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IMF sees no change in Pak growth rate

ISLAMABAD: The International Monetary Fund (IMF) has projected Pakistan's real GDP growth and inflation unchanged at 2.4 percent and 13 percent respectively for the current fiscal year 2019-20.

However, the IMF has projected that Pakistan's unemployment ratio will go up to 6.2 percent in FY-2020 against 6.1 percent for FY-2019. According to the World Economic Outlook (WEO) Global Manufacturing Downturn, Rising Trade Barriers released on Tuesday from Washington, DC, on the eve of annual meeting of IMF/World Bank, the IMF report shows that Pakistan's real GDP stood at 5.5 percent in FY-2018 and it dropped to 3.3 percent in FY-2019. Now the IMF has projected that the real GDP growth would further contract and would be standing at 2.4 percent for the ongoing fiscal. The IMF also projected that Pakistan's real GDP growth would touch 5 percent by FY-2024.

However, Pakistani authorities do not agree to further nosedive of the GDP growth and they projected that the real GDP growth would be hovering around 3.5 percent with the help of improved agriculture sector growth. They argued that the overall agriculture sector growth remained negative in the last five years, so there is possibility of rebound whereby the agriculture sector growth could touch positive 3.5 percent in the current fiscal year. Overall, the GDP growth might touch 3 to 3.5 percent during the ongoing fiscal year.

On inflation, the IMF shows that the consumer price stood at 3.9 percent in FY-2018 that went up to 7.3 percent in last FY-2019. Now the IMF has projected that the consumer price might go up to 13 percent in the ongoing fiscal year FY-2020. The Pakistani authorities are taking the stance that the IMF adjustments could result into surge in prices and CPI-based inflation has already resulted into double digits. The IMF also projected that the CPI-based inflation of Pakistan would lower by 2024 and would be standing at 5 percent.

On current account deficit (CAD), the IMF report shows that Pakistan's CAD stood at 6.3 percent of GDP in FY-2018 that had dropped to 4.6 percent of GDP in last financial year 2019. Now the IMF has projected that the country's CAD would be standing at 2.6 percent of GDP for the current fiscal year 2020. The CAD is projected to further slash down by FY2024 and would be standing at 1.6 percent of GDP.

The unemployment rate stood at 6.1 percent in FY-2018 and FY-2019, but now the IMF projected that it might increase to 6.2 percent in the ongoing fiscal 2020.