hypothesis that Pakistan's GDP growth is constrained by external imbalances, leading to periodic crises and necessitating IMF bailouts. Inflation for FY 2025 is estimated at 8.37 percent, down from a peak of 33 percent in FY 2023, driven primarily by a stabilization of the exchange rate and a fiscal deficit of 6.0. The economy's Achilles' heel is now considered to be the current account. Observed over three cycles (FY 2013–2024), GDP growth above five percent per annum inflated the current account

[1] Professor, Faculty of Economics, Lahore School of Economics.

[2] Professor and Dean, Faculty of Economics; Co-Director, Innovation and Technology Center, Lahore School of Economics; and WTO Chair for Pakistan.

[3] Data analyst, Modeling Lab, Lahore School of Economics.

[4] Data analyst, Modeling Lab, Lahore School of Economics.

[5] Research collaborator.

deficit. This behavior is not well explained by exports, but by imports, which were observed to be very elastic with respect to GDP. A policy to ride this cyclical dragon is offered by the Lahore School's Modeling Lab's trade model for Pakistan, which shows GDP growth to be constrained primarily by investment. Investment, in turn, is constrained mainly by the import of investment goods. This finding argues for a policy to liberalize the import of investment goods to raise investment and GDP growth. However, the current account must be balanced by decreasing the import of non-wage consumption goods. Finally, high inflation and low GDP growth have resulted in an increase in poverty over time, estimated as a headcount in 2024 to be 30 percent of the population. As a start, ameliorating this headcount will require about five percent of tax revenues.

Gross Domestic Product Growth, Inflation, and Welfare for the Fiscal Year 2025, Pending the Budget for the Fiscal Year 2026

Gross Domestic Product Growth

The Modeling Lab at the Lahore School of Economics estimated Pakistan's gross domestic product (GDP) growth over the fiscal year (FY) 2025 (July 2024–June 2025) to be 2.44 percent (Table 1). This represents a very weak recovery from the 1.7 percent GDP growth estimated for FY 2024 and the flatlining of GDP growth (0.05 percent) for FY 2023.

Table 1: Estimates of annual GDP growth for FY 2025 based on Q3

	FY 2023 (est.) (USD billion)	**FY 2024 (est.) (USD billion)**	**FY 2025 (est.) (USD billion)**
GDP			382.18
Supply plus demand shock Y (S+D)			
C			275.83
I			56.36
G			48.99
NXn			1.00
GDP growth rate	**0.05%**	**1.68%**	**2.44%**

Our estimate is conservative compared to those of the World Bank, International Monetary Fund (IMF), and Asian Development Bank (ADB) (Table 2).

Table 2: Growth rate projections (FY 2025)

Lahore School Modeling Lab (est.)	2.44%
Government of Pakistan (SBP/PBS)	2.68%
IMF	2.60%
World Bank	2.70%
ADB	2.50%

Sources: State Bank of Pakistan (2025); Pakistan Bureau of Statistics National Accounts Committee meeting (May FY 2025); International Monetary Fund (2025); World Bank (2025); Asian Development Bank (2025).
ADB = Asian Development Bank, IMF = International Monetary Fund, PBS = Pakistan Bureau of Statistics, SBP = State Bank of Pakistan.

The Pakistan Bureau of Statistics (PBS) National Accounts Committee subsequently lowered its estimated GDP growth for Q3 from 2.7 percent to 2.4 percent. Thus, the Lahore School's Modeling Lab's estimate and the government's estimate appear to converge.

The size of Pakistan's economy is now approximated to be USD 380 billion. The largest driver of growth is consumption, accounting for 72 percent of GDP. Investment appears to be tapering off at just under 15 percent of GDP. The economy ran a USD 1 billion surplus on the current account this fiscal year.

Sectoral Growth

Our low estimate of GDP growth for FY 2025 is based partly on a sustained weakness in sectoral growth observed over the fiscal year. Sectoral growth in our model constitutes a supply shock. The model also incorporates demand shocks.

The major productive sectors, manufacturing and agriculture, have weakened sectoral growth. Large-scale manufacturing (LSM) contracted by 1.9 percent over the fiscal year (Table 3) after flatlining last year at 0.07 percent and experiencing a contraction of 2.9 percent the prior year.

Table 3: Sectoral growth rates

	FY 2023 (%)	**FY 2024 (%)**	**FY 2025 (%)**
Agriculture	1.55	1.50	0.60*
Industry	-2.90	0.07	-1.90*
LSM	-2.90	0.07	-1.90*
Services	0.90	0.33	1.43**

Sources: *State Bank of Pakistan (2025), **GOP FY 24–25 Half Yearly Report.
LSM = large-scale manufacturing.

The malaise in LSM, which should otherwise have led GDP growth, left growth reliant on agriculture, of which government policy should have been more mindful. Unfortunately, agricultural growth has also been a quarter of its trend growth, at 0.56 percent over the fiscal year (Table 3). Agricultural growth plateaued at a low 1.5 percent over the previous two years.

Services growth picked up aggregate growth in GDP over FY 2025, growing at just 1.4 percent. It was less than one percent in the prior two years.

Again, LSM's contraction over FY 2025 and its negative trajectory over the past two years put the onus of leading GDP growth on agriculture. However, agriculture, too, massively underperformed, which merits an examination and explanation.

Table 4 estimates growth in five major crops, showing that total agricultural growth was laid low at 0.5 percent over FY 2025. A 13.5 percent contraction in the quantum of production of these five major crops drove this low growth in aggregate agricultural output. In turn, this contraction was based on a contraction for each of the five crops.

Table 4: Agriculture growth rates (FY 2025)

Agriculture	**0.56%**
Important crops	**-13.49%**
Wheat	-8.91% (production ↓, 31.81 million–28.98 million tons)
Maize	-15.40% (production ↓, 9.74 million–8.24 million tons)
Rice	-1.38% (production ↓, 9.86 million–9.72 million tons)
Sugarcane	-3.88% (production ↓, 87.64 million–84.24 million tons)
Cotton	-30.70% (production ↓, 10.22 million–7.08 million bales)

Source: Pakistan Bureau of Statistics National Accounts Committee meeting (May FY 2025).

Wheat contracted by nine percent, based on a production drop from 32 million tons to 29 million tons. Maize contracted by 15 percent, due to a decline in output from ten million tons to eight million tons. There was a smaller contraction in rice (1.4 percent) due to a fall in production from nearly 9.9 million tons to approximately 9.7 million tons. Sugarcane contracted by four percent due to a fall in output from 88 million tons to 84 million tons. Cotton had the most significant contraction of 31 percent, dropping from ten million bales to seven million bales.

These agricultural contractions cannot be attributed to the weather, which has maintained its trend. It must, therefore, be attributed to government policy, which removed support prices for major crops like wheat and rice. Indeed, the PBS estimated the contraction in major crops in purely production terms—e.g., wheat's decline from 32 million tons to 29 million tons. However, the impact on GDP must be mediated further by the drop in wheat prices to give the total drop in the crop's output value. Wheat prices have been observed to fall, on average, by PKR 1,000 between the current and last crop. Therefore, the contraction in the value of major crops, determining the impact on GDP, was underestimated by the PBS, and was likely much higher.

It should be noted that our estimate of GDP growth uses PBS sectoral growth estimates at their reported face value (Table 4), which were approved by the National Accounts Committee. Our caveat holds that this will produce a final GDP growth estimate that will likely be an overestimate, requiring a final downward revision if sectoral growth is re-estimated in value terms.

Inflation

The Lahore School's Modelling Lab estimated FY 2025 inflation to be 8.37 percent (Table 5). Our estimate compares to the government's upper-range estimate of 5–7.5 percent. The IMF has a lower estimate of 5.1 percent.

Table 5: Price model estimated for FY 2021–2025

Time period	Persistently large output gap (% of GDP)	Budget deficit (obs) (% of GDP)	Impact of depreciation on inflation (est) (%)	Impact of Δ commodity prices on inflation (est) (%)	Model inflation (%)	Govt. inflation (%)	IMF inflation (%)
FY 2021	-1.80	5.20	-0.78	9.07	13.49	8.20	8.90
FY 2022	0.00	7.00	3.59	7.70	15.88	11.00	12.15
FY 2023	0.00	5.00	26.26	2.04	33.30	38.00	29.18
FY 2024	0.00	7.50	6.04	5.39	18.90	23.41	23.40
FY 2025	-1.60	6.00	0.00	3.97	8.37	5.50–7.50	5.10

Our model shows that the most significant contributor to double-digit inflation, which peaked at 38 percent two years ago, was exchange rate depreciation. Table 5 shows that the exchange rate stabilized over the current FY 2025 after substantive depreciation from FY 2022 to FY 2024. This slide was halted

due to the government finally realizing the need to stop the disastrous depreciation, effectuating it through monetary policy and careful open market operations by the State Bank of Pakistan.

The impact of energy prices is another major contributor to inflation, in addition to the perennial fiscal deficit. Energy pricing, with a 0.52 percent pass-through coefficient into the general price level, contributed nearly 5.5 percent to inflation in FY 2024 (Table 5). Tables 6 and 7 show that energy prices still contributed approximately four percent to inflation in FY 2025.

The impact of energy prices on inflation in FY 2025 was due to the government's own policies. As Table 6 shows, the change in consumer price over the fiscal year comprises change in supplier prices plus change in taxation. The table estimates the weighted average of energy price changes for petrol, kerosene, high-speed diesel, electricity, coal, and natural gas. This weighted average of energy consumer price change came to 7.7 percent for FY 2025. Government taxation contributed 52 percent, while supplier price change contributed 48 percent.

Table 6: Energy equations for FY 2025
(weighted percentage change in consumer price)

	Δ supplier price (%)	**Δ taxation (%)**	**Δ consumer price (%)**
Petrol	-1.05	0.56	-0.49
Kerosene	-0.04	0.00	-0.04
High-speed diesel	-1.16	0.50	-0.66
Electricity	1.42	0.53	1.95
Coal	3.80	0.00	3.80
Natural gas	19.45	22.18	41.64
Weighted avg.	**3.74**	**3.96**	**7.70**

Source: Modeling Lab, Innovation and Technology Centre, Lahore School of Economics (May 2025).
Share of tax change in increase in total consumer prices = 51.48 percent.
Share of supplier price change in increase in total consumer prices = 48.52 percent.

Table 7: Calculation of impact of Δ commodity prices on inflation (est) (percentage)

βmp	Share of intermediate products in value added	51.50
mp*	Change in the value of commodity prices	7.70
MP	Impact of commodity prices on inflation	3.97

Source: Modeling Lab, Innovation and Technology Centre, Lahore School of Economics (May 2025).

However, the macro trade-off with GDP growth has been the primary causal factor in decreasing inflation to single digits by FY 2025. Growth in the productive sectors has been low (Table 3), and manufacturing has been flatlining (FY 2024) or contracting for the previous two years (FY 2023). For FY 2025, the malaise in manufacturing growth worsened to -1.9 percent, which put the onus of growth in the productive sectors on agriculture.

Unfortunately, government policy has not raised agricultural growth but lowered it. Agricultural growth in the previous two years was below trend, approximating 1.6 percent (Table 3). For FY 2025, it fell to a third of that—0.5 percent. This decrease was based on a contraction in the growth of all major crops, which implies that government policy removed the support prices for these major crops.

Hence, inflation was brought down to single digits at the expense of growth in agriculture. A policy of sacrificing agricultural growth could be argued for if manufacturing growth had been robust. However, with manufacturing already contracting, to suppress growth in the only remaining productive sector, agriculture, was an expensive policy instrument to decrease inflation.

The Current Account as the Economy's Achilles' Heel

The current account is a well-noted constraint on Pakistan's GDP growth. This structural hypothesis (Chaudhry, 2019; ADB, 2009; Amjad & Shahzad, 2019) posits that Pakistan's GDP growth is strongly import-constrained. Figure 1 shows that when GDP growth rises to five percent or more, it triggers large increases in current account deficits. There have been three such cycles between FY 2013 and FY 2024.

The First Cycle of GDP Growth and the Current Account

GDP growth was about four percent on trend during FY 2013–2015 in the first cycle. Correspondingly, the current account deficit was about USD 3 billion on trend. GDP growth rose above trend to 4.6 percent in FY 2016, raising the current

account deficit to USD 5 billion. GDP growth picked up further over FY 2017 (5.2 percent) and FY 2018 (5.5 percent), which raised the current account deficit first to USD 12.3 billion (FY 2017) and then to USD 19.2 billion (FY 2018).

This substantial increase in the current account deficit was not caused by a fall in exports. Figure 1 shows that exports remained on trend in a range of USD 28 billion–34 billion between FY 2013 and FY 2018.

If not exports, the current account increase was caused by imports. Figure 1 shows that for the period FY 2013–2016, GDP growth remained below five percent, but imports ranged between USD 52 billion and USD 56 billion. GDP growth then surged above 5 percent over the next two years of the cycle to 5.2 percent (FY 2017) and 5.5 percent (FY 2018). Imports surged well above trend over these two years. They rose sharply from USD 56 billion to USD 64 billion in FY 2017 when GDP growth rose to 5.2 percent. Imports then increased further from USD 64 billion to USD 74 billion when GDP growth rose to 5.5 percent in FY 2018.

Thus, it was the USD 18 billion increase in imports when GDP growth rose above five percent that explains the substantial increase in the current account deficit to USD 12 billion (FY 2017) and USD 19 billion (FY 2018).

This first cycle from FY 2013 to FY 2018, which ended in two years of above-five-percent GDP growth, necessitated an USD 18 billion surge in imports, raising the current account deficit to USD 19 billion.

This first cycle's (ending in FY 2018) current account deficit, which was caused by surging imports, required financing in the second cycle beginning in FY 2019. Since the primary causal factor for the surge in imports was GDP growth above five percent, the financing required a plunge in GDP growth to contract imports (Figure 1).

The Second Cycle of GDP Growth and the Current Account

The second cycle ran from FY 2019 to FY 2022. The financing for the previous cycle's surge in GDP growth, imports, and the current account deficit began in FY 2019 with a considerable drop in GDP growth. Figure 1 shows that GDP growth fell by 3.4 percentage points from the last cycle's peak of 5.5 percent in FY 2018 to 2.1 percent in the opening year (FY 2019) of the second cycle. GDP growth fell drastically by 11 percentage points the following year, from 2.1 percent to -9.5 percent.

This drastic reduction and then contraction in GDP growth over the first two years of the second cycle (FY 2019 and FY 2020) enabled a USD 6 billion curtailing of imports from the previous cycle's high of USD 74 billion to USD 69 billion, and then again, by nearly USD 11 billion, to USD 58 billion.

In turn, this import reduction of USD 17 billion enabled a drastic USD 6 billion reduction in the current account deficit from its low of USD 19 billion in the previous cycle to USD 13 billion, and again by USD 9 billion to USD 4 billion.

This USD 17 billion import reduction in the first two years of the second cycle (FY 2019 and FY 2020), caused by the contraction in GDP growth, is virtually equal to the USD 18 billion import expansion in the previous cycle caused by the GDP growth surge above five percent. Thus, the expansion of imports in the previous cycle was paid for by their near-equivalent reduction in the first two years of the second cycle. The causality appears to be that it was GDP growth that was curtailed to enable the reduction in imports.

Led by a considerable drop and then contraction in GDP growth, the current account returned to approximate trend after two years of the second cycle (FY 2019 and FY 2020) through imports. This enabled a return to positive and significant GDP growth in the next two years of the cycle (FY 2021 and FY 2022). Figure 1 shows that in FY 2021, GDP growth vaulted from a massive contraction of -9 percent in the prior year to nearly 4 percent—an increase of 13 percentage points. It rose again, above five percent, in FY 2022.

There is now predictability in this second cycle. In its last two years (FY 2021 and FY 2022), GDP growth picked up to four percent and then rose above five percent, while the current account balance widened from nearly -USD 3 billion to -USD 17 billion.

Again, the plunge in the current account balance over the last two years of the cycle was based entirely on another massive increase in imports. Exports remained on trend in FY 2021 at USD 32 billion and even rose to USD 40 billion in FY 2022—a high for the decade. However, the surge in GDP growth was fueled by imports rising by USD 10 billion in FY 2021 from USD 58 billion to USD 68 billion. They shot up by another USD 12 billion in FY 2022, from USD 68 billion to USD 90 billion, a decade peak.

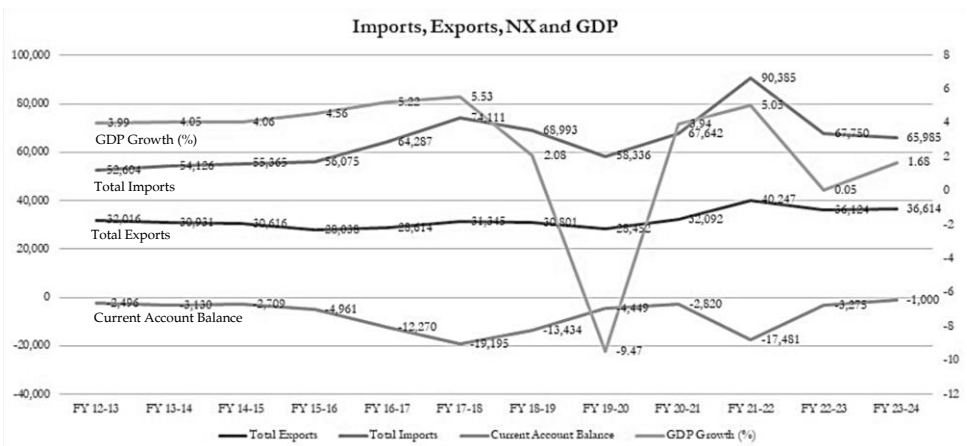
The third cycle, the first two years of which can be seen in Figure 1, encompasses FY 2023 and FY 2024 in this paper. The emergence of this cycle was inevitable, based on the first two cycles. It began with a GDP growth trough where GDP growth fell sharply from its previous 5 percent peak to 0.05 percent in FY 2023 and then experienced an anemic recovery to 1.7 percent in FY 2024. Thus, GDP growth at the beginning of the third cycle once again pays the price for the previous cycle's current account deficit of USD 17 billion (which had enabled the earlier GDP growth high of five percent).

The third cycle's fall in GDP growth rectified the current account deficit to USD 3 billion in FY 2023, and then to approximately USD 1 billion in FY 2024.

The recovery in the current account deficit is again unaided by exports, which fell toward trend at USD 36 billion over FY 2023 and FY 2024. It was imports, again, that had to be drastically curtailed. They fell by USD 22 billion in FY 2023 from the previous high of USD 90 billion to USD 68 billion, and then further by USD 2 billion in FY 2024 to USD 66 billion.

Thus, the flatlining of GDP growth in the advent of the third cycle appears to be caused by the drastic curtailing of imports, as in the previous two cycles.

Figure 1: GDP growth, imports, exports, and current account balance



Source: State Bank of Pakistan and Modeling Lab, Innovation and Technology Centre, Lahore School of Economics (May 2025).

Therefore, observed over these three cycles (FY 2013–2024), GDP growth above five percent per annum inflated the current account deficit, the behavior of

which is not well explained by exports, but by imports, which were observed to be very elastic with respect to GDP.

Table 8 shows that remittances alone bailed out the current account. Over the ten-month period from July 2024 to April 2025, exports totaled USD 35 billion and imports totaled USD 66 billion, while remittances nearly approximated exports at USD 33 billion.

However, remittances are an exogenous variable beyond policy control, while deficits in tradables continue.

Table 8: Current account balance (FY 2024)

USD million	Jul 24–25	Aug 24–25	Sep 24–25	Oct 24–25	Nov 24–25	Dec 24–25	Jan 24–25	Feb 24–25	Mar 24–25	Apr 24–25 (P)	Jul–Apr (24–25)
Exports (goods)	2,374	2,477	2,635	3,022	2,745	3,060	2,992	2,603	2,773	2,611	27,276
Exports (services)	633	617	662	688	666	792	692	713	726	716	6,933
Primary income credit	85	77	146	89	83	99	74	65	79	82	794
Total exports	3,092	3,171	3,443	3,799	3,494	3,951	3,758	3,381	3,578	3,409	35,003
Imports (goods)	4,819	4,709	4,696	4,612	4,100	4,895	5,443	5,063	4,943	5,237	48,619
Imports (services)	824	899	920	953	866	1,035	1,024	973	943	904	9,430
Primary income debit	849	636	799	992	924	835	825	636	736	685	7,921
Total imports	6,492	6,244	6,415	6,557	5,890	6,765	7,292	6,672	6,622	6,826	65,970
Exports (imports)	-3400	-3073	-2972	-2,758	-2,396	-2,814	-3,534	-3,291	-3,044	-3,417	-30,967
Remittances	3,154	3,102	3,058	3,104	3,080	3,288	3,135	3,194	4,248	3,429	32,847
Current account balance	-246	29	86	346	684	474	-399	-97	1,204	12	1,880
Foreign exchange reserves	9,102.2	9,436.9	10,701.7	11,156.4	12,037.9	11,710.5	11,418.3	11,249.5	10,676.3	10,214.4	10,214.4

Source: State Bank of Pakistan (May 2025).

Policy to Ride the Cyclical Dragon

Export-led growth has always been hailed as a solution. But now, even the prospect of this growth path is threatened by a global trade environment fractured by a tariff war. The primary question then is: what growth path does Pakistan take now, given an uncertain global trade environment, potential losses to Pakistani exports in the US market (estimated by Chaudhry to be USD 0.6 billion), some retaliatory tariffs in the European Union market, and all developing countries questing for tariff hopping? At the very least, this global uncertainty signals a greater reliance on internal growth.

One solution offered by the Lahore School's Modeling Lab's trade model for Pakistan shows GDP growth to be constrained primarily by investment. Investment, in turn, is constrained mainly by the import of investment goods. This finding argues for a policy to liberalize the import of investment goods to raise investment and GDP growth. However, the current account must be balanced by cutting the import of non-wage consumption goods.

Welfare

Poverty is arguably the premier indicator of welfare in developing countries. The poverty headcount is estimated using the poverty line provided by the World Bank's PovCalNet. The prevalent line for extreme poverty is USD 2.15, which is based on a required dietary allowance of 2,250 calories per adult equivalent per day.

For extreme poverty in 2018, USD 2.15 (in purchasing power parity terms) translates into PKR 211, as Table 9 shows.

We take 2018 as our base year, as that is the last year the Household Income and Expenditure Survey was conducted with a sample large enough to obtain a national headcount for poverty.

Accordingly, Table 9 estimates a sample survey-based headcount for extreme poverty for 2018 using a poverty line of PKR 211. This estimate is given as 4.47 percent of the population.

We have also estimated, notionally, the transfers needed from the non-poor to the poor to eradicate this poverty of 4.47 percent of the population. To do this, Table 9 first estimates the total poverty gap, which is given by the expenditure

needed by each poor person to reach the poverty line of PKR 211. This is then aggregated across all these poor persons. The daily poverty gap comes to PKR 3.3 million. This implies an annual required transfer of PKR 118 billion. As a share of prevalent tax values, this transfer comes in at two percent.

The Household Income and Expenditure Survey has not been conducted since 2018, so a sample-based estimate of current poverty for 2024 is not possible. Therefore, a current estimate of the poverty headcount would have to be based on an extrapolation.

Going from 2018 to 2024, we assume that there will be two shocks to the 2018 headcount. These shocks can be inferred to be to the poverty line of PKR 211.

The first shock will be inflation from 2018 to 2024, which will erode the purchasing power of the 2018 poverty line, raising its rupee value each year. The second shock will be the growth of income from 2018 to 2024. Income growth will increase the purchasing power of the 2018 poverty line, lowering its rupee value each year.

This gives a net shock to the 2018 poverty line, comprising inflation growth minus income growth. Accordingly, the 2018 poverty line of PKR 211 increases to PKR 215 for 2019, PKR 227 for 2020, PKR 236 for 2021, PKR 252 for 2022, PKR 311 for 2023, and finally PKR 370 for 2024.

This shocked value of the poverty line gives a headcount rising from 4.5 percent in 2018 to 4.8 percent in 2019, to 6 percent in 2020, to 7 percent in 2021, and then 10 percent in 2022. However, in the last two years, 2023 and 2024, with flatlined GDP growth and inflation peaking at 33 percent, the headcount rises to 18 percent in 2023 and then peaks at 30 percent of the population by 2024.

To eradicate a poverty headcount at 30 percent of the population, we estimate an aggregated annual poverty gap of PKR 2.1 trillion for 2024. As a share of tax values, this transfer will comprise 18 percent.

Table 9: Poverty run, FY 2024 (extreme poverty)

Time period	Total shock (p° - Y°) %	Poverty line (PKR)	Poverty headcount (%)	Population-to-sample ratio	Poverty gap sample (PKR)	Poverty gap (pop.) daily transfer (PKR 000)	Annual transfer (PKR million)	Tax value (PKR billion)	% of tax value
FY 2018	-	211.0	4.47	1,320.2	246,599	325,568	118,832	5,200	2
FY 2019	-1.75	214.7	4.76	1,320.2	268,504	354,487	129,388	4,900	3
FY 2020	5.65	226.8	5.97	1,320.2	370,605	489,285	178,589	6,270	3
FY 2021	3.85	235.6	7.16	1,320.2	465,011	613,924	224,082	6,900	3
FY 2022	7.15	252.4	9.49	1,320.2	689,129	909,809	332,080	8,000	5
FY 2023	23.15	310.8	18.73	1,320.2	1,976,326	2,609,208	952,361	9,600	10
FY 2024	18.95	369.7	30.21	1,320.2	4,263,647	5,629,004	2,054,586	11,240	18

Sources: PBS and Ministry of Finance (2024).

This is, of course, a considerable demand on a developing economy. However, we propose a more manageable demand as well. We have estimated that the poor spend a quarter of their caloric basket on wheat and bread. This is the first step in poverty eradication: paying 4.5 percent of revenues to provide free wheat to the means-tested poor population.

References

Asian Development Bank. (2025). *Asian development outlook, December 2025.*

International Monetary Fund. (2025). *World economic outlook: Global economy in flux, prospects remain dim.*

State Bank of Pakistan. (2025). *The state of Pakistan's economy: Half year report for the year 2024–25 of the Board of Directors of the State Bank of Pakistan.* Economic Policy Review Department.

World Bank. (2025). *Pakistan development update: Reimagining a digital Pakistan.*