

IMF Programs and Economic Growth Consequences in Pakistan

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Abstract

During the economic crisis period, the use of the IMF program is phenomenal in developing countries. The empirical evidence in a cross-country environment is well studied, limited empirical evidence is available for Pakistan as an individual participant. Pakistan is one of the frequent users of the IMF program to address the economic crisis. Focusing on the participation in last 12 IMF programs, this study investigates the effects of participation programs on the economic growth in Pakistan. We examine empirically whether the country has been successful in achieving the desired aims and objective of achieving economic growth. Our empirical approach explores the long-run relationship to assess the impact of IMF programs on fiscal indicators and economic growth. The results show that IMF programs have either insignificant or negative association with the GDP growth. Despite having long series of IMF programs, the debt trap prevails and stabilization could not achieve in Pakistan.

Key words: Economic Growth, IMF programs, Fiscal Indicators,

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