



# DEBT BULLETIN

## FINANCE DEPARTMENT PUNJAB

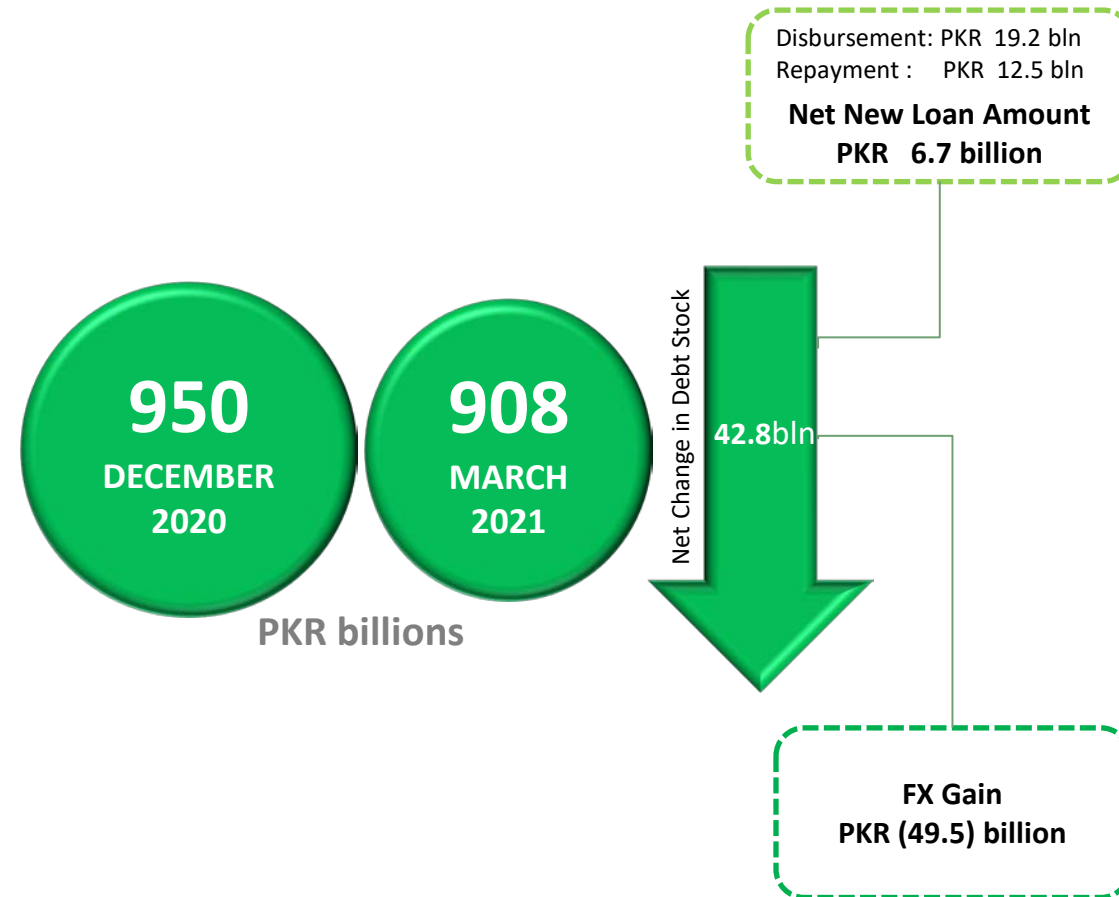
31<sup>st</sup> MARCH 2021

# DEBT STOCK - PUNJAB

## Domestic vs External (as at 31.03.21)

Type of Loan	Outstanding (mln PKR) 31.12.2020	Outstanding (mln PKR) 31.03.2021	% Growth	% of total as at 31.03.2021
Domestic Loans	5,965	5,579	-6%	1%
External Loans	944,497	902,105	-4%	99%
<b>Total</b>	<b>950,462</b>	<b>907,684</b>	<b>-5%</b>	<b>100%</b>

Type of Loan	Outstanding (mln US\$) 31.03.2021	Outstanding (mln PKR) 31.03.2021	Variable Rate Debt	Fixed Rate Debt
Domestic Loans	37	5,579	0%	100%
External Loans	5,904	902,105	23%	77%
<b>Total</b>	<b>5,941</b>	<b>907,684</b>	<b>23%</b>	<b>77%</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 31.03.2021
- FX Gain is represented as negative values given in round bracket

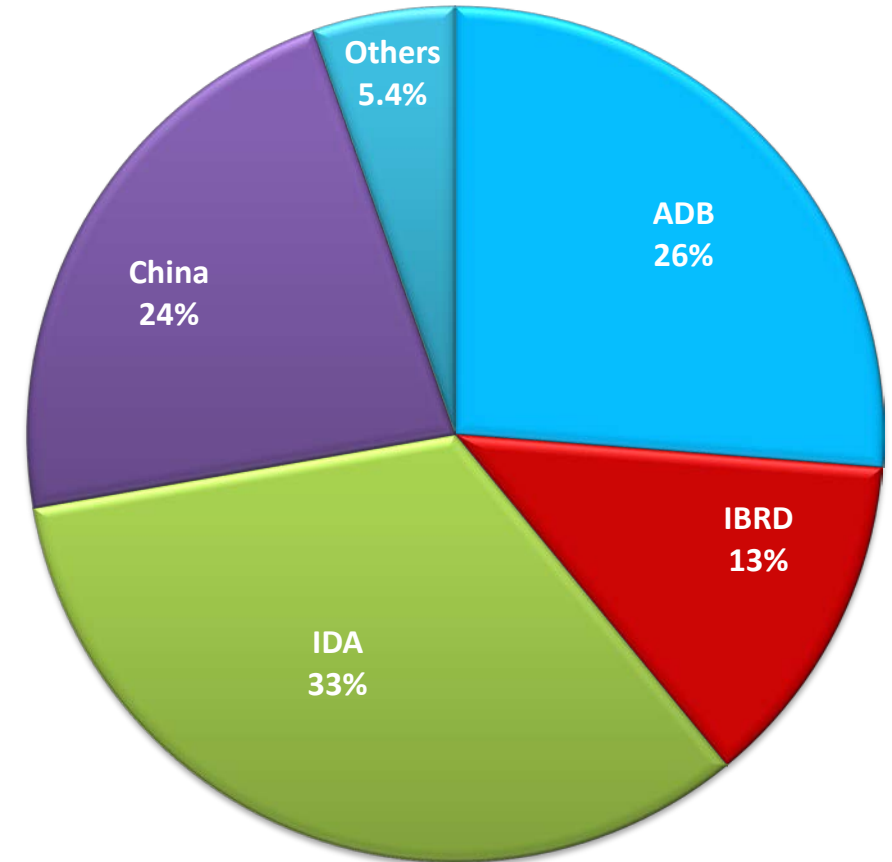
# COMMENTARY ON DEBT STOCK

- Debt Stock of 31<sup>st</sup> March 2021 has shown decline by 5% i.e. Rs. 42.8 billion from the debt Stock of 31<sup>st</sup> Dec 2020. This reduction is mainly due to FX gain of Rs. 49.5 billion realized during last three months period of Jan-Mar'21, while the total gain of Rupee appreciation realized during current FY 2020-21 has amounted to Rs. 88 billion. The amount of net new debt received during the quarter under review amounts to Rs. 6.7 billion
- Outstanding Debt Stock as on 31<sup>st</sup> March 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 as at March'21 is Rs. 48.75 billion
- Commodity Financing Debt Stock amounting to Rs. 399 billion\* (as on 31<sup>st</sup> March 2021) is not included in above given debt stock of Rs. 908 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. 48 billion (as on 31<sup>st</sup> March 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 Food Department

# CREDITOR WISE COMPOSITION OF DEBT STOCK

## Creditor wise Composition of outstanding debt stock (as at 31.03.21)

Creditor	Outstanding (million PKR)	% of total
IDA	296,304	33%
ADB	234,225	26%
China	213,690	24%
IBRD	117,586	13%
JICA	25,627	3%
IFAD	10,738	1%
Federal Government	5,579	1%
France	3,811	0.4%
IDB	124	0.01%
	<b>907,684</b>	<b>100%</b>



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

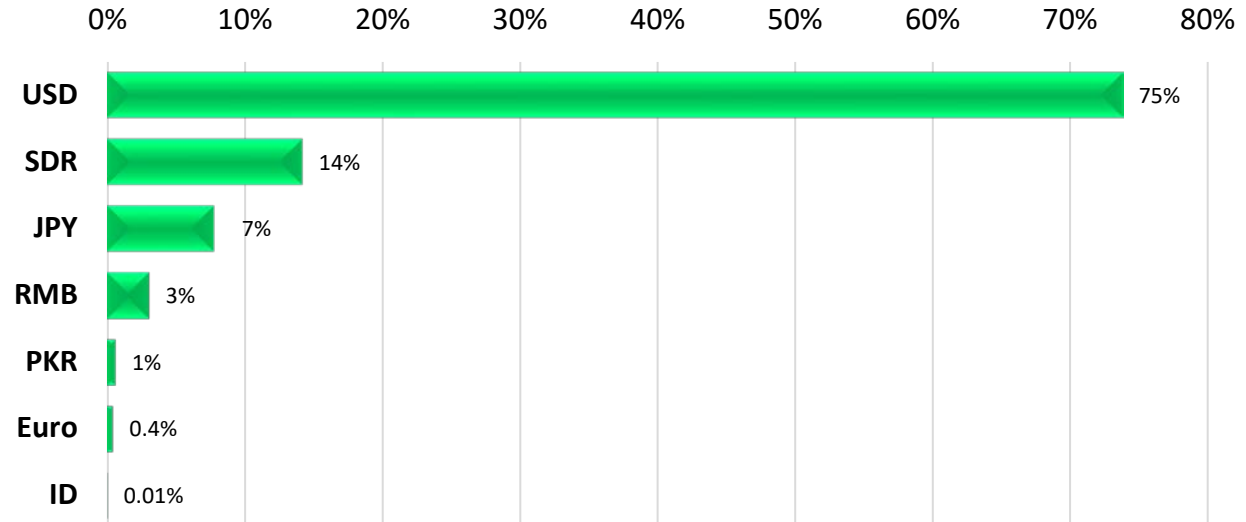
- PKR figures have been computed by using the FX rate of 31.03.2021.
- Borrowing from Federal Government is in PKR while all other creditors lend in FX.

# CURRENCY WISE COMPOSITION OF DEBT STOCK

## Currency wise Composition of outstanding Debt Stock (as at 31.03.21)

Currency	No. of Loans	Outstanding (million FC)	Exchange Rate (PKR/FC)	Outstanding (million PKR)	% of total
USD	122	4,448	152.79	679,593	75%
SDR	11	581	218.40	126,794	14%
JPY	9	46,301	1.38	63,836	7%
RMB	1	1,200	23.29	27,948	3%
PKR	1	5,579	1.00	5,579	1%
Euro	2	21	178.94	3,811	0.4%
ID	1	1	218.40	124	0.01%
<b>Total</b>	<b>147</b>			<b>907,684</b>	<b>100%</b>

Currency Wise Debt Stock  
%age of Total Debt

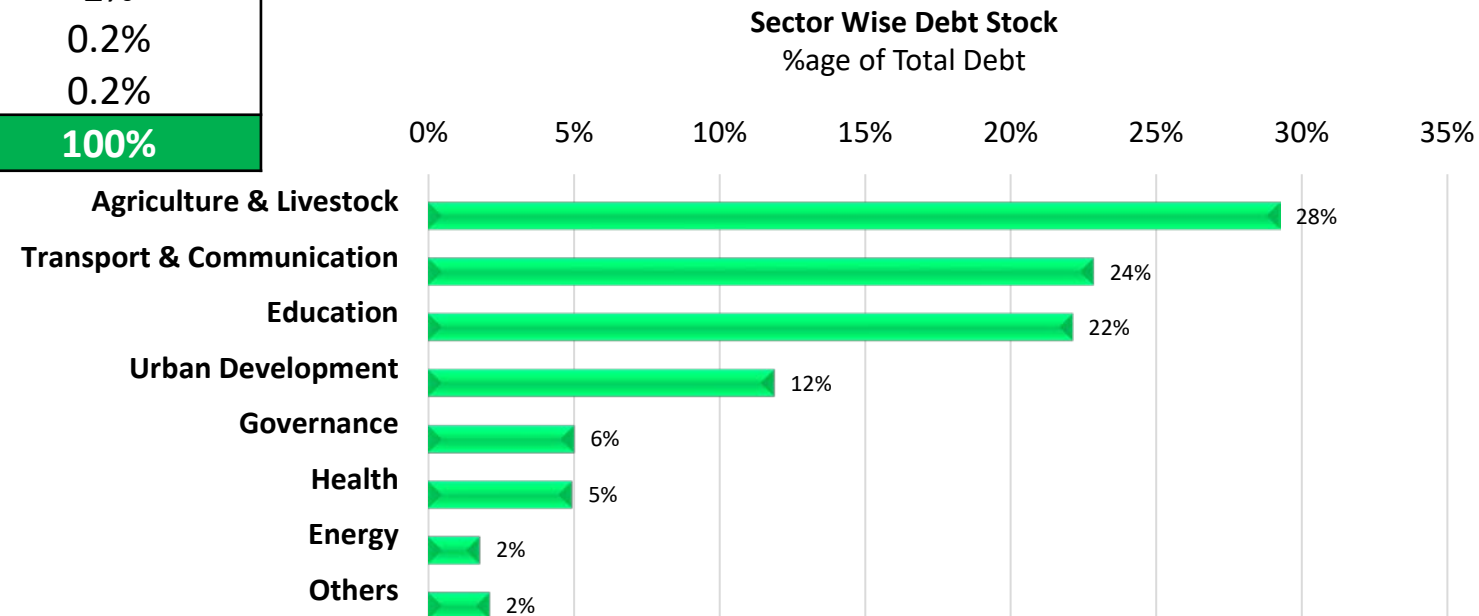


- Out of total 147 loans, 23 loans are active for loan receipts/ withdrawal while the remaining 124 are being repaid only
- CDLs and Scarp Loans obtained from Federal Government are considered as single loan for counting purpose and reflected against "PKR" currency

# SECTOR WISE COMPOSITION OF DEBT STOCK

## Sector wise Composition of outstanding debt stock (as at 31.03.21)

Creditor	Outstanding (million PKR)	% of total debt
Agriculture & Livestock	257,056	28%
Transport & Communication	217,621	24%
Education	198,584	22%
Urban & Community Development	105,709	12%
Governance	50,203	6%
Health	44,065	5%
Energy	15,719	2%
Industries & Infrastructure	15,622	2%
Tourism	1,388	0.2%
Environment	1,716	0.2%
<b>Total</b>	<b>907,684</b>	<b>100%</b>



# DEBT SERVICING FY 2020-21

Creditor	Projected Debt Servicing for the period (Apr`21 to Jun`21)		
	Principal Repayment (million PKR)	Interest Payment (million PKR)	Total Debt Servicing (million PKR)
ADB	7,145	802	7,876
IBRD	-	140	140
IDA	1,924	764	2,688
JICA	341	77	418
France	173	19	193
IFAD	95	36	130
IDB	21	2	22
China	-	-	-
Federal Govt.	386.3	180	566
<b>Total</b>	<b>10,086</b>	<b>2,018</b>	<b>12,104</b>

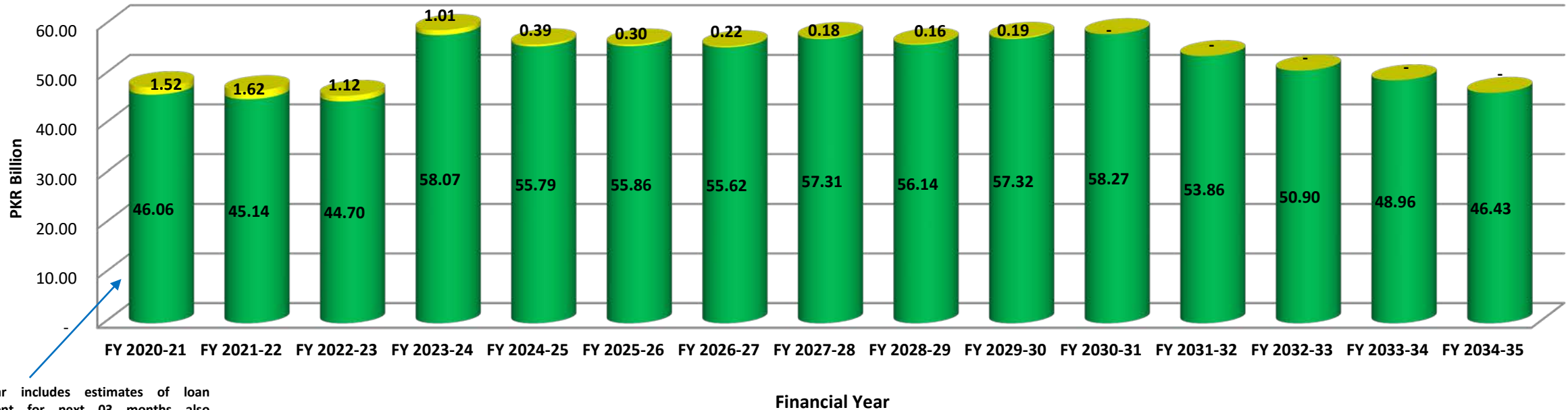
Debt Servicing	Actual Debt Servicing for the Period (Jul'20 to Mar'21)	Projected Debt Servicing for the Period (FY 2020-21)
Principal Repayment	37,488	47,574
Interest Payment	12,011	14,029
<b>Total</b>	<b>49,999</b>	<b>61,602</b>

- Libor Rate of 31.03.2021 is considered for projected Debt Servicing of variable rate loans
- Actual Debt Servicing numbers are based on the actual deductions made from federal divisible pool on the account of debt servicing for the period Jul'20-Mar'21 (i.e. 09 months)

# PROJECT DEBT RETIREMENT

## Redemption Profile of Principal Amount (PKR Billion)

■ External Loans Rep. ■ Domestic Loans Rep.



This bar includes estimates of loan repayment for next 03 months also (09 months actual + 03 months projected)

- Above Redemption Profile shows retirement trend of principal amount for the next 15 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 16 billion is the estimated amount of yearly loan repayment installment of the Orange Line Loan (based on FX rate of 31.03.2021)



# COST & RISK INDICATORS

Cost Indicators		As on 31.03.21
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		64.6%
Debt Service (Principal + Interest) as % of Avg. Revenue of Last 3 Financial Years		4.4%
Interest payment as % of Avg. Revenue of Last 3 Financial Years		1.0%
Share of External/FX debt		99.4%
Risk Indicators		As on 31.03.21
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)	2.6
	ATM Total Portfolio (years)	8.8
Interest Rate Risk	Fixed rate debt (% of total)	77%
	ATR of Total Portfolio (years)	7.0
	Debt Refixing in 1yr (% of total)	26%

## 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<sup>budgeted</sup>: Pakistan`s GDP is Rs. 45,467 billion and Punjab GDP is estimated at 55% of Pakistan`s GDP i.e. Rs. 25,062 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% of the total outstanding stock is denominated in foreign currency