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Punjab Clears Rs675 Billion Historic Debt

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The Punjab government has achieved a major fiscal milestone by fully repaying its Rs675 billion debt burden accumulated over three decades, freeing up substantial resources for public welfare initiatives. This strategic financial cleanup, finalized with a Rs13.8 billion payment to National Bank of Pakistan (NBP), eliminates a crushing Rs250 million daily interest obligation that previously constrained provincial budgets. Chief Minister Maryam Nawaz's administration has framed this

achievement as a turning point in Punjab's economic independence, refusing all lender requests for debt rollovers to ensure complete closure.

The debt primarily originated from wheat procurement subsidies and various development projects, with compounding interest significantly inflating the original liability over time. Finance Secretary Mujahid Sherdil emphasized that timely settlement prevented monthly interest payments from ballooning to Rs500 million, which would have further strained provincial finances. This disciplined approach to balance sheet management creates immediate fiscal space equivalent to 9% of Punjab's annual development budget, allowing reallocation to critical sectors like healthcare, education and infrastructure.



Economic analysts highlight this debt clearance as a rare example of subnational fiscal responsibility in developing economies. The provincial government's statement touted "historic improvement" in Punjab's financial position, establishing what officials describe as a new model for provincial self-reliance. With the interest burden removed, Punjab can now redirect approximately Rs90 billion annually toward productive investments rather than debt servicing – a transformative shift for Pakistan's largest provincial economy.

This financial turnaround sets the stage for Punjab to lead Pakistan's economic recovery through prudent fiscal management. The Nawaz administration's next challenge will be demonstrating visible improvements in public services to justify this hard-won fiscal space. As other provinces grapple with similar debt burdens, Punjab's example may inspire broader reforms in subnational financial governance. The true measure of success will be whether these savings translate into tangible benefits for Punjab's 110 million citizens in the coming fiscal years.

