FISCAL DEVELOPMENT

Jul-Mar FY2025

Total Revenue (Rs. Trillion)	13.37
Tax Revenues	25.8% ▲ Rs 9.14 tr
Non-Tax Revenues	68.0% ▲ Rs 4.23 tr

Total Expenditure (Rs. Trillion)	16.34
Current Expenditure	18.3% ▲ Rs 14.59 tr
Development Expenditure	32.6% ▲ Rs 1.54 tr
Fiscal Deficit (% of GDP)	2.6% (Lower than last year)
Primary Surplus (% of GDP)	3.0% ▲

FISCAL DEVELOPMENT

The fiscal consolidation efforts initiated in FY 2024 remained on track in FY 2025 for a second consecutive year, thus reinforcing fiscal discipline. Effective consolidation measures helped in reducing the fiscal deficit to 2.6 percent of GDP during July-March FY 2025 from 3.7 percent last year. Similarly, the primary surplus improved to Rs 3,468.7 billion (3.0 % of GDP) from Rs 1,615.4 billion (1.5% of GDP) due to contained non-markup expenditures. Provinces also played a major role in supporting the fiscal consolidation efforts of the federal government by posting a significantly higher cumulative surplus of Rs 1,053.3 billion during July-March FY 2025 against the surplus of Rs 435.4 billion last year. The current performance of fiscal accounts is paving the way to create ample space for social and development spending, going forward.

Recent improvement in fiscal accounts despite a challenging economic environment is a testament to the fact that the fiscal challenges are being managed effectively, and structural reforms are progressing. However, certain fiscal side risks persist as outlined in the Fiscal Risk Statement 2025[1], which can pose significant challenges for expenditure management and enhancing revenues. Additionally, emerging global and domestic challenges may expose the economy to potential shocks, posing risks to both economic and fiscal sustainability.

However, to cope with the potential risks and safeguard fiscal sustainability, the government is advancing comprehensive fiscal reforms in coordination with provinces aimed at optimizing revenue mobilization, improving expenditure efficiency, strengthening fiscal institutions, and improving debt sustainability. These efforts would not only ensure long-term fiscal and debt sustainability but also create ample space for public sector investments in growth-enhancing projects, thus steering the economy towards higher, inclusive, and sustainable economic growth.

4.1 Global Fiscal Performance

The global fiscal situation worsened in 2024, due to the lingering effects of high subsidies, social benefits, other current spending from the COVID-19 pandemic, and higher interest payments. Consequently, the global fiscal deficit increased by 0.1 percentage points to an average of 5.0 percent of GDP in 2024, while the global public debt increased by 1 percentage point to 92.3 percent of GDP in the same period.[2]

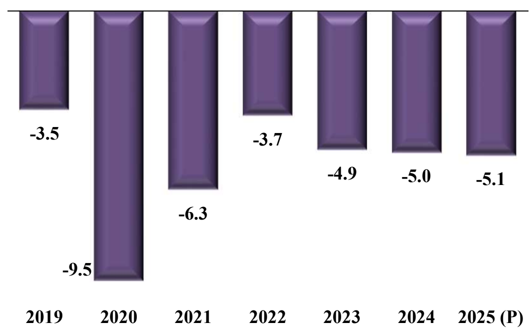
The global fiscal deficit is projected to rise further to 5.1 percent of GDP in 2025, while government debt is expected to reach 95.1 percent of GDP. This deterioration has been driven by escalating uncertainty due to trade tensions, policy ambiguity and financial conditions. The increase in debt is primarily led by major economies such as Brazil, China, France, South Africa, the UK and the US. Gross financing needs are also anticipated to remain high in most countries. Risks of further higher debt have increased as a result of tighter, more unstable financial conditions and increased uncertainty.[3]

[1] Potential risks to economic growth, revenues, expenditure, debt, SOEs and climate change etc

[2] Fiscal Monitor (IMF) April 2025.

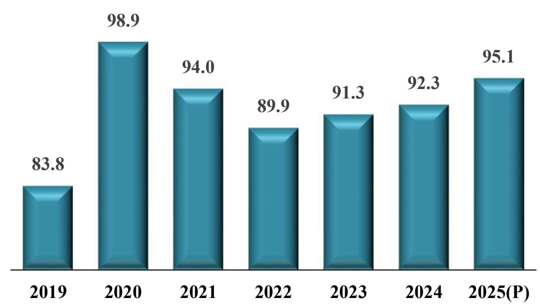
[3] Fiscal Monitor (IMF) April 2025

Fig-1(a): Global Fiscal Deficit % of GDP



Source: Fiscal Monitor, April 2025. IMF

Fig-1(b): General Govt Debt % of GDP



Source: Fiscal Monitor, April 2025. IMF

The recent tariff announcements have fuelled uncertainty and tightened more volatile financial conditions, raising borrowing costs. While higher tariffs can raise revenue in the short term, this gain is probably short-lived as increased prices lower imports and production. Fiscal deficits and debt in the U.S and China, the two largest world economies, continue to propel global fiscal trends.

Pakistan's economic and fiscal outlook is also vulnerable to the rising global uncertainties and can impede the government's efforts to reduce fiscal vulnerabilities. However, with gradual fiscal adjustment, the government is committed to creating fiscal buffers, enhancing resilience to future shocks, and creating the necessary space to support sustainable long-term growth.

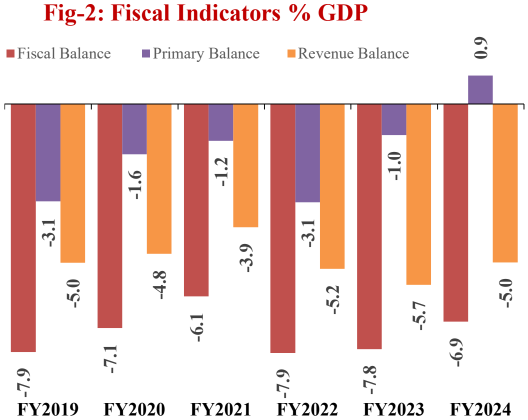
4.2 Overview of Pakistan's Fiscal Performance (FY 2024)

A cursory look into the major fiscal indicators reveals notable improvement in FY 2024, driven by effective consolidation measures and prudent fiscal management.

The fiscal deficit reduced to 6.9 percent of GDP in FY 2024 from a persistently higher level of 7.8 and 7.9 percent of GDP in the preceding two years, i.e FY 2023 and FY2 022, respectively. Similarly, the primary deficit that was on a declining trajectory since FY 2022 turned into a surplus of 0.9 percent of GDP in FY 2024, well above the target of 0.4 percent. Additionally, revenue deficit reduced to 5.0 percent of GDP in FY 2024 from 5.7 percent in FY 2023, reflecting higher growth in total revenue relative to current expenditure.

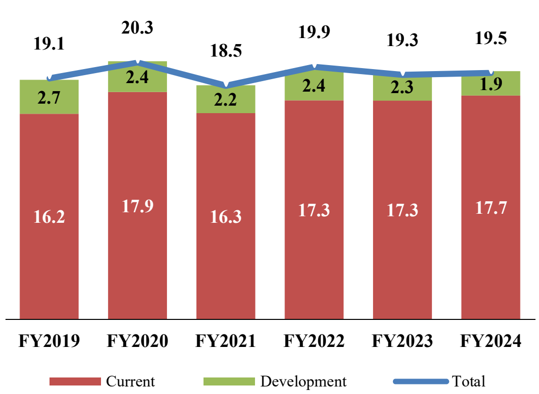
Although measures for fiscal consolidation contributed to strong revenue growth, the persistently higher interest rate environment put significant strain on spending. To address this challenge, the government continued its efforts to control expenditures through austerity measures. Consequently, total expenditures in terms of GDP slightly increased from 19.3 percent in FY 2023 to 19.5 percent in FY 2024.

Fig-2: Fiscal Indicators % GDP



Source: Budget Wing & EA Wing's calculations

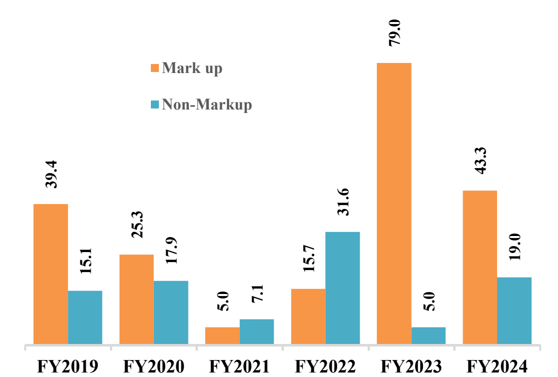
Fig-3: Expenditure % of GDP



Source; Budget Wing & EA Wing's calculations

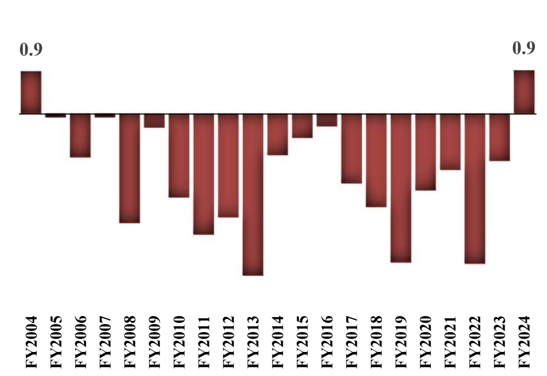
The growth in current spending reached 28.5 percent in FY 2024 from 25.4 percent in the preceding year. The increase in current expenditure was largely attributed to higher growth in markup spending due to elevated interest rates at both the domestic and global levels. However, the pace of growth in mark up spending reduced from 79.0 percent in FY 2023 to 43.3 percent in FY 2024. The markup payments on domestic and foreign debt surged 45.1 percent and 31.1 percent, respectively, in FY 2024, increasing the share of markup payments in current expenditure to 44 percent in FY 2024 from 39 percent in FY 2023.

Fig-4: Growth in Current Expenditure (%)



Source: Budget Wing & EA Wing's calculations

Fig-5: Primary Balance % of GDP



Source: Pakistan Fiscal Operations and EA wing calculations

Contrary to a sharp rise in markup spending, the non-markup current expenditure grew moderately, though still higher, recorded at 19.0 percent compared to 5.0 percent in FY 2023. Since FY 2023, the markup spending grew at a faster pace than non-markup current spending, resulting in constrained fiscal space for priority areas. Nevertheless, the government's stringent measures for prudent expenditure management contained the non-interest spending, leading to a primary surplus for FY 2024, first time in 20 years (Figure 5).

The trend in component-wise spending is presented in Table 4.1.

Table 4.1: Trends in Components of Expenditure (% of GDP)

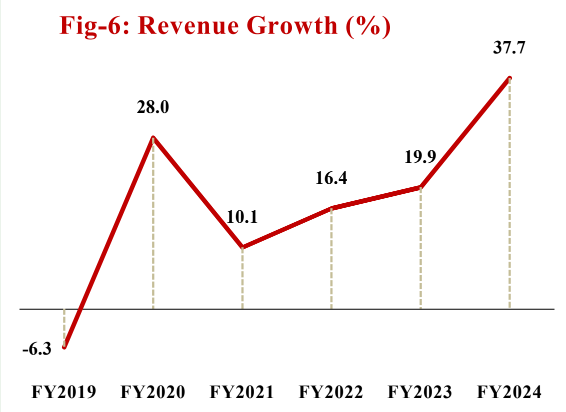
Year	Total Expenditure	Current Expenditure	Markup Payments	Defence	Development Expenditure*	Non-Interest Non-Defence Exp
FY 2016	17.7	14.3	3.9	2.3	4.0	11.5
FY 2017	19.1	14.6	3.8	2.5	4.8	12.8
FY 2018	19.1	14.9	3.8	2.6	4.0	12.7
FY 2019	19.1	16.2	4.8	2.6	2.7	11.7
FY 2020	20.3	17.9	5.5	2.6	2.4	12.2
FY 2021	18.5	16.3	4.9	2.4	2.2	11.2
FY 2022	19.9	17.3	4.8	2.1	2.4	13.1
FY 2023	19.3	17.3	6.8	1.9	2.3	10.6
FY 2024	19.5	17.7	7.8	1.8	1.9	9.9
FY 2025 B.E	21.1	18.4	7.9	1.7	2.5	11.5

* Excluding net lending

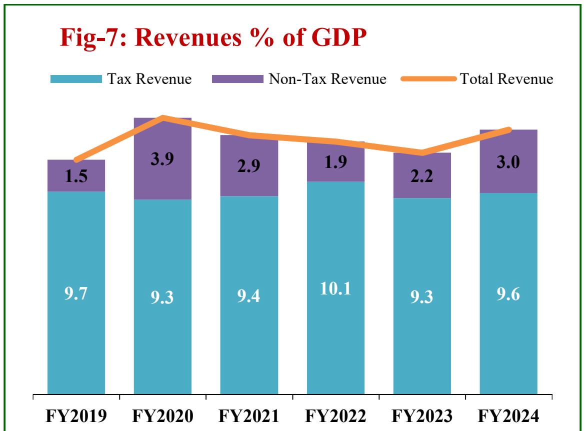
Source: Budget Wing, Finance Division and EA Wing's Calculations

Development expenditures witnessed a moderate growth of 7.1 percent in FY 2024 as against 17.1 percent recorded in FY 2023. The federal PSDP (including development grants to provinces) reduced by 1.5 percent in FY 2024, after witnessing a sharp increase of 33.1 percent in the preceding year. In contrast, provincial development spending accelerated by 12.1

percent in FY 2024 compared to 2.0 percent growth recorded in FY 2023. Overall, the slow pace in development spending was aligned with fiscal consolidation amid limited fiscal space. However, the government prioritized important national projects that were nearing completion. In this regard, the focus was on infrastructure projects, followed by the social sector.



Source: Budget Wing & EA Wing's calculations

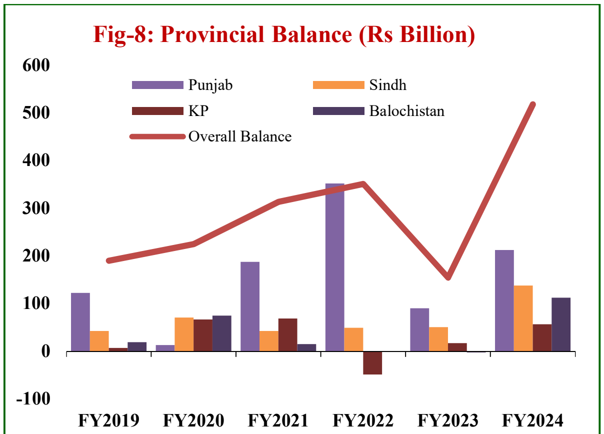


Source: Budget Wing & EA Wing's calculations

Encouragingly, the revenues maintained an upward trajectory during the second consecutive year. In FY 2024, it posted a robust growth of 37.7 percent (12.6 % of GDP), up from 19.9 percent (11.5 % of GDP) in FY 2023.

While both tax and non-tax collection supported this growth, the primary driver was a sharp acceleration in non-tax collection. During FY 2024, non-tax revenues grew by 75.4 percent from 41.8 percent growth in FY 2023. Higher receipts from the petroleum levy, SBP's profits, and markup of Public Sector Enterprises (PSEs) & others were the main contributors to this substantial growth in non-tax collection. Similarly, improved tax collection both at the federal and provincial levels triggered a significant rise in overall tax collection in FY 2024, which grew 29 percent (9.6% of GDP) from 15.7 percent (9.3% of GDP) in FY 2023. Notably, federal tax collection witnessed a substantial increase of 30 percent in FY2024 from 16.7 percent in FY 2023, driven by effective policy and administrative measures. Provincial tax collection also increased significantly by 19.2 percent in FY 2024 from 6.1 percent recorded in the preceding year. The overall performance in tax collection indicates a broad-based improvement in the country's tax mobilization.

Provinces also contributed significantly to improving the overall fiscal performance during FY 2024. All four provinces posted a cumulative provincial surplus of Rs.518.2 billion (0.5% of GDP) in FY 2024, up from Rs 154.6 billion (0.2% of GDP) in FY 2023. Punjab, Sindh, Khyber Pakhtunkhwa and Balochistan generated a surplus of Rs 212.2 billion, Rs 137.6 billion, Rs 56.2 billion, and Rs 112.3 billion in FY 2024.



Source; Pakistan Fiscal Operations

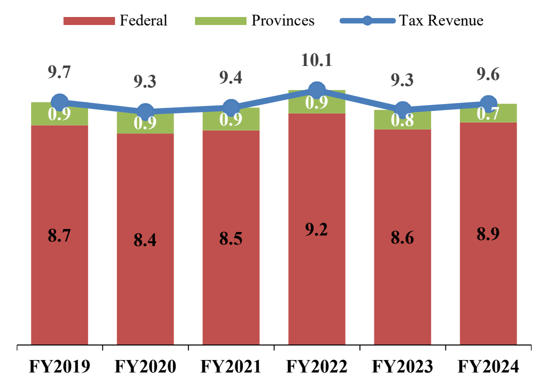
During FY2024, the strong execution of fiscal consolidation measures with a strategic focus on revenue generation improved the fiscal accounts. The government contained non-essential expenditures with the effective implementation of austerity measures. Consequently, these measures yielded significant gains in terms of narrowing the gap between revenues and expenditures. Further, it has laid the foundation for sound fiscal management to ensure sustainable and inclusive growth over the medium term.

4.3 Structure of Tax Revenues

Taxation is not only a primary source of domestic resource mobilization but also an effective tool for promoting a more equitable income distribution. A significant and sustainable boost in tax revenue enables the government to finance domestic investment and social programmes, which is crucial for inclusive and sustainable economic growth.

Pakistan has been struggling with a low tax-to-GDP ratio over the years due to various economic and structural factors. Resultantly, it constricted the resources available for priority investments, including human capital. Overall, the tax-to-GDP ratio (federal and provincial) is stagnant within a narrow range of 9.3-10.1 percent between FY 2019 and FY 2024 (Fig:9).

Fig-9: Tax Revenues % of GDP



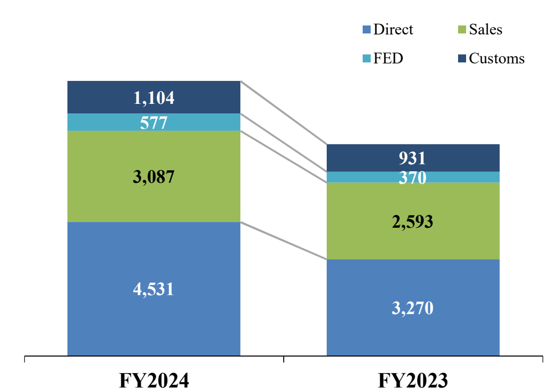
Source: Budget wing & EA wing's calculations

At the federal level, more than 90 percent of taxes are collected by FBR; however, in terms of GDP, the contribution is lower and hovering between 8.4-9.2 percent between FY 2019 and FY 2024. Over the years, various exemptions/concessions, low compliance, weak enforcement, narrow tax base, tax evasion, and fragmentation across provinces have severely affected tax collection. Particularly, a narrow tax base highlights the misalignment between sectoral contribution to tax and their contribution to GDP.

More recently, the performance of FBR has improved. During FY 2024, FBR revenue collection improved significantly by 30 percent to reach Rs 9,299.1 billion, up from Rs 7,163.8 billion in FY 2023. The tax collection witnessed a broad-based growth. Revenues from federal excise duty surged by 56.2 percent, followed by direct taxes 38.5 percent, sales tax 19.5 percent, and customs duty 18.1 percent. Similarly, FBR remained committed to the timely processing of refunds and rebates to strengthen the cash flow to businesses. In FY 2024, FBR issued a substantial amount of refunds and rebates, amounting to Rs 482.4 billion, showing a growth of 30 per cent over the preceding year.

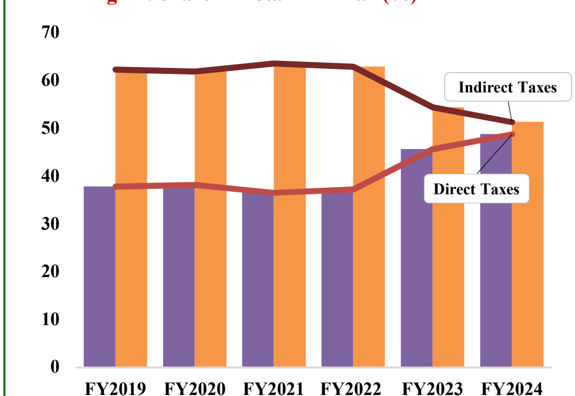
In the wake of various challenges both at the domestic and global level, the FBR tax performance signifies a remarkable effort of the government to improve the tax collection through various tax policies and administrative reforms initiated in the Budget FY 2024.

Fig-10: FBR Tax Collection (Rs Billion) FY2024



Source: FBR & EA wing's calculations

Fig-11: Share in Total FBR Tax (%)



Source: FBR & EA wing's calculations

Pakistan's tax system is heavily reliant on indirect taxes. However, various efforts aimed at improving the share of direct taxes are underway and have started to yield significant results. Since FY 2021, the share of direct tax in total FBR revenues has consistently risen from 36.5 percent to 48.7 percent in FY 2024. In FY 2024, the increase in the share is primarily due to a 56.9 percent growth in advance taxes, followed by a 36.5 percent increase in withholding taxes, and a 35.8 percent growth in collections with returns. Direct tax has also witnessed a significant shift in its composition as the share of advance taxes increased from 29.8 percent to 33.8 percent, while there was a marginal decline in the contribution of withholding taxes from 61.4 percent to 60.5 percent in FY 2024.[4]

In contrast, the contribution of indirect taxes reduced from 63.5 percent in FY 2021 to 51.3 percent in FY 2024. The increase in direct taxes relative to indirect taxes reflects the government's commitment to make taxation progressive and equitable. The component-wise share indicates that sales tax accounted for 37.9 percent, FED 7.3 percent, and customs 12.3 percent in total FBR tax collection during FY 2024. The structure of FBR tax revenues is given in Table 4.2:

Table 4.2: Structure of Federal Tax Revenue Rs billion

Year	Total (FBR)	Tax Rev as % of GDP	Direct Taxes	Indirect Taxes			
				Customs	Sales	Excise	Total
FY2016	3,112.7	9.5	1,217.3	404.6	1,302.7	188.1	1,895.4
			[39.1]	{21.3}	{68.8}	{9.9}	[60.9]
FY2017	3,367.9	9.5	1,344.2	496.8	1,329.0	197.9	2,023.7
			[39.9]	{24.5}	{65.7}	{9.8}	[60.1]
FY2018	3,843.8	9.8	1,536.6	608.4	1,485.3	213.5	2,307.2
			[39.7]	{26.4}	{64.4}	{9.3}	[60.0]
FY2019	3,828.5	8.7	1,445.5	685.6	1,459.2	238.2	2,383.0
			[37.8]	{28.8}	{61.2}	{10.0}	[62.2]
FY2020	3,997.4	8.4	1,523.4	626.6	1,596.9	250.5	2,474.0
			[38.1]	{25.3}	{64.5}	{10.1}	[61.9]
FY2021	4,745.0	8.5	1,731.3	748.4	1,988.3	277.0	3,013.7
			[36.5]	{24.8}	{66.0}	{9.2}	[63.5]
FY2022	6,148.5	9.2	2,284.9	1,010.7	2,532.2	320.7	3,863.6
			[37.2]	{26.2}	{65.5}	{8.3}	[62.8]
FY2023	7,163.8	8.6	3,269.8	930.9	2,593.3	369.8	3894.043
			[45.6]	{23.9}	{66.6}	{9.5}	[54.4]
FY2024	9,299.1*	8.8	4,530.7	1,104.1	3,086.8	577.5	4,768.3
			[48.7]	{23.2}	{64.7}	{12.1}	[51.3]
FY2025B.E	12,970.0	10.4	5,512.0	1,591.0	4,919.0	948	7,458.0
			[42.5]	{21.3}	{66.0}	{12.7}	[57.5]

* Revised numbers

Source: Federal Board of Revenue

4.4 Fiscal Performance (July-March FY 2025)

Fiscal consolidation efforts continue to reinforce the fiscal discipline during the current fiscal year. They were supported by a significant rise in revenues owing to various tax policies, administrative measures, and efficient expenditure management. Consequently, the primary surplus improved significantly, and the overall fiscal deficit remained on the lower side.

Encouragingly, the fiscal indicators are on an improving trajectory for the last three years and further strengthened during the current fiscal year (Fig-12). Notably, the government achieved a fiscal surplus of 1.7 percent of GDP in the first quarter of FY 2025, the first in 24 years.

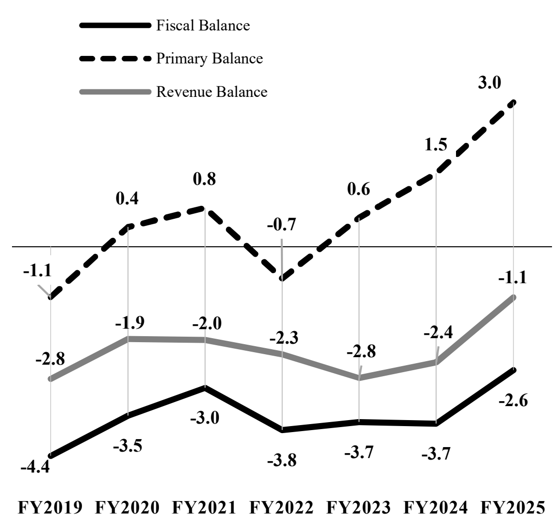
Furthermore, the effective consolidation efforts contributed to ensuring macroeconomic stability, thus restoring investors' and

[4] FBR Revenue Division Year Book 2023-24

multilateral agencies' confidence, evident by continued disbursements under the IMF program and improved sovereign credit ratings.

According to the consolidated revenue and expenditure accounts, the substantial rise in revenues outpaced the growth in expenditures, reflecting the effectiveness of ongoing consolidation efforts. Consequently, during July-March FY 2025, the fiscal deficit narrowed down by 23.9 percent to 2.6 percent of GDP, down from 3.7 percent recorded in the same period last year. Notable primary surplus increased to Rs 3,468.7 billion (3.0% of GDP) during July-March FY 2025, more than double the level observed in FY 2024, i.e Rs 1,615.4 billion (1.5% of GDP). Similarly, the revenue deficit improved to 1.1 percent of GDP in July-March FY 2025 from 2.4 percent of GDP last year.

Fig-12: Fiscal Indicators % of GDP (Jul-Mar)



Source:Budget wing & EA wing's calculations

Table 4.3: Consolidated Revenue & Expenditure of the Government

	FY2025 B.E	July-March (Rs billion) FY2025	July-March (Rs billion) FY2024	Growth
A. Total Revenue	18,883.1	13,367.0	9,780.4	36.7
% of GDP	15.2	11.7	9.3	
a) Tax Revenue	13,888.0	9,137.3	7,262.5	25.8
% of GDP	11.2	8.0	6.9	
Federal (FBR Taxes)	12,970.0	8,453.1	6,711.5	25.9
% of GDP	10.4	7.4	6.4	
Provincial Tax Revenue	918.0	684.3	551.0	24.2
b) Non-Tax Revenue	4,995.1	4,229.7	2,517.9	68.0
% of GDP	4.0	3.7	2.4	
B. Total Expenditure	26,166.0	16,337.0	13,682.8	19.4
% of GDP	21.1	14.2	13.0	
a) Current Expenditure	22,876.0	14,588.2	12,333.3	18.3
% of GDP	18.4	12.7	11.7	
Federal	17,090.4	10,581.9	9,123.7	16.0
Markup Payments	9,775.0	6,438.8	5,517.8	16.7
% of GDP	7.9	5.6	5.2	
Defence	2,122.0	1,424.0	1,222.4	16.5
% of GDP	1.7	1.2	1.2	
Provincial	5,785.6	4,006.3	3,209.6	24.8
b) Development Expenditure & net lending	3,290.0	1,543.2	1,142.8	35.0
% of GDP	2.7	1.3	1.1	
PSDP	3,153.0	1,535.6	1,158.1	32.6
c) Net Lending	137.0	7.5	46	-83.8
e) Statistical discrepancy	0.0	205.7	206.8	-0.5
C. Overall Fiscal Balance	-7,283.0	-2,970.0	-3,902.4	-23.9
As % of GDP	-5.9	-2.6*	-3.7	
D. Primary Balance	2,492.0	3,468.7	1,615.4	
% of GDP	2.0	3.0*	1.5	
Financing	7,283.0	2,970.0	3,902.4	-23.9
i) External Sources	666.3	19.5	493.8	
ii) Domestic	6,616.6	2,950.5	3,408.6	-13.4
- Bank	3,924.0	1,331.5	3,786.6	
- Non-Bank	2,662.6	1,619.0	-378.0	
Privatization Proceeds	0.0	0.0	0.0	
GDP at Market Prices	124,150	114,692	105,143	9.1

*Based on revised GDP

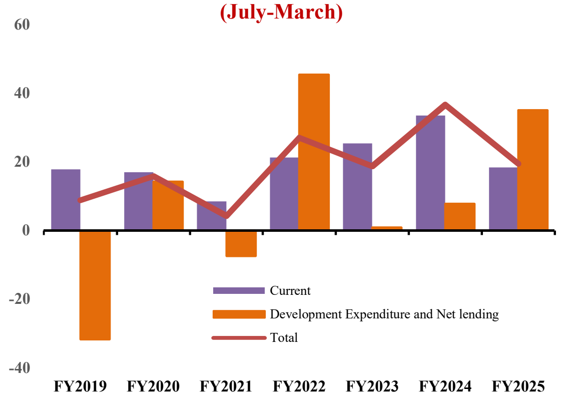
Source: Budget Wing, Finance Division

4.4-a Expenditure

Total expenditure grew by 19.4 percent, reaching Rs 16,337.0 billion (14.2 % of GDP) during July-March FY 2025, from Rs 13,682.8 billion (13.0 % of GDP) last year. The rise in expenditure is primarily attributed to a significant increase in development spending compared to current expenditures, which remained relatively moderate.

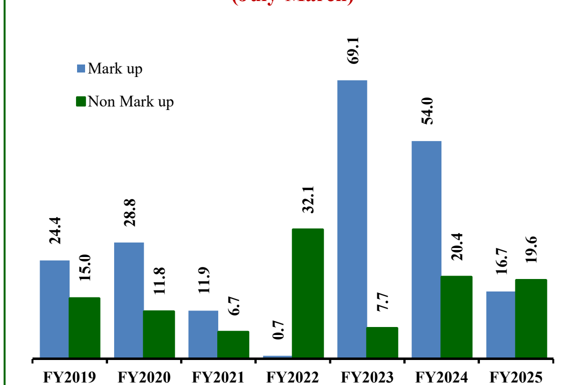
Current expenditure increased by 18.3 percent to Rs 14,588.2 billion in July-March FY 2025, up from Rs 12,333.3 billion last year. Within current spending, the markup payments grew by 16.7 percent to Rs 6,438.8 billion during July-March FY 2025 compared to Rs 5,517.8 billion last year. Notably, during the last two years, the markup payments grew sharply; however, during the current fiscal year, the reduced policy rate provided some relief to fiscal accounts.

Fig-13: Growth in Expenditure (July-March)



Source: Budget wing & EA wing's calculations

Fig-14: Growth in Current Expenditures (July-March)

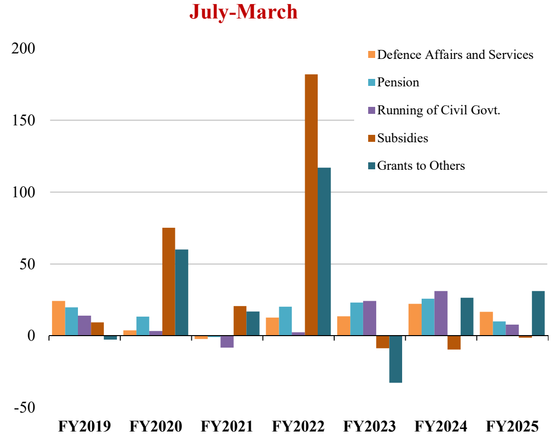


Source: Budget wing & EA wing's calculations

The growth in non-markup spending reduced to 19.6 percent in July-March FY 2025 from 20.4 percent last year. Except for grants, the growth across all other components remained lower than the level observed last year, reflecting improved expenditure control. During July-March FY 2025, grants to others grew by 31.0 percent to Rs 1,021.5 billion from Rs 779.9 billion last year. The increase has been realized largely due to increased grants for the Benazir Income Support Programme. Other contributing factors are grants for Railways, AJK, Bait-ul-mal, contingent liability, and reimbursement of T.T charges for remittances.

The containment in non-markup spending has been realized on the back of an efficient expenditure management strategy through various austerity (Box item: 1) and reform measures.

Fig-15: Non Markup Expenditure (%) July-March



Box-1: Austerity Measures

During the current fiscal year, the government issued guidelines for austerity measures to all government entities as part of a broader expenditure rationalization strategy. These measures aim at rationalizing the current expenditure by discouraging the procurements of durables such as new vehicles except for those needed for essential services, i.e., ambulances, firefighting vehicles, buses for educational institutions, waste management and motorbikes; machinery & equipment's excluding those for health, agriculture, schools, etc.

The government also imposed a moratorium on the creation of new positions, including contingent paid staff/temporary posts. In addition to this, the government also stopped funding medical treatments abroad and banned unnecessary / non-obligatory official foreign trips at the expense of the federal government.

However, keeping in view the absolute operational need, the government formed a committee headed by the Finance Secretary to relax the ban where the procurement is unavoidable, but on a case-by-case basis after due consideration.

The dedicated Austerity Committee ensures regular review of spending on items seeking relaxation, and due diligence is exercised before the exemption is accorded. Case-by-case assessment enables the committee to maintain a tight grip on exceptions, ensuring that only essential expenditures proceed.

Source: Expenditure Wing. Finance Division

In addition to austerity measures, the government has initiated various reforms to ensure long-term fiscal and debt sustainability. The reform strategy aims to rationalize the federal government's footprint, introduce parametric reforms to contain rising pension liabilities, enhance efficiency in the energy sector through cost recovery and reduction measures, eliminate cross-subsidies, ensure timely adjustments to gas and electricity tariffs, and improve the performance of state-owned enterprises (SOEs) through restructuring, privatization, governance enhancements, and greater transparency.

Overall, the expenditure management strategy will ensure that a proportion of unspent budgetary resources is diverted to essential developmental or debt reduction initiatives. These measures would minimize the need for borrowing or reallocation of funds from other critical sectors, thus supporting fiscal discipline that aligns with broader economic stability goals.

The contained growth in current spending has created some space for increased development expenditures during the current fiscal year. Particularly, the federal PSDP grew significantly by 28.6 percent to reach Rs 413.6 billion during July-March FY 2025, up from Rs 321.6 billion last year.

Under PSDP, the completion of ongoing projects has been accorded top priority in FY 2025, with almost 94 percent of resources allocated to the ongoing project, while only 6 percent of the resources have been earmarked for new projects.

The priority has been assigned to the infrastructure sector, being the primary responsibility of the Federal Government, with over 59 percent of allocations, followed by the Social Sector, having 18 percent, and balanced regional development (AJ&K, GB, and Merged Districts of Khyber Pakhtunkhwa) with 13 percent of allocations for FY 2025. About 10 percent of resources are earmarked for other sectors like IT& Telecom, S&T, Governance, and Production sectors. Similarly, importance has also been given to the development projects relating to 5Es, i.e., Exports, Equity, Empowerment, Environment and Energy Framework, CPEC, as well as 4RF, i.e., Resilient, Recovery, Rehabilitation and Reconstruction Framework.

The allocation of PSDP spending reflects the government’s commitment to advancing its infrastructure and addressing key challenges in transportation, energy, and water resource management to support economic growth and improve the quality of life for its citizens.

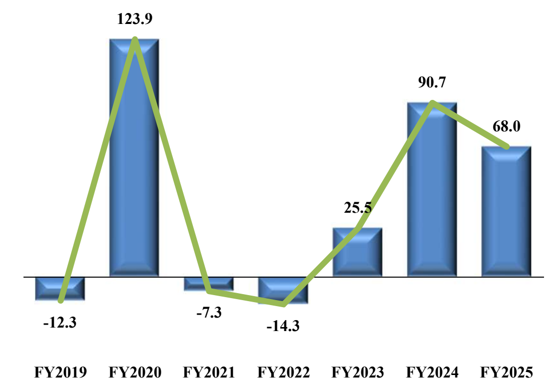
4.4-b Revenues

The impact of broad-based policy reforms and macroeconomic stability has been translated into substantial growth in total revenues. Total revenues grew 36.7 percent to reach Rs 13,367.0 billion (11.7 % of GDP) during July-March, FY 2025, against Rs 9,780.4 billion (9.3 % of GDP) last year. The impressive performance, both in tax and non-tax revenues, led this significant rise in total revenues.

Non-tax collection witnessed a remarkable growth of 68 percent, reaching Rs 4,229.7 billion during July-March FY 2025 against Rs 2,517.9

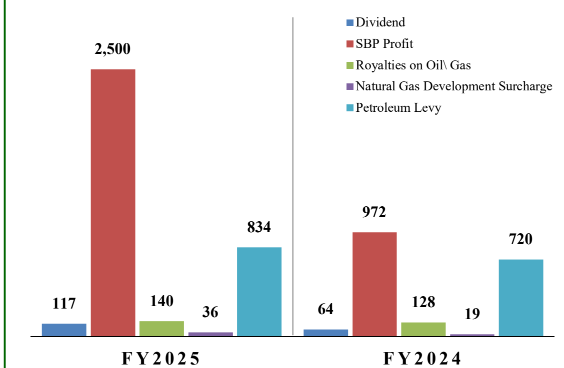
billion last year. Higher receipts from SBP profit and petroleum levy remained the major contributors, while improved collection from dividends, PTA profit, royalties on oil/gas, and natural gas development surcharge also played a significant role in boosting non-tax collection.

Fig-16: Growth in Non Tax collection (%)



Source: Budget wing & EA wing's calculation

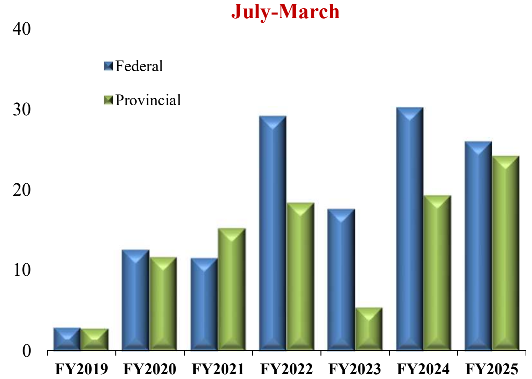
Fig-17: Major Components Of Non Tax Revenues (Rs billion)



Source: Budget wing & EA wing's calculation

The performance of tax collection also remained impressive, as it grew by 25.8 percent in July-March FY 2025 to reach Rs 9,137.3 billion from Rs 7,262.5 billion last year. In terms of GDP, tax collection increased to 7.4 percent of GDP during July-March FY 2025 from 6.9 percent last year.

Fig-18: Growth in Tax Collection (%) July-March



Source: Budget wing & EA wing's calculation

Tax collection from both federal and provincial levels witnessed a considerable improvement owing to various tax-enhancing measures implemented under the Finance Act 2024. The collection under federal tax increased by 25.9 percent, while from provincial taxes, it grew by 24.2 percent. The government is taking proactive measures to unlock provincial tax potential, particularly in undertaxed sectors such as agriculture. In this regard, all provinces have approved the updated legislation on Agriculture Income Tax (AIT), aligning AIT to personal and corporate income tax.

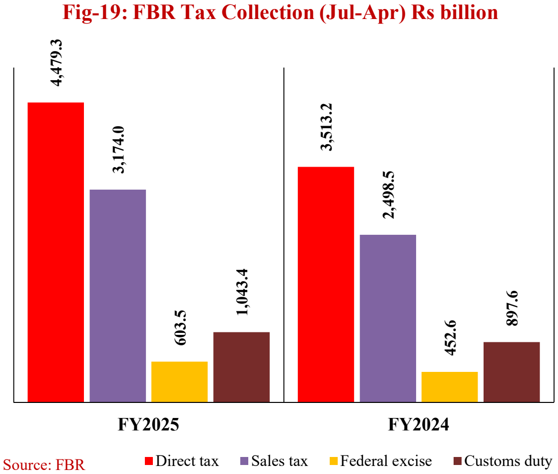
As an important step towards shared fiscal responsibility in line with the 18th Constitutional Amendment, the Federal and Provincial Governments have signed a National Fiscal Pact (NFP) to enhance revenue generation and balance expenditure & revenue responsibilities. According to the agreement, the federal government shall devolve some spending responsibilities to provinces in education, health, social protection, and regional public infrastructure investment, subjects covered under the 18th Amendment. The provinces will take administrative as well as legal measures to increase their own tax collection, including sales tax on services, property tax, and agriculture income tax. For the latter purpose the National Tax Council, its Executive Committee, and Subcommittees are working on the relevant tax measures, including the necessary legal and administrative changes, and implementing them so that the provinces may increase their tax collection.

4.5 FBR Tax Performance (July-April FY 2025)

FBR demonstrated a strong performance in revenue collection during the first ten months of FY 2025, driven by various tax measures introduced in the Budget 2024-25. Furthermore, strict enforcement measures and compliance, along with the removal of various exemptions, also helped in improving tax collection. Similarly, the government has taken revolutionary steps to equip the revenue organization with modern tools and technologies to make it a highly efficient organization. (Box item-2).

Collectively, the impact of these measures has been realized in terms of improved tax collection that grew by 26.3 percent during July-April FY 2025. In absolute terms, the net provisional collection increased to Rs 9,300.2 billion during July-April FY 2025 as compared to Rs 7,361.9 billion last year. The domestic tax collection increased by 27.7 percent to Rs 8,256.8 billion during July-April FY 2025 from Rs 6,464.3 billion last year. An amount of Rs 427.5 billion has been paid back as refunds during July-April FY 2025 against Rs 411.1 billion last year.

Fig-19: FBR Tax Collection (Jul-Apr) Rs billion



Source: FBR

The net revenue collection from direct tax grew by 27.5 percent during the first ten months of FY 2025 to reach Rs 4,479.3 billion from Rs 3,513.2 billion last year. The bulk of the direct taxes is realized from income tax. The major income tax contributions have come from contracts, imports, and profit payout. The tax payments with tax declaration and collection on demand have also shown high growth.

On the other hand, the net collection from the indirect tax registered a growth of 25.3 percent to Rs 4820.9 billion during July-April FY2025 from Rs 3,848.6 billion last year. In total, the net collection from sales tax grew by 27 percent. In absolute terms, the collection increased to Rs 3,174.0 billion during July-April FY 2025 from Rs 2,498.5 billion last year. Around 59.5 percent of total sales tax was contributed by the sales tax on imports during July-April, FY 2025, while the rest was contributed by the domestic sector. Tax-wise details are presented in the Table 4.4:

Table-4.4: FBR Tax Collection

Revenue Heads	FY2024	July-April (Rs Million)		% Change
	Actual	FY2024	FY2025*	
Income Tax				
Gross		3,561,456	4,531,587	27.2
Refund/Rebate		48,232	52,290	8.4
Net	**4,530,731**	**3,513,224**	**4,479,297**	**27.5**
Indirect Tax				
Gross		4,211,527	5,196,091	23.4
Refund/Rebate		362,895	375,204	3.4
Net	**4,768,348**	**3,848,632**	**4,820,887**	**25.3**
Sales Tax				
Gross		2,836,909	3,521,092	24.1
Refund/Rebate		338,443	347,051	2.5
Net	**3,086,831**	**2,498,466**	**3,174,041**	**27.0**
Federal Excise				
Gross		453,092	603,477	33.2
Refund/Rebate		513	0	-100.0
Net	**577,451**	**452,579**	**603,477**	**33.3**
Customs				
Gross		921,526	1,071,522	16.3
Refund/Rebate		23,939	28,153	17.6
Net	**1,104,066**	**897,587**	**1,043,369**	**16.2**
Total Tax Collection				
Gross	0	7,772,983	9,727,678	25.1
Refund/Rebate	0	411,127	427,494	4.0
Net	**9,299,079**	**7,361,856**	**9,300,184**	**26.3**

*: Provisional.

Source: FBR

During July-April FY2025, net collection from the federal excise duties (FED) grew by 33.3 percent to Rs. 603.5 billion against Rs. 452.6 billion last year. The major revenue spinners of FED are cigarettes, cement, concentrates used in beverages/food, motor cars, air travel, etc.

Customs duty has registered a growth of 16.2 percent during July-April FY 2025. The net collection has increased to Rs 1,043.4 billion during July-April, FY 2025, from Rs 897.6 billion last year. The major revenue spinners of customs duty have been mineral fuels, vehicles, edible oil, and machinery.

Box-2: Major Tax reform and initiatives

1. **Transformation Plan (TP)**

- A transformation plan for FBR was approved by the Prime Minister in September 2024. It has around eight work streams, including value chain digitalization, internal system digitalization, policy changes, faceless and digital key, BPR implementation, anti-smuggling and enhancing human resources.

Tax Digitalization and Transformation Program focuses on four key pillars:

- **Digitalization:** Improving economic linkages, digitizing processes, and strengthening digital delivery.
- **Capacity building and digital adoption of the workforce:** Building institutional capacity through expert oversight, performance incentives, and training
- **Digitally enabled Anti-smuggling initiatives:** Deploying digital solutions to curtail smuggling through digitally enabled enforcement stations across critical chokepoints
- **Policy reforms:** Linking transactions to tax returns with stricter KYC and penalties to curb evasion
- A detailed implementation roadmap has been developed with the following key areas/ interventions based on potential impact and relevance to FBR's operations:
- **HR / Capacity Enhancement:** Hiring of 3rd party audits, deployment of audit mentors and sectoral experts, hiring of law firms. Set up of the model tax office for improved oversight
- **Value Chain Digitalization:** Production tracking and enforcement across priority sectors, digital invoicing for B2B sales, and POS integration across provinces
- **Internal Systems Digitalization:** AI-based audit selection, Digital workflows and taxpayer journeys, chatbot for taxpayer facilitation, data integration
- **Policy Changes:** Required policy changes incl. external bodies, e.g., SBP, ICAP, SECP
- **Anti-smuggling:** Digital Enforcement Stations (Indus & Baluchistan), restructuring of the Directorate of Intelligence, Customs Enforcement, National Targeting Center, scoring system for Clearing Agent, Cargo Tracking System. Anonymous and automated clearing systems for goods
- **BPR Implementation / RMS Scanners:** Improvement of Risk Management System, deployment of scanners, redesign of customs workflows and taxpayer journeys, AI model for post clearance audit
- **PRAL Transformation:** Overall reform of governance structure and working model, set-up of Advanced Analytics Hub and Procurement Cell
- **Short Term Revenue:** Performance management routines against revenue collection targets

Early Impact and Progress

- Implementation of initiatives is currently underway, yielding tangible results.
- Production counting solution has been deployed across all sugar mills, increasing tax collection by 47 percent (PKR 12.4 billion) between December 24 to February 25 compared to the previous year. Furthermore, PKR 9.8 billion in fraudulent sales tax claims were blocked through advanced analytics.
- Faceless assessment, rolled out to eliminate collusion between importers and tax officers, has reduced average clearing time by approximately 80 percent and increased revenue collection by 13 percent.
- Integration of POS systems for restaurants with FBR across all four provinces has been completed.
- An AI-driven audit selection tool for corporate sales and income tax has been deployed, identifying over 200 cases worth PKR 13.3 billion during its initial roll-out.

- Operational efficiency has been significantly improved through the restructuring of the Directorate of Intelligence, reducing its officer structure from 563 to just 100. A new, empowered PRAL Board (the digital arm of FBR) has been established to enhance the delivery of digital interventions.

2. Inland Revenue Service – Legal Measures

- The Finance Act, 2024, has revised income tax rates on salaries for individuals, particularly increasing the tax on high-salaried persons. New tax slabs have been introduced, lowering the taxable income threshold and raising rates for high-income earners, with the highest rate reaching 35 percent.
- The rate of tax on dividends received from a mutual fund and the rate of tax to be deducted on dividends received from a mutual fund, which derives 50 percent or more of its income from profit on debt, has been enhanced to 25 percent.
- Sections 236G and 236H of the Income Tax Ordinance, 2001, previously applied to specific sectors, have now been extended to cover all sectors through the Finance Act, 2024. Under Section 236G, manufacturers and commercial importers are required to collect advance tax on sales to distributors, dealers, and wholesalers, while Section 236H applies to sales to retailers by manufacturers, distributors, wholesalers, and importers. The removal of sector-specific applicability aims to broaden the tax base and document the supply chain.
- Additionally, tax rates for non-filers have been significantly increased—up to 2 percent under Section 236G and 2.5 percent under Section 236H—serving as a strong incentive for registration and compliance.
- The rates of withholding tax (WHT) under sections 236C and 236K have been revised with a progressive slab structure based on the value of the property.
- For individuals on the Active Taxpayers List (ATL), the applicable rates are 3 percent for properties valued up to Rs 50 million, 3.5 percent for properties valued between Rs 50 million and Rs. 100 million, and 4 percent for properties exceeding Rs. 100 million. However, for late filers included in the ATL, higher rates apply—6 percent, 7 percent, and 8 percent, respectively, for the same property value slabs.
- For non-ATL individuals, the rates are significantly higher: 10 percent under section 236C, and 12 percent, 16 percent, and 20 percent under section 236K for the respective property value categories.
- The government introduced a Federal Excise Duty (FED) on the first sale or transfer of immovable properties, including residential and commercial units. The rates were set at 3 percent for Active Taxpayers (filers), 5 percent for late filers, and 7 percent for non-filers.
- FED on cement in Pakistan was increased from Rs 2 per kilogram to Rs 4 per kilogram, effective from July 1, 2024. This 100 percent hike aims to boost government revenue, with projections estimating an additional Rs. 60 billion in the fiscal year 2024–25.
- The government imposed a FED of Rs. 15 per kilogram on the supply of white crystalline sugar by any person to manufacturing, processing, or packaging entities. This measure, effective from July 1, 2024, aims to enhance revenue collection from the sugar industry.
- FBR increased the FED on international air travel effective July 1, 2024, to boost revenue. However, there is a rebate of Rs. 7,500 for travelers to GCC countries holding labor visa printed on their passports, duly verified by the Protector of Emigrants (Bureau of Emigration & Overseas Employment).

3. Customs-Related Measures

- Faceless Customs Assessment (FCA) - Faceless Customs Assessment (FCA) system has been introduced to check revenue leakages and speedy assessments. It is operating through its Centralized Appraising Unit at South Asia Pakistan Terminal (SAPT), Karachi, and it is handling the clearance of imports made through four Customs Appraisement Collectorates of Karachi. It is expected to drastically reduce additional documentation and physical examinations. Since its inception on 15.12.2024, FCA has resulted in a 62 percent decrease in physical examinations and a 75 percent reduction in documents called for assessment purposes. FCA has resulted in an 83 percent reduction in Average Clearance Time from 107 hours to 18 hours.
- Development of Digital Enforcement Stations (DES) - This is a major anti-smuggling intervention under FBR's Transformation Plan to curb smuggling, which will positively impact revenue collection. Under

this intervention, 27 DES are being established on key choke points/ crossings on the River Indus & Hub, besides strengthening 10 existing Customs Check Posts in Baluchistan and upgrading them to the level of DES. This strategy will significantly reduce the volume of smuggling in the Country.

- Cargo Tracking System – A fully automated tracking of cargo movement under Cargo Tracking System (CTS) is being established to effectively distinguish the legitimate duty/taxes paid goods from smuggled goods.

4. Compliance Risk Management System

- FBR has rolled out a Machine Learning (ML) based Compliance Risk Management (CRM) system in its field formations to detect anomalies, identify, assess, rank and address tax compliance risks based on diverse data sources. Techniques like clustering and multivariate analysis help identify outliers in group-specific data, revealing hidden patterns of potential fraud, thus helping flag high-risk cases for auditors. The system includes targeted campaigns, incentives and behavior change efforts to address non-compliance, with feedback mechanisms ensuring responsiveness to taxpayers' concerns.
- The system is up and running in all Large, Medium and Corporate tax offices in the country and anomalous cases with risk rating and profiling are available on the dashboard to all the assessing officers. This is resulting in optimal utilization of scarce audit resources in the field and providing a decision support system to officers to focus audit resources on risky cases, leading to FBR's ultimate goal of revenue enhancement.
- FBR is working to develop the same system for on-corporate cases of Income and Sales Tax, and work is at an advanced stage.

Source: FBR

4.6 Provincial Budget

In FY2025, the size of the provincial budget increased by 45.5 percent to Rs 8,815.6 billion from the revised estimate of Rs 6,059.9 billion last year. Current expenditures are expected to increase by 33.8 percent, while development spending is expected to grow by 85.3 percent over the revised estimates last year, reflecting a strong focus on public investment. Provincial revenues are budgeted at Rs 9,528.5 billion in FY 2025 against the revised estimates of Rs 6,450.1 billion last year, reflecting a growth of 47.7 percent. Within total, tax and non-tax collections are expected to grow by 44.4 percent and 88.2 percent, respectively.

Table 4.5: Overview of Provincial Budgets Rs billion

Item	Punjab		Sindh		Khyber Pakhtunkhwa		Balochistan		Total	
	FY2024 (R.E)	FY2025 (B.E)	FY2024 (R.E)	FY2025 (B.E)	FY2024 (R.E)	FY2025 (B.E)	FY2024 (R.E)	FY2025 (B.E)	FY2024 (R.E)	FY2025 (B.E)
Total Prov. Own Taxes	326.5	471.9	363.7	619.0	57.7	57.8	30.5	47.6	778.3	1,196.2
Share in Federal Taxes	2,560.4	3,682.7	1,214.8	1,747.4	808.4	1,165.7	481.2	647.0	5,064.8	7,242.8
Total Tax Revenues	2,886.9	4,154.6	1,578.5	2,366.4	866.0	1,223.4	511.6	694.6	5,843.1	8,439.1
Total Non-Tax Revenues	135.6	493.3	174.6	149.2	81.6	86.2	47.1	97.4	438.9	826.1
All Others	7.0	7.9	38.1	92.0	114.2	139.2	8.8	24.4	168.1	263.4
Total Revenue	3,029.5	4,655.8	1,791.2	2,607.6	1,061.8	1,448.8	567.5	816.4	6,450.1	9,528.5
Current Expenditure	1,985.1	2,633.8	1,399.9	1,912.4	905.1	1,166.1	399.9	564.9	4,689.9	6,277.1
Development Expenditure	567.6	842.0	467.1	959.1	162.5	416.3	172.9	321.1	1,370.0	2,538.5
Total Expenditure	2,552.7	3,475.8	1,867.0	2,871.4	1,067.6	1,582.3	572.7	886.0	6,059.9	8,815.6

Source: Provincial Finance Wing. Finance Division

4.7 Provincial Fiscal Operations

Under the 7th NFC Award, federal transfers to provinces (divisible pool and straight transfers) were budgeted at Rs 7,438 billion in FY 2025. During July-March FY 2025, federal transfers to provinces increased to Rs 5,084.4 billion from Rs 3,815.1 billion last year, an increase of 33.3

percent. The province-wise share of provinces during FY 2025 is budgeted as follows: Punjab: Rs 3,695.1 billion, Sindh: Rs 1,853.8 billion, Khyber Pakhtunkhwa: Rs 1,221.5 billion, inclusive of 1 percent war on terror, and Balochistan: Rs 667.6 billion.

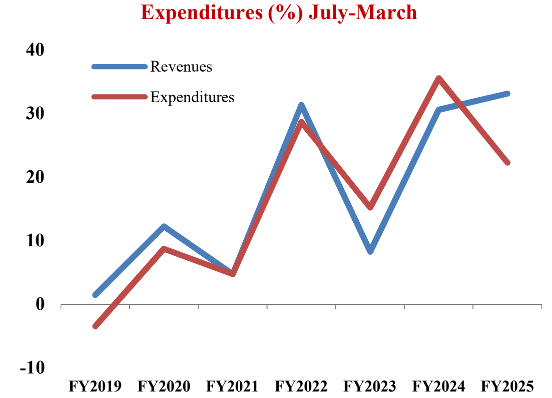
Table 4.6: Overview of Provincial Fiscal Operations Rs billion

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Jul-Mar	
								FY2025	FY2024
A. Tax Revenue	**2,618.8**	**2,799.6**	**2,917.6**	**3,250.3**	**4,201.4**	**4,873.0**	**6,037.8**	**5,768.6**	**4,366.1**
Provincial Taxes	401.4	401.8	413.6	508.4	612.4	649.6	774.2	684.3	551.0
Share in Federal Taxes	2,217.4	2,397.8	2,504.0	2,741.9	3,589.0	4,223.5	5,263.6	5,084.4	3,815.1
B.Non Tax Revenue	**146.7**	**86.3**	**102.4**	**150.3**	**128.3**	**165.9**	**223.1**	**203.0**	**158.9**
C.All Others	**173.0**	**110.0**	**221.0**	**327.5**	**357.8**	**260.5**	**447.1**	**422.9**	**277.3**
Total Revenue (A+B+C)	**2,938.5**	**2,995.9**	**3,241.0**	**3,728.0**	**4,687.5**	**5,299.4**	**6,708.0**	**6,394.6**	**4,802.3**
a. Current Expenditure	2,080.7	2,350.8	2,541.9	2,844.2	3,200.8	3,859.6	4,690.6	4,079.1	3,267.5
b. Development Expenditure	880.1	506.2	622.0	770.2	1,216.6	1,241.0	1,391.7	1,226.2	887.9
c. Statistical Discrepency	-4.8	-51.1	-147.9	-200.0	-80.9	44.2	107.5	35.9	211.5
Total Expenditure (a+b+c)	**2,956.0**	**2,805.9**	**3,016.1**	**3,414.4**	**4,336.5**	**5,144.8**	**6,189.8**	**5,341.2**	**4,366.9**
Overall, Balance	**-17.5**	**190.0**	**224.9**	**313.6**	**351.0**	**154.6**	**518.2**	**1,053.3**	**435.4**

Source: Pakistan Fiscal Operations

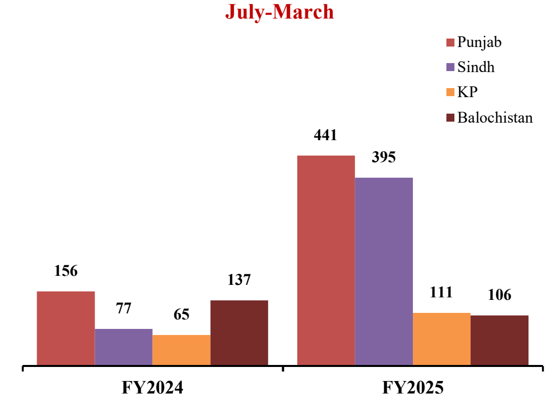
The provincial fiscal operations provided significant support to the federal government in improving the overall fiscal accounts. The dedicated efforts at the provincial level for effective resource mobilization and prudent expenditure management triggered the higher growth in provincial revenues relative to expenditures.

Fig-20: Growth in Provincial Revenues & Expenditures (%) July-March



Source: Pakistan fiscal Operations and EA wing's calculations

Fig-21: Provincial Surplus (Rs.billion) July-March

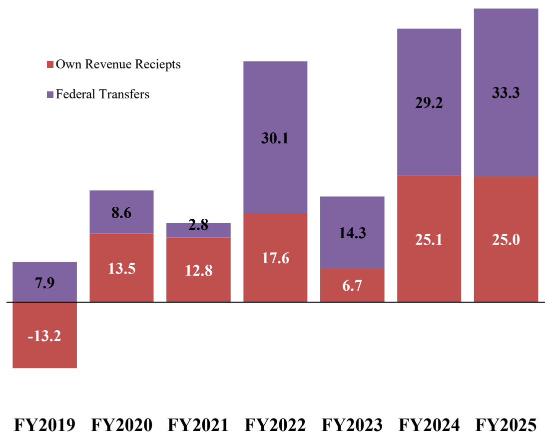


Source: Pakistan's fiscal operations and EA wing's calculation

Consequently, all four provinces collectively achieved the highest surplus of Rs 1,053.3 billion during July-March FY 2025 compared to the surplus of Rs 435.4 billion last year.

During July-March FY 2025, provincial revenues witnessed a substantial increase of 33.2 percent to Rs 6,394.6 billion, up from Rs 4,802.3 billion last year. The province's own source revenue receipts grew by 25.0 percent to Rs 887.3 billion in July-March FY 2025 from Rs 709.9 billion last year. Both provincial tax and non-tax revenues contributed to this consistent rise in own revenues during the period under review. Despite the increase in provincial own-source revenue receipts, the federal transfers continue to be the main source, contributing around an 80 percent share in total provincial revenues.

Fig-22: Provincial Own Revenues and Federal Transfers (Growth %)(Jul-Mar)



Source: Pakistan's fiscal operations & EA wing's calculation

Provincial tax collection improved to Rs 684.3 billion during July-March FY 2025 from Rs 551.0 billion last year, showing a growth of 24.2 percent. In total, the receipts from motor vehicle tax grew by 58.3 percent, and GST on services increased by 18.1 percent. Similarly, non-tax revenues grew by 27.8 percent to Rs 203.0 billion during July-March FY 2025 against Rs 158.9 billion last year. The major contribution came from higher receipts from hydroelectricity profit, interest on loans, dividends, and law & order.

On the expenditure side, the pace of growth remained moderate at 22.3 percent during July-March FY 2025, down from 35.6 percent last year. In absolute terms, provincial expenditures increased to Rs 5,341.2 billion during July-March FY 2025 from Rs 4,366.9 billion last year. Current expenditures grew by 24.8 percent to Rs 4,079.1 billion during July-March FY 2025 against Rs 3,267.5 billion last year. Major components responsible for this growth are housing and community development, social protection, recreational, cultural and religious, fuel & energy, construction & transport, and general public services.

The effective consolidation efforts enabled the provinces to scale up development spending, which increased by 38.1 percent to reach 1,226.2 billion during July-March FY 2025 from Rs 887.9 billion last year. The increase is primarily attributed to higher expenditure on environment protection, education affairs & service, public order & safety, General Economic, Commercial & Labour Affairs, Fuel & Energy, Mining & Manufacturing, public health services, recreational & sport services, and religious affairs.

4.8 Public Financial Management (PFM) Reforms

The Public Finance Management Act 2019 serves as a foundational framework, aiming to improve budget preparation, execution, and reporting processes. Effective implementation of these reforms is essential to ensure optimal use of public finances and reinforce economic stabilization efforts.

In FY 2025, PFM reforms focused on enhancing fiscal discipline, improving transparency, and aligning with international financial commitments, particularly under the IMF's program. In preparing the Federal Budget, significant attention is given to setting well-informed priorities and targets. Moreover, Pakistan has been progressively integrating thematic budgeting, particularly around gender, climate change, and the Sustainable Development Goals (SDGs), within its broader PFM reforms. The frameworks and directives are regularly updated to align with both national development agendas and international commitments.

In line with the provisions of the PFM Act 2019, the Federal Government has undertaken a series of PFM reforms in FY 2025, which include, but are not limited to, the amendment and formulation of various rules, with special focus on bringing these new rules in line with development in digital technologies. These are Special Purpose Fund (General) Rules, 2025, Grant in Aids Rules, 2025, Federal Government Receipts and Payments Rules 2025, and General Financial Rules, 2025.

Concluding Remarks

The fiscal performance during the first nine months of FY 2025 reaffirms the government's commitment to improve fiscal discipline aligned with the Budget 2024-25. Improved revenue mobilization, particularly through FBR reforms and strong revenue collection from non-tax, together with efficient management of expenditures, successfully reduced the fiscal deficit to 2.6 percent of GDP during July-March FY 2025 from 3.7 percent recorded last year. In addition, the contained non-markup spending triggered a significant rise in primary surplus to 3.0 percent of GDP from 1.5 percent last year. Similarly, the contribution of provinces in effective consolidation is visible through significantly higher combined surpluses by all the provinces.

In the wake of prevailing challenges, both at the domestic and global levels, the current performance of the fiscal sector is encouraging, indicating effective fiscal management. At the same time, to cope with emerging challenges, the government is progressing on comprehensive fiscal reforms in coordination with provinces. In this regard, the National Fiscal Pact is an important step to rebalance intergovernmental relationships. These reforms will ensure long-term fiscal sustainability, crucial for attaining higher, inclusive, and sustainable economic growth.

TABLE 4.1

FEDERAL GOVERNMENT OVERALL BUDGETARY POSITION

Rs million

Fiscal Year / Item	2023-24	2024-25 July-March (P)
A. REVENUE		
FBR Tax Revenue (1 +2)	9,311,007 *	8,453,051
1 Direct Taxes	4,530,722	4,127,815
2 Indirect Taxes	4,780,285	4,325,236
i. Customs	1,104,063	927,461
ii. Sales Tax	3,098,771	2,860,744
iii. Federal Excise	577,451	537,031
Non-Tax Revenue	3,050,455	4,099,450
Gross Revenue Receipts	12,361,462	12,552,501
B. EXPENDITURE		
Current Expenditure	14,073,122	10,668,308
i. Defence	1,858,805	1,423,960
ii. Mark-up payments	8,159,826	6,438,790
iii. Grants	1,395,283	1,108,005
vi. Others**	2,659,208	1,697,553
Development Expenditure and Net Lending	1,030,852	653,395
Statistical Discrepancy	-280,997	169,780
Total Expenditure	14,822,977	11,491,483

P : Provisional

Source: Budget Wing, Finance Division, Islamabad

* : Revised FBR Tax collection FY2023-24 is Rs 9299.1 billion

** : Includes other categories not shown here

TABLE 4.2

SUMMARY OF PUBLIC FINANCE (CONSOLIDATED FEDERAL & PROVINCIAL GOVERNMENTS)

Rs million

Fiscal Year / Items	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 Jul-Mar (P)
Total Revenues (i+ii)	4,900,724	6,272,168	6,903,370	8,035,383	9,633,505	13,269,037	13,366,986
Federal	4,412,625	5,756,162	6,244,698	7,294,720	8,818,070	12,271,725	12,479,711
Provincial	488,099	516,006	658,672	740,663	815,435	997,312	887,275
i) Tax Revenues	4,231,272	4,411,538	5,272,699	6,755,168	7,818,699	10,085,201	9,137,316
Federal	3,829,469	3,997,921	4,764,302	6,142,802	7,169,140	9,311,007	8,453,051
Provincial	401,803	413,617	508,397	612,366	649,559	774,194	684,265
ii) Non-Tax Revenues	669,452	1,860,630	1,630,671	1,280,215	1,814,806	3,183,836	4,229,670
Federal	583,156	1,758,241	1,480,396	1,151,918	1,648,930	2,960,718	4,026,660
Provincial	86,296	102,389	150,275	128,297	165,876	223,118	203,010
Total Expenditures (a+b+c+d)	8,345,640	9,648,488	10,306,691	13,295,275	16,154,950	20,475,945	16,337,029
a) Current	7,104,030	8,532,020	9,084,010	11,521,375	14,447,833	18,570,942	14,588,163
Federal	4,776,150	6,016,192	6,264,821	8,354,104	10,650,028	13,970,052	10,581,853
Provincial	2,327,880	2,515,828	2,819,189	3,167,271	3,797,805	4,600,890	4,006,310
b) Development	1,178,442	1,155,213	1,238,738	1,617,050	1,892,992	2,026,814	1,535,643
c) Net Lending to PSE's	40,750	48,528	76,938	40,372	59,876	51,670	7,532
d) Statistical Discrepancy	22,418	-87,273	-92,995	116,478	-245,750	-173,481	205,691
Overall Balance	-3,444,916	-3,376,320	-3,403,321	-5,259,892	-6,521,445	-7,206,908	-2,970,043
Primary Balance	-1,353,790	-756,581	-653,592	-2,077,460	-825,529	952,918	3,468,747
Financing (net)	3,444,916	3,376,320	3,403,321	5,259,892	6,521,445	7,205,570	2,970,043
External (net)	416,706	895,510	1,338,091	1,178,410	-679,848	320,713	19,505
Domestic (i+ii+iii)	3,028,210	2,480,810	2,065,230	4,081,482	7,201,293	6,884,857	2,950,538
i) Non-Bank	764,986	540,250	196,189	980,570	3,672,703	-312,801	1,618,999
ii) Bank	2,263,224	1,940,561	1,869,041	3,100,912	3,528,590	7,197,658	1,331,539
iii) Privatization Proceeds	2,000	-	-	-	-	1338	0
Memorandum Item							
GDP (mp) in Rs billion	43,798	47,540	55,836	66,658	83,651	105,143	114,692
	(As Percent of GDP at Market Price)						
Total Revenue	11.2	13.2	12.4	12.1	11.5	12.6	11.7
Tax Revenue	9.7	9.3	9.4	10.1	9.3	9.6	8.0
Non-Tax Revenue	1.5	3.9	2.9	1.9	2.2	3.0	3.7
Expenditure	19.1	20.3	18.5	19.9	19.3	19.5	14.2
Current	16.2	17.9	16.3	17.3	17.3	17.7	12.7
Development Expenditure & net Lending	2.8	2.5	2.4	2.5	2.3	2.0	1.3
Overall Balance	-7.9	-7.1	-6.1	-7.9	-7.8	-6.9	-2.6
Primary Balance	-3.1	-1.6	-1.2	-3.1	-1.0	0.9	3.0

P : Provisional

Source: Budget Wing, Finance Division, Islamabad

/1: During FY2021, the fiscal accounts have been reclassified in line with the implementation of PFM procedures. According to the reclassification, federal taxes other than FBR have now been included in non-tax revenue. To make the data comparable, the fiscal indicators since FY2016 have also been reclassified.

TABLE 4.3

CONSOLIDATED FEDERAL & PROVINCIAL GOVERNMENT REVENUES

Rs million

Fiscal Year/Items	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 Jul-Mar (P)
Total Revenue (I+II)	4,900,724	6,272,168	6,903,370	8,035,383	9,633,505	13,267,037	13,366,986
Federal	4,412,625	5,756,162	6,244,698	7,294,720	8,818,070	12,269,725	12,479,711
Provincial	488,099	516,006	658,672	740,663	815,435	997,312	887,275
I. Tax Revenues	4,231,272	4,411,538	5,272,699	6,755,168	7,818,699	10,083,201	9,137,316
Federal (A+B)	3,829,469	3,997,921	4,764,302	6,142,802	7,169,140	9,309,007	8,453,051
A. Direct Taxes	1,445,594	1,524,252	1,731,860	2,280,470	3,272,402	4,530,722	4,127,815
B. Indirect Taxes	2,383,875	2,473,669	3,032,442	3,862,332	3,896,738	4,778,285	4,325,236
i. Excise Duty	233,591	250,470	277,072	320,978	369,779	577,451	537,031
ii. Sales Tax	1,464,887	1,596,821	1,990,186	2,531,856	2,592,136	3,096,771	2,860,744
iii. Customs	685,397	626,378	765,184	1,009,498	934,823	1,104,063	927,461
Provincial	401,803	413,617	508,397	612,366	649,559	774,194	684,265
Sales Tax on services GST	202,881	232,969	293,645	355,720	416,973	504,617	417,318
Excise Duty	9,274	7,643	8,218	8,896	9,619	12,136	9,276
Stamp Duties	70,396	59,148	55,217	70,888	65,191	62,548	49,282
Motor Vehicle Taxes	24,850	17,979	26,779	36,219	31,705	34,112	39,548
Others	94,402	95,878	124,538	140,643	126,071	160,781	168,841
II. Non-Tax Revenues	669,452	1,860,630	1,630,671	1,280,215	1,814,806	3,183,836	4,229,670
Federal	583,156	1,758,241	1,480,396	1,151,918	1,648,930	2,960,718	4,026,660
Provincial	86,296	102,389	150,275	128,297	165,876	223,118	203,010
Surcharges*	211,612	306,037	447,177	147,901	590,582	1,049,733	869,492
i. Gas	5,304	12,356	22,523	20,372	10,672	30,510	35,645
ii. Petroleum	206,308	293,681	424,654	127,529	579,910	1,019,223	833,847

P: Provisional

Source: Budget Wing, Finance Division, Islamabad

* : Non-Tax Revenues under these heads are exclusively Federal

Note : According to the re-classification, of data as per PFM procedures, federal taxes other than FBR have now been included under Non tax revenues

TABLE 4.4

CONSOLIDATED FEDERAL & PROVINCIAL GOVERNMENT EXPENDITURES

Rs million

Fiscal Year/Items	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 Jul-Mar (P)
Current Expenditure	7,104,030	8,532,020	9,084,010	11,521,374	14,447,833	18,570,942	14,588,163
Federal	4,776,150	6,016,192	6,264,821	8,354,103	10,650,028	13,970,052	10,581,853
Defence	1,146,793	1,213,281	1,316,189	1,411,646	1,585,502	1,858,805	1,423,960
Mark-up Payments	2,091,126	2,619,739	2,749,729	3,182,432	5,695,916	8,159,826	6,438,790
Subsidies	195,345	359,923	425,023	1,529,609	1,080,262	1,067,360	466,229
Others	1,342,886	1,823,249	1,773,651	2,230,416	2,288,347	2,884,061	2,252,873
Provincial	2,327,880	2,515,828	2,819,189	3,167,271	3,797,805	4,600,890	4,006,310
Development Expenditure	1,178,442	1,155,213	1,238,738	1,617,050	1,892,992	2,026,814	1,535,643
Net Lending to PSEs	40,750	48,528	76,938	40,372	59,876	51,670	7,532
Statistical Discrepancy	22,418	-87,273	-92,995	116,478	-245,750	-173,481	205,691
Expenditure Booked excl discrepancy	8,323,222	9,735,761	10,399,686	13,178,796	16,400,701	20,649,426	16,131,338
Total Expenditure	8,345,640	9,648,488	10,306,691	13,295,274	16,154,951	20,475,945	16,337,029
Memorandum Items:	(Percent Growth over preceding period)						
Current Expenditure	21.3	20.1	6.5	26.8	25.4	28.5	-
Defence	11.3	5.8	8.5	7.3	12.3	17.2	-
Mark-up Payments	39.4	25.3	5.0	15.7	79.0	43.3	-
Current Subsidies	71.1	84.2	18.1	259.9	-29.4	-1.2	-
Development Expenditure	-25.6	-2.0	7.2	30.5	17.1	7.1	-
Expenditure Booked excl discrepancy	11.3	17.0	6.8	26.7	24.4	25.9	-
Total Expenditure	11.4	15.6	6.8	29.0	21.5	26.7	-
	As % of total expenditures						
Current Expenditure	85.1	88.4	88.1	86.7	89.4	90.7	89.3
Defence	13.7	12.6	12.8	10.6	9.8	9.1	8.7
Mark-up Payments	25.1	27.2	26.7	23.9	35.3	39.9	39.4
Subsidies	2.3	3.7	4.1	11.5	6.7	5.2	2.9
Development Expenditure*	14.6	12.5	12.8	12.5	12.1	8.4	9.4

P: Provisional

Source: Budget Wing, Finance Division

* : Include Net Lending

TABLE 4.5

DEBT SERVICING

							Rs million
Fiscal Year / Item	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 Jul-Mar (P)
A. Mark-up Payments	2,091,126	2,619,739	2,749,729	3,182,432	5,695,916	8,159,826	6,438,790
Servicing of Domestic Debt	1,820,821	2,313,133	2,523,811	2,828,572	4,936,025	7,163,721	5,782,570
Servicing of Foreign Debt	270,305	306,606	225,918	353,860	759,891	996,105	656,220
B. Repayment/Amortization of Foreign Debt	974,001	1,362,353	940,278	1,681,088	3,087,445	2,438,180	1,228,324
C. Total Debt Servicing (A+B)	3,065,127	3,982,092	3,690,007	4,863,520	8,783,361	10,598,006	7,667,114
MEMORANDUM ITEMS	(As Percent of GDP)						
Servicing of Domestic Debt	4.2	4.9	4.5	4.2	5.9	6.8	5.0
Servicing of Foreign Debt	0.6	0.6	0.4	0.5	0.9	0.9	0.6
Repayment/Amortization of Foreign Debt	2.2	2.9	1.7	2.5	3.7	2.3	1.1
Total Debt Servicing	7.0	8.4	6.6	7.3	10.5	10.1	6.7

P: Provisional

Source: Budget Wing, Finance Division