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ADB Adjusts Pakistan's FY2025 Growth Forecast to 2.7 Percent Amid Industrial Resilience



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The Asian Development Bank (ADB) has revised Pakistan's Gross Domestic Product (GDP) growth forecast for the fiscal year 2025 to 2.7 percent, reflecting a stronger-than-expected recovery in the industrial and services sectors. This upward revision comes despite mounting challenges in the agricultural sector, which is expected to contract due to

adverse weather and structural inefficiencies. The ADB's update signals cautious optimism, even as broader economic vulnerabilities persist.

In its latest assessment, ADB acknowledged the resilience shown by Pakistan's manufacturing and services industries, which have managed to outperform earlier estimates amid tight macroeconomic conditions. The construction and textiles sectors, in particular, have contributed positively, buoyed by increased domestic demand and relative stability in input costs. This growth has somewhat offset the drag caused by lower agricultural productivity, especially in key crops such as wheat and cotton. The services sector, which includes finance, trade, and logistics, also demonstrated robustness, supporting broader economic activity.



However, despite this modest upward revision, the broader economic picture remains fragile. The government's ongoing fiscal imbalances, dependence on foreign loans, and insufficient investment in agriculture continue to weigh heavily on the country's long-term outlook. The ADB has maintained its GDP forecast for fiscal year 2026 at 3.5 percent, indicating that while some recovery is expected, it will likely remain below Pakistan's potential unless deep structural reforms are implemented. These include tax broadening, energy market liberalisation, and reducing bureaucratic red tape that continues to stifle investment.

While the revision may be interpreted as a small win for Pakistan's economic managers, it should not distract from the pressing need to deliver long overdue reforms. Without addressing the root causes of economic stagnation, growth will remain dependent on cyclical rebounds rather than sustainable development. Policymakers must seize this moment to not only maintain momentum in industry and services but also reinvigorate agriculture and ensure that the benefits of growth are more

widely shared. The revised forecast offers some hope, but real progress will depend on turning short-term gains into long-term stability and self-sufficiency.

