



# DEBT BULLETIN

**FINANCE DEPARTMENT PUNJAB**

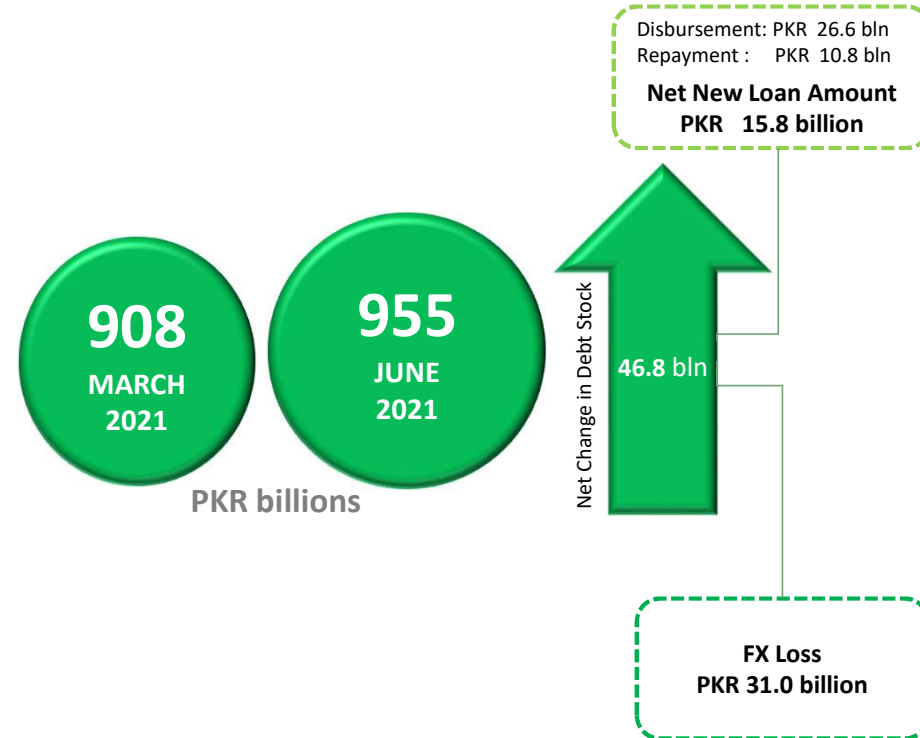
30<sup>st</sup> JUNE 2021

# DEBT STOCK - PUNJAB

## Domestic vs External (as at 30.06.21)

Type of Loan	Outstanding (mln PKR) 31.03.2021	Outstanding (mln PKR) 30.06.2021	% Growth	% of total as at 30.06.2021
Domestic Loans	5,579	5,192	-7%	1%
External Loans	902,105	949,335	5%	99%
<b>Total</b>	<b>907,684</b>	<b>954,528</b>	<b>5%</b>	<b>100%</b>

Type of Loan	Outstanding (mln US\$) 30.06.2021	Outstanding (mln PKR) 30.06.2021	Variable Rate Debt	Fixed Rate Debt
Domestic Loans	33	5,192	0%	100%
External Loans	6,028	949,335	27%	73%
<b>Total</b>	<b>6,061</b>	<b>954,528</b>	<b>27%</b>	<b>73%</b>



- Debt stock is reconciled with lender's debt records mainly, however numbers may change subject to reconciliation with Federal Government.
- PKR figures have been computed by using the FX rate of 30.06.2021

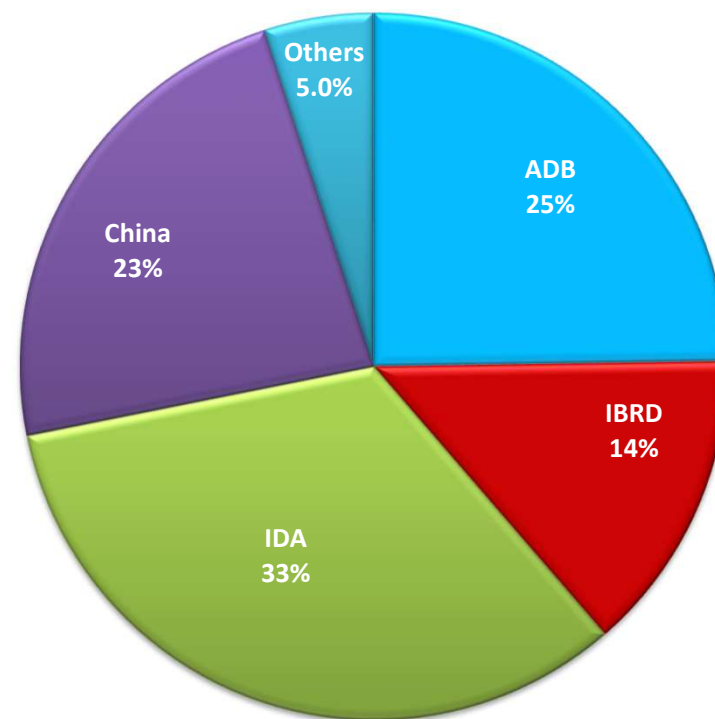
# COMMENTARY ON DEBT STOCK

- Debt Stock of 30<sup>th</sup> June 2021 has shown increase by 5% i.e. Rs. 46.8 billion from the debt Stock of 31<sup>st</sup> March 2021. This growth is mainly due to FX loss of Rs. 31 billion realized during last three months period of April-June'21. The amount of net new debt received during the quarter under review amounts to Rs. 15.8 billion. However the total amount of loan recorded during FY 2020-21 amounts to Rs. 14.7 billion approximately.
  - Outstanding Debt Stock as on 30<sup>th</sup> June 2021 is exclusive of Guarantees amount awarded to various projects/entities of Government of the Punjab. Domestic borrowing limit awarded by National Economic Council (NEC) to Punjab is utilized to offer such Guarantees. Total amount of Guarantees outstanding remain unchanged from 31<sup>st</sup> March 2021 i.e. Rs. 48.75 billion.
  - Commodity Financing Debt Stock amounting to Rs. 548 billion\* (as of 30<sup>th</sup> June 2021) is not included in above given debt stock of Rs. 955 billion. Commodity Financing is raised on the security of wheat stocks and the Guarantee of Federal Government. The amount of wheat stock available with Government amounts to Rs. 205 billion\* approximately (as on 30<sup>th</sup> June 2021). Repayment of this loan along with incidentals (including markup) is made from sale proceeds of the purchased wheat stock. Provincial Government subsidizes the gap between purchasing cost and the sale price
- Information pertaining to Debt Stock of commodity financing is obtained from Punjab Food Department

# CREDITOR WISE COMPOSITION OF DEBT STOCK

## Creditor wise Composition of outstanding debt stock (as at 30.06.21)

Creditor	Outstanding (million PKR)	% of total
IDA	317,079	33%
ADB	236,346	25%
China	220,837	23%
IBRD	132,490	14%
JICA	26,140	3%
IFAD	12,526	1%
Federal Government	5,192	1%
France	3,811	0.4%
IDB	106	0.01%
	<b>954,528</b>	<b>100%</b>



**Creditor Wise Debt Stock**  
%age of Total Debt

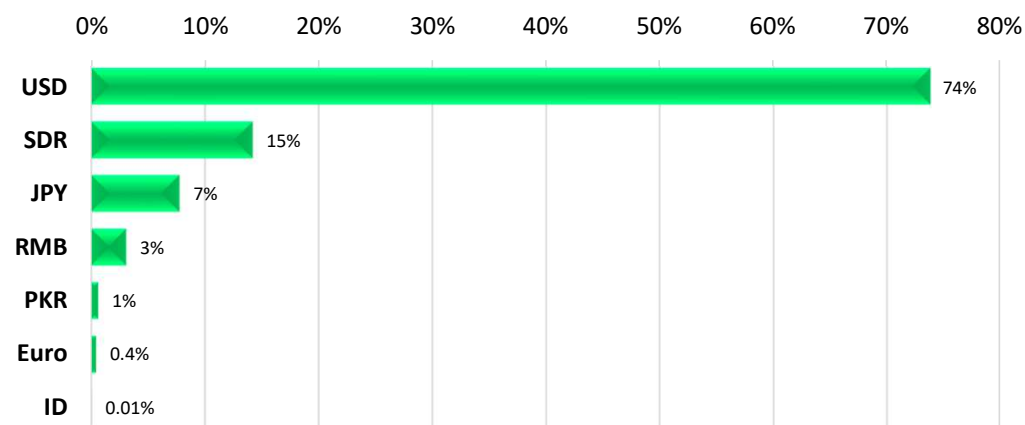
- PKR figures have been computed by using the FX rate of 30.06.2021
- Borrowing from Federal Government is in PKR while all other creditors lend in FX.

# CURRENCY WISE COMPOSITION OF DEBT STOCK

## Currency wise Composition of outstanding Debt Stock (as at 30.06.21)

Currency	No. of Loans	Outstanding (million FC)	Exchange Rate (PKR/FC)	Outstanding (million PKR)	% of total
USD	124	4,490	157.49	707,104	74%
SDR	11	639	225.29	143,906	15%
JPY	9	45,627	1.43	65,032	7%
RMB	1	1,200	24.48	29,376	3%
PKR	1	5,192	1.00	5,192	1%
Euro	2	20	187.45	3,811	0.4%
ID	1	0	225.29	106	0.01%
<b>Total</b>	<b>149</b>			<b>954,528</b>	<b>100%</b>

Currency Wise Debt Stock  
%age of Total Debt

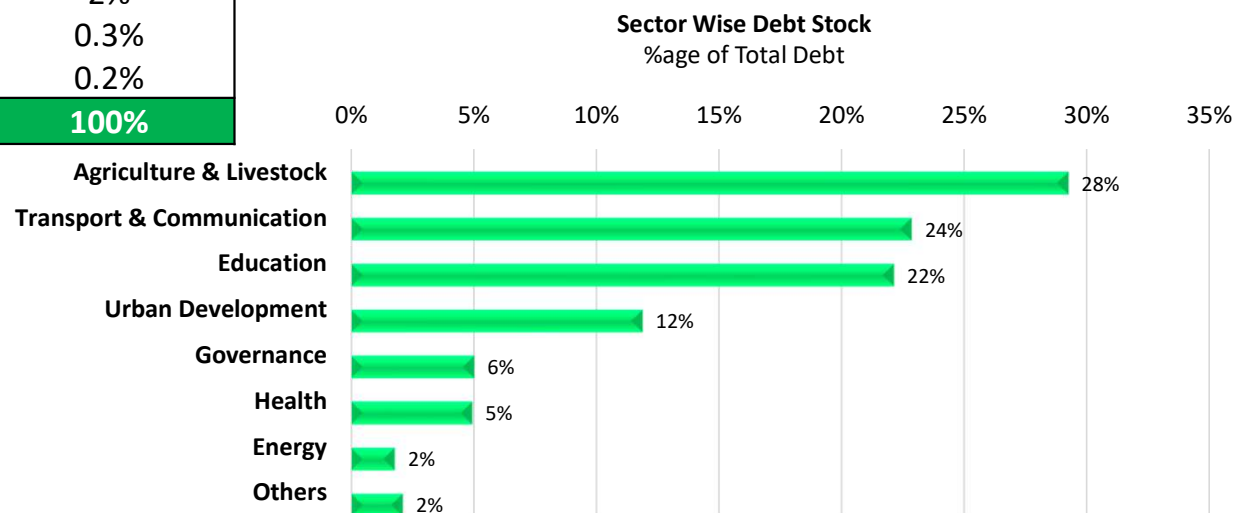


- Out of total 149 loans, 25 loans are active for loan receipts/ withdrawal while the remaining 124 are being repaid only
- CDLs and Scarp Loans obtained from Federal Government are considered as single loan for counting purpose and reflected against "PKR" currency

# SECTOR WISE COMPOSITION OF DEBT STOCK

## Sector wise Composition of outstanding debt stock (as at 30.06.21)

Creditor	Outstanding (million PKR)	% of total debt
Agriculture & Livestock	267,026	28%
Transport & Communication	224,889	24%
Education	209,965	22%
Urban & Community Development	113,156	12%
Governance	57,199	6%
Health	44,626	5%
Energy	16,982	2%
Industries & Infrastructure	16,386	2%
Tourism	2,593	0.3%
Environment	1,705	0.2%
<b>Total</b>	<b>954,528</b>	<b>100%</b>



# DEBT SERVICING FY 2020-21

Creditor	Projected Debt Servicing for the period (Jul`21 to Sep`21)		
	Principal Repayment (million PKR)	Interest Payment (million PKR)	Total Debt Servicing (million PKR)
ADB	3,807	458	4,265
IBRD	4,215	386	4,601
IDA	4,153	1,344	5,497
JICA	606	104	709
France	-	-	-
IFAD	44	5	49
IDB	-	-	-
China	-	2,421	2,421
Federal Govt.	406	138	544
<b>Total</b>	<b>13,230</b>	<b>4,856</b>	<b>18,087</b>

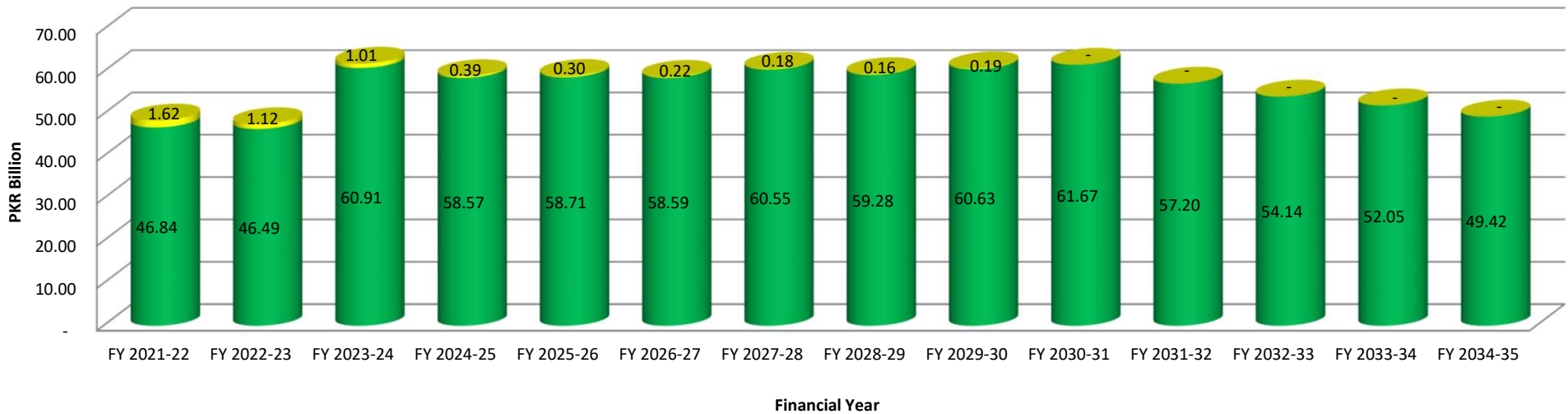
Debt Servicing	Budgeted Debt Servicing for the Period (FY 2021-22)	Revised Debt Servicing for the Period (FY 2021-22)
Principal Repayment	49,058	48,467
Interest Payment	13,807	14,009
<b>Total</b>	<b>62,865</b>	<b>62,476</b>

- FX Rate of 30.06.2021 is used for conversion of Foreign Currencies into PKR
- Libor Rate of 30.06.2021 is considered for Revised Debt Servicing of variable rate loans

# PROJECT DEBT RETIREMENT

## Redemption Profile of Principal Amount (PKR Billion)

■ External Loans Rep. ■ Domestic Loans Rep.



- Above Redemption Profile shows retirement trend of principal amount for the next 14 years, however the total loan portfolio of Punjab retires on Jun'2057.
- Redemption Profile is smooth till FY 2023, a sudden spike/ increase in repayment is evident from FY 2024 onward which is mainly due to start of repayment of Orange Line Loan which will end-up by FY 2036. Approximately PKR 17 billion approximately is the estimated amount of yearly loan repayment installment of the Orange Line Loan (based on FX rate of 30.06.2021)



# COST & RISK INDICATORS

Cost Indicators		As on 30.06.21
Outstanding debt as % of Punjab's GDP		3.6%
Interest payment as % of Punjab's GDP		0.1%
Actual Outstanding Debt to Avg. Revenue of Last 3 Financial Years		63.0%
Debt Service (Principal + Interest) as % of Avg. Revenue of Last 3 Financial Years		4.1%
Interest payment as % of Avg. Revenue of Last 3 Financial Years		0.9%
Share of External/FX debt		99.5%
Risk Indicators		As on 30.06.21
Refinancing Risk	Debt maturing in 1yr (% of total)	5.1%
	Avg. Time to Maturity (ATM) External Portfolio (years)	8.9
	Avg. Time to Maturity (ATM) Domestic Portfolio (years)	2.5
	ATM Total Portfolio (years)	<b>8.8</b>
Interest Rate Risk	Fixed rate debt (% of total)	73.2%
	ATR of Total Portfolio (years)	<b>6.6</b>
	Debt Refixing in 1yr (% of total)	29.8%

## Average Time to Maturity (ATM)

Average Time to Maturity (ATM) is an indicator of re-financing/ roll over risk i.e. the risk of re-financing retired portion of the debt at the higher interest rate, ATM shows the weighted average time to retirement of the debt stock. Shorter ATM implies higher re-financing risk.

## Average Time to Refixing (ATR)

Fixed rate debt is less risky as it is not exposed to interest rate fluctuations during its life. Average Time to Refixing (ATR) indicates the average time period after which the interest rate for entire debt portfolio is required to reset.

- FY 2021: Pakistan's GDP is Rs. 47,709 billion and Punjab GDP is estimated at 55% of Pakistan's GDP i.e. Rs. 26,240 billion
- Foreign exchange risk refers to the exposure of the debt portfolio to changes in exchange rate
- Government of Punjab debt is highly exposed to FX Risk as 99.5% of the total outstanding stock is denominated in foreign currency