

# **Annual Debt Review & Public Debt Bulletin FY 2022-23**



Debt Management Office  
Ministry of Finance

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## 1.0 INTRODUCTION

1.1 In accordance with Section 13, Clauses (i) and (r) of Fiscal Responsibility and Debt Limitation Act (Amended 2022), Ministry of Finance prepares and publishes Public Debt Bulletin and Annual Debt Review with analysis of the debt management operations during the last completed fiscal year and assessment of the progress against the Medium-Term Debt Management Strategy (MTDS) in-line with the long-term priorities of the Federal Government. The dissemination of this document serves Government's commitment to transparency, accountability and access to information by the general public.

## 2.0 OVERVIEW OF TOTAL PUBLIC DEBT

2.1 Fiscal Responsibility and Debt Limitation (FRDL) Act 2005 defines "Total Public Debt" as debt owed by government (including Federal Government and Provincial Governments) serviced out of consolidated fund and debts owed to the International Monetary Fund. The following table depicts composition of Pakistan's total public debt portfolio:

**Table 1: Pakistan's Total Public Debt Summary (end of period)**

	Jun-21	Jun-22	Jun-23
<b>(PKR in billion)</b>			
Domestic Debt	26,265	31,085	38,809
External Debt	13,601	18,157	24,071
<b>Total Public Debt</b>	<b>39,866</b>	<b>49,242</b>	<b>62,880</b>
<b>Total Debt of the Government*</b>	<b>35,669</b>	<b>44,361</b>	<b>57,778</b>
<b>GDP</b>	<b>55,836</b>	<b>66,624</b>	<b>84,658</b>
<b>(In Percent of GDP)</b>			
Domestic Debt	47.0	46.7	45.8
External Debt	24.4	27.3	28.4
<b>Total Public Debt</b>	<b>71.4</b>	<b>73.9</b>	<b>74.3</b>
<b>Total Debt of the Government*</b>	<b>63.9</b>	<b>66.6</b>	<b>68.2</b>
<b>(In Percent of Total Public Debt)</b>			
Domestic Debt	65.9	63.1	61.7
External Debt	34.1	36.9	38.3
<b>(USD in billion)</b>			
Domestic Debt	167.0	152.1	135.5
External Debt	86.5	88.8	84.1
<b>Total Public Debt</b>	<b>253.4</b>	<b>240.9</b>	<b>219.6</b>
Exchange Rate (PKR/USD, End of Period)	157.3	204.4	286.4

\* As per Fiscal Responsibility and Debt Limitation Act, 2005 (Amended 2022), "Total Debt of the Government" means the debt of the government (including the Federal Government and the Provincial Governments) serviced out of the consolidated fund and debts owed to the IMF less accumulated deposits of the Federal and Provincial Governments with the banking system.

Source: State Bank of Pakistan, Ministry of Economic Affairs and Debt Management Office, Ministry of Finance

### 3.0 REASONS FOR INCREASE IN TOTAL PUBLIC DEBT

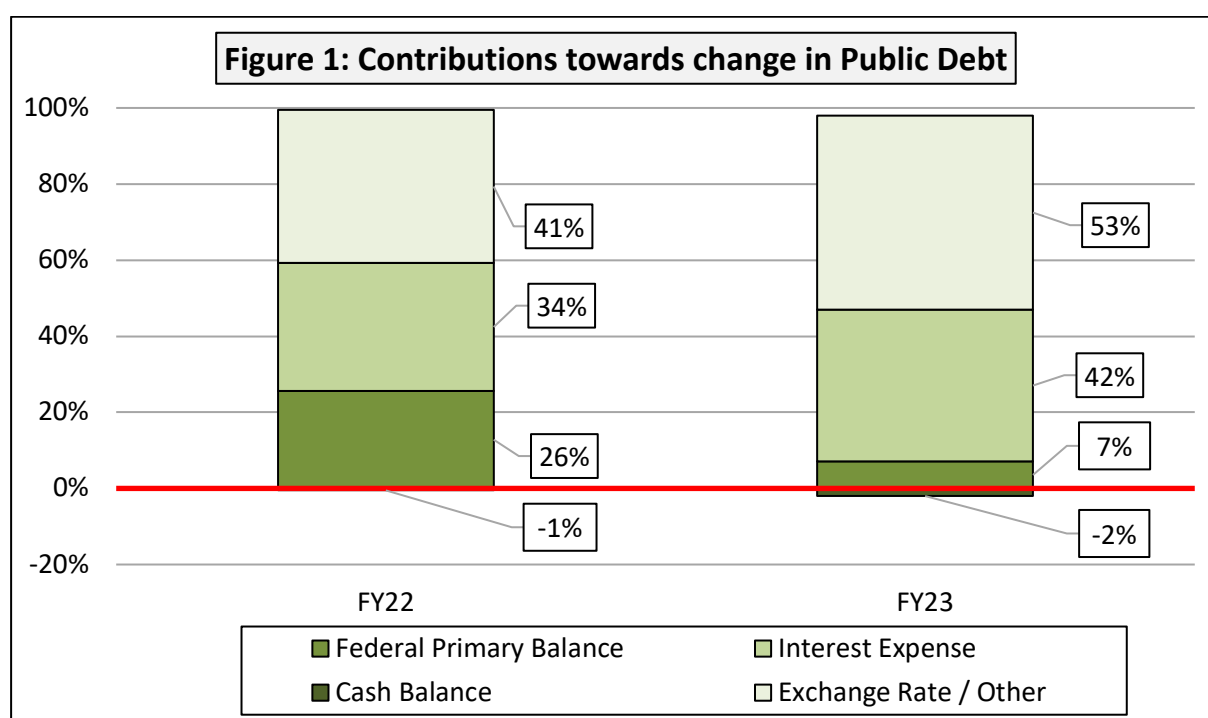
- 3.1 Economic flows that result in a change in total public debt stock over a period (e.g., a fiscal year) are broadly classified in two categories i.e., (i) transactions; and (ii) other economic flows.
- 3.2 Changes in total public debt stock arise out of borrowings to meet the fiscal deficit or to alter the cash balance constitute of economic flows arising out of transactions; whereas changes in total public debt stock arising out of movements in exchange rate constitute other economic flows.

**Table 2: Reasons for increase in Total Public Debt (during fiscal year)** (PKR in billion)

	Jun-21	Jun-22	Jun-23
<b>Total Public Debt</b>	<b>39,866</b>	<b>49,242</b>	<b>62,880</b>
<b>Change in Public Debt</b>		9,376	13,638
<b>Reasons for change in Public Debt (I+II)</b>		<b>9,376</b>	<b>13,638</b>
<b>(I) Effect of Transactions</b>		<b>5,561</b>	<b>6,392</b>
Federal Primary Deficit / (Surplus)		2,428	1,005
Interest Expense		3,182	5,671
Cash Balance Increase / (Decrease)		(49)	(284)
<b>(II) Effect of Other Economic Flows (Exchange Rate / Other)</b>		<b>3,815</b>	<b>7,246</b>

Note: The Federal Primary Balance and Interest Expense numbers for FY23 are provisional and any change is subject to revision in final civil account numbers

Source: Budget Wing and Debt Management Office, Ministry of Finance



#### 4.0 PROGRESS ON MEDIUM-TERM DEBT MANAGEMENT STRATEGY (FY23 – FY26)

Table 3: Indicative Benchmarks and Targets for Key Risk Indicators

Risk Exposure	Indicators	Benchmarks	FY23		FY24	FY25	FY26
			Target	Actual	Target	Target	Target
Currency Risk	Share of External Debt in Total Public Debt (%)	40% (Maximum)	-	38			
	ATM of Domestic Debt (Years)	3.0 Years (Minimum)	3.0	2.8	3.1	3.2	3.3
Refinancing Risk	ATM of External Debt (Years)	6.0 Years (Minimum)	6.0	6.4	6.1	6.2	6.3
	Share of Shariah Compliant Debt in Govt Securities (%)	-	8.0	9.1	10	12	15
Interest Rate Risk	Share of Fixed Rate Debt in Govt Securities* (%)	20% (Minimum)	20	20.4	22	24	25

ATM: Average Time to Maturity; \* Government securities held by market and SBP

4.1 Ministry of Finance has updated the Medium-Term Debt Management Strategy for period FY23 to FY26, keeping in view the medium-term national macro fiscal framework, as mentioned in table above. The movement in the risk indicators at end June 2023 is explained through the following:

##### Share of External Debt in Total Public Debt

4.2 High share of external debt in total public debt makes the debt portfolio of a country prone to exchange rate shock. Containing the exposure to external debt through managing and monitoring foreign currency borrowings is important to manage the exchange rate risk. Whereas, high level of external debt obligations with stagnant foreign currency income can pose pressure on foreign exchange reserves which can ultimately lead to depreciation of local currency. Subsequently, any movement in local currency against international currencies directly impacts the quantum of outstanding public debt reported in local currency.

4.3 In Pakistan, the balance of payment requirement (originated from current and financial accounts) necessitates borrowing from external sources because non-debt-creating inflows remain insufficient to fulfil the external financing requirements. At end June 2023, external debt was 38 percent of the total public debt. Most of the external debt has been contracted from multilateral and bilateral sources which has lower cost and longer tenor. However, PKR depreciation against other international currencies remains the main source of vulnerability



and results in increased external debt burden and debt servicing cost when the external currency stock and flows are converted into local currency.

- 4.4 This is evident from the fact that despite net reduction in the stock of external debt (in USD) during FY23, the share of external debt in total public debt increased from 37 percent at end June 2022 to 38 percent at end June 2023. The increase is attributed to PKR depreciation against international currencies. Nevertheless, the external debt exposure is still within the maximum limit of 40 percent as envisaged in MTDS but remains sensitive to exchange rate movement.

#### **Average Time to Maturity (ATM)**

- 4.5 One of the important objectives of debt management is to reduce the refinancing risk of the debt portfolio through lengthening of maturity profile of public debt. Over the period, Ministry of Finance has introduced various new instruments with different tenors to attract the diversified funding base and better meet the appetite of the investors.
- 4.6 During FY23, lower than budgeted external inflows exerted pressure on borrowing from domestic market. Furthermore, rising interest rate environment increased the demand for short to medium tenor debt instruments in domestic market. Resultantly, the ATM of domestic debt decreased to 2.8 years at the end of June 2023 from 3.6 years at end June 2022. The indicator is also below the minimum threshold of 3 years as per MTDS, however, Ministry of Finance aims to improve the ATM of domestic debt through the issuance of long-term debt while ensuring that the financing requirements are met.
- 4.7 External debt is mostly concentrated with multilateral and bilateral loans, however in the recent years, the loans obtained from foreign commercial banks and deposits from friendly countries, which are short-term, remained an important source of funding for the government. ATM of external debt increased to 6.4 years at end June 2023 from 6.2 years at end June 2022. The improvement was mainly due to: (i) retirement of short-term commercial loans; (ii) realization of new external inflows at longer tenor (mainly multilaterals); and (iii) running-off of external debt portfolio. Over the period of medium-term, government intends to improve the average maturity of its external debt portfolio in line with the MTDS targets.

#### **Share of Shariah Compliant Debt in Govt Securities**

- 4.8 Increasing the share of shariah-compliant government securities is an important part of the diversification of investor base. Due to high growth and rising market share of shariah-compliant financial institutions in the country, the rationale for this strategy is even stronger. In line with targets, share of shariah-compliant debt in government securities has increased

to 9.1 percent at end June 2023 as compared to 8.6 percent at end June 2022. Ministry of Finance further intends to support the shariah-compliant investors through introduction of new instruments with new profit intervals.

#### **Share of Fixed Rate Debt in Government Securities**

- 4.9 Ministry of Finance has set a benchmark (minimum limit) of 20 percent for the share of fixed-rate debt instruments within the domestic government securities. The reason behind setting lower benchmark and target for fixed-rate debt within domestic government securities is because of preference for floating-rate debt amongst domestic investors, mainly financial institutions, as their liabilities are mostly of a floating-rate type. Also, the lack of price stability in the past has led to a lowering of investor demand for long-term fixed-rate government securities in general. Until the market share of investors (such as insurance companies and pension funds) with a clear preference for long-term fixed-rate instruments increases significantly, and the government's performance in the area of price stability improves substantially, it is appropriate to set realistic targets for this indicator.
- 4.10 In recent years, the share of fixed-rate debt in government securities has decreased owing to higher issuance through floating-rate debt. As stated above, the market participants were inclined towards short-to-medium term debt instruments and preferred the floating-rate instruments due to rising interest rate environment which prevailed throughout FY23. Within floating debt instruments, preference for floating-rate PIBs with quarterly coupon payments remained the preferred choice of market participants. The 2-year and 3-year floating-rate PIBs accounted for 58 percent of total gross issuance of PIBs during FY23. Accordingly, the share of fixed-rate debt in government securities reduced to 20.4 percent at the end of June 2023 from 26 percent at the end of June 2022.
- 4.11 Ministry of Finance will continue to consider its strategic benchmarks and targets as well as the economic developments and outlook while setting the monthly auction targets and issuing long-term fixed-rate domestic government securities through public auctions. Ministry of Finance is working closely with State Bank of Pakistan (SBP), Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP) to take necessary steps to encourage competition in the financial markets and increase participation from other investors such as insurance companies and pension funds. Such steps will enhance efficiency of financial markets in allocation of resources, generate higher demand for long-term fixed-rate government securities, and enable the Ministry of Finance to set and achieve higher targets for fixed-rate government securities.

Table 4: Currency Composition of Total Public Debt (In Percent of Total Public Debt) – end of period

Currencies	Jun-21	Jun-22	Jun-23
Pak Rupee	66	63	62
US Dollar	18	21	24
Special Drawing Right (SDR)	11	11	9
Japanese Yen	2	2	2
Others	3	3	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Debt Management Office, Ministry of Finance

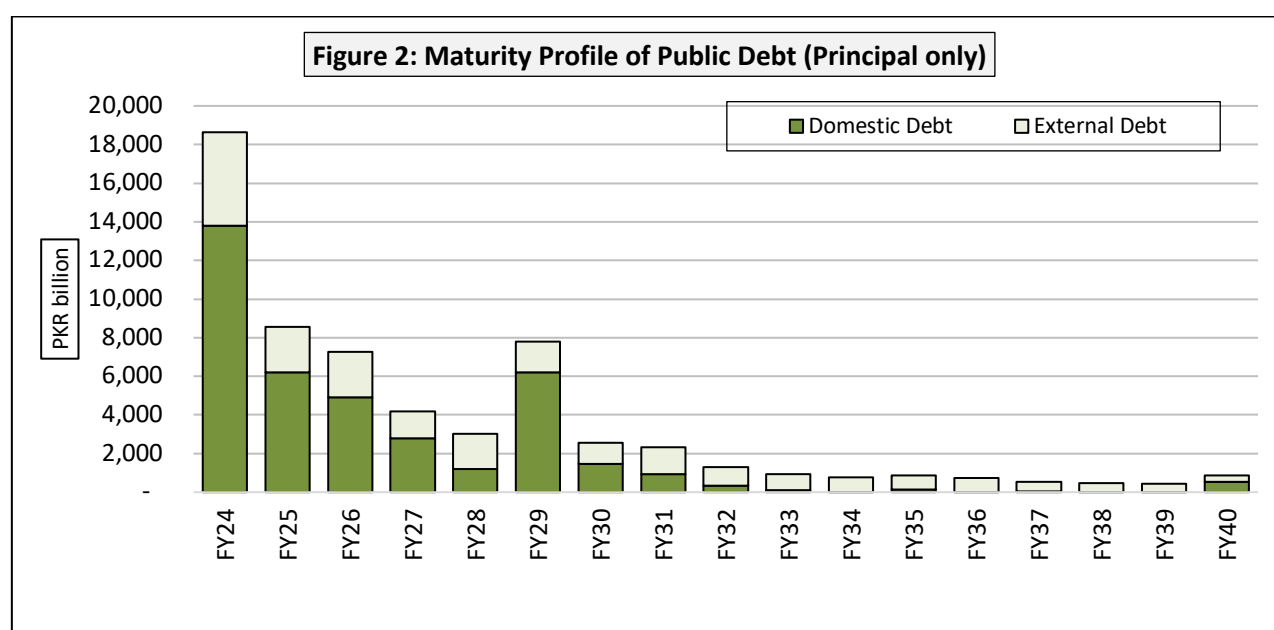


Table 5: Maturity Profile (In Percent of Total Public Debt)

	1 year	2-3 years	4-5 years	6-7 years	8-10 years	>10 years	Total
<b>Total Public Debt</b>	<b>30</b>	<b>25</b>	<b>11</b>	<b>16</b>	<b>7</b>	<b>10</b>	<b>100</b>
- Domestic Debt	22	18	6	12	2	1	62
- External Debt	8	7	5	4	5	9	38

Source: State Bank of Pakistan, Ministry of Economic Affairs and Debt Management Office, Ministry of Finance

## 5.0 HIGHLIGHTS OF BORROWING OPERATIONS DURING FY23

- The net financing of federal fiscal deficit was solely carried out through domestic market government securities;
- Stock of short-term debt i.e., T-bills, increased by around PKR 2.5 trillion. This was mainly attributed to high borrowing requirements of federal government and extra dependence

on domestic debt capital markets due to non-realization of part of budgeted external inflows during FY23;

- Owing to the rising interest rate environment, higher participation was witnessed in short-to-medium tenor floating-rate instruments. Government carried out gross issuance of around PKR 6.3 trillion of Pakistan Investment Bonds against the repayment of PKR 2.4 trillion. Out of the gross issuance, 58 percent was through floating-rate PIBs of 2-year and 3-year tenor with quarterly coupon payment, 25 percent was through floating-rate PIBs of 5-year and 10-year tenor with semi-annual coupon payment and 17 percent was through fixed-rate PIBs mostly through 3-year and 5-year tenor with semi-annual coupon payment;
- In addition to existing 5-year Ijara Sukuk instrument, government has introduced 3-year and 1-year Ijara Sukuk instruments in January and February 2023 respectively with target to diversify shariah-compliant instrument base and give more options to investors with appetite towards Islamic investments. Government successfully issued shariah-compliant Sukuk instruments amounting to around PKR 867 billion, out of which, 84 percent was through Variable Rental Rate (VRR) Sukuk and 16 percent through Fixed Rental Rate (FRR) Sukuk;
- The retail debt instruments i.e., National Saving Schemes (NSS) witnessed a net outflow of PKR 391 billion. This was mainly due to the; (i) discontinuation of National Prize Bonds (Bearer); and (ii) discontinuation of Institutional Investment in NSS. However, in order to diversify the investment opportunities for the retail investors, government has introduced shariah-compliant SARWA Islamic Term Account (SITA) and SARWA Islamic Saving Account (SISA);
- Within external debt, inflows were recorded from multilateral, bilateral and commercial source. However, the external outflows remained higher than the external inflows which led to a net negative financing of federal fiscal deficit by PKR 680 bn;
- Within external financing, major multilateral inflows were recorded as; USD 2.3 bn from ADB; USD 2.0 bn from World Bank; USD 1.2 bn from IMF (EFF facility); and USD 0.6 bn from AIIB. Total bilateral inflows were USD 1.4 bn, out of which, USD 1.2 bn was attributed to Saudi Oil Facility;
- Bilateral deposits from China and Saudi Arabia amounting USD 7.0 bn were rolled over for one year;

- Government has repaid international commercial bank loans to the tune of USD 5.9 bn. The inflows from international commercial banks, which mainly represented refinancing of maturities, amounted to USD 3.5 bn. Out of the gross inflow of USD 3.5 bn, USD 1.3 bn was recorded as foreign currency denominated domestic debt, owing to the transaction nature of the inflow; and
- Government has repaid international Sukuk amounting USD 1.0 bn.

## 6.0 FINANCING OF FEDERAL FISCAL DEFICIT

6.1 The net financing of federal fiscal deficit was solely carried out through domestic market government securities. The details of financing of federal fiscal deficit during FY23 are provided at **Annex-I**.

## 7.0 GOVERNMENT GUARANTEES PORTFOLIO

The Fiscal Responsibility and Debt Limitation (Amendment) Act 2005 under sub-section 3, clause (d) imposes the following two ceilings related to government guarantees:

- i. **Flow ceiling:** 2 percent of GDP on the issuance of government guarantees, with renewal of existing guarantees being considered as issuing new guarantees.
- ii. **Stock ceiling:** 10 percent of GDP on the total stock of outstanding government guarantees.

**Table 6: Government Guarantees Stock (end of period)** (PKR in billion)

	Jun-21	Jun-22	Jun-23
<b>Outstanding Guarantees (Extended to PSEs)</b>	<b>2,407</b>	<b>2,983</b>	<b>3,519</b>
-Domestic Currency	1,564	1,533	1,621
-Foreign Currency	843	1,451	1,898
Memo: Foreign Currency (USD in billion)	5.4	7.1	6.6

Source: Debt Management Office, Ministry of Finance

7.1 During FY23, the government issued fresh/rollover guarantees aggregating to PKR 584 billion or 0.7 percent of GDP.

Table 7: Government Guarantees Stock (Sector Wise &amp; Interest Rate Type Wise) – end of period

	Jun-21		Jun-22		Jun-23	
	PKR bn	USD bn	PKR bn	USD bn	PKR bn	USD bn
<b>(Sector Wise Breakup)</b>						
<b>Total Guarantees Stock</b>	<b>2,407</b>	<b>15.3</b>	<b>2,983</b>	<b>14.6</b>	<b>3,519</b>	<b>12.3</b>
- Power Sector	1,999	12.7	2,238	10.9	2,545	8.9
- Aviation	210	1.3	241	1.2	249	0.9
- Financial	66	0.4	110	0.5	110	0.4
- Manufacturing	45	0.3	99	0.5	102	0.4
- Oil & Gas	50	0.3	52	0.3	166	0.6
- Others	37	0.2	243	1.2	348	1.2
<b>(Interest Rate Type)</b>						
<b>Total Guarantees Stock</b>	<b>2,407</b>	<b>15.3</b>	<b>2,983</b>	<b>14.6</b>	<b>3,519</b>	<b>12.3</b>
- Floating Rate	1,595	10.1	1,574	7.7	1,683	5.9
- Fixed Rate	812	5.2	1,409	6.9	1,836	6.4

Note: The original maturities of major portion of Guaranteed Debt Stock were 5-years and above

Source: Debt Management Office, Ministry of Finance

7.2 Guarantees issued against commodity operations are not included in the stipulated limit of 2 percent of GDP as the loans are secured against the underlying commodity and are essentially self-liquidating. These guarantees are issued against the commodity financing operations undertaken by TCP, PASSCO, and provincial governments. The outstanding stock of commodity operations was PKR 1,486 billion at end June 2023.

## 8.0 DOMESTIC DEBT

8.1 Domestic debt is the main source of financing the fiscal deficit. Domestic debt comprises three main categories (i) permanent debt (medium and long-term); (ii) floating debt (short-term); and (iii) unfunded debt (primarily made up of various instruments available under National Savings Schemes).

8.2 In-line with the Public Debt Act 1944, government issues three broad types of marketable securities in order to raise debt i.e., Treasury Bills (T-bills), Pakistan Investment Bonds (PIBs) and Government Ijara Sukuk (GIS).

- i. T-bills are short-term securities and have maturities of 12-Month or less at the time of issuance.
- ii. PIBs are longer-term securities and have maturities of more than 12-Month at the time of issuance. PIBs pay the entire face value on maturity and also pay profits at regular intervals until maturity. PIBs can be further categorized as Fixed-rate PIBs and Floating-rate PIBs. Fixed-rate PIBs pay a fixed amount of profit on each profit

payment date. Floating-rate PIBs pay a variable amount of profit on each profit payment date. The profit rate is linked with underlying reference rate i.e., 3 or 6 month T-bills yield.

- iii. Shariah compliant government securities program has also been in places since FY09. Presently, both Variable Rental Rate (VRR) and Fixed Rental Rate (FRR) sukuk instruments are being offered in the market. The profit rate on VRR sukuks is linked with underlying reference rate i.e., 6 month T-bills yield.

8.3 National Saving Schemes (NSS) represent retail investment with instrument avenues ranging from 3 months to 10 years. The profit rates on the NSS instruments are linked with the prevailing yields on government securities.

8.4 Following table describes the main components of domestic debt (detailed breakdown of domestic debt presented in **Annex-II**):

**Table 8: Instrument-Wise Composition of Domestic Debt (end of period)**

		Jun-21		Jun-22		Jun-23	
		PKR bn	USD bn	PKR bn	USD bn	PKR bn	USD bn
<b>I+II+III+IV+V+VI</b>	<b>Domestic Debt</b>	<b>26,265</b>	<b>167</b>	<b>31,085</b>	<b>152</b>	<b>38,809</b>	<b>136</b>
<b>I</b>	<b>Permanent Debt</b>	<b>15,904</b>	<b>101</b>	<b>20,369</b>	<b>100</b>	<b>25,547</b>	<b>89</b>
	- PIBs	14,590	93	17,687	87	22,009	77
	- Prize Bonds	444	3	375	2	383	1
	- Sukuk / Bai-Muajjal	866	6	2,303	11	3,151	11
	- Others	4	0	4	0	4	0
<b>II</b>	<b>Floating Debt</b>	<b>6,680</b>	<b>42</b>	<b>6,804</b>	<b>33</b>	<b>9,335</b>	<b>33</b>
	- T-Bills	6,677	42	6,752	33	9,269	32
	- MTBs for Replenishment	3	0	52	0	66	0
<b>III</b>	<b>Unfunded Debt</b>	<b>3,646</b>	<b>23</b>	<b>3,336</b>	<b>16</b>	<b>2,926</b>	<b>10</b>
	- NSS	3,498	22	3,208	16	2,818	10
	- Others	148	1	128	1	108	0
<b>IV</b>	<b>Naya Pakistan Certificate</b>	<b>28</b>	<b>0</b>	<b>93</b>	<b>0</b>	<b>143</b>	<b>0</b>
<b>V</b>	<b>SDR Relending to GoP</b>	<b>-</b>	<b>-</b>	<b>475</b>	<b>2</b>	<b>475</b>	<b>2</b>
<b>VI</b>	<b>Foreign Currency Loans*</b>	<b>7</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>384</b>	<b>1</b>

\*Includes FEBCs, FCBCs, DBCs, Special US Dollar Bonds and other domestic FC borrowings

Source: State Bank of Pakistan and Debt Management Office, Ministry of Finance

Table 9: Creditor-Wise Composition of Domestic Debt (end of period)

(PKR in billion)

	Jun-21	%	Jun-22	%	Jun-23	%
<b>I+II Domestic Debt</b>	<b>26,265</b>	<b>100</b>	<b>31,085</b>	<b>100</b>	<b>38,809</b>	<b>100</b>
<b>I Tradable Government Securities*</b>	<b>22,137</b>	<b>84</b>	<b>26,794</b>	<b>86</b>	<b>34,496</b>	<b>89</b>
- Held by Scheduled Banks	12,770	49	16,573	53	20,248	52
- Held by SBP	6,627	25	6,146	20	5,850	15
- Held by Non-Banks	2,740	10	4,075	13	8,398	22
<b>II Others</b>	<b>4,129</b>	<b>16</b>	<b>4,291</b>	<b>14</b>	<b>4,314</b>	<b>11</b>
- NSS (including Prize Bonds)	3,942	15	3,583	12	3,200	8
- Naya Pakistan Certificate	28	0	93	0	143	0
- SDR Relending to GoP	-	0	475	2	475	1
- Foreign Currency Loans	7	0	9	0	384	1
- Other	152	1	132	0	112	0

\*Secondary market position

Source: State Bank of Pakistan and Debt Management Office, Ministry of Finance

Figure 3: Composition of Domestic Debt - end June 2023

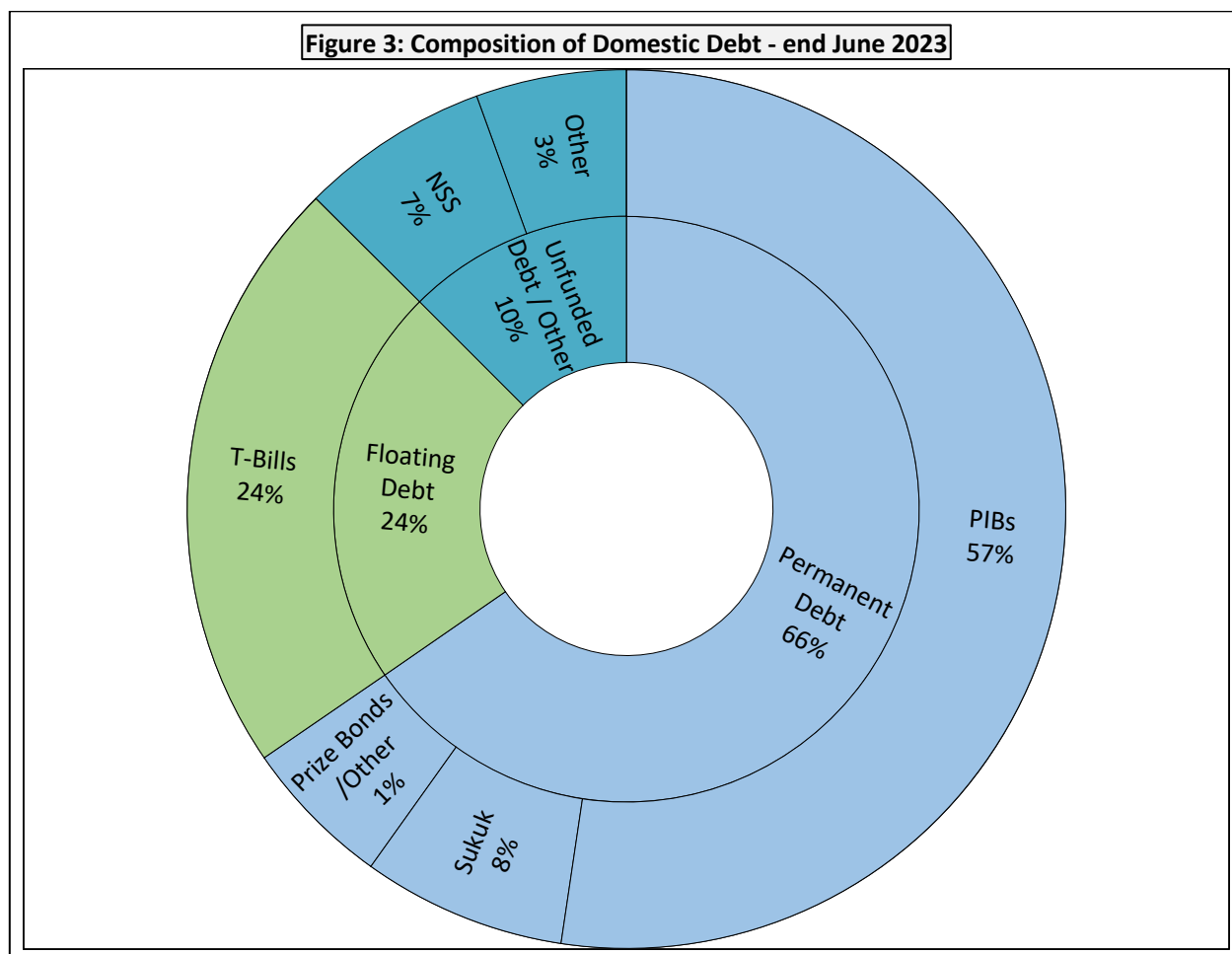




Table 10: Maturity Profile of Domestic Debt (end of period)

(PKR in billion)

		Jun-21	%	Jun-22	%	Jun-23	%
<b>I+II</b>	<b>Domestic Debt</b>	<b>26,265</b>	<b>100</b>	<b>31,085</b>	<b>100</b>	<b>38,809</b>	<b>100</b>
<b>I</b>	<b>Short-Term Debt (&lt; 1 Year)</b>	<b>9,439</b>	<b>36</b>	<b>10,134</b>	<b>33</b>	<b>13,805</b>	<b>36</b>
	- T-Bills	6,680	25	6,803	22	9,335	24
	- Medium & Long-Term Debt*	2,759	11	3,331	11	4,470	12
<b>II</b>	<b>Medium &amp; Long-Term Debt (&gt; 1 Year)</b>	<b>16,826</b>	<b>64</b>	<b>20,951</b>	<b>67</b>	<b>25,004</b>	<b>64</b>

\*Remaining Maturity of less than 1 year

Source: State Bank of Pakistan and Debt Management Office, Ministry of Finance

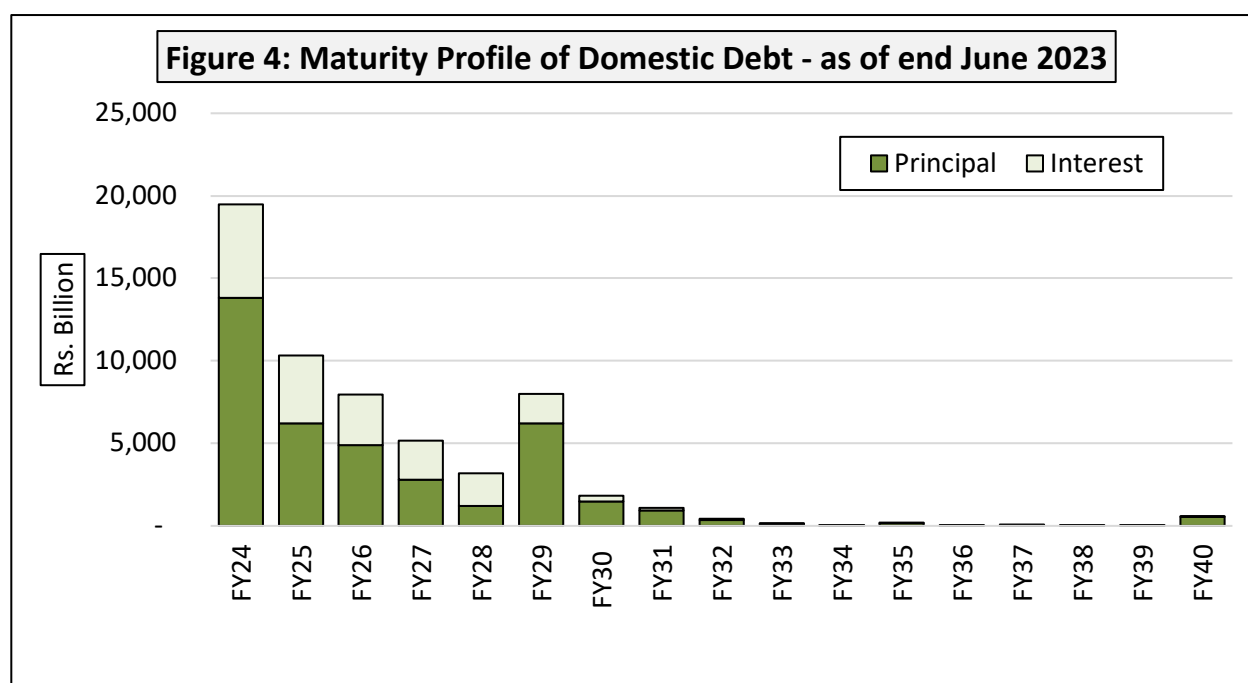


Table 11: Interest Rate Type of Domestic Debt (end of period).

(PKR in billion)

		Jun-21	%	Jun-22	%	Jun-23	%
<b>I+II</b>	<b>Domestic Debt</b>	<b>26,265</b>	<b>100</b>	<b>31,085</b>	<b>100</b>	<b>38,809</b>	<b>100</b>
<b>I</b>	<b>Floating Rate</b>	<b>15,558</b>	<b>60</b>	<b>19,757</b>	<b>64</b>	<b>27,852</b>	<b>72</b>
	- T-Bills	6,680	26	6,803	22	9,335	24
	- Floating Rate Bonds	8,878	34	12,954	42	18,517	48
<b>II</b>	<b>Fixed Rate</b>	<b>10,707</b>	<b>40</b>	<b>11,328</b>	<b>36</b>	<b>10,957</b>	<b>28</b>

Source: State Bank of Pakistan and Debt Management Office, Ministry of Finance

## 9.0 EXTERNAL PUBLIC DEBT

9.1 External public debt was recorded at USD 84.1 billion at end June 2023. The source-wise composition of external public debt is depicted in the following table:

**Table 12: Composition of External Public Debt (end of period)**

	Jun-21		Jun-22		Jun-23	
	PKR bn	USD mn	PKR bn	USD mn	PKR bn	USD mn
<b>I+II External Public Debt</b>	<b>13,601</b>	<b>86,457</b>	<b>18,157</b>	<b>88,838</b>	<b>24,071</b>	<b>84,050</b>
<b>I Government External Debt (a+b)</b>	<b>12,439</b>	<b>79,073</b>	<b>16,747</b>	<b>81,941</b>	<b>22,031</b>	<b>76,926</b>
<b>a- Long term (&gt;1 year)</b>	<b>12,304</b>	<b>78,215</b>	<b>16,471</b>	<b>80,592</b>	<b>21,985</b>	<b>76,766</b>
- Paris Club	1,687	10,726	1,887	9,232	2,263	7,901
- Multilateral	5,323	33,836	6,954	34,023	10,700	37,363
- Other Bilateral	2,332	14,821	3,690	18,053	5,033	17,572
- Euro/Sukuk Global Bonds	1,227	7,800	1,799	8,800	2,234	7,800
- Commercial Loans	1,525	9,696	1,938	9,481	1,593	5,564
- Naya Pakistan Certificates	127	809	195	953	153	534
- Local Currency Sec (PIBs)	73	463	1	5	1	3
- NBP/BOC deposits/PBC	10	65	9	45	8	28
<b>b- Short term (&lt;1 year)</b>	<b>135</b>	<b>858</b>	<b>276</b>	<b>1,349</b>	<b>46</b>	<b>160</b>
- Multilateral	80	506	271	1,327	46	160
- Local Currency Sec (T-bills)	55	352	4	22	0	0
- Commercial Loans	-	-	-	-	-	-
<b>II From IMF</b>	<b>1,162</b>	<b>7,384</b>	<b>1,410</b>	<b>6,897</b>	<b>2,040</b>	<b>7,124</b>
- Federal Government	541	3,437	857	4,195	1,538	5,369
- Central Bank	621	3,947	552	2,702	503	1,755

Source: Ministry of Economic Affairs, State Bank of Pakistan & Debt Management Office, Ministry of Finance

9.2 Pakistan's external public debt is obtained from following major sources:

- i. Loans from multilateral development partners (including IMF) and bilateral countries constitute **53 percent** and **22 percent**, respectively. These loans are mostly concessional in nature i.e., long tenor and low interest rate.
- ii. Bilateral deposits (China and Saudi Arabia) accounts for **8 percent**. These loans are short-term in nature (1-year) and are obtained for balance of payment as well as budgetary support.
- iii. Loans from foreign commercial banks constitute around **7 percent**. These loans are mostly short to medium term (i.e., 1-3 years) with market-based interest rate.

- iv. Government of Pakistan's international capital market transactions in the form of Eurobonds and international sukuk constitute **9 percent**. These transactions represent long-term nature of debt with market-based interest rate.
- v. Other foreign inflows in terms of Naya Pakistan Certificates, non-resident investment in government securities, and Pakistan Banao Certificates etc. constitute around **1 percent**. This category falls under medium-to-long term nature of debt with market-based interest rate.

Figure 5: Composition of External Public Debt - end June 2023

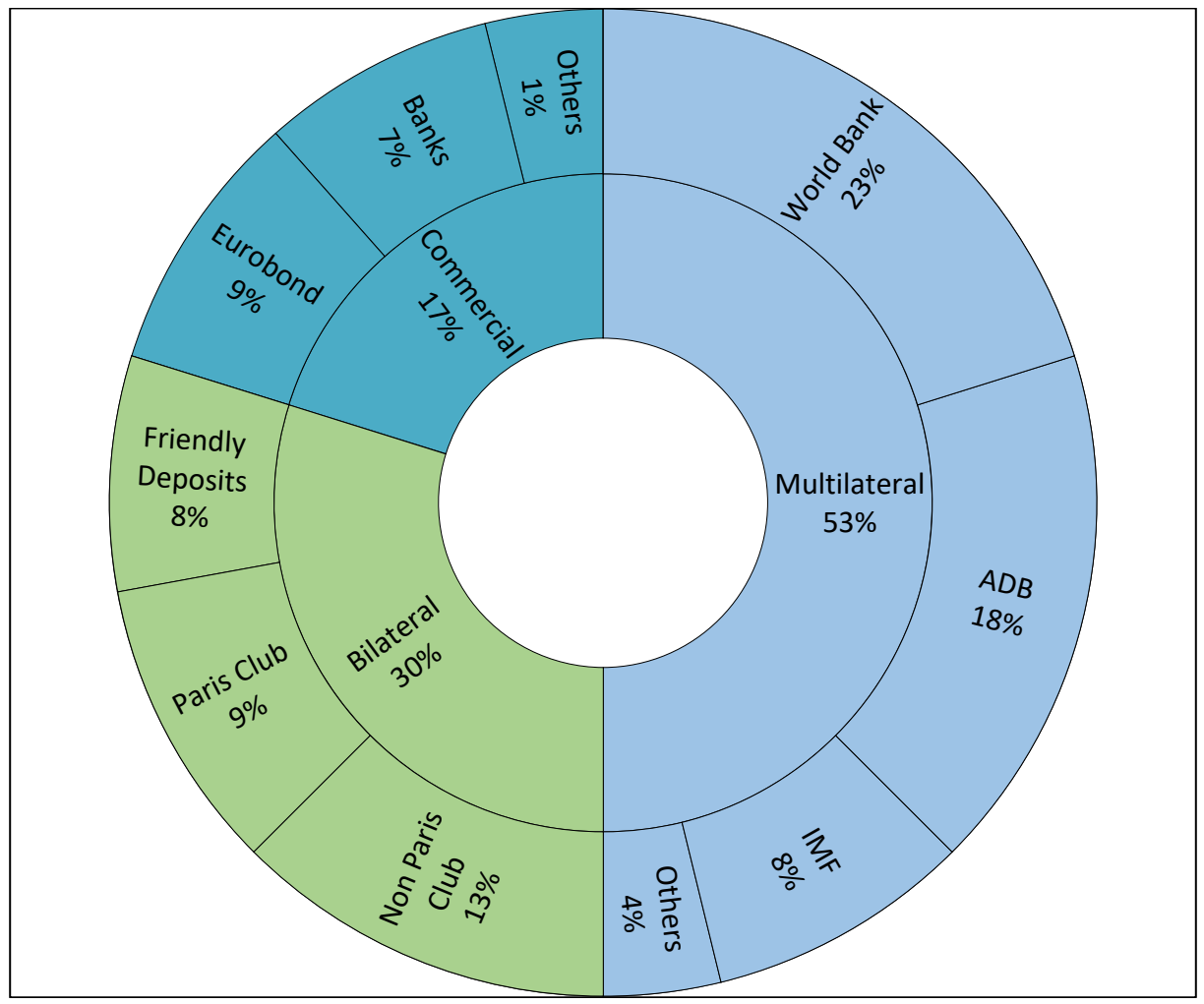


Table 13: Source Wise External Public Debt (end of period)

		Jun-21		Jun-22		Jun-23	
		USD mn	%	USD mn	%	USD mn	%
<b>I+II+III</b>	<b>External Public Debt</b>	<b>86,457</b>	<b>100</b>	<b>88,838</b>	<b>100</b>	<b>84,050</b>	<b>100</b>
<b>I</b>	<b>Multilateral</b>	<b>41,726</b>	<b>48</b>	<b>42,247</b>	<b>48</b>	<b>44,647</b>	<b>53</b>
	- World Bank	18,135	21	17,851	20	19,220	23
	- Asian Development Bank	13,423	16	13,772	16	15,183	18
	- IMF	7,384	9	6,897	8	7,124	8
	- Others	2,783	3	3,727	4	3,121	4
<b>II</b>	<b>Bilateral</b>	<b>25,547</b>	<b>30</b>	<b>27,285</b>	<b>31</b>	<b>25,473</b>	<b>30</b>
	- Paris Club	10,726	12	9,232	10	7,901	9
	- Non-Paris Club	14,821	17	18,053	20	17,572	21
<b>III</b>	<b>Commercial</b>	<b>19,184</b>	<b>22</b>	<b>19,306</b>	<b>22</b>	<b>13,929</b>	<b>17</b>
	- Commercial Loans	9,696	11	9,481	11	5,564	7
	- Euro/Sukuk Global Bonds	7,800	9	8,800	10	7800	9
	- Naya Pakistan Certificates	809	1	953	1	534	1
	- Local Currency (T-Bills & PIBs)	815	1	27	0	3	0
	- NBP/BOC deposits/PBC	65	0	45	0	28	0

Source: Ministry of Economic Affairs, State Bank of Pakistan &amp; Debt Management Office, Ministry of Finance

Table 14: Federal and Provincial Government's External Public Debt (end of period) (USD in million)

		Jun-23	% of Total
<b>I+II</b>	<b>External Public Debt</b>	<b>84,050</b>	<b>100</b>
<b>I</b>	<b>Provincial Govts/Sub-National Govts</b>	<b>11,708</b>	<b>14</b>
	- Punjab	5,951	7
	- Sindh	3,125	4
	- Khyber Pakhtunkhwa (KP)	2,056	2
	- Baluchistan	300	0
	- Gilgit-Baltistan	59	0
	- Azad Jammu & Kashmir	216	0
<b>II</b>	<b>Federal Government</b>	<b>72,343</b>	<b>86</b>

Source: Ministry of Economic Affairs

Table 15: Maturity Profile of External Public Debt (end of period)

(USD in million)

	Jun-21		Jun-22		Jun-23	
	USD mn	%	USD mn	%	USD mn	%
<b>I+II External Public Debt</b>	<b>86,457</b>	<b>100</b>	<b>88,838</b>	<b>100</b>	<b>84,050</b>	<b>100</b>
<b>I Short-Term Debt (&lt; 1 Year)</b>	<b>14,337</b>	<b>17</b>	<b>21,355</b>	<b>24</b>	<b>16,912</b>	<b>20</b>
- Bilateral Deposits	4,000	5	7,000	8	7,000	8
- IDB Short-Term	506	1	1,327	1	160	0
- LC Securities (T-Bills)	352	0	22	0	0	0
- Other (Remaining Maturity < 1)*	9,479	11	13,006	15	9,752	12
<b>II Medium &amp; Long-Term Debt (&gt; 1 Year)</b>	<b>72,120</b>	<b>83</b>	<b>67,483</b>	<b>76</b>	<b>67,138</b>	<b>80</b>

\* Including Commercial Bank loans

Source Ministry of Economic Affairs, State Bank of Pakistan and Debt Management Office, Ministry of Finance

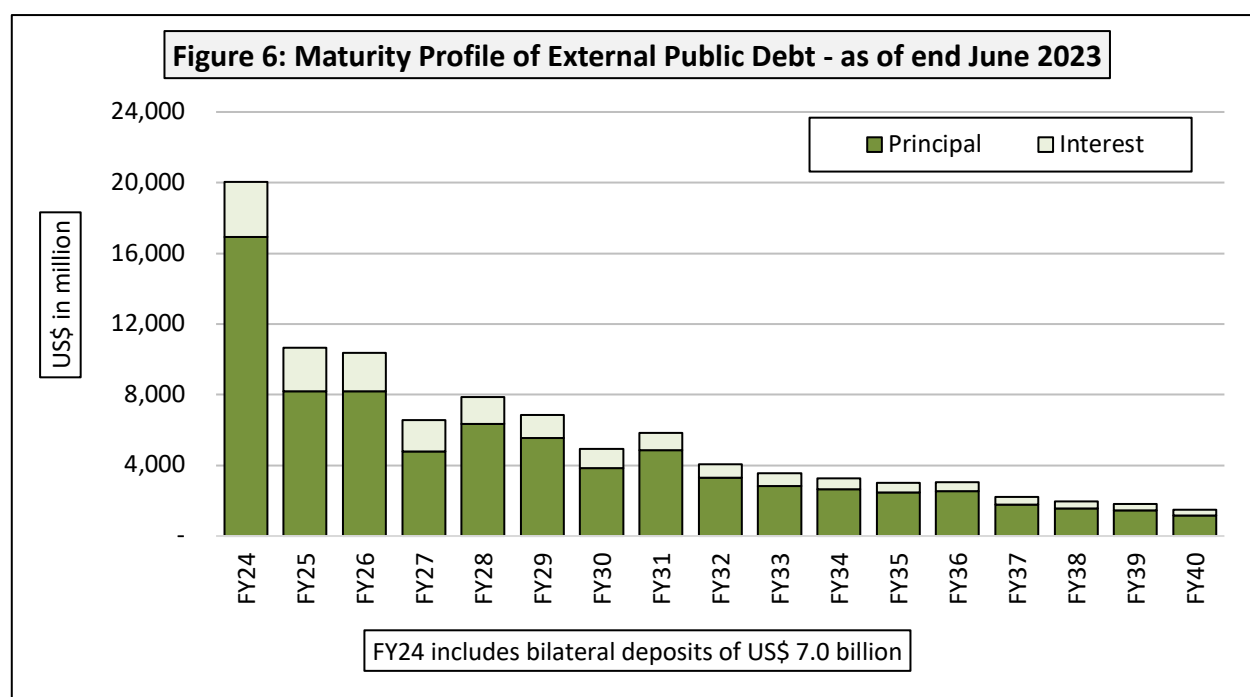


Table 16: Interest Rate Type of External Public Debt (end of period)

(USD in million)

	Jun-21		Jun-22		Jun-23	
	USD mn	%	USD mn	%	USD mn	%
<b>I+II External Public Debt</b>	<b>86,457</b>	<b>100</b>	<b>88,838</b>	<b>100</b>	<b>84,050</b>	<b>100</b>
<b>I Floating Rate<sup>1</sup></b>	<b>33,846</b>	<b>39</b>	<b>34,381</b>	<b>39</b>	<b>31,288</b>	<b>37</b>
<b>II Fixed Rate</b>	<b>52,611</b>	<b>61</b>	<b>54,457</b>	<b>61</b>	<b>52,762</b>	<b>63</b>

Source: State Bank of Pakistan and Debt Management Office, Ministry of Finance

<sup>1</sup> IMF loan reclassified from fixed-rate debt to floating-rate debt.

Table 17: External Public Debt Inflows/(Outflows)

(USD in million)

	FY21	FY22	FY23
<b>Inflows (A)</b>	<b>13,301</b>	<b>16,255</b>	<b>9,889</b>
- Multilateral <sup>1</sup>	4,809	5,794	6,309
- Bilateral	1,275	3,597	1,380
- Euro/Sukuk Global Bonds	2,500	2,000	-
- Commercial Banks/Other <sup>2</sup>	4,717	4,863	2,200
<b>Repayment (B)</b>	<b>6,936</b>	<b>11,002</b>	<b>14,732</b>
- Multilateral <sup>1</sup>	3,418	3,201	3,995
- Bilateral	100	1,004	2,689
- Euro/Sukuk Global Bonds	-	1,000	1,000
- Commercial Banks/Other <sup>3</sup>	3,418	5,797	7,047
<b>Net Inflows/(Outflows) - (A-B)</b>	<b>6,365</b>	<b>5,252</b>	<b>(4,843)</b>
- Multilateral	1,391	2,592	2,313
- Bilateral	1,175	2,593	(1,309)
- Euro/Sukuk Global Bonds	2,500	1,000	(1,000)
- Commercial Banks/Other	1,299	(933)	(4,847)
<b>Interest Servicing (C)</b>	<b>1,453</b>	<b>1,988</b>	<b>3,088</b>
- Multilateral <sup>1</sup>	639	614	1,209
- Bilateral	115	358	772
- Euro/Sukuk Global Bonds	362	587	611
- Commercial Banks/Other <sup>3</sup>	337	430	497
<b>Total Debt Servicing (B+C)</b>	<b>8,389</b>	<b>12,990</b>	<b>17,820</b>
- Multilateral	4,056	3,816	5,204
- Bilateral	215	1,362	3,461
- Euro/Sukuk Global Bonds	362	1,587	1,611
- Commercial Banks/Other	3,755	6,226	7,544

<sup>1</sup> Multilateral includes short-term loans from multilateral sources as well as IMF flows (BoP+Budgetary).

<sup>2</sup> Exclude inflows from non-resident investment in Government Securities, Naya Pakistan Certificates, Pakistan Banao Certificates and grants.

<sup>3</sup> Include outflows of non-resident investment in Government Securities, Naya Pakistan Certificates, and Pakistan Banao Certificates.

Source: State Bank of Pakistan

Table 18: Pakistan's International Bonds

Sr. No.	Issuer Name	Issue Date	Maturity Date	Face Value	Coupon	Maturity (Years)
				USD mn	% p.a.	Original
I	International Sukuk	31-Jan-22	31-Jan-29	1,000	7.950	7
II	Eurobond	15-Apr-14	15-Apr-24	1,000	8.250	10
III	Eurobond	30-Sep-15	30-Sep-25	500	8.250	10
IV	Eurobond	08-Apr-21	08-Apr-26	1,300	6.000	5
V	Eurobond	05-Dec-17	05-Dec-27	1,500	6.875	10
VI	Eurobond	08-Apr-21	08-Apr-31	1,400	7.375	10
VII	Eurobond	30-Mar-06	31-Mar-36	300	7.875	30
VIII	Eurobond	08-Apr-21	08-Apr-51	800	8.875	30
<b>Total</b>				<b>7,800</b>		

Source: Bloomberg

## Annex-I: Financing of Federal Fiscal Deficit (FY23)

		PKR in billion	USD in million
<b>Federal Fiscal Deficit</b>		<b>6,676</b>	<b>26,685</b>
<b>FINANCING SUMMARY</b>			
<b>I-II</b>	<b>Net Financing</b>	<b>6,676</b>	<b>26,685</b>
	- External Debt	(680)	(2,917)
	- Domestic Debt	7,356	29,602
<b>I</b>	<b>Gross Financing - Inflows</b>	<b>36,920</b>	<b>148,641</b>
	- External Debt	2,404	9,744
	- Domestic Debt	34,516	138,897
<b>II</b>	<b>Repayments - (Outflows)</b>	<b>(30,243)</b>	<b>(121,957)</b>
	- External Debt	(3,083)	(12,661)
	- Domestic Debt	(27,160)	(109,296)
<b>FINANCING DETAILS</b>			
<b>I + II</b>	<b>Net Financing - Inflow/(Outflows)</b>	<b>6,676</b>	<b>26,685</b>
<b>I</b>	<b>External Debt</b>	<b>(680)</b>	<b>(2,917)</b>
	- Multilateral	762	3,279
	- Bilateral	(341)	(1,309)
	- Eurobonds	(224)	(1,000)
	- Commercial Sources & Others	(877)	(3,887)
<b>II</b>	<b>Domestic Debt</b>	<b>7,356</b>	<b>29,602</b>
	<b>Government Securities</b>	<b>7,270</b>	<b>29,256</b>
	- Treasury Bills	2,517	10,129
	- Pakistan Investment Bonds	3,909	15,730
	- Sukuk	844	3,396
	<b>National Savings Schemes &amp; Others</b>	<b>86</b>	<b>346</b>
<b>I + II</b>	<b>Gross Summary - Inflows</b>	<b>36,920</b>	<b>148,641</b>
<b>I</b>	<b>External Debt</b>	<b>2,404</b>	<b>9,744</b>
	- Multilateral <sup>1</sup>	1,503	6,309
	- Bilateral	343	1,380
	- Eurobonds	-	-
	- Commercial Sources & Others <sup>2</sup>	558	2,055
<b>II</b>	<b>Domestic Debt</b>	<b>34,516</b>	<b>138,897</b>
	<b>Government Securities</b>	<b>32,344</b>	<b>130,157</b>
	- Treasury Bills	25,150	101,207
	- Pakistan Investment Bonds	6,326	25,457
	- Sukuk	868	3,493
	<b>National Savings Schemes &amp; Others<sup>3</sup></b>	<b>2,172</b>	<b>8,740</b>
<b>I + II</b>	<b>Repayments - (Outflows)</b>	<b>(30,243)</b>	<b>(121,957)</b>
<b>I</b>	<b>External Debt</b>	<b>(3,083)</b>	<b>(12,661)</b>
	- Multilateral <sup>4</sup>	(741)	(3,030)
	- Bilateral	(684)	(2,689)
	- Eurobonds	(224)	(1,000)
	- Commercial Sources & Others <sup>5</sup>	(1,435)	(5,942)
<b>II</b>	<b>Domestic Debt</b>	<b>(27,160)</b>	<b>(109,296)</b>
	<b>Government Securities</b>	<b>(25,074)</b>	<b>(100,901)</b>
	- Treasury Bills	(22,633)	(91,078)
	- Pakistan Investment Bonds	(2,417)	(9,726)
	- Sukuk	(24)	(97)
	<b>National Savings Schemes &amp; Others</b>	<b>(2,086)</b>	<b>(8,394)</b>

**Notes:**

<sup>1</sup> Include short-term multilateral inflows. <sup>2</sup> Includes foreign commercial bank loans, grants, and net inflows of Non-Resident investment in Govt. Securities and Naya Pakistan Certificates. <sup>3</sup> Include net impact of change in cash balance of federal government. <sup>4</sup> Include short-term multilateral outflow and exclude IMF BoP repayments. <sup>5</sup> Represent repayment against foreign commercial bank loans.

Source: State Bank of Pakistan, Ministry of Economic Affairs, Budget Wing and Debt Management Office, Ministry of Finance



**Annex-II: Domestic Debt Outstanding Stock**

<b>(PKR in billion)</b>	<b>Jun-21</b>	<b>Jun-22</b>	<b>Jun-23</b>
<b>Permanent Debt (I)</b>	<b>15,904.1</b>	<b>20,368.7</b>	<b>25,546.5</b>
Market Loans	2.8	2.8	2.8
Government Bonds	1.3	1.3	1.3
Prize Bonds	443.7	374.6	382.5
Pakistan Investment Bonds (PIB)	14,590.0	17,687.0	22,009.3
GOP Ijara Sukuk	665.3	2,279.8	3,150.6
Bai-Muajjal of Sukuk	201.0	23.2	-
<b>Floating Debt (II)</b>	<b>6,680.4</b>	<b>6,804.1</b>	<b>9,335.3</b>
Market Treasury Bills	6,676.9	6,752.4	9,269.2
MTBs for Replenishment	3.5	51.7	66.1
<b>Unfunded Debt (III)</b>	<b>3,645.8</b>	<b>3,336.0</b>	<b>2,925.8</b>
Defense Saving Certificates	477.2	466.9	428.4
National Deposit Certificates	0.02	0.02	0.02
Khass Deposit Certificates	0.22	0.22	0.22
Special Savings Certificates (Registered)	421.4	376.6	297.6
Special Savings Certificates (Bearer)	0.3	0.3	0.3
Regular Income Certificates	599.6	589.0	461.5
Premium Saving Certificates	0.0	0.0	0.0
Behbood Savings Certificates	1,000.4	1,017.0	1,001.0
Short Term Savings Certificates (3M, 6M,12M)	4.0	4.6	34.6
Khass Deposit Accounts	0.3	0.3	0.3
Savings Accounts	43.2	53.9	68.1
Special Savings Accounts	581.4	307.3	114.8
Mahana Amdani Accounts	1.5	1.5	1.4
Pensioners' Benefit Account	368.5	390.6	404.4
Shuhadas Family Welfare Account	0.1	0.1	0.2
SARWA Islamic	-	-	5.1
Postel Life Insurance Schemes	47.2	47.2	47.2
GP Fund	100.8	80.5	60.8
<b>Naya Pakistan Certificates (IV)</b>	<b>28.2</b>	<b>92.9</b>	<b>142.7</b>
<b>SBP loan to GOP against SDRs allocation (V)</b>	<b>-</b>	<b>474.9</b>	<b>474.9</b>
<b>Foreign Currency Loans</b>	<b>6.8</b>	<b>8.7</b>	<b>383.8</b>
<b>Total Domestic Debt (I+II+III+IV+V)</b>	<b>26,265.4</b>	<b>31,085.4</b>	<b>38,808.9</b>

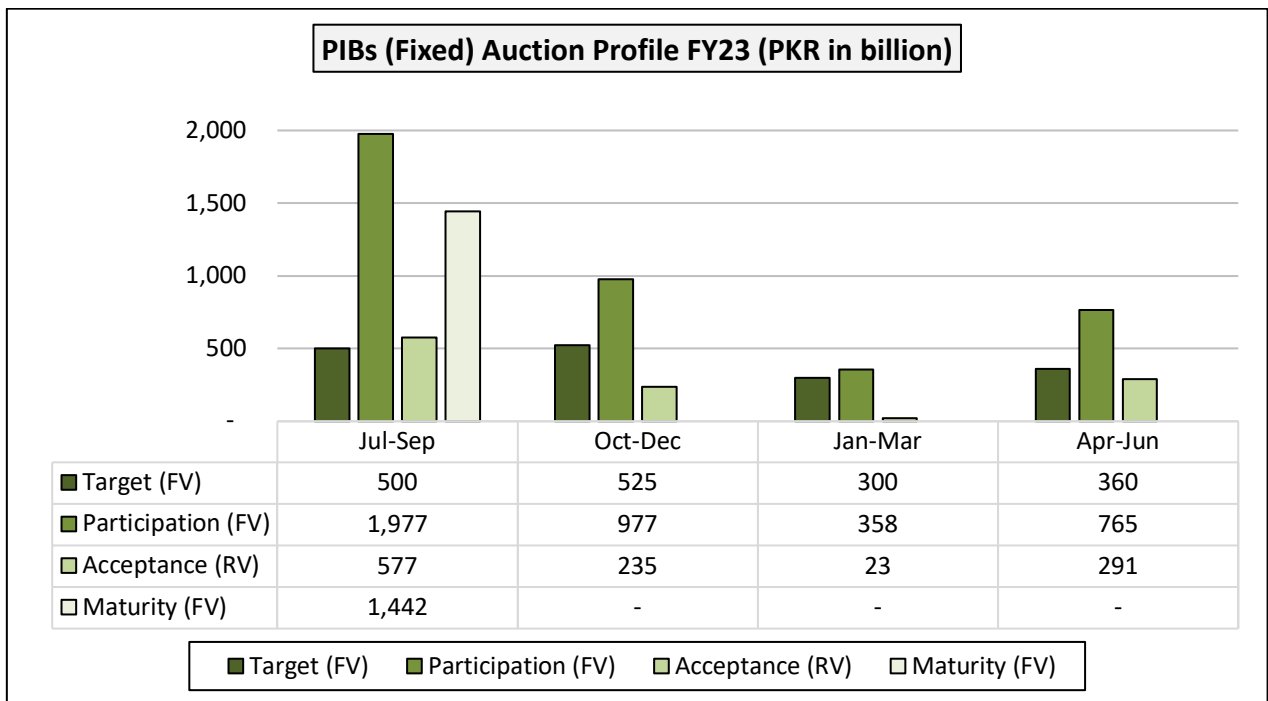
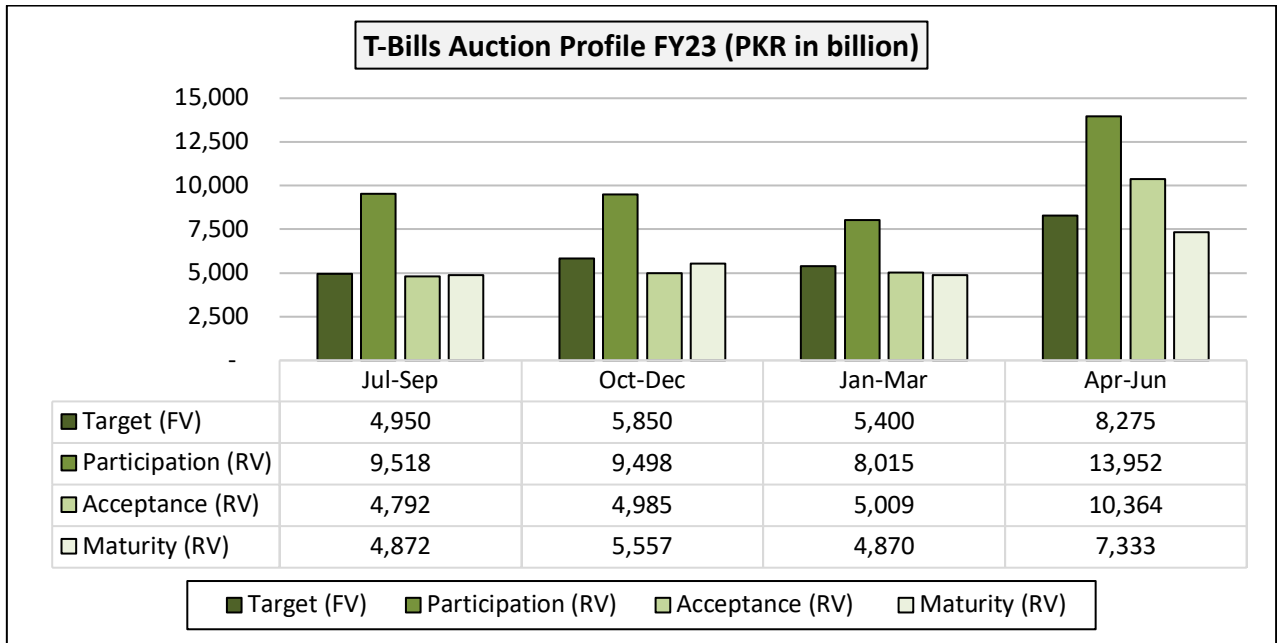
Source: State Bank of Pakistan

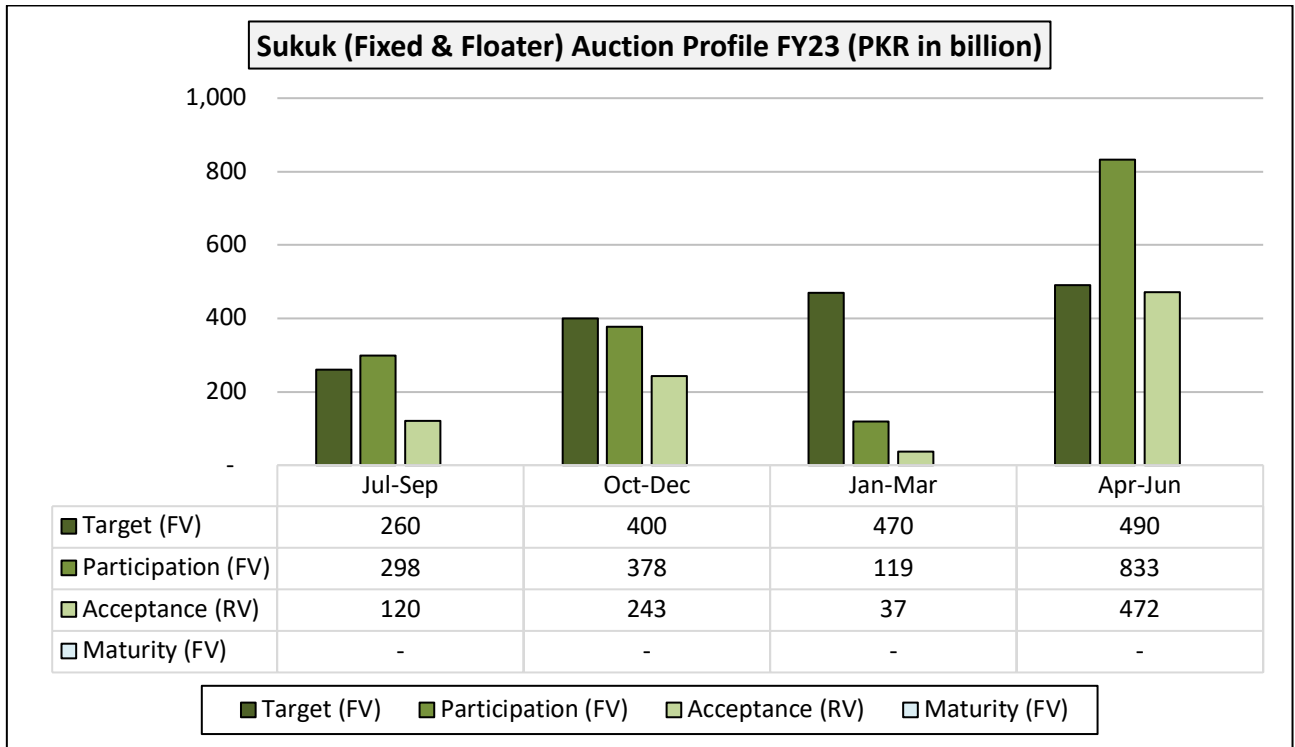
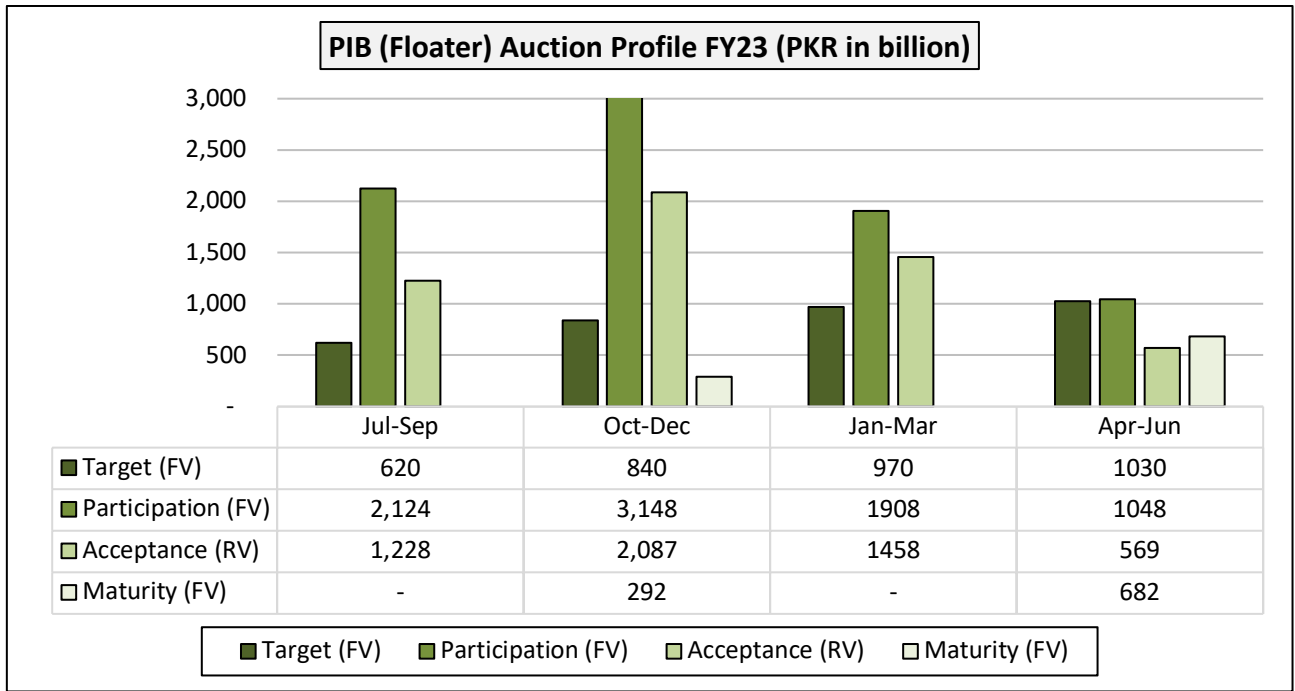
## Annex-III: Investor-Wise Holdings of Government Domestic Securities (Face Value)

(PKR in billion)	Jun-21	Jun-22	Jun-23
<b>TOTAL GOVERNMENT SECURITIES (I+II+III+IV)</b>	<b>22,503</b>	<b>27,201</b>	<b>35,161</b>
<b>I. TREASURY BILLS (a+b+c)</b>	<b>6,974</b>	<b>7,210</b>	<b>10,001</b>
<b>a) Scheduled Bank</b>	<b>6,115</b>	<b>5,797</b>	<b>5,510</b>
<b>b) Non-Bank Total (i+ii+iii)</b>	<b>858</b>	<b>1,413</b>	<b>4,491</b>
(i) Insurance Companies	79	201	313
(ii) Funds	139	191	922
(iii) Corporates/Others	640	1,021	3,255
<b>c) SBP</b>	-	-	-
<b>II. PAKISTAN INVESTMENT BONDS (a+b+c)</b>	<b>14,662</b>	<b>17,688</b>	<b>22,009</b>
<b>a) Scheduled Bank</b>	<b>5,822</b>	<b>8,953</b>	<b>12,429</b>
<b>b) Non-Bank Total (i+ii+iii)</b>	<b>2,223</b>	<b>2,686</b>	<b>3,798</b>
(i) Insurance Companies	1,036	1,166	1,275
(ii) Funds	365	619	979
(iii) Corporates/Others	822	901	1,544
<b>c) SBP</b>	<b>6,618</b>	<b>6,049</b>	<b>5,782</b>
<b>III. GIS IJARA SUKUK (a+b+c)</b>	<b>665</b>	<b>2,280</b>	<b>3,151</b>
<b>a) Scheduled Bank</b>	<b>601</b>	<b>2,136</b>	<b>2,931</b>
<b>b) Non-Bank Total (i+ii+iii)</b>	<b>64</b>	<b>144</b>	<b>220</b>
(i) Insurance Companies	5	27	62
(ii) Funds	28	27	71
(iii) Corporates/Others	32	90	87
<b>c) SBP</b>	-	-	-
<b>IV. BAI MUAJJAL (a+b+c)</b>	<b>201</b>	<b>23</b>	-
<b>a) Scheduled Bank</b>	<b>201</b>	<b>23</b>	-
<b>b) Non-Bank Total (i+ii+iii)</b>	-	-	-
(i) Insurance Companies	-	-	-
(ii) Funds	-	-	-
(iii) Corporates/Others	-	-	-
<b>c) SBP</b>	-	-	-

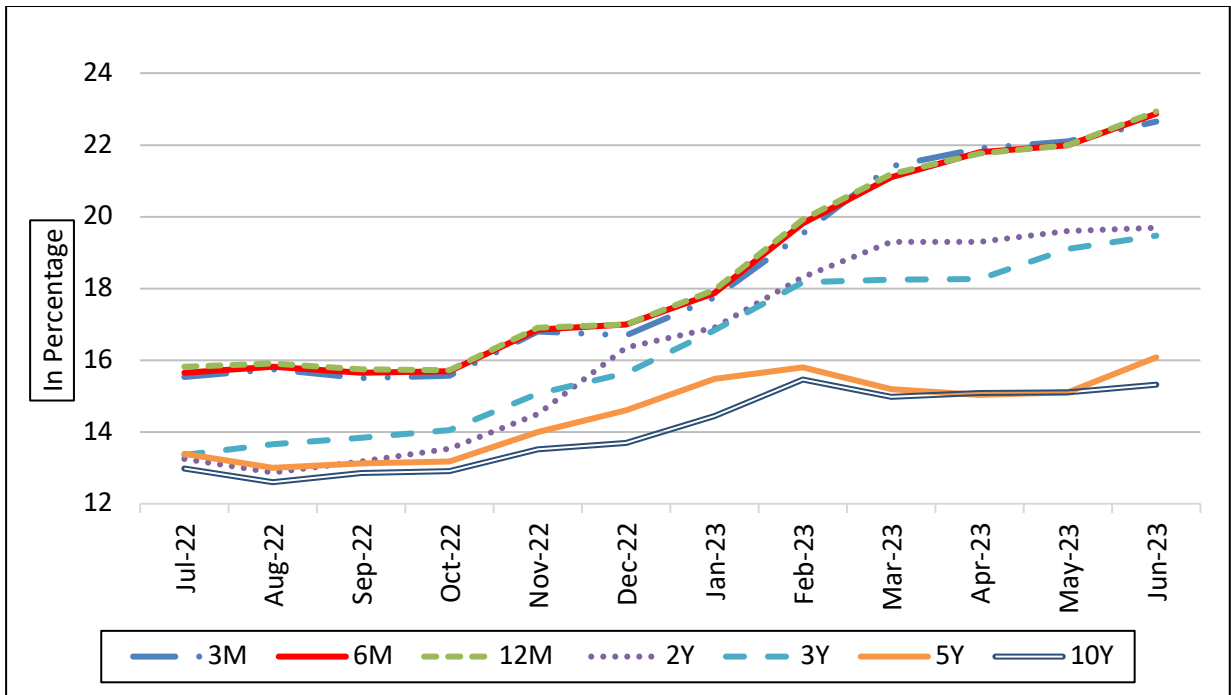
Source: State Bank of Pakistan

**Annex-IV: Auction Pattern of Government Domestic Securities (FV: Face Value; RV: Realized Value):**





Annex V: Secondary Market Yield Curve – end of month



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