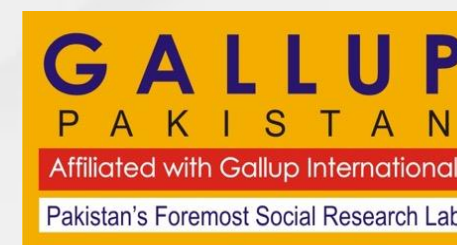


GALLUP PAKISTAN **BUSINESS CONFIDENCE INDEX** **(BCI)** **2nd Quarter 2024 Report**

**Measuring the sentiments of business community in Pakistan
through a statistically accurate method**



DISCLAIMER: Gallup Pakistan is not related to Gallup Inc. headquartered in Washington D.C. USA. We require that our surveys be credited fully as Gallup Pakistan (not Gallup or Gallup Poll). We disclaim any responsibility for surveys pertaining to Pakistani public opinion except those carried out by Gallup Pakistan, the Pakistani affiliate of Gallup International Association. For details on Gallup International Association see website: www.gallup-international.com



Gallup Pakistan Business Confidence Index (BCI)* – An Introduction

Business Confidence Index is a crucial and globally used indicator for forecasting economic activity as particularly suitable for monitoring short-term changes in the economy.

Why measure? Business activity indicators, if timely available, give policy makers the chance to analyze the current situation & take appropriate policy actions to avert financial and other economic crises.

Business Confidence Index offers opportunity for businesses to contribute directly to the **policy formulation process** by sharing their perceptions of current and future economic and business conditions.

Another use of **Business Confidence Index** is that forward-looking monetary policy requires input on expectations of different agents and stakeholders of the economy.

This survey was conducted with **454 businesses** across Pakistan from 8th July till 12th July, 2024, by Gallup Pakistan, which specialized in data analytics and data creation.

Surveyed firms include manufacturing, services, construction, wholesale and retail trade and financial services sector spread across the country to seek their opinions on production, employment, and economic conditions etc.

This is the 13th report of the recently launched Gallup Pakistan Business Confidence Index

*Business Confidence Survey in Pakistan is produced also by State Bank of Pakistan in collaboration with IBA, Karachi. The reports are available at [State Bank of Pakistan \(sbp.org.pk\)](https://sbp.org.pk). The Gallup Pakistan Business Confidence Survey covers a broader range of the business community, including registered and non-registered businesses, and small, medium, and large enterprises. The SBP survey covers SECP registered businesses (there are approximately 6 million businesses in Pakistan and only 100,000 are registered with the SECP) and prioritizes large businesses from among them. Hence, the results between Gallup Pakistan and SBP surveys might not necessarily match.



GALLUP PAKISTAN BUSINESS CONFIDENCE SURVEYS OVER TIME



QUARTER	TIMELINE	LINK
Q2 2020	April-May-June	Q2 2020 (CLICK HERE)
Q3 2020	July-August-September	Survey not conducted
Q4 2020	October-November-December	Q4 2020 (CLICK HERE)
Q1 2021	January-February-March	Survey not conducted
Q2 2021	April-May-June	Q2 2021 (CLICK HERE)
Q3 2021	July-August-September	Survey not conducted
Q4 2021	October-November-December	Q4 2021 (CLICK HERE)
Q1 2022	January-February-March	Q1 2022 (CLICK HERE)
Q2 2022	April-May-June	Survey not conducted
Q3 2022	July-August-September	Survey not conducted
Q4 2022	October-November-December	Q4 2022 (CLICK HERE)
Q1 2023	January-February-March	Q1 2023 (CLICK HERE)
Q2 2023	April-May-June	Q2 2023 (CLICK HERE)
Q3 2023	July-August-September	Q3 2023 (CLICK HERE)
Q4 2023	October-November-December	Survey not conducted
Q1 2024	January-February-March	Q1 2024 (CLICK HERE)
Q2 2024	April-May-June	RELEASING NOW



WHAT IS COVERED IN THE REPORT

1. Business Confidence Index

Gallup Pakistan Business Confidence Index is composed of three strands



a. **Current Business Conditions Score** – The score represents the net value of the **positive – negative**.

A positive Current Business confidence score means more businesses are confident/positive about current business conditions than those who are **not** confident/positive.



b. **Future Business Condition Score** – The score represents the net value of the **positive-negative**

A positive Future Business Score represents that more businesses are confident/optimistic about the future than those who are **not** confident/optimistic.



c. **Direction of the Country Score** – The score represents the net value of the **positive –negative**

A positive Direction of the country Score represents that more businesses are optimistic about the Direction of the country being Right vs those who think it is **not** right.

2. Problems faced by Businesses in Pakistan (with special questions covering downsizing & opinion on Budget 2024)

- High Inflation
- High utility bills
- Taxes
- Opinion about Budget 2024



3 KEY FINDINGS – Q1 2024 REPORT



KEY FINDING 1: All 3 strands of the **Gallup Pakistan Business Confidence Index (BCI)** are in **Red territory**, pointing towards the reality that more businesses have lost confidence in the business environment than those who have not.

KEY FINDING 2: Having deteriorated since the previous quarter, the Current Business Situation Score indicates **Poor Confidence**. Future Business Situation Score has declined into negative territory and now indicates **Poor Confidence** as well, and Direction of the Country Score has worsened, still indicating **Negative Confidence**. The trend lines for each indicator are declining on average and have taken a steeper decline for the second two strands due to decreased confidence in the second quarter, apart from the first strand, which is flatter comparatively.

KEY FINDING 3: The BCI is fast deteriorating. In this rapidly changing political landscape, business confidence is now well in the red again in the second quarter of 2024, compared to the improvements that were witnessed in the during the start of 2024.

Strand 1: Current Business Situation Score	
• Q1 2024:	6%
• Q2 2024:	-10%
Strand 2: Future Business Situation Score	
• Q1 2024:	4%
• Q2 2024:	-14%
Strand 3: Direction of the Country Score	
• Q1 2024:	-60%
• Q2 2024:	-64%

Interpretation of the Score

A positive score means more businesses are feeling positive/confident/ optimistic

A negative score means more businesses are feeling negative /pessimistic

Legend

+1% to 25% = Fair Confidence

+26 to 75% = Great Confidence

+75% to 100% = Excellent Confidence

-1% to -25% = Poor Confidence

-26 to -75% = Negative Confidence

-75% to -100% = Deep Negative Confidence



Gallup Pakistan Business Confidence Assessment (trend over previous quarters)



Gallup Pakistan Business Confidence Index	Q4 2022 Score	Q1 2023 Score	Q2 2023 Score	Q3 2023 Score	Q1 2024 Score	Q2 2024 Score	Assessment
Strand 1 Current Business Situation Score	-31%	-32%	-26%	-1%	6%	-10%	Poor Confidence
Strand 2 Future Business Situation Score	-10%	-22%	-20%	22%	4%	-14%	Poor Confidence
Strand 3 Direction of the Country Score	-75%	-79%	-77%	-47%	-60%	-64%	Negative Confidence

LEGEND

+1% to 25% = Fair Confidence
 +26 to 75% = Great Confidence
 +75% to 100% = Excellent Confidence

-1% to -25% = Poor Confidence
 -26 to -75% = Negative Confidence
 -75% to -100% = Deep Negative Confidence



THREE STRANDS of Gallup Pakistan Business Confidence Index

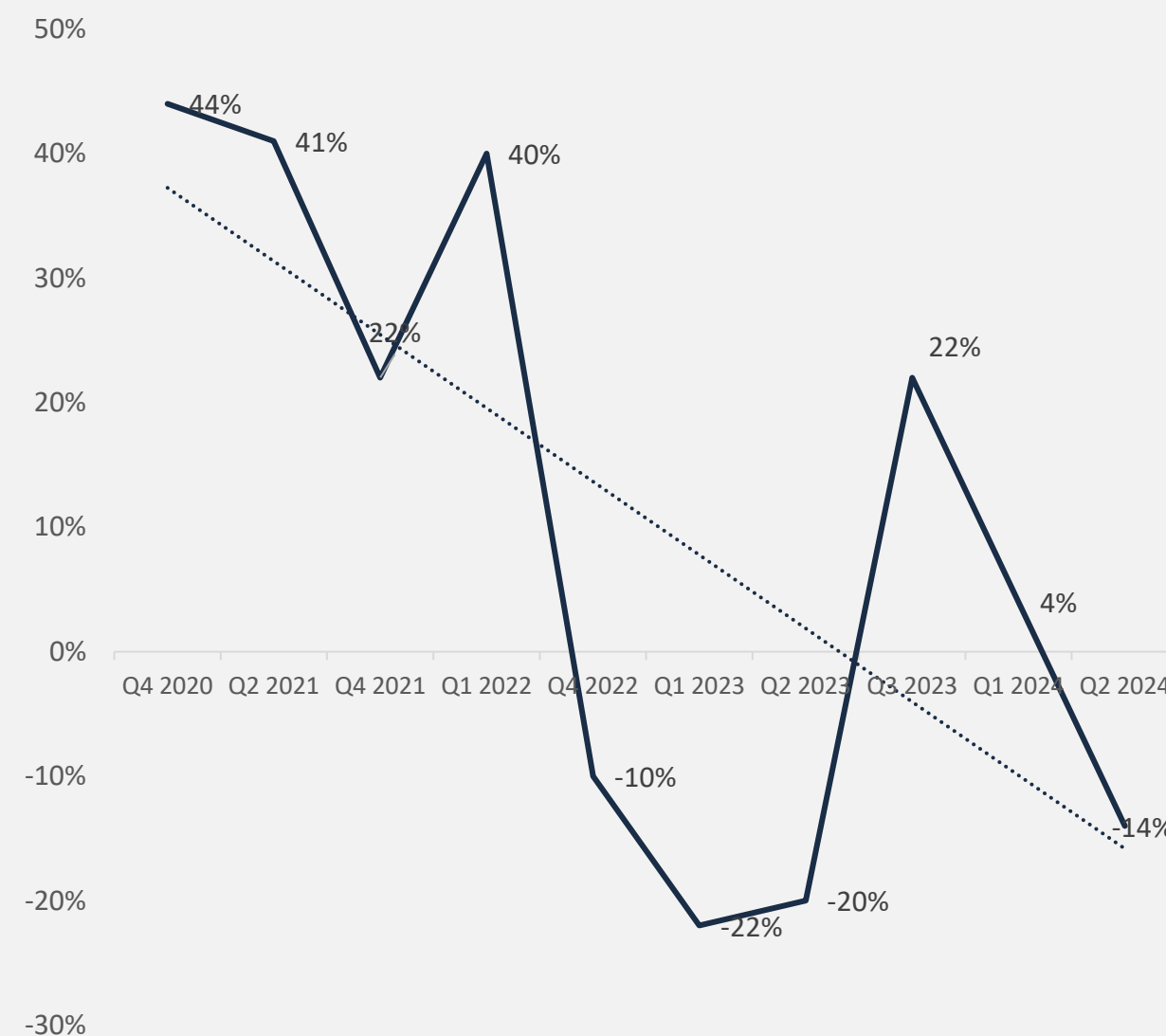
Assessment – 2020-24 SNAPSHOT



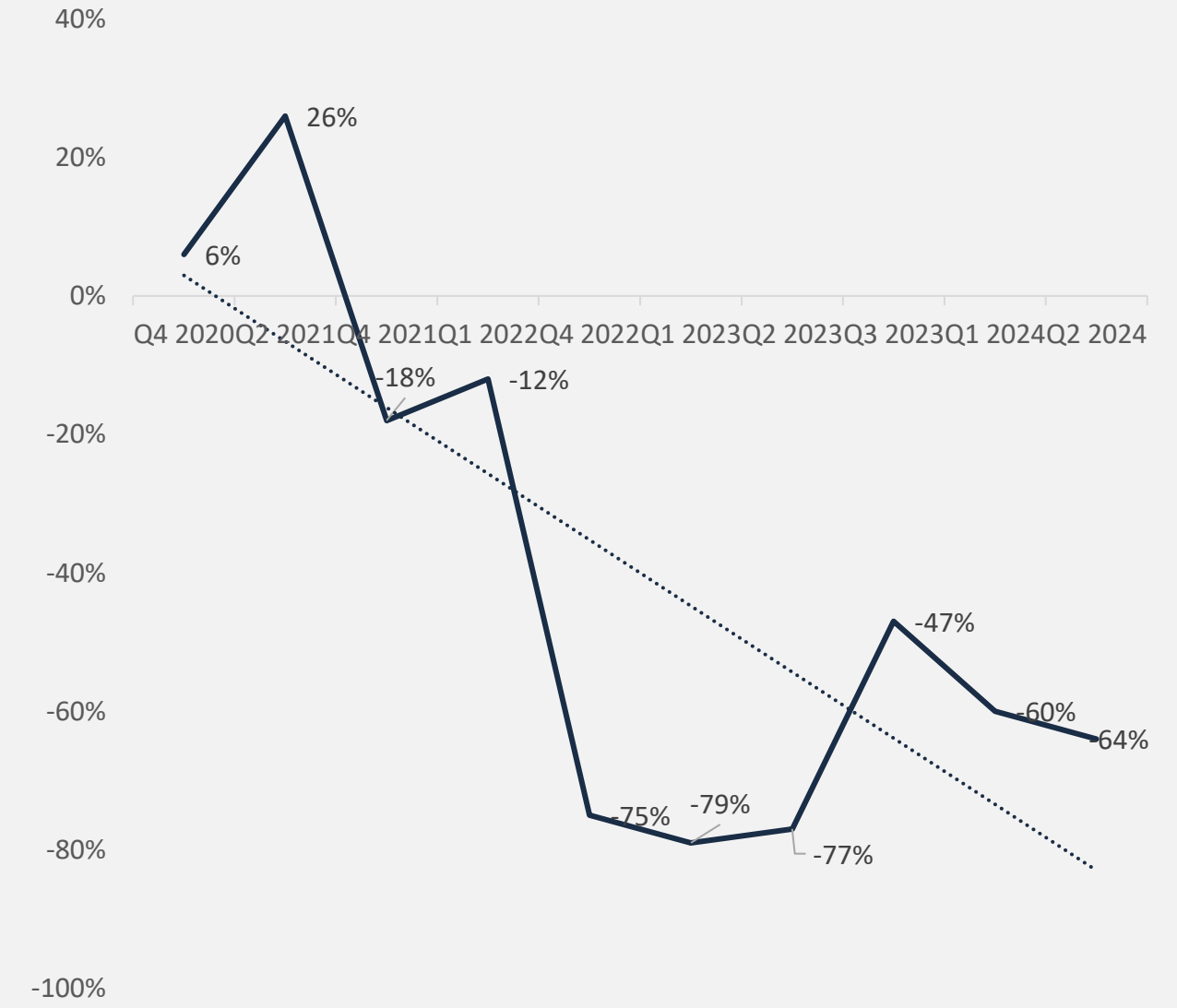
Current Business Situation Score



Future Business Situation Score



Direction of the Country Score



All three strands of Gallup Pakistan BCI exhibit a negative trend on average between 2020 and 2024. Between Q1 2024 and Q2 2024, however, there is an overall decline in all three scores: the current business score, the future business score and the direction of country score.



EXECUTIVE SUMMARY



GALLUP
P A K I S T A N

Affiliated with Gallup International

Pakistan's Foremost Social Research Lab

EXECUTIVE SUMMARY



Finding 1: More than half of the businesses (55%) in Q2 2024 perceive themselves to be facing bad or worse conditions – a deterioration of 8% from Q1 2024. Deterioration is observed in Gallup Pakistan Business Situation Net score in Q2 2024 as the negative net score falls to -10%. Pessimistic expectations for future business conditions were prevalent in most businesses during the second quarter of 2024, particularly among those that sell hardware and tools, electrical items, and manufacturing products. Those selling home decor & accessories, gift items (toys and sports related), and cosmetics are among the most optimistic.

Finding 2: In Q2 2024, 10% fewer businesses than in Q1 of 2024 think that their business will be better off in the future; 43% in Q2 2024 said expectations for the future are positive, while 57% expect things to get worse. The Net Future Business Confidence score has decreased by 36% since Q1 2024. Pessimistic expectations for future business conditions were prevalent in the majority of businesses during this quarter, with the exception of shoes/footwear sellers, home décor/accessories shops, and cosmetics sellers which reported more optimism.

Finding 3: 2% more businesses in Quarter 2 of 2024, as compared to Quarter 1 of 2024, think that the country is heading in the wrong direction. Overall trend for the past few quarters is consistently negative. Net Direction of Country score worsens by 4%.



EXECUTIVE SUMMARY



Finding 4: Similar to Q1 2024, inflation is the most cited problem in Q2 that almost 2 in 5 businesses (37%) would like the government to solve. The proportion of businesses that want the government to solve/decrease taxation has increased considerably since Q1 2024 because of tax rate changes in the latest Budget (2024-25).

Finding 5: 43% of the businesses surveyed said that their workforce decreased in Quarter 2, a further reduction of 9% from Quarter 1. More manufacturing businesses than service providers decreased their workforce.

Finding 6: Quarter-to-Quarter reports of loadshedding increase: 16% more businesses in Quarter 2 report loadshedding in their business on the day they were surveyed, owing to heavy load on electricity infrastructure in the country during the summer months. 39% of businesses surveyed said 'no' to loadshedding in Q2, while 61% said yes.

Finding 7: Around 1 in 5 businesses (22%) reported having to pay a bribe to run their business in the past six months, a decrease of 4% from Q1 2024. More manufacturers report having to pay a bribe (25%) than service providers (20%).



EXECUTIVE SUMMARY



Finding 8: 6 out of 10 of the businesses (60%) claimed that their sales were worse this year as compared to this time last year. More manufacturers (66%) reported worse sales as compared to service providers (58%).

Finding 9: A little more than half of the surveyed businesses (54%) thought that the PMLN government was worse than the previous government in managing the economy. 23% of manufacturers thought that the PMLN government was the same as the previous government in this regard.

Finding 10: A sweeping majority of businesses (85%) do not consider the 2024 Budget to be a good budget. Manufacturers and service providers are almost on the same page with this verdict.

Finding 11: A significant proportion of businesses (86%) do not consider the 2024 Budget to be a business friendly budget. Fewer manufacturers (11%) than service providers (15%) consider this budget to be business friendly.



SECTION 1:

Gallup Pakistan Business Confidence Index



Gallup Pakistan Business Confidence Index Yardstick

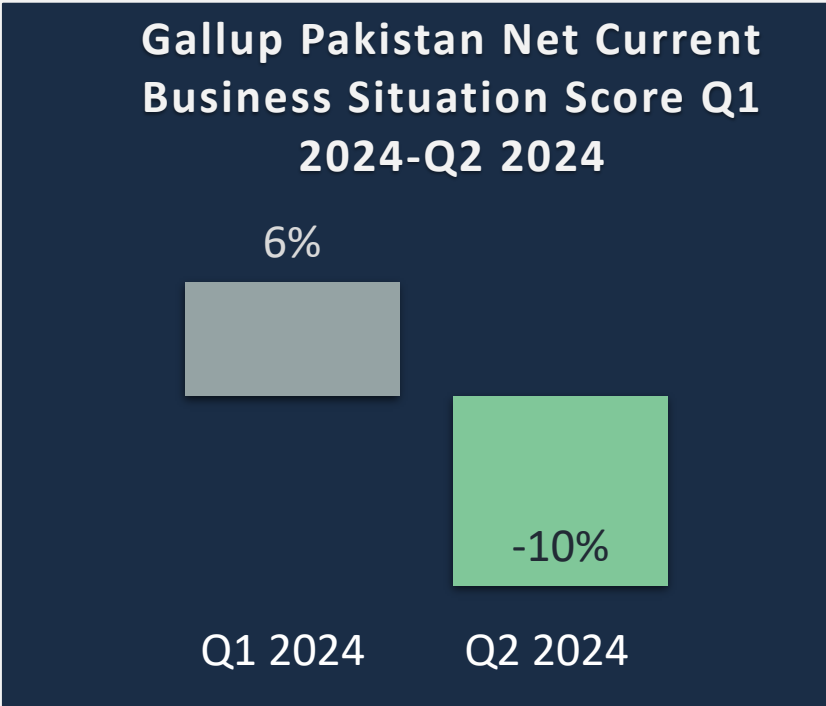
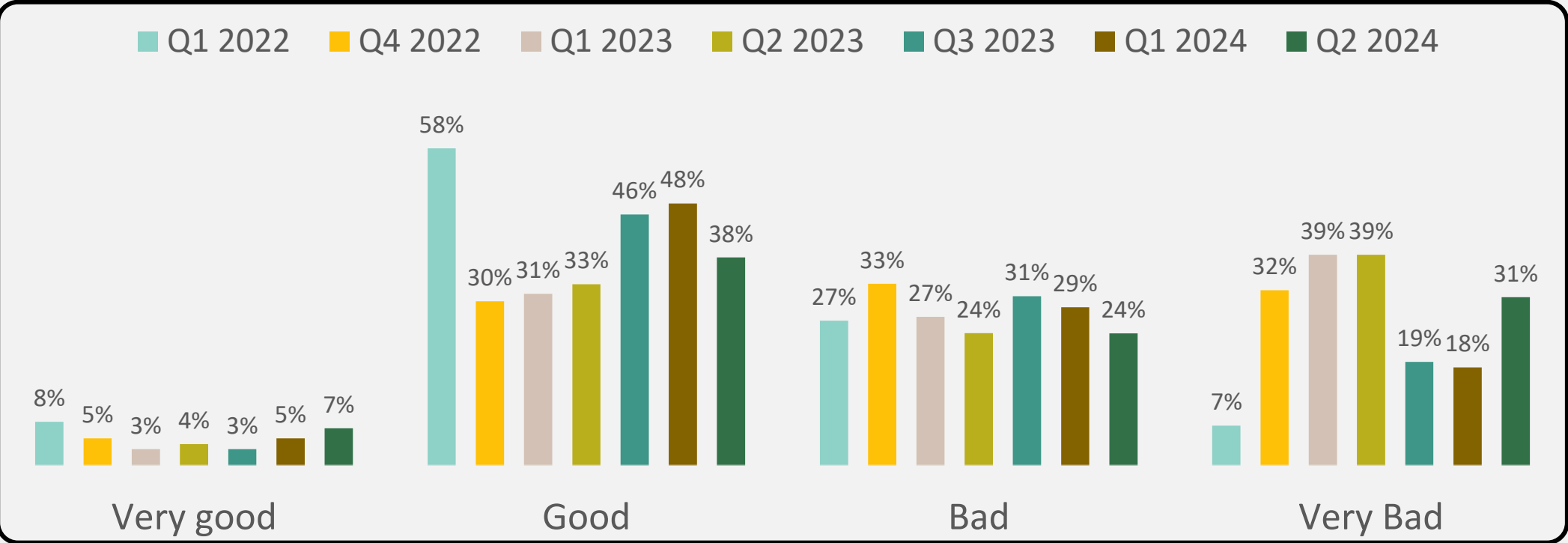
1:

Current Business Conditions Score

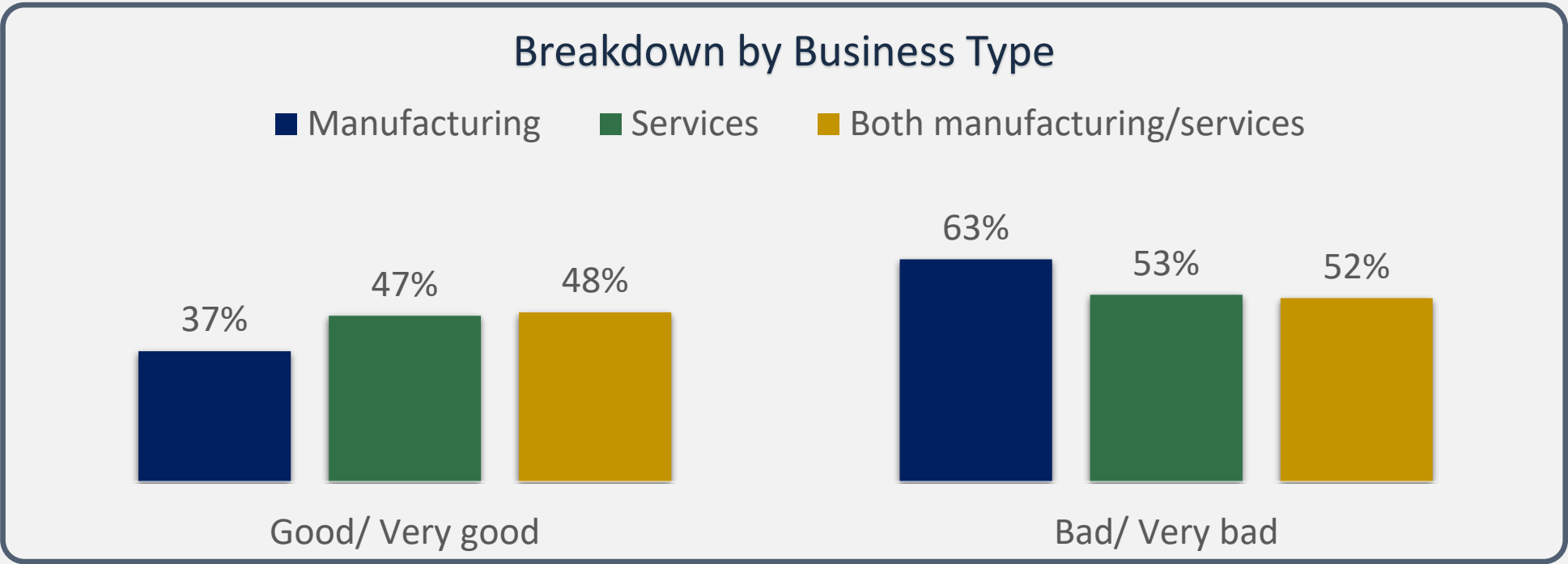


More than half of the businesses (55%) in Q2 2024 perceive themselves to be facing bad or worse conditions – a deterioration of 8% from Q1 2024. Deterioration is observed in Gallup Pakistan Business Situation Net score in Q2 2024 as the negative net score falls to -10%.

Question: How well is your business doing nowadays? Would you say it is very good, good, bad, or very bad?



Since Q1 2024, the current business assessment has worsened significantly, with a 16% decrease in the net proportion of people claiming their business situation to be bad.

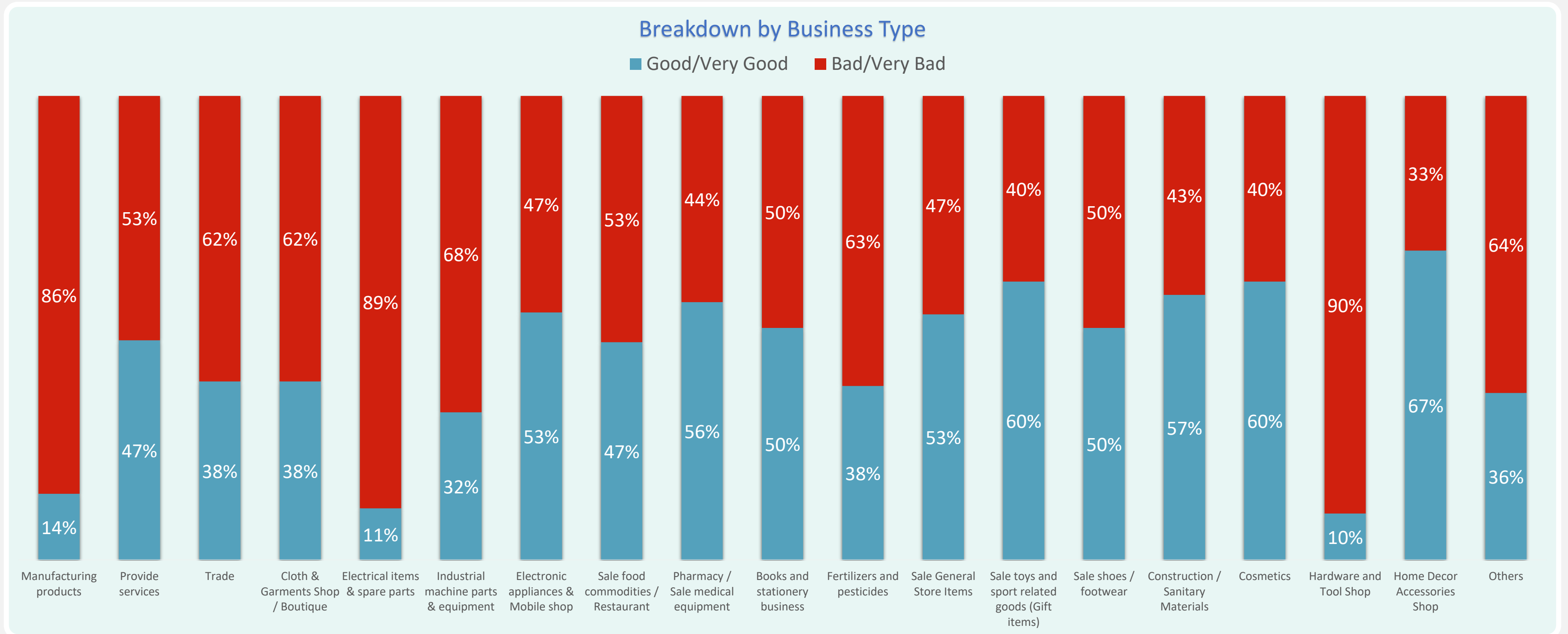


63% of manufacturing businesses and 53% of service businesses reported their current business conditions to be doing badly.

DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.

Pessimistic expectations for future business conditions were prevalent in most businesses during the second quarter of 2024, particularly among those that sell hardware and tools, electrical items, and manufacturing products. Those selling home decor & accessories, gift items (toys and sports related), and cosmetics are among the most optimistic.

Question: How well is your business doing nowadays? Would you say it is very good, good, bad, or very bad?



DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.

Source: Gallup Pakistan Business Confidence Survey with N 454 businesses in Pakistan (Report 13, Quarter 2 2024)



Gallup Pakistan Business Confidence Index Yardstick

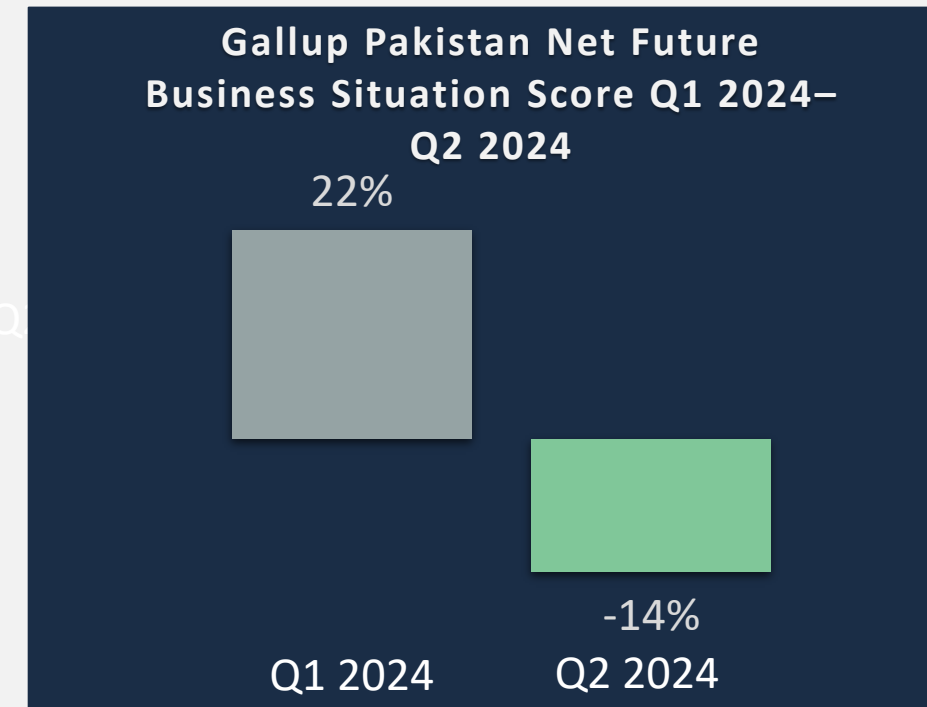
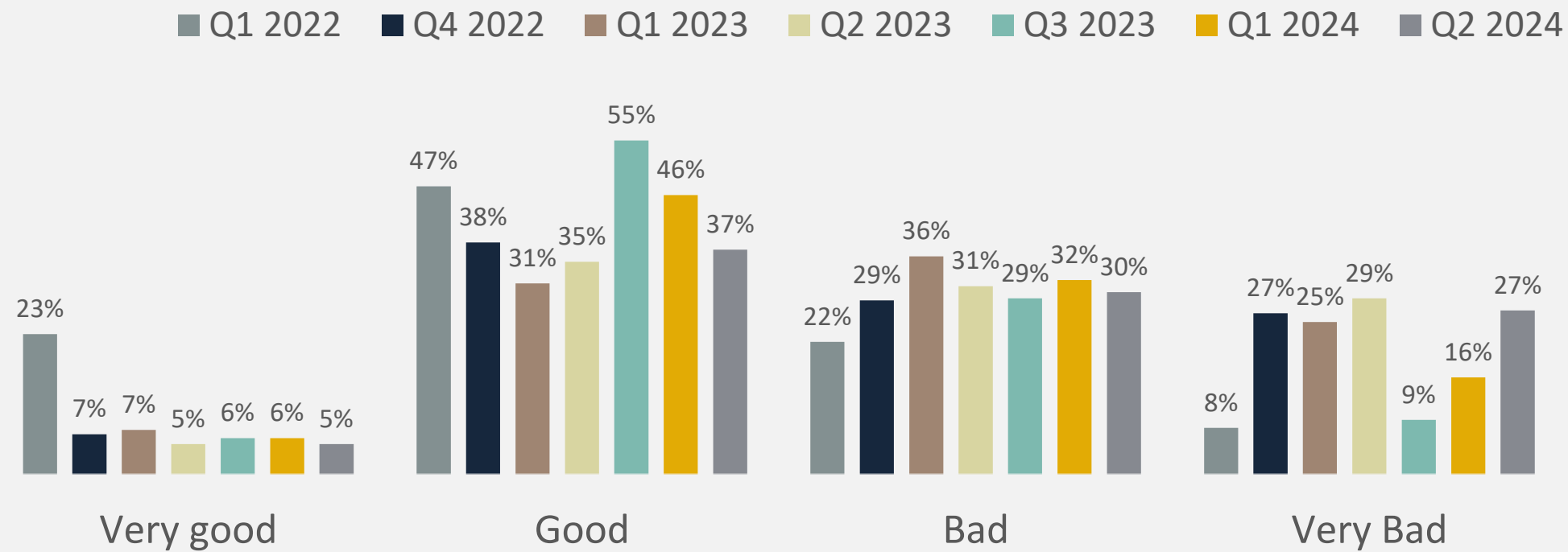
2:

Future Business Conditions Score



In Q2 2024, 10% fewer businesses than in Q1 of 2024 think that their business will be better off in the future; 43% in Q2 2024 said expectations for the future are positive, while 57% expect things to get worse. The Net Future Business Confidence score has decreased by 36% since Q1 2024.

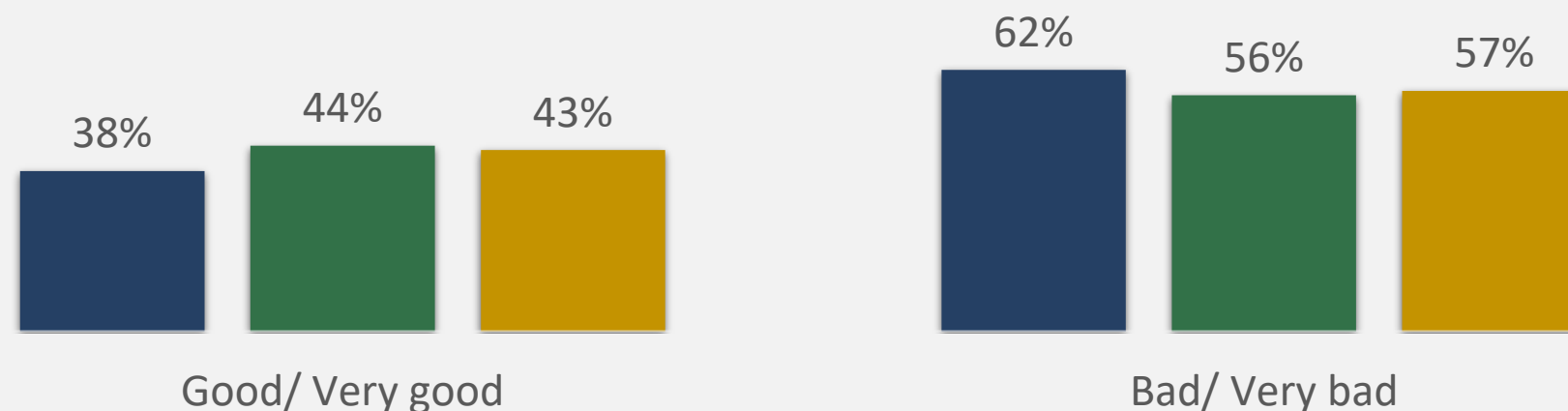
Question: What are your expectations for the future of your business compared to the past?



Net Future Business Situation Score has significantly worsened, decreasing by 36% since Q1 2024

Breakdown by Business Type

■ Manufacturing ■ Services ■ Both manufacturing/services



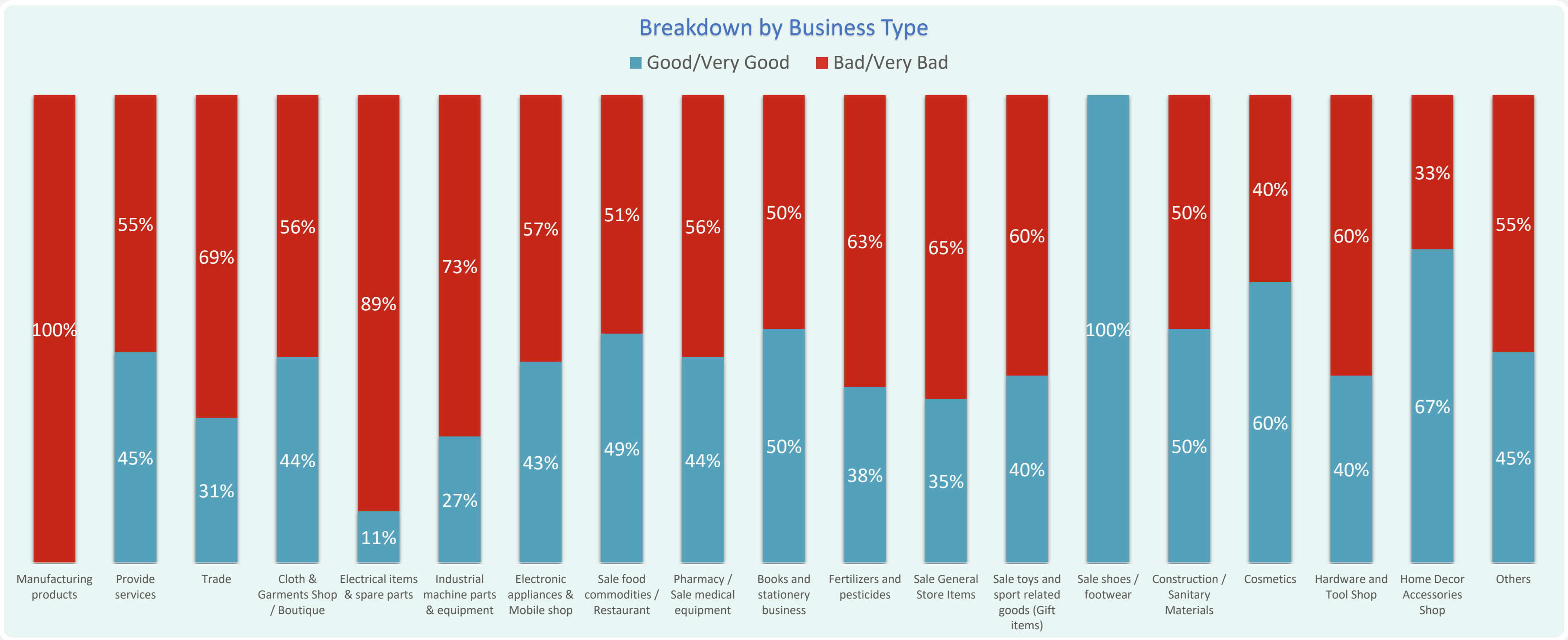
Pessimistic outlook for future business prospects dominates the landscape for both manufacturing- and service-oriented businesses

DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.

Source: Gallup Pakistan Business Confidence Survey with N 454 businesses in Pakistan (Report 13, Quarter 2 2024)

Pessimistic expectations for future business conditions were prevalent in the majority of businesses during this quarter, with the exception of shoes/footwear sellers, home décor/accessories shops, and cosmetics sellers which reported more optimism.

Question: What are your expectations for the future of your business compared to the past?



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Source: Gallup Pakistan Business Confidence Survey with N 454 businesses in Pakistan (Report 13, Quarter 2 2024)

Gallup Pakistan Business Confidence Index Yardstick

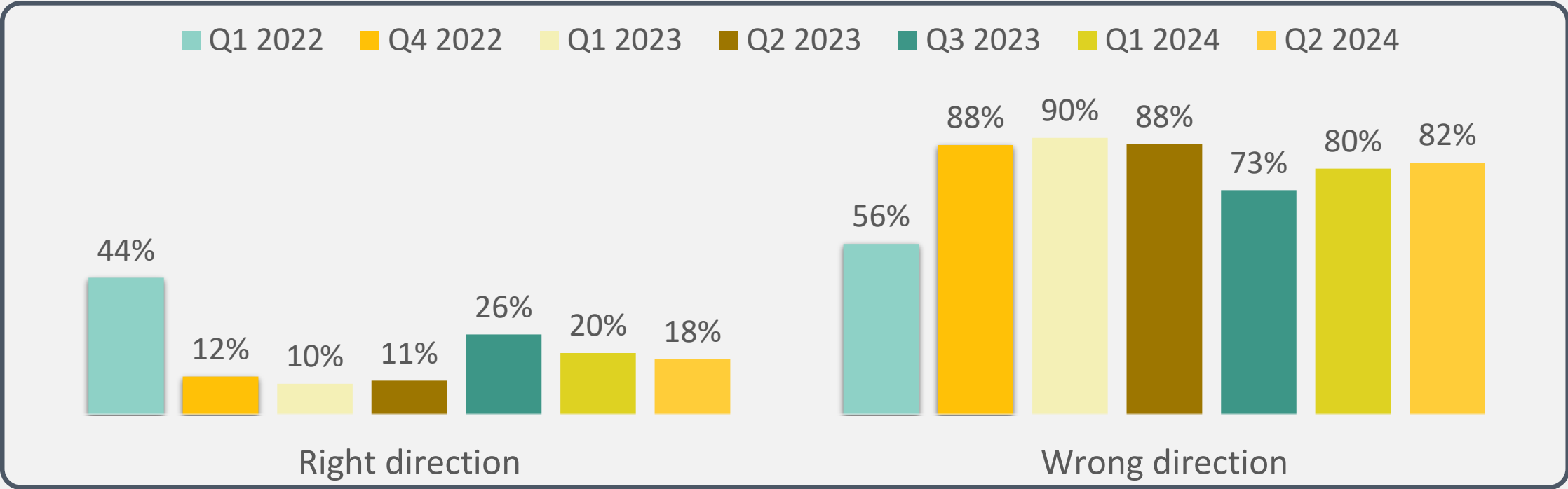
3:

Direction of the Country Score

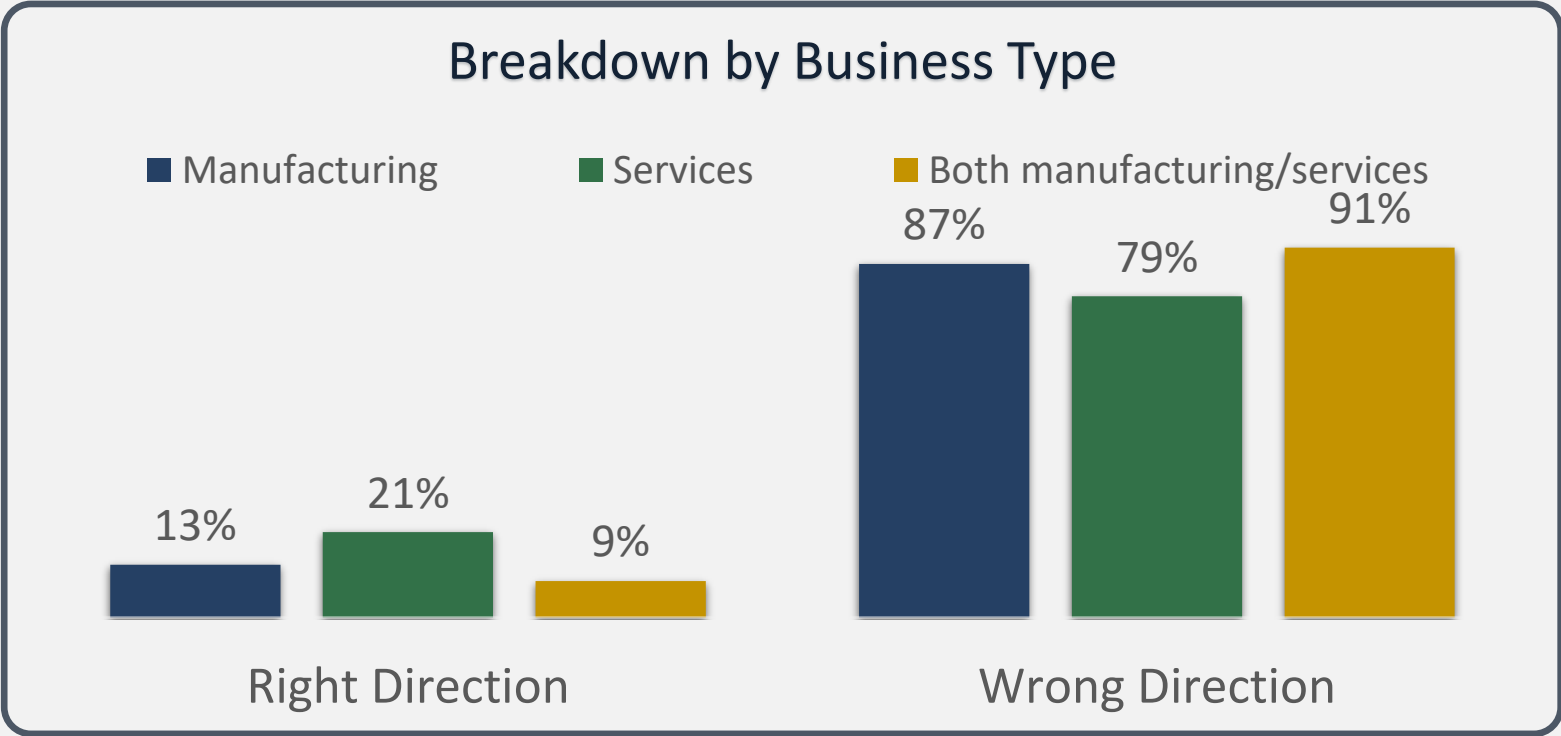
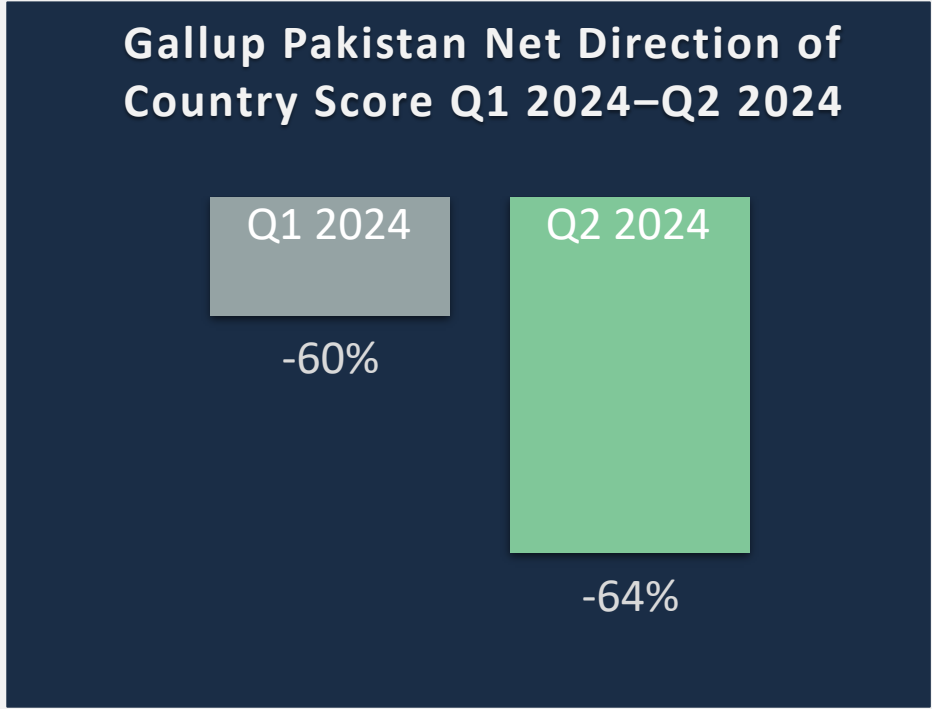


2% more businesses in Quarter 2 of 2024, as compared to Quarter 1 of 2024, think that the country is heading in the wrong direction. Overall trend for the past few quarters is consistently negative. Net Direction of Country score worsens by 4%.

Question: What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?



Net Direction of Country Score has worsened by 4% since quarter 1 of 2024



More than three-quarters of manufacturers, services and trade providers are pessimistic about the direction the country is headed in

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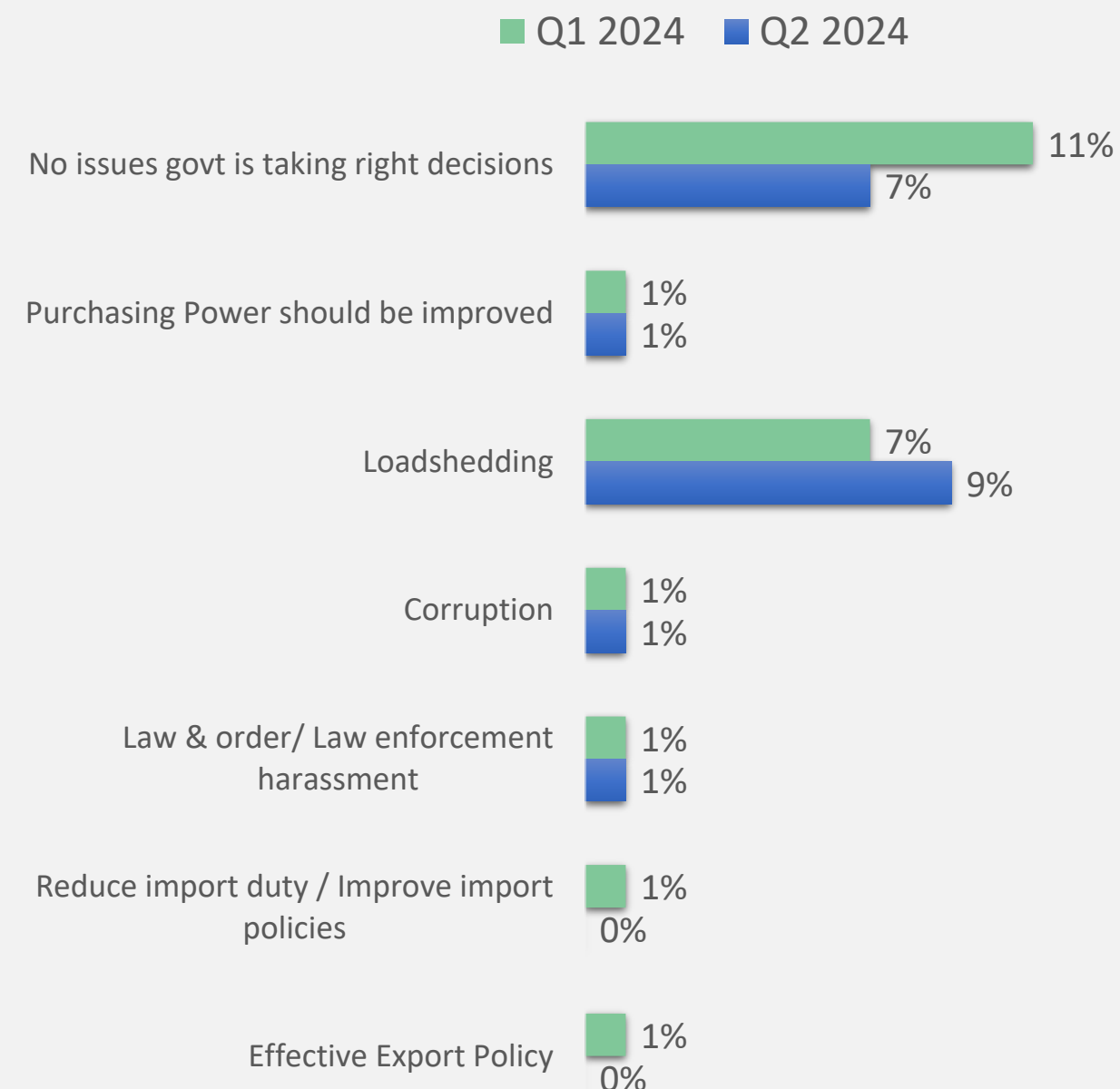
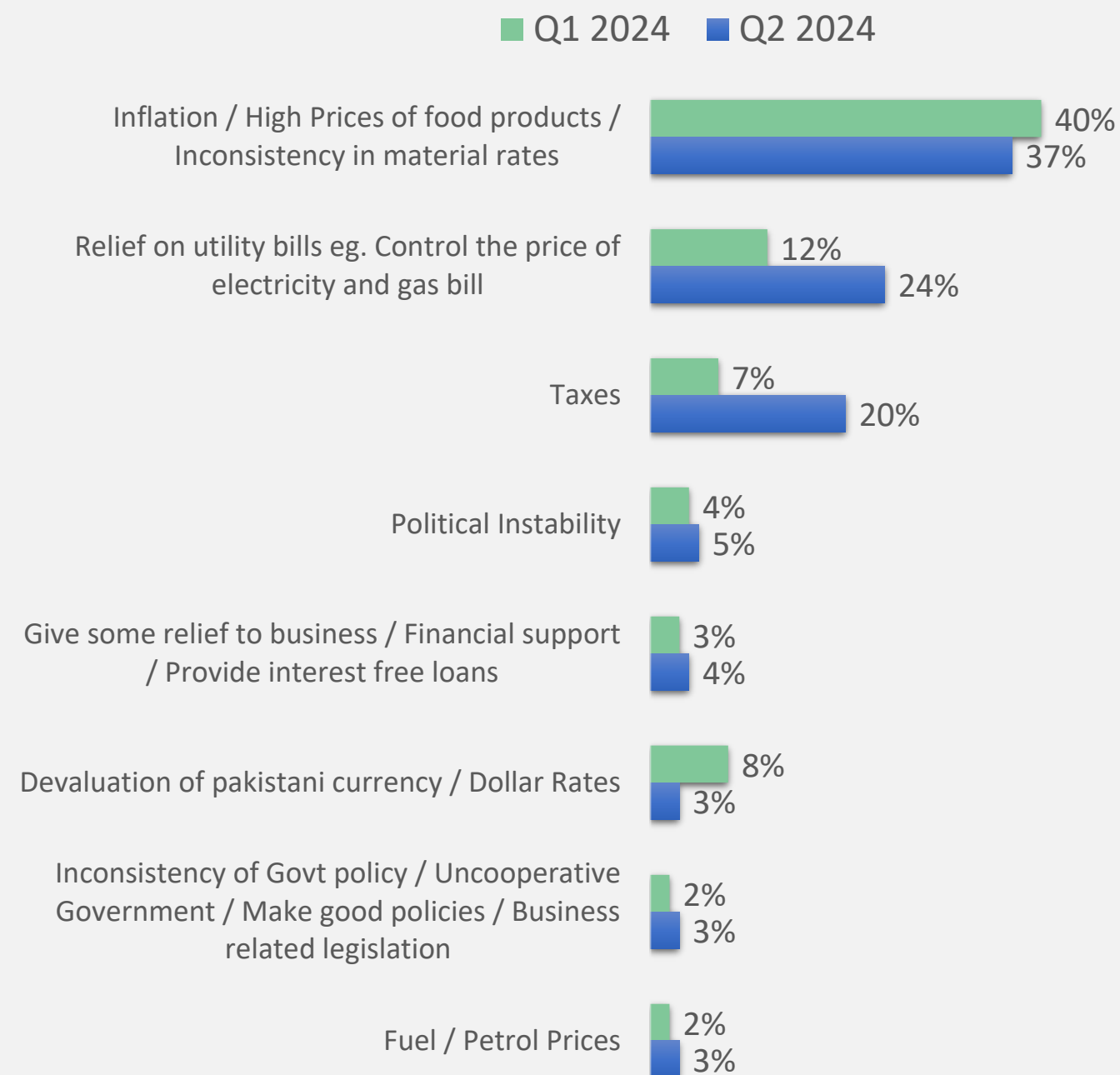
SECTION 4:

Problems Affecting Businesses in Pakistan



Similar to Q1 2024, inflation is the most cited problem in Q2 that almost 2 in 5 businesses (37%) would like the government to solve. The proportion of the businesses that want the government to solve/decrease taxation has increased considerably since Q1 2024 because of tax rate changes in the latest Budget (2024-25).

Question: Which problems affecting your business considerably would you want the government to solve?



The most common issue businesses wanted the government to solve in Q2 2024 was inflation (37%) and utility bills relief (doubled to 24% in Q2), followed closely by taxes (20%). The proportion of businesses that believed the government is taking the right decisions decreased by 4% since Q1 2024





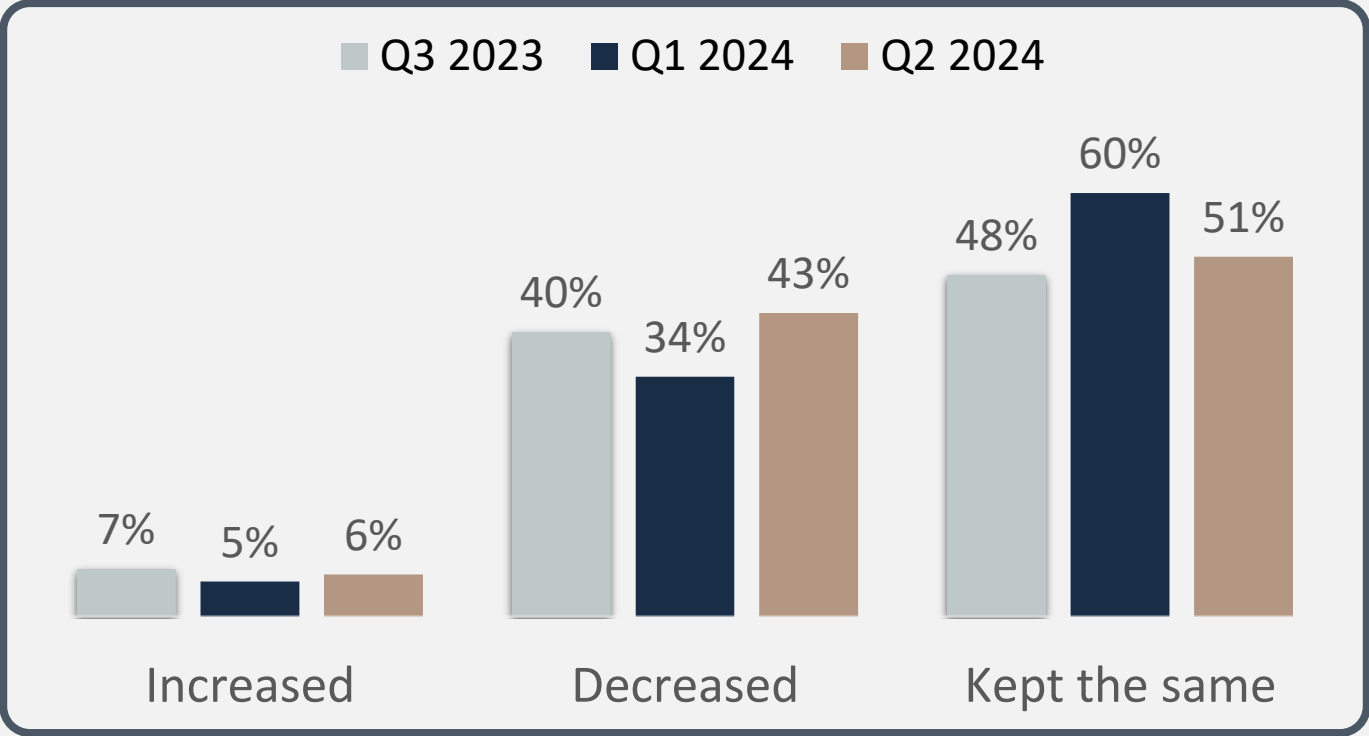
SECTION 5:

Other Topics Covered

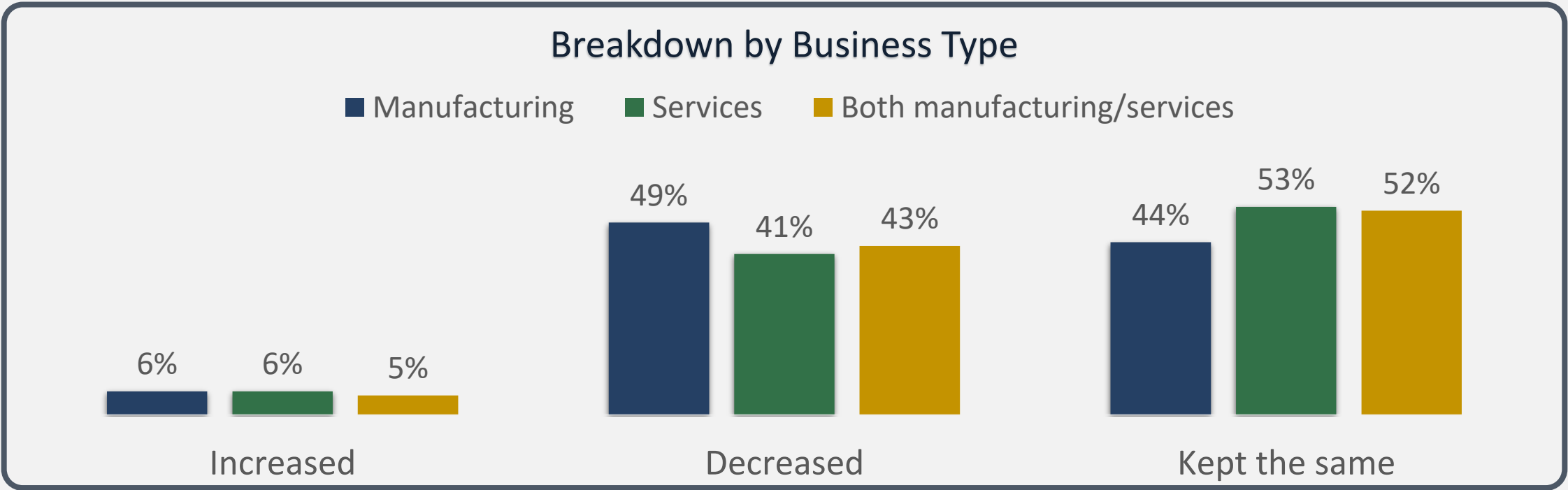


43% of the businesses surveyed said that their workforce decreased in Quarter 2, a further reduction of 9% from Quarter 1. More manufacturing businesses than service providers decreased their workforce.

Question: In the past 3 months has your business reduced its workforce, increased it, or kept it same?



43% of respondents reported a decrease in their workforce over the quarter, while only 6% reported an increase



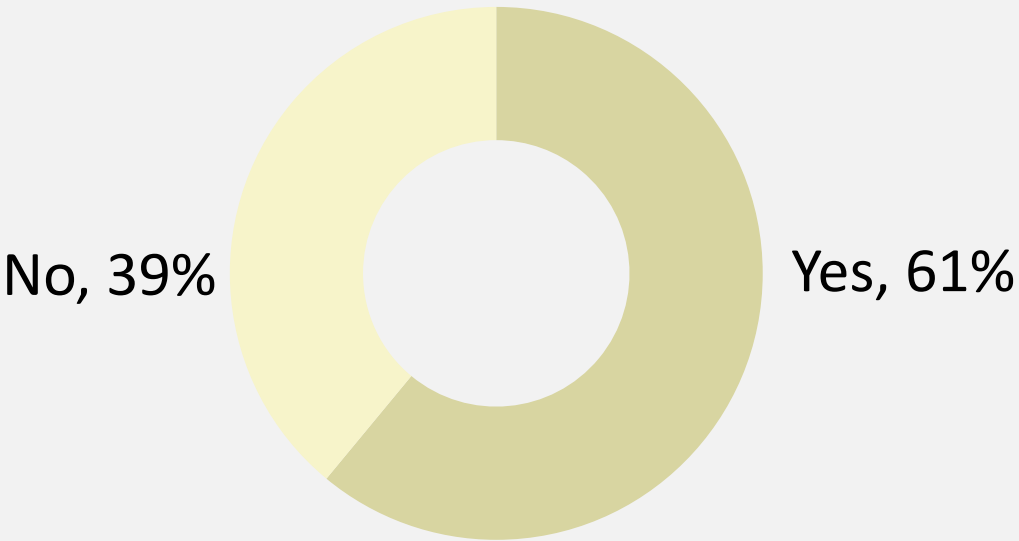
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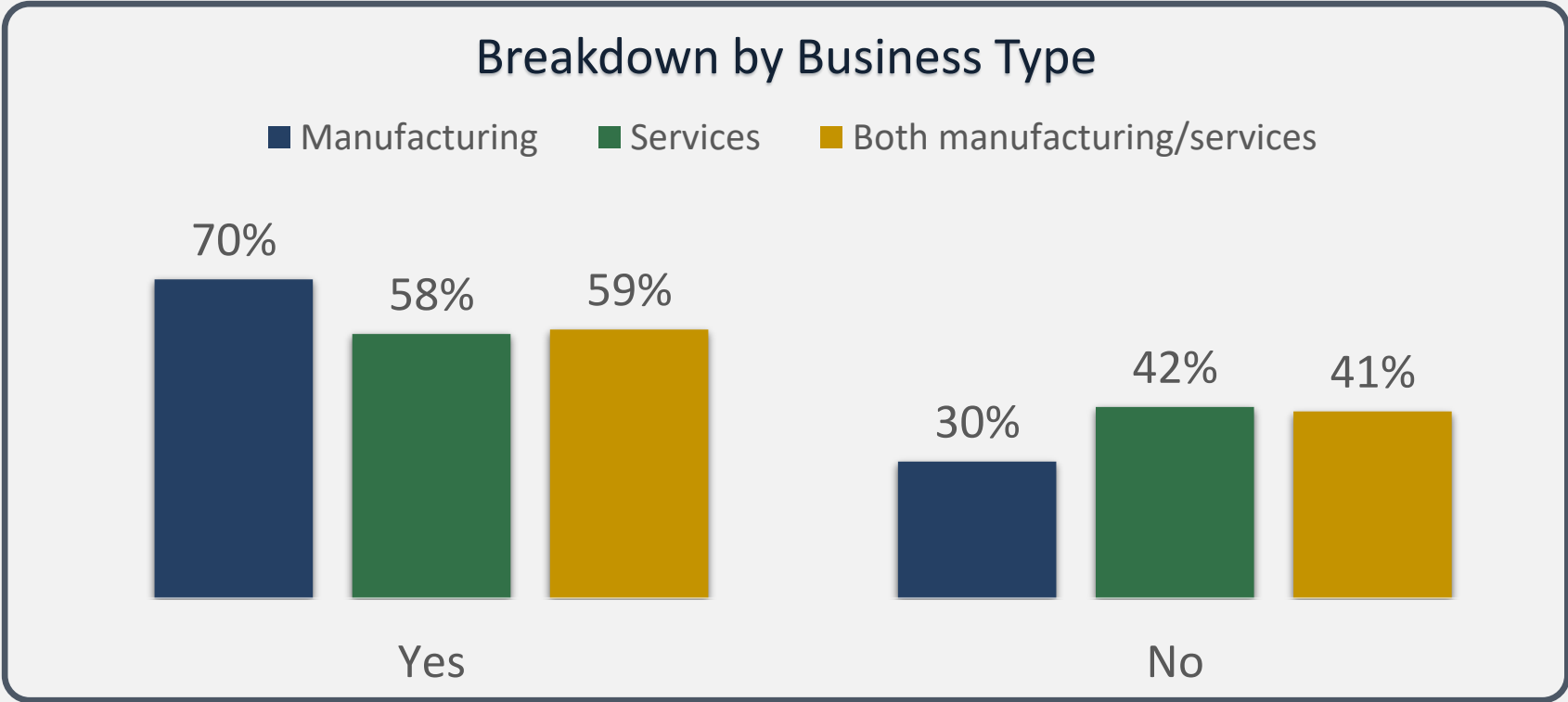
Quarter-to-Quarter reports of loadshedding increase: 16% more businesses in Quarter 2 report loadshedding in their business on the day they were surveyed, owing to heavy load on electricity infrastructure in the country during the summer months. 39% of businesses surveyed said ‘no’ to loadshedding in Q2, while 61% said yes.

Question: Was there load shedding in your business today?

Overall in current wave

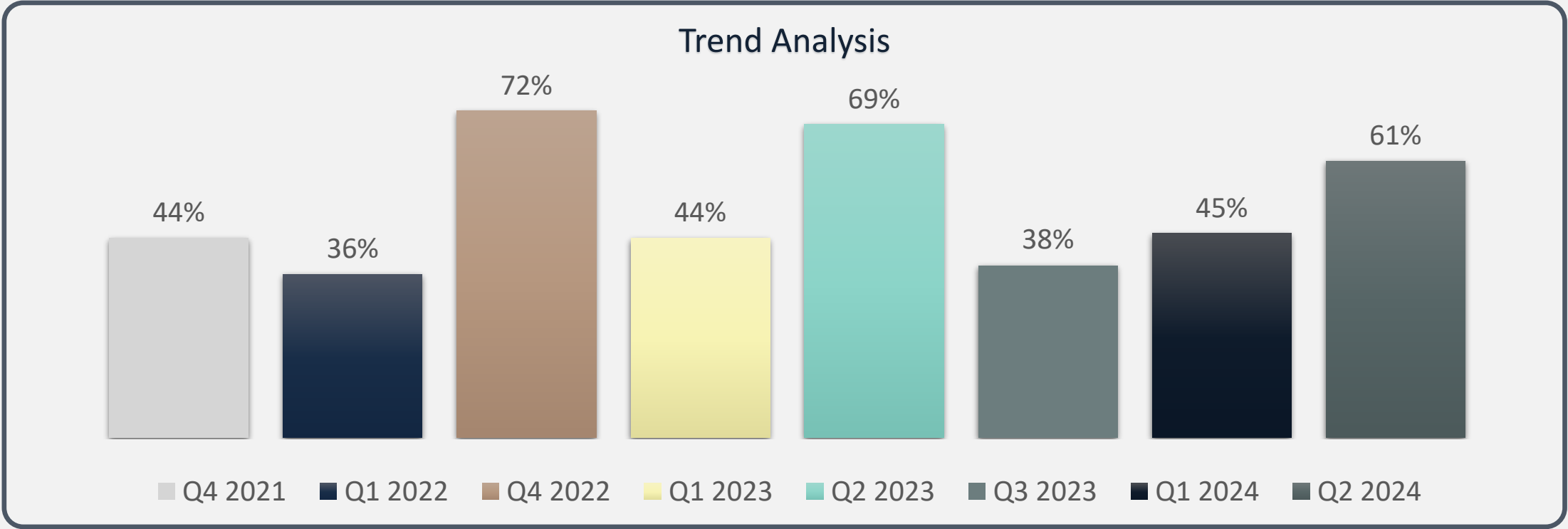


Breakdown by Business Type



70% of product manufacturers reported experiencing loadshedding in Q2 2024

Trend Analysis



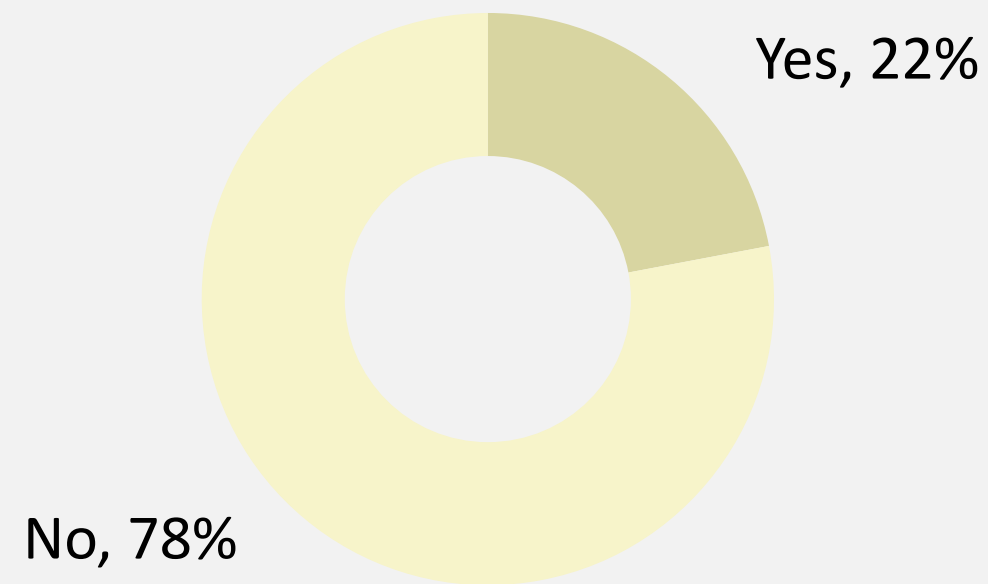
In Q2 2024, the proportion of businesses that experienced load-shedding within a day decreased by 8% since Q2 2023.

DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.

Around 1 in 5 businesses (22%) reported having to pay a bribe to run their business in the past six months, a decrease of 4% from Q1 2024. More manufacturers report having to pay a bribe (25%) than service providers (20%).

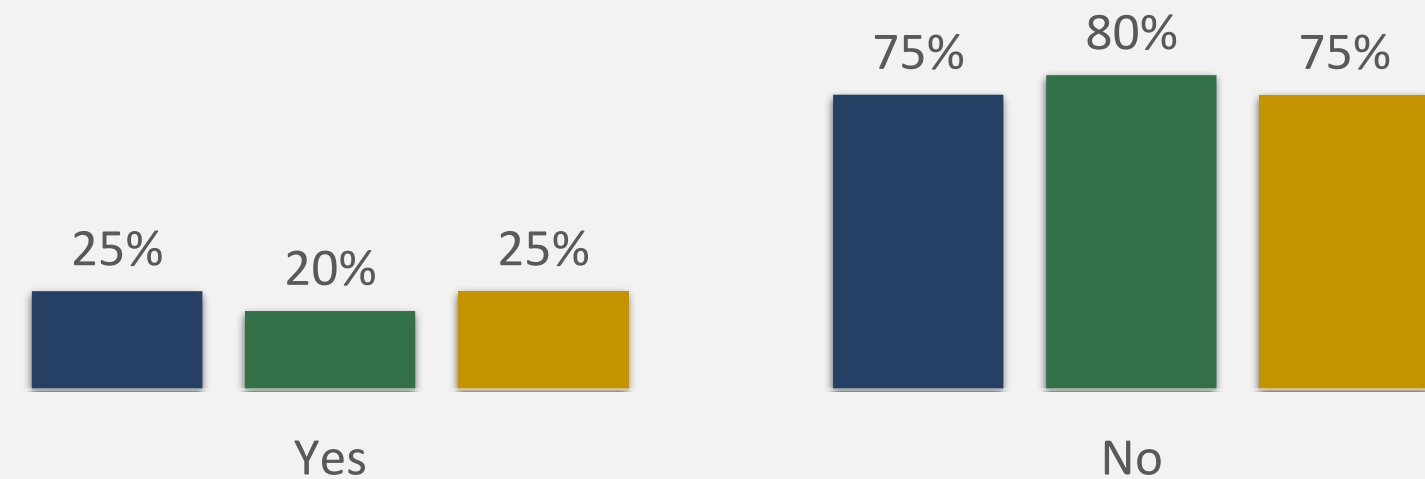
Question: Did you have to pay bribe to anyone in past six months to run your business?

Overall in current wave



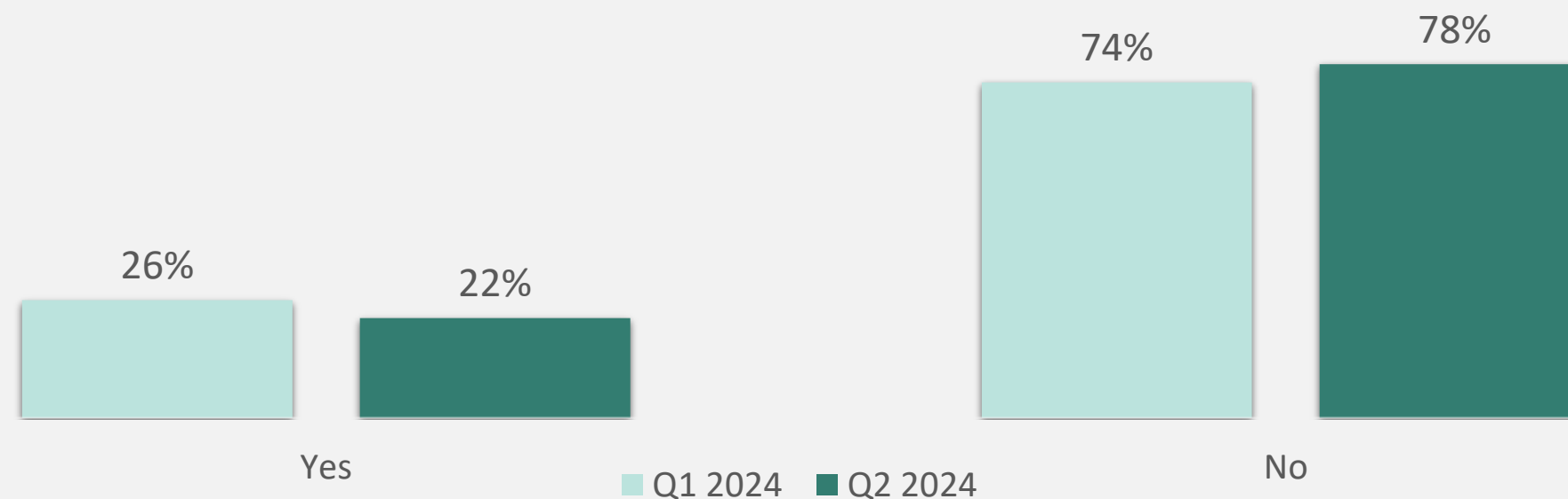
Breakdown by Business Type

■ Manufacturing ■ Services ■ Both manufacturing/services



More manufacturers report having to pay a bribe (25%) than service providers (20%).

Trend Analysis

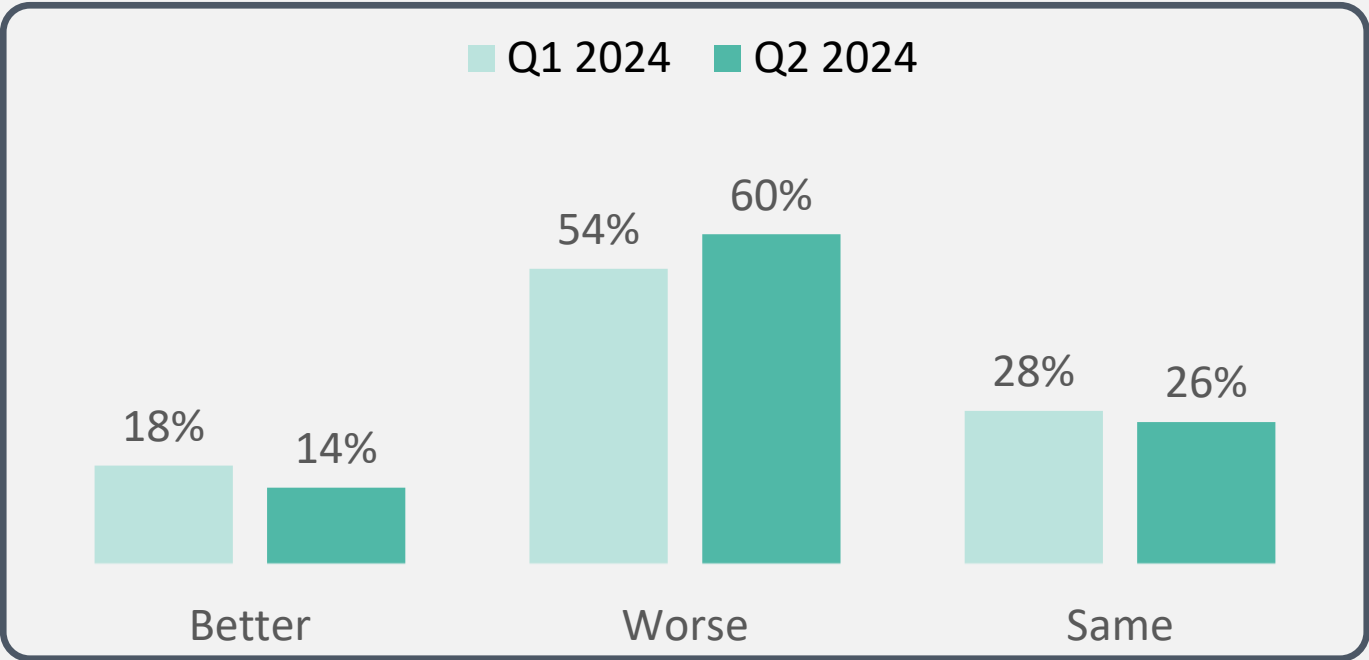


In Q2 2024, the proportion of businesses that had to pay a bribe within the last six months decreased by 4% as compared to Q1 2024

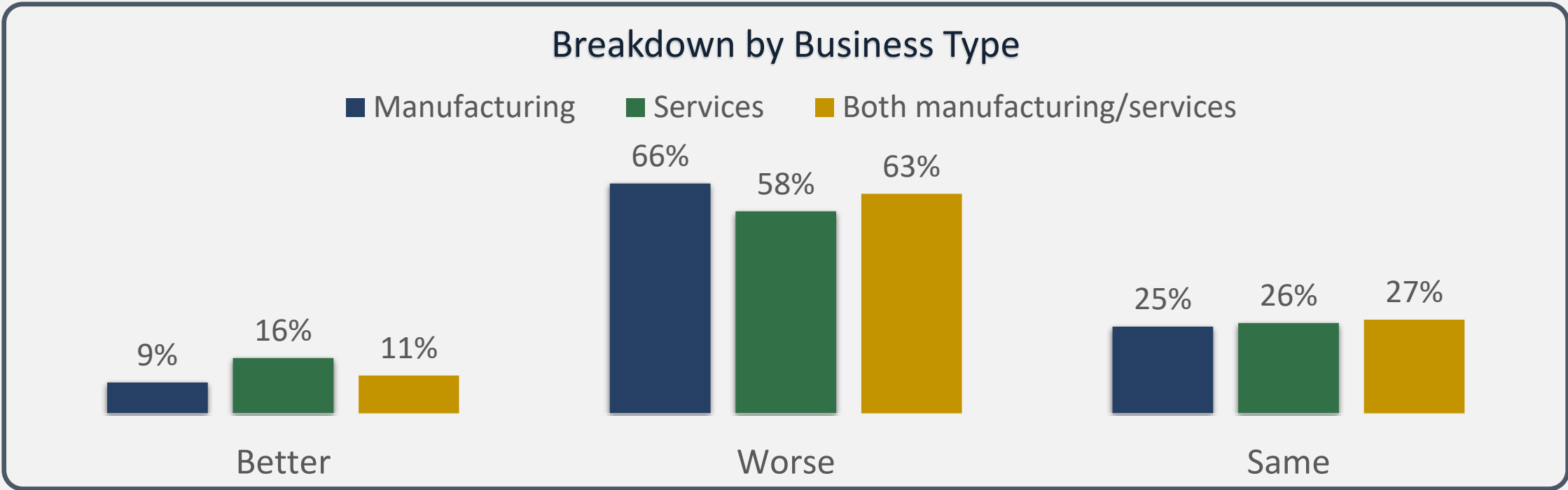
DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.

6 out of 10 of the businesses (60%) claimed that their sales were worse this year as compared to this time last year. More manufacturers (66%) reported worse sales as compared to service providers (58%).

Question: How are your sales this year as compared to this time last year? Are they better, worse, or the same?



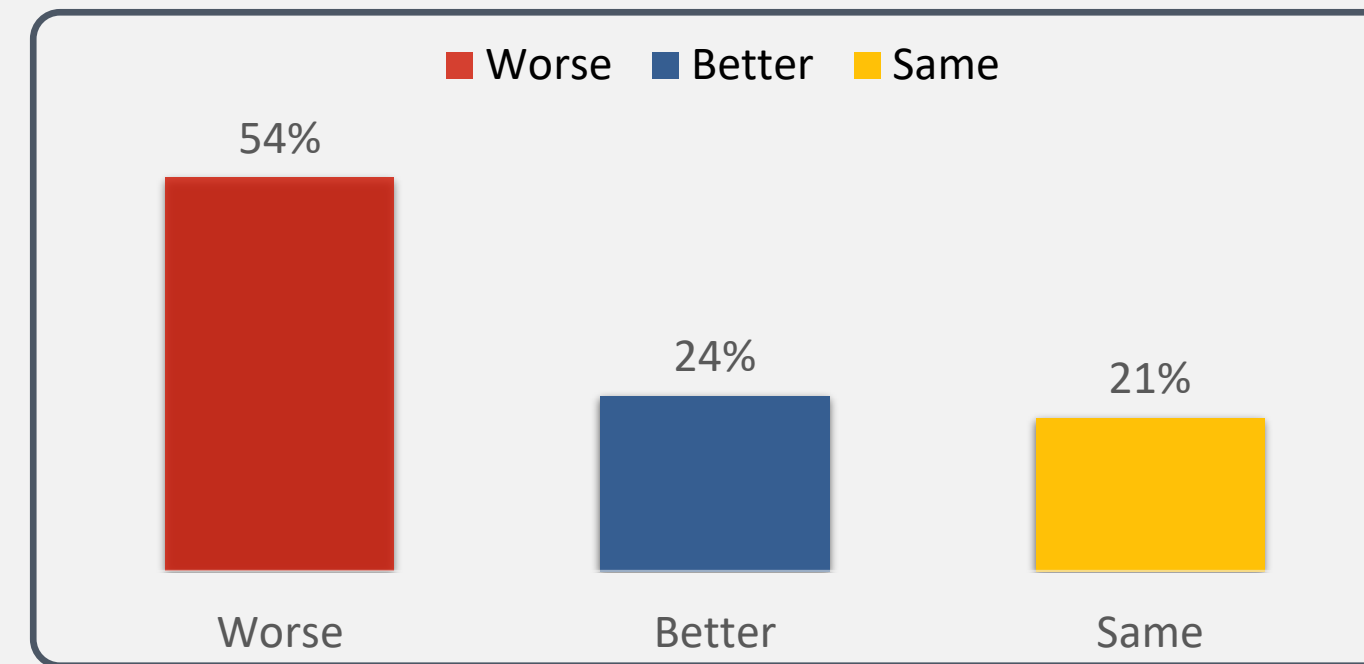
60% of the businesses in this quarter reported their sales this year to be worse as compared to this time last year, a 6% increase from Q1 2024



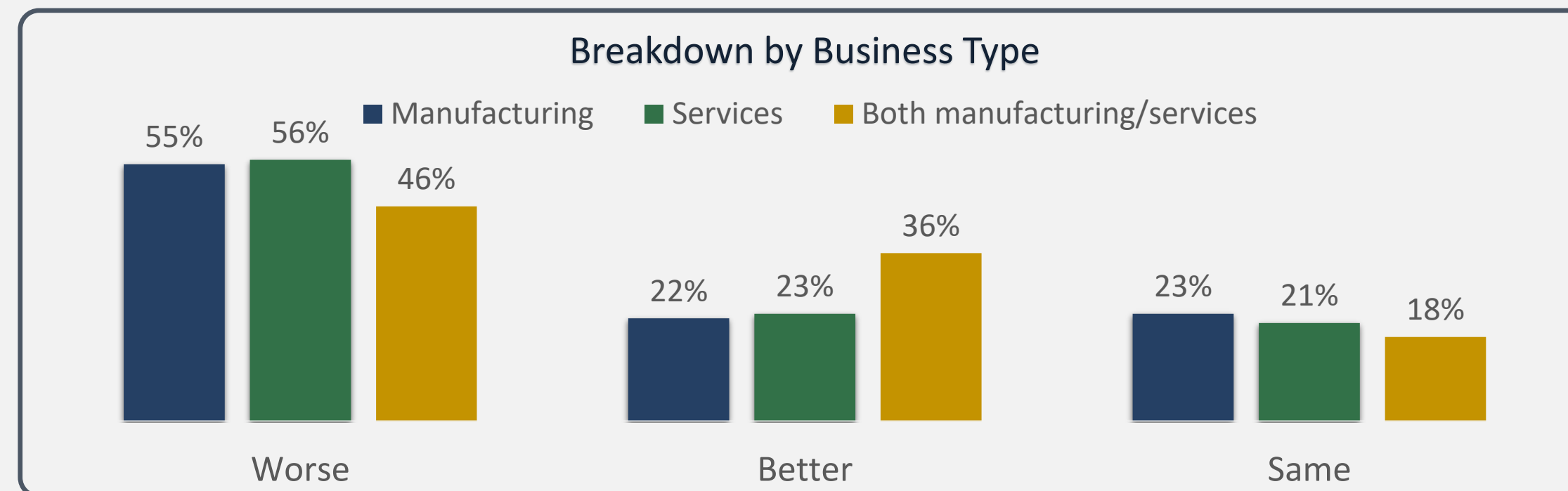
DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.

A little more than half of the surveyed businesses (54%) thought that the PMLN government was worse than the previous government in managing the economy. 23% of manufacturers thought that the PMLN government was the same as the previous government in this regard.

Question: Do you think PMLN government is better worse or same as previous government in managing the economy?



54% of the businesses thought that the PMLN government was worse than the previous government in managing the economy



DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.

Source: Gallup Pakistan Business Confidence Survey with N 454 businesses in Pakistan (Report 13, Quarter 2 2024)



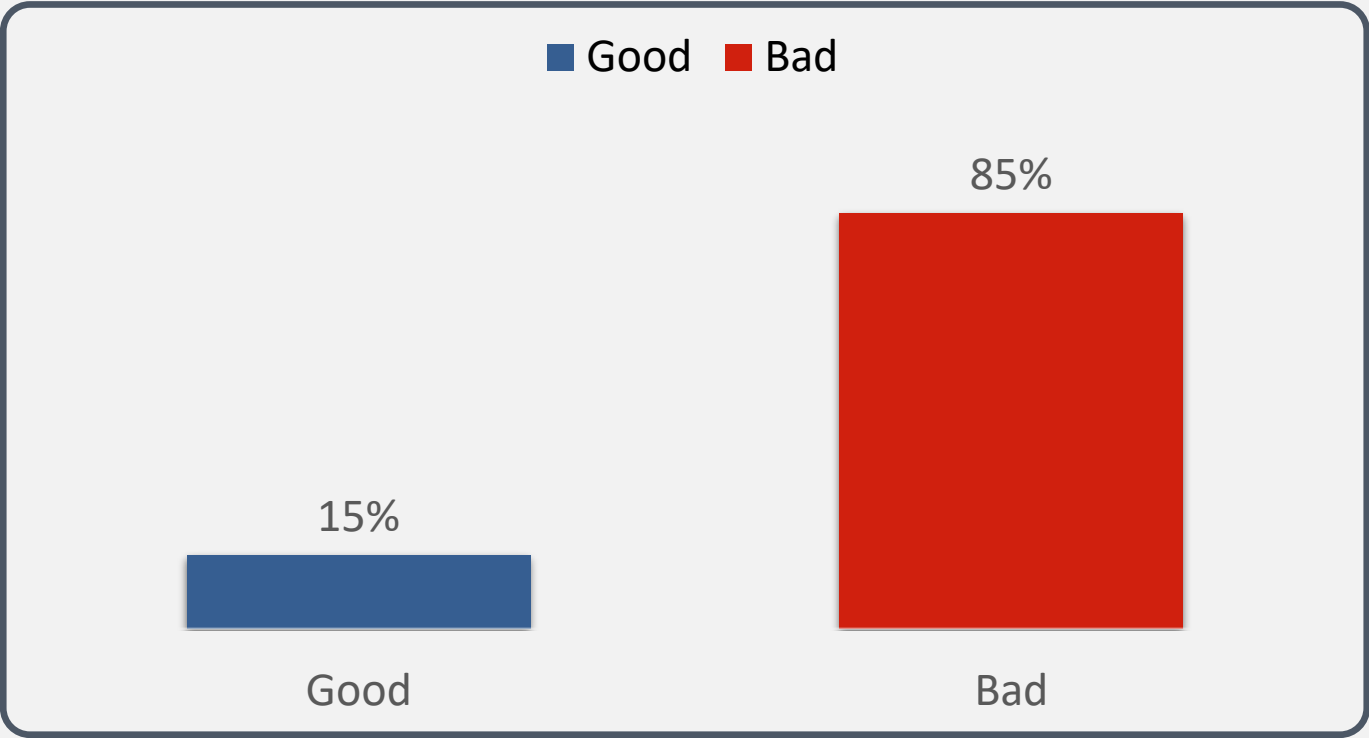
SECTION 6:

Special Section on Budget 2024

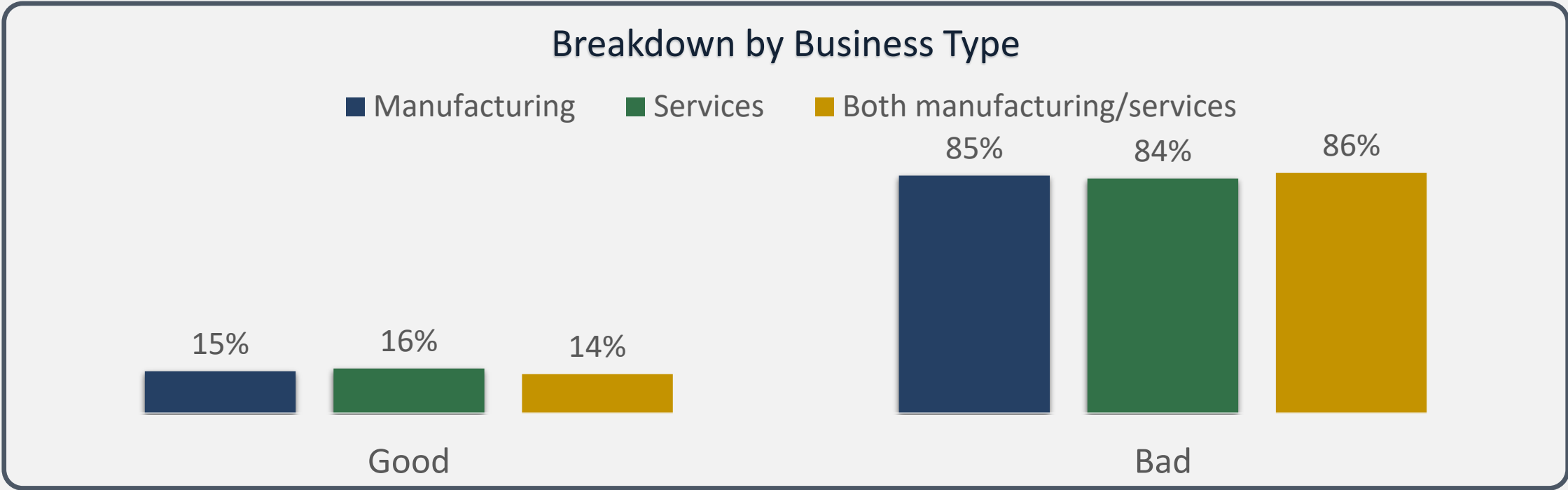


A sweeping majority of businesses (85%) do not consider the 2024 Budget to be a good budget. Manufacturers and service providers are almost on the same page with this verdict.

Question: Budget 2024 was passed. Some people think this is a good budget while others think it is a bad budget. What do you think?



85% of businesses surveyed do not think that the 2024 Budget is a good budget.

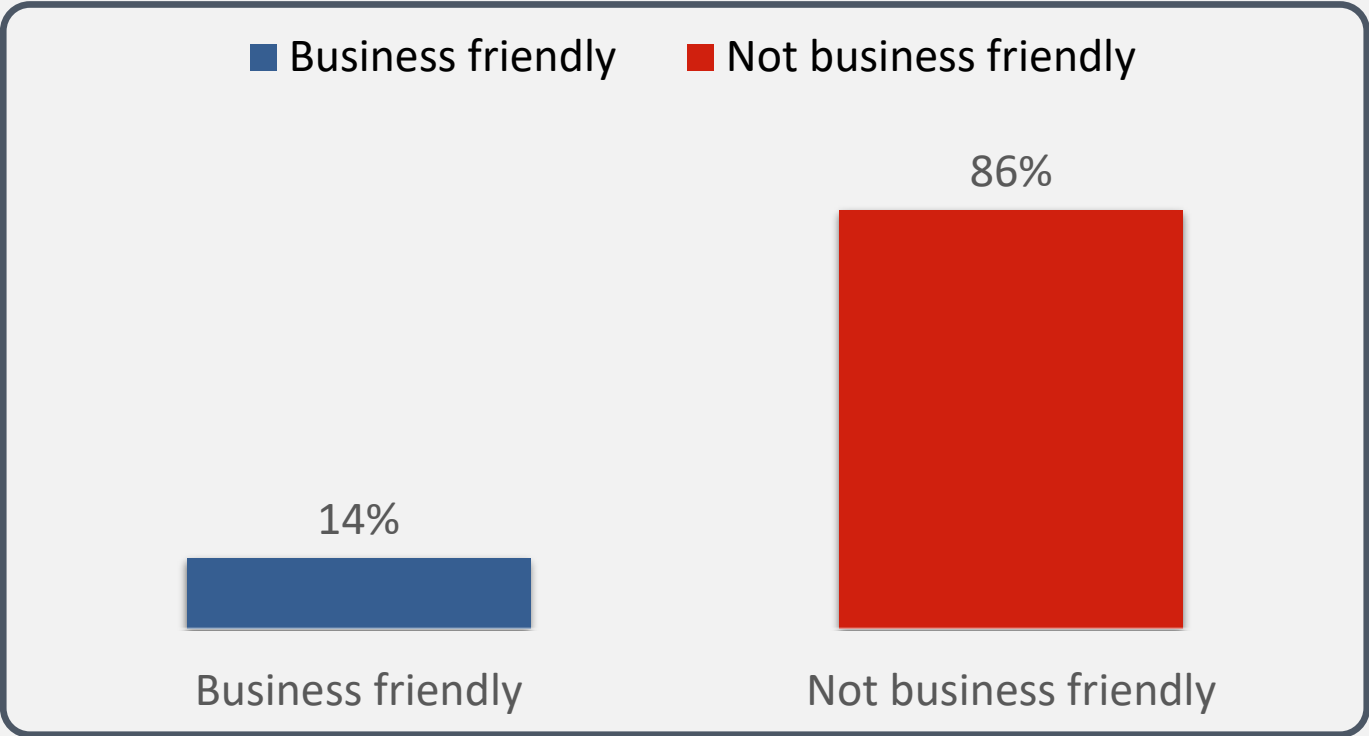


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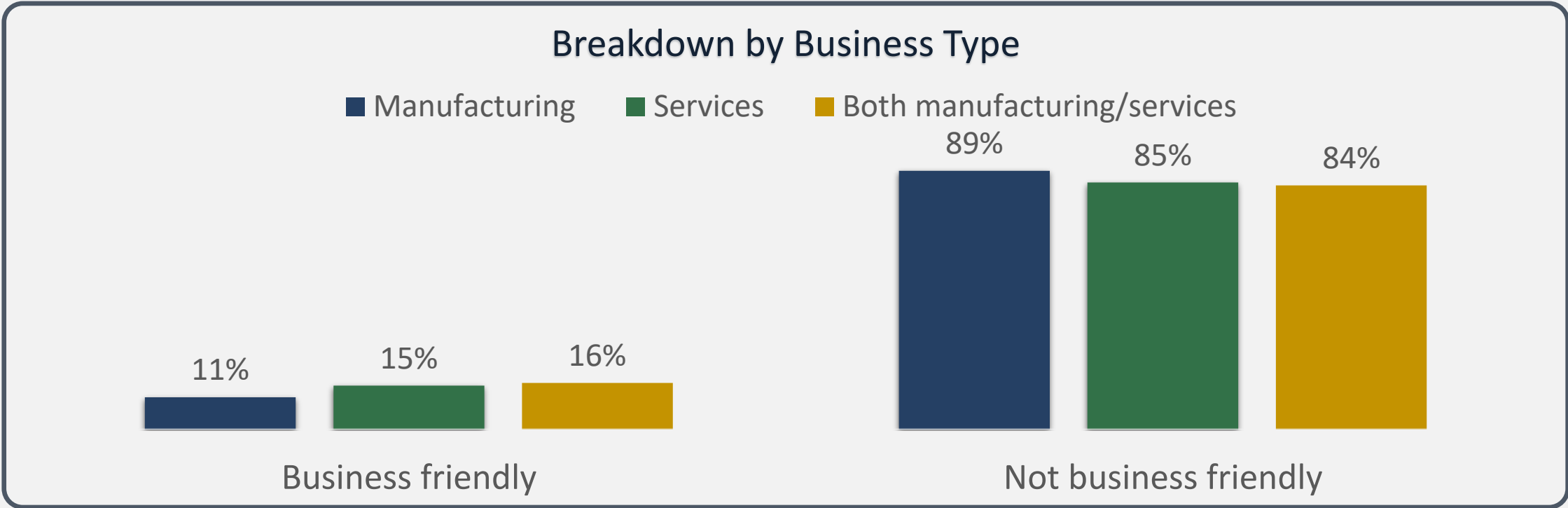


A significant proportion of businesses (86%) do not consider the 2024 Budget to be a business friendly budget. Fewer manufacturers (11%) than service providers (15%) consider this budget to be business friendly.

Question: Some people think that the recent budget that was passed is business friendly. Others think it is not business friendly. What is your view?



86% of businesses surveyed do not think that the 2024 Budget is a business friendly budget.



DISCLAIMER: Error margin for disaggregated results, for example, by business type is significantly higher than overall results so caution should be used in interpreting the results.



Methodology and Sample Profile

GALLUP PAKISTAN BUSINESS CONFIDENCE INDEX IN PAKISTAN



METHODOLOGY DETAILS

Sample Size:

N= 454 businesses across Pakistan

Method of Interview:

Phone surveys

Field Dates:

8th July 2024 - 12th July 2024

Field Agency:

Gallup Pakistan (*established since 1980 and member of Gallup International- www.gallup.com.pk*)

For more information on methodology please write to: ayman@gallup.com.pk

Please note that the figures have been rounded off to the nearest whole for the sake of comprehension.

DISCLAIMER : This is an internally funded study by Gallup Pakistan without relying on an outside source. Although maximum care has been taken but we do not take any responsibility of error or omission. We urge care and precaution in using the statistics reported here. Gallup Pakistan is not responsible for any gain or loss arising out of the use of statistics reported here.

Sample Profile of Businesses which were interviewed

BUSINESS TYPE	Manufacturing	22%
	Services	66%
	Both products and services	12%

METHODOLOGY DETAILS

Districts/Cities covered:

Abbottabad
Attock
Azad Jammu Kashmir
Bahawalpur
Bannu
Bhakkar
Chakwal
Charsadda
Chiniot
Chitral
Daska
Dera Ismail Khan
Faisalabad
Ghotki
Gujjar Khan
Gujranwala
Gujrat
Gwadar
Hafizabad
Haripur
Hyderabad
Islamabad
Jauharabad
Jhang
Jhelum
Kallar Syedan
Karachi
Kasur
Khairpur
Khanewal
Kharan
Kohat

Lahore
Lala Musa
Larkana
Malakand
Mandi Bahauddin
Mansehra
Mardan
Mianwali
Multan
Muzaffargarh
Nankana Sahib
Nawabshah
Nowshera
Okara
Pakpattan
Peshawar
Quetta
Rahim Yar Khan
Rajanpur
Rawalpindi
Sahiwal
Sargodha
Shahdadpur
Sheikhupura
Shikarpur
Sialkot
Sukkur
Taxila
Tharparkar
Thatta
Toba Tek Singh
Vehari
Wah Cantt
Wazirabad

Source: Gallup Pakistan Business Confidence Survey with N 454 businesses in Pakistan (Report 13, Quarter 2 2024)

APPENDIX



GALLUP
P A K I S T A N
Affiliated with Gallup International
Pakistan's Foremost Social Research Lab

QUESTIONNAIRE



- Q1) How well is your business doing nowadays? Would you say it is very good, good, bad, or very bad?
- Q2) In the past 3 months has your business reduced its workforce, increased it, or kept it same?
- Q3) What are your expectations for the future of your business compared to the past?
- Q4) Which problem affecting your business considerably would you want the government to solve?
- Q5) What is your opinion on the direction of the country? Are we headed in the right direction or wrong direction?
- Q6) Was there load shedding in your business today?
- Q7) How are your sales this year as compared to this time last year? Are they better, worse, or the same?
- Q8) Budget 2024 was passed. Some people think this is a good budget while others think it is a bad budget. What do you think?
- Q9) Some people think that the recent budget that was passed is business friendly. Others think it is not business friendly. What is your view?
- Q10) Do you think PMLN government is better worse or same as previous government in managing the economy?
- Q11) Does your business make products or provide services?
- Q12) Which product does your business make/which service does your business provide?
- Q13) Did you have to pay bribe to anyone in past six months to run your business?
- Q14) Which city are you operating your business from?
- Q15) Please indicate your primary clientele
- Q16) Gender



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