

### **Public debt rises 2.7pc to Rs32.669 trillion in July-Dec**

KARACHI: Pakistan's public debt rose 2.77 percent to \$32.669 trillion in the six months of the current fiscal year, primarily due to increased domestic debt, State Bank of Pakistan data showed on Monday.

The public debt stood at \$31.786 trillion at the end of June 2019. Central bank published figures presented the domestic debt increased 4.55 percent to Rs21.676 trillion at the end of December; however, the foreign debt inched down 0.56 percent to Rs10.993 trillion.

Sticking to its commitment of zero borrowing from the central bank, the government has built up its deposits with commercial banks to create cash buffers for meeting the revenue-expenditure gap due to lack of funding sources.

Nonetheless, the decline in external debt was driven by improvement in the current account balance, appreciation in the local unit against the dollar and higher debt repayments. The current account deficit fell 75 percent to \$2.153 billion in July-December FY20.

Moreover, revaluation gains due to the depreciation of major currencies versus the greenback also helped slow down the accumulation of foreign debt.

Analysts said the decline in the budget deficit was likely to have positive implications for the public debt in the coming days.

Budget deficit came in at 2.3 percent of GDP (gross domestic product) in the first half of this fiscal year, compared with 2.7 percent of GDP in the same period last year. The decline was due to a surge in the central bank's profit and increased non-tax revenue.

The International Monetary Fund (IMF) also acknowledged this improvement in the fiscal performance of the country. "Fiscal performance in the first half of the fiscal year remained strong, with the general government registering a primary surplus of 0.7 percent of GDP on the back of strong domestic tax revenue growth. Development and social spending have been accelerated," the IMF said in a latest statement.

The IMF's deputy director in a statement said, "The ongoing fiscal reforms will not only put Pakistan's public debt path on a sustainable footing but also build the foundation for providing crucial funding to meet the targets set by SDGs (Sustainable Development Goals) under the UN's (United Nations) 2030 Agenda".