

## TECHNICAL SESSION-6: PUBLIC FINANCIAL MANAGEMENT

**Chair:** Prof. Dr. Muhammad Shoukat Malik, Dear, Faculty of Business, Commerce and Finance, BZU, Multan

**Paper Title:** Public Financial Management in Pakistan: An Emerging Architecture Perspective  
Nooreen Mujahid, Nargis Noman & Muhammad Noman

**Presenter:** Nargis Noman

**Abstract:** Public Financial Management (PFM) involves managing an economy's financial resources to optimise national priorities. Hence, adopting an efficient PFM system enhances and sustains socio-economic growth through adopting and developing policy innovations. PFM can be evaluated through public revenues, expenditures and debt management; however, all of these major elements need to be revised in Pakistan. This motivates the study that efficient PFM setup is necessary for many fiscal policies to succeed in their implementation, thus endangering macroeconomic stability in the economy. The term "Emerging Architecture" has been induced from the study of Cangiano (2013) to focus on the selected components of the PFM that have emerged over time and yet are also considered the building blocks of modern PFM systems. The "Emerging" stresses the time dimensions in this study. In this regard, the study employs the Structural Equation Modeling approach as it is a robust Multivariate Analysis used to assess the causal modelling or path analysis. This technique hypothesises a causal relationship among variables associated with the Linear Equation System. The data span for the study is the period of 1979-2022. Correspondingly, the "Architecture" perspective intends to take stock of policy innovations developed or adopted over the years to assess the PFM emergence in Pakistan. The study's findings have assessed to develop of an interlink of the PFM components, keeping in view an exponential increase in expenditures and public debt. Moreover, the ailments of the PFM components can be utilised to propose some doable policy solutions based on a long-term approach. Precisely, there is a dire need to focus on prescribed Structural Reforms in consonance with PFM initiatives for the economy of Pakistan. This would break the debt financing loop and re-evaluate the policy regulations regarding fund allocations, the commercial sector and shared understanding between provincial and federal establishments.

**Discussant:** Dr. Rasheed Ahmad, Assistant Professor, School of Economics, BZU, Multan