

Pakistan Finance Chief Says Economy Set for Sustainable Growth After Stability

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KARACHI – Finance Minister Muhammad Aurangzeb declared on Monday that Pakistan is on the verge of entering a new phase of sustainable growth after two years of hard-won macroeconomic stability. Speaking at the inauguration of the PHC Job Fair and Education Expo 3.0 at the Karachi Expo Centre, the minister emphasized that the government is determined to avoid the destructive boom-and-bust cycles that have long plagued the country.

“We have achieved macroeconomic stability,” Aurangzeb said. “We will see the country moving towards sustainable growth.”

Pakistan’s economy recorded 2.7% growth in FY2024-25, a modest improvement from 2.5% in FY2023-24, following a sharp contraction of 0.21% in FY2022-23. The government has now set a more ambitious target of 4.2% for FY2025-26.

Aurangzeb pointed to the Pakistan Stock Exchange’s positive performance and strong corporate results as indicators that confidence is returning. He also highlighted that global

ratings agencies Fitch, S&P, and Moody's recently upgraded Pakistan's credit ratings in alignment for the first time in years.

"This is their vote of confidence that we are moving in the right direction," he said.

The minister credited the turnaround to close coordination between the government and the State Bank of Pakistan. Fiscal discipline, combined with prudent monetary policy, has helped rebuild foreign exchange reserves, stabilize the rupee, and cut interest rates.

Over the past year, the central bank halved its policy rate to 11% as inflation fell from historic highs. Aurangzeb stressed that inflation's decline has created space for businesses and households, reducing borrowing costs while improving economic fundamentals.

While acknowledging recent improvements, the minister emphasized that Pakistan must strengthen competitiveness to ensure long-term gains. "There is a need to improve export competitiveness. The government is rationalising exporter tariffs to support sustainable economic growth. The World Bank says tariff reform is the East Asia moment for Pakistan," Aurangzeb said.

He cautioned, however, that growth will not happen overnight. "We have to move forward towards sustainable and inclusive growth because the gold rush is not a good idea. Each time we tried to accelerate rapidly, we faced the consequences of a bust."

The minister noted that energy costs and financial expenses are trending downward, providing additional relief for industry. On taxation, he said the government aims to expand the tax net while easing burdens on the manufacturing sector and salaried workers.

"The government is trying to cut tax rates for manufacturing and salaried people to reduce their burden," Aurangzeb explained. At the same time, he pressed for greater private sector involvement, warning that government policies alone cannot drive growth.

"As we move forward from stability to sustainable growth, it is the private sector that has to lead the country," he said.