

Pakistan Economy

An appreciable recovery- Pakistan posts 3.94% GDPg in FY21

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Pakistan Economy

Pakistan GDP grows by 3.94% in FY21

The National Accounts Committee (NAC), in its 103th meeting, presented the provisional growth estimates of the GDP. Despite epidemiologic resurgence in the current fiscal year, Pakistan's economy remained resilient and marked a growth of 3.94%, defying the projections of the IMF (1.5%) and the World Bank (1.3%). A few key areas mentioned in the NAC's press release are as follows:

▪ Overall GDP and Sectoral Growth:

- Provisional growth of GDP for the year FY21 estimated at 3.94% while growth for FY20 revised down from -0.38% to -0.47%.
- Agricultural Sector recorded 2.77% growth in FY21 as against 3.31% in FY20.
- Overall industrial sector witnessed a growth of 3.57% as compared to FY20's negative growth of 3.77%.
- Services sector witnessed a growth of 4.43% in FY21 (FY20: -0.55%).

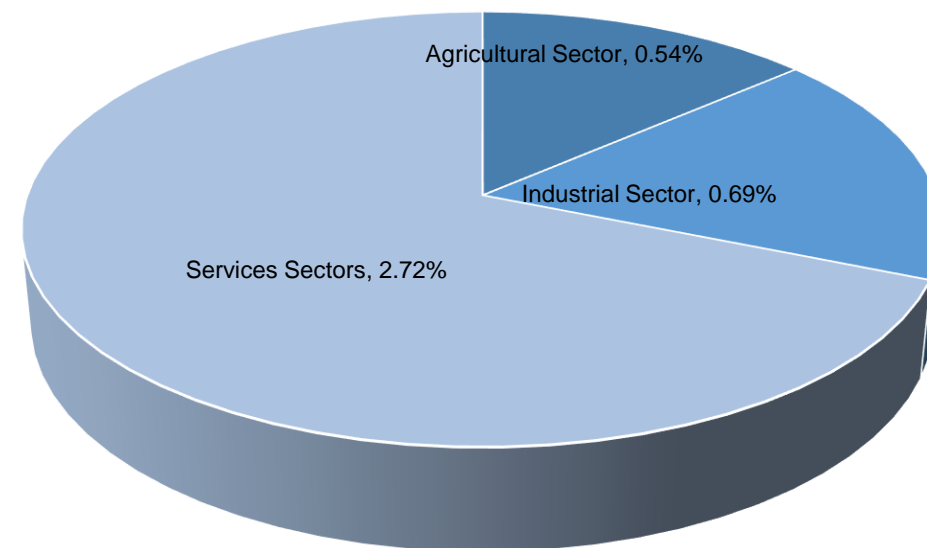
▪ Sectoral Contribution to the GDP:

- Services sector contributed 2.72% to the overall growth, highest amongst all the sectors followed by Industries which contributed 0.69%, while agriculture contributed 0.54% during the period under review.

▪ GDP at Current Market Prices:

- GDP at current market prices stood at PKR 47.7trn for FY21. This shows a growth of 14.8% over PKR.41.6trn billion for FY20.
- The per capita income for FY21 stood at:
 - In PKR terms: PKR 246,414 (+14.6% YoY)
 - In USD terms: USD 1,361 (+13.4% YoY)

Exhibit: Sector Wise Contribution to GDP growth (FY21)



Source (s): PBS, AHL Research

Pakistan Economy

Drivers and Draggers of Pakistan's GDPg

Drivers

- **Agriculture:**
 - Growth of important crops during FY21 was 4.65% mainly attributable to the historic high production of wheat (8.1%), rice (13.6%), and maize (7.38%). Sugarcane recorded the second-highest ever production at 22%. Other crops, livestock and forestry also showed positive growth of around 1.41%, 3.1% and 1.4%, respectively.
- **Industries:**
 - LSM posted an unprecedented growth of 9.29% driven by: Textile (5.9%), Food Beverage & Tobacco (11.73%), Petroleum products (12.71%), Pharmaceuticals (12.57%), Chemicals (11.65%), Automobiles (23.38%), and Fertilizer (5.69%).
 - The construction activity increased by 8.34% on the back of higher general government expenditure and private sector construction-related expenditures.
- **Services:**
 - The wholesale and retail trade sector grew by 8.37% primarily because of an increase in the marketable surplus.
 - The finance and insurance sector, housing, general government, and other private services have witnessed a positive growth of 7.84%, 4.01%, 2.20%, and 4.64%, respectively.

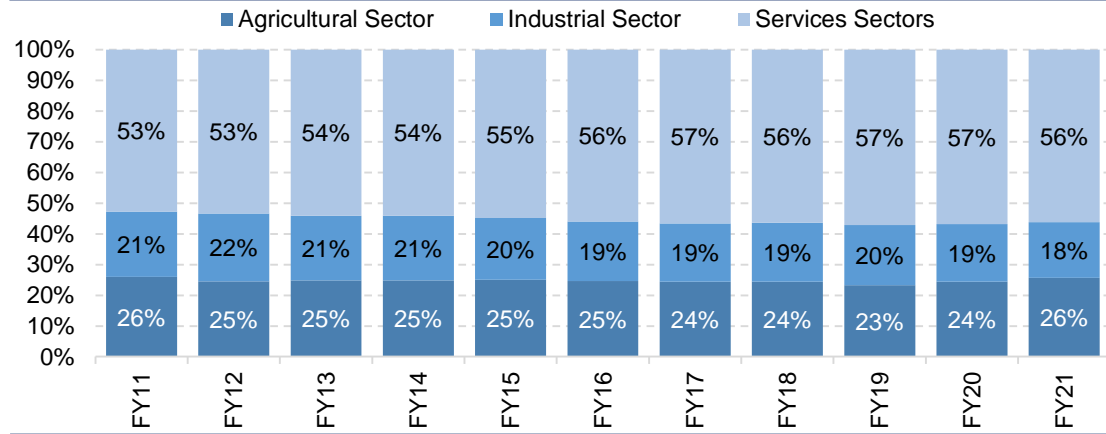
Draggers

- **Agriculture:**
 - Cotton witnessed negative growth of 22.8% resulting in 15.6% decline in cotton ginning.
- **Industries:**
 - The value-added in the mining and quarrying sector declined by 6.5%.
 - The electricity and gas sub-sector declined by 22.96% mainly due to lower allocation of subsidies by the government to DISCOs, low increase in output, and a higher proportional increase in intermediate consumption.
- **Services:**
 - The transport, storage, and communication sector declined by 0.61%.

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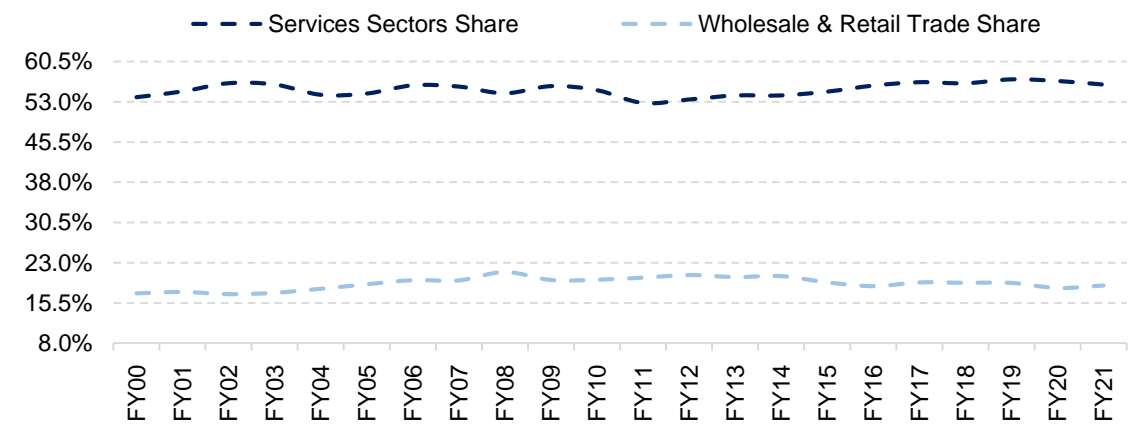
Pakistan's GDP and Sectors Graphical Illustration

Exhibit: GDP Composition over the years



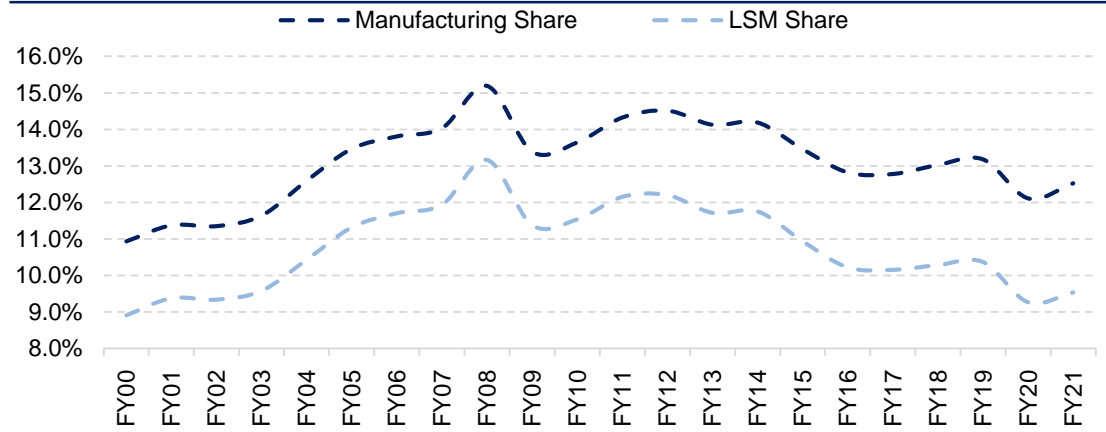
Source (s): PBS, AHL Research

Exhibit: Share of Services Sector in the GDP



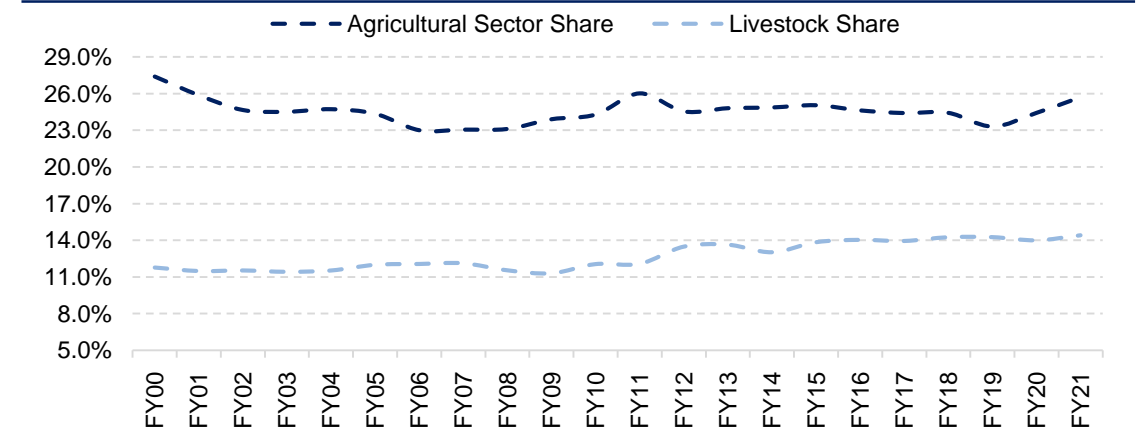
Source (s): PBS, AHL Research

Exhibit: Share of Manufacturing Sector in the GDP



Source (s): PBS, AHL Research

Exhibit: Share of Agriculture Sector in the GDP



Source (s): PBS, AHL Research

Pakistan Economy

Pakistan's GDP – At a Glance

Exhibit: Pakistan's GDP – At a Glance

Sector/Industry (PKR bn)	FY18	FY19	FY20		FY21	Growth			Contribution to GDPg (FY21)
			Projected	Revised		Projected	FY19	FY20	
Agricultural Sector	2,344	2,357	2,420	2,435	2,502	0.56%	3.31%	2.77%	0.54%
1. Crops	872	829	853	875	896	-4.96%	5.54%	2.47%	0.17%
i) Important Crops	554	511	526	538	563	-7.69%	5.24%	4.65%	0.20%
ii) Other Crops	260	267	279	288	292	2.60%	8.08%	1.41%	0.03%
iii) Cotton Ginning	58	51	48	48	41	-12.74%	-4.82%	-15.58%	-0.06%
2. Livestock	1,376	1,429	1,465	1,459	1,503	3.82%	2.10%	3.06%	0.36%
3. Forestry	47	50	52	52	53	7.28%	3.60%	1.42%	0.01%
4. Fishing	49	50	50	50	50	0.80%	0.60%	0.73%	0.00%
Industrial Sector	2,541	2,501	2,418	2,407	2,493	-1.56%	-3.77%	3.57%	0.69%
1. Mining and Quarrying	357	361	315	331	310	1.20%	-8.28%	-6.49%	-0.17%
2. Manufacturing	1,668	1,656	1,565	1,534	1,667	-0.69%	-7.39%	8.71%	1.07%
i) Large Scale	1,325	1,291	1,191	1,160	1,268	-2.60%	-10.12%	9.29%	0.86%
ii) Small Scale	232	252	255	255	277	8.24%	1.50%	8.31%	0.17%
iii) Slaughtering	110	114	118	118	123	3.54%	4.05%	3.89%	0.04%
3. Electricity generation & distribution and Gas distribution	164	186	221	228	176	13.57%	22.40%	-22.96%	-0.42%
4. Construction	352	298	317	314	340	-15.50%	5.46%	8.34%	0.21%
Commodity Producing Sectors	4,885	4,858	4,838	4,842	4,995	-0.54%	-0.33%	3.17%	1.22%
Services Sectors	7,460	7,742	7,694	7,700	8,041	3.79%	-0.55%	4.43%	2.72%
1. Wholesale & Retail Trade	2,331	2,357	2,276	2,264	2,453	1.08%	-3.94%	8.37%	1.51%
2. Transport, Storage & Communication	1,587	1,661	1,542	1,598	1,588	4.64%	-3.80%	-0.61%	-0.08%
3. Finance & Insurance	426	445	451	450	486	4.51%	1.13%	7.84%	0.28%
4. Housing Services (OD)	808	840	874	874	909	4.00%	4.01%	4.01%	0.28%
5. General Government Services	986	1,037	1,078	1,048	1,071	5.17%	1.02%	2.20%	0.18%
6. Other Private Services	1,321	1,402	1,472	1,466	1,534	6.17%	4.56%	4.64%	0.54%
GDP (@ base price)	12,344	12,601	12,532	12,542	13,036	2.08%	-0.47%	3.94%	3.94%

Source (s): PBS, AHL Research

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- Sum of the Parts (SoTP)
- Justified Price to Book (JPTB)
- Reserved Base Valuation (RBV)

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