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IMF Projects 3.6 Percent Growth for Pakistan

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The International Monetary Fund (IMF) has forecast Pakistan's Gross Domestic Product (GDP) to grow by 3.6 percent for the fiscal year 2025 to 2026, falling short of the government's more optimistic projection of 4.2 percent. This revised estimate reflects cautious optimism but still signals a tempered economic outlook. For the previous fiscal year, the IMF slightly raised its growth estimate from 2.6 percent to 2.7 percent, aligning closely with the Finance Division's figure of 2.68 percent reported in its June 2025 Monthly Economic Outlook.

The discrepancy between the IMF and government projections underscores differing assessments of Pakistan's recovery trajectory. The government's higher target rests on expectations of industrial revival and enhanced investor confidence, while the IMF remains restrained, factoring in structural weaknesses, external debt obligations, and fiscal tightening. This divergence highlights the importance of economic realism over political ambition in shaping the country's policy direction and development planning.

In a related development, the Finance Ministry has forecast inflation for July 2025 to range between 3.5 percent and 4.5 percent. This marks a noticeable ease in consumer price pressure compared to previous months and is attributed to improved food supply chains and stability in energy tariffs. While this brings temporary relief to households, analysts caution that any long-term disinflation would require consistent fiscal discipline and targeted reforms. The ministry's inflation outlook adds some weight to the narrative of macroeconomic stabilisation, although broader indicators still require close observation.

Pakistan's path to sustained economic recovery depends not just on achieving headline growth numbers but on implementing genuine reforms that expand productivity and investment. The IMF's forecast, though conservative, presents a useful reference point for policymakers to recalibrate expectations and ground fiscal decisions in economic fundamentals rather than political posturing. For long-term prosperity, a transparent, accountable and business-friendly environment must take precedence over short-term optics. The coming months will be critical in determining whether the country moves toward durable growth or continues to fall short of its potential.