IPS Economic Insights

Pakistan Economic Survey 2025-26 An Overview of 10 Key Macroeconomic Indicators and Their Implications

The federal government published the Pakistan Economic Survey on June 11, 2026. It reflects key economic statistics of the country, primarily based on data from the three quarters and projected estimates for the last quarter. Below are a brief overview and the implications of the key statistics mentioned in the survey:

- In FY 2025-26, GDP grew by 3.7% as compared to 3.2% in FY 2024-25. The average inflation remained at 6.2% (FY 2025-26), which was at 4.7% in FY 2024-25.

- Fiscal consolidation measures showed effectiveness through an overperformance in the fiscal deficit by 0.9% of GDP against a target of 3.9% in FY 2025-26. ***This is achieved primarily at the cost of a significant cut in the development expenditure (PSDP) by PKR 163 billion (the budgeted amount was PKR 1000 billion). This would subsequently lead to slower economic activity, a greater likelihood of non-completion of already initiated projects, and ultimately an increase in their project costs.***

- The ***external sector*** performance is good in terms of overall outcome, with a *current account surplus* of USD 72 million (FY 2025-26) recorded in the first 10 months, which is lower than the surplus of USD 1.7 billion witnessed in the comparable period of FY 2024-25. ***Primarily, there are two major contributors to the surplus: the biggest is an increase in remittances by 8.2%, and the second is an increase in services exports. However, an alarming situation in the external sector is declining goods exports to the extent of 8%, which stood at USD 22.7 billion [FY 2025-26] compared to USD 24.7 billion in the comparable period last year.***

- *The* **agriculture sector** grew by 2.9% as compared with 1.5% the previous year. Major crops registered a growth of 0.65%, mainly due to sugarcane production. The wheat crop slightly recovered to 29.6 million tons, ***while demand for wheat for the year 2026-27 is forecast at around 31.2 million tons, which may exert pressure on the import bill.***

- *The* **industrial sector** grew by 3.5%, with LSM being a major factor, i.e., growth of 6.5%. The textile sector grew marginally to 0.7%, whereas the chemicals and pharmaceutical sectors showed negative growth of -1.4% and -5.1%, respectively. Other major contributing sub-sectors include: automobiles (61.7%), transport equipment (39.9%), furniture (20.4%), and football manufacturing (23.1%).

- *The* ***services sector*** expanded by 4.1 % in FY 2026 compared to 3.1% the previous year to maintain its position as the largest contributor to overall GDP growth. Information technology drove the growth momentum, rising 7.5%, followed by 8.5% growth in government services, 5.2% in education, and 6.9% in health services.

- ***Per capita income*** increased to USD 1,901 in FY 2026 from USD 1,751 in FY 2025, reflecting improved economic activity and income growth, as well as stability in the exchange rate throughout the year.

- ***The investment-to-GDP*** ratio was marginally lower than 14.42% of GDP last year, i.e., 14.38 % in FY 2026. Anomalous growth in private sector investment in SMEs, construction, and trade & commerce are the main contributors, where flows grew at phenomenon 18%, 61%, and 56%, respectively.

- ***Total public debt*** of the country stood at PKR 83,285 billion, comprising PKR 57,566 billion in domestic debt and PKR 25,720 billion in external debt. Public debt grew by 3.4% mainly because of a reduction in demand from the fiscal deficit.

- ***Pakistan's poverty headcount[1] has declined*** persistently since 1999. It showed a marked reduction from 50.4 percent in 2005-06 to 21.9 percent in 2018-19, before rising to 28.9 percent in 2024-25.
    - Rural poverty stood at 36.2 percent, while urban poverty was 17.4 percent.
    - The national Gini coefficient rose from 28.4 to 32.7, indicating increased inequality between 2018-19 and 2024-25.

[1] National Poverty Line (cost of basic need) method.

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