Federal Budget Analysis and Recommendations: Pakistan (FY 2025–26)

Author: Muhammad Usman

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Abstract

This dissertation offers a comprehensive analysis of Pakistan's federal budget for fiscal year 2025-26, evaluating the fiscal strategy supported by IMF-mandated reforms. With a total outlay of PKR 17.573 trillion, the budget shows a deliberate 7% decrease from FY 2024–25 levels, aligning with macroeconomic stability goals. Key targets include cutting the fiscal deficit to 3.9% of GDP (from 5.9%), achieving a primary surplus of 2.4%, and boosting GDP growth to 4.2%. Revenue measures aim to strengthen tax collection through digital enforcement and AI audits, raising the Federal Board of Revenue (FBR) tax target to PKR 14.131 trillion, along with PKR 5.147 trillion in non-tax revenues. Defense spending increases by 20% to PKR 2.55 trillion (~2.5% of GDP), surpassing development allocations such as the PKR 1 trillion PSDP. Interest payments (PKR 8.207 trillion) and pensions (PKR 1.055 trillion) dominate current expenditure. The dissertation uses ratio analysis (deficit/GDP, debt servicing share), sectoral allocation comparisons, and benchmark comparisons with IFC standards and peers. Results show limited fiscal space for productivity-led priorities, especially education and health. Recommendations focus on broadening the tax base—particularly in agriculture and informal sectors—refinancing high-cost debt, redirecting resources toward human development, and strengthening implementation through the Uraan Pakistan strategy (five-year plan). The study concludes that while FY 2025–26 demonstrates disciplined fiscal consolidation, its success relies on proper execution and ongoing structural reforms.

List of Tables and Figures

Nomenclature & Acronyms

- **FBR** – Federal Board of Revenue
- **PSDP** – Public Sector Development Programme
- **IMF** – International Monetary Fund
- **NETU** – National Economic Transformation Unit
- **PKR/Rs** – Pakistani Rupee
- **GDP** – Gross Domestic Product

Chapter 1: Introduction

1.1 Background

Pakistan's macroeconomic landscape has long been marked by chronic fiscal imbalances, high debt-servicing obligations, and underinvestment in social sectors like health and education. The country's tax-to-GDP ratio has remained around 10%, well below peer averages. These issues have led Pakistan to frequently rely on International Monetary Fund (IMF) programmes, each requiring structural fiscal adjustments, subsidy removals, and revenue mobilization (Le Monde, 2024; Uraan Pakistan, 2025). Fiscal consolidation has thus been a recurring focus, with FY 2025–26 representing another key moment in Pakistan's economic policymaking.

On 10 June 2025, Finance Minister Muhammad Aurangzeb unveiled the FY 2025–26 federal budget—an ambitious package with a total outlay of PKR 17.573 trillion, representing a 7% reduction from the previous fiscal year's PKR 18.9 trillion (Dawn; Reuters; Business Recorder). This contractionary budget focuses on stabilizing macro parameters: targeting 4.2% GDP growth, containing inflation at 7.5%, and reducing the fiscal deficit to 3.9% of GDP, while aiming for a primary surplus of 2.4%. These targets are situated within the broader IMF-supported framework, aiming to restore stability amidst volatile global conditions and domestic political shifts.

The presentation of the budget took place amid heightened political tensions. Strong opposition protests in the National Assembly underscored public apprehension over the austerity measures, even as the government defended the package as essential for economic revival (AP News; Dunya News) Reuters+1The Alternate Narrative+1The Alternate Narrative. This reflects a broader climate where stabilization needs are balanced against socio-political constraints.

1.2 Problem Statement

Despite recurrent fiscal consolidations, Pakistan remains trapped in a cycle of debt accumulation and sub-optimal development expenditure. The current budget's defense spending surge—an increase of 20% to **PKR 2.55 trillion** (~2.5% of GDP)—adds complexity, risking crowding out priority sectors such as education, health, and human development (AP News; Reuters; Business Recorder) AP News, Reuters, Business Recorder. With nearly half the budget allocated to **debt servicing (PKR 8.207 trillion)** and pensions (PKR 1.055 trillion), the federal government's capacity to invest in infrastructure, climate resilience, or public welfare remains limited (Economic Times India; Business Recorder) The Alternate Narrative.

1.3 Research Objectives

This dissertation evaluates whether the FY 2025–26 budget provides a realistic and equitable path toward stability and sustainable growth. The **key objectives** are:

1. **Assess macro-fiscal targets** growth, inflation, deficit, and primary balance and their feasibility.

2. Examine **revenue mobilization strategies**, including enhanced tax collection through FBR reform.
3. Analyze **expenditure allocations**, especially sectoral distribution between defense, PSDP, debt servicing, and social sectors.
4. Evaluate **debt burden dynamics**, including domestic vs external debt servicing.
5. Formulate **evidence-based recommendations** for enhancing fiscal sustainability and accelerating development.

1.4 Research Questions

- **RQ1**: How realistic are the growth and deficit targets?
- **RQ2**: Can the FBR realistically achieve its tax revenue targets, given historical performance and global best practices?
- **RQ3**: What are the implications of increased defence and debt-servicing expenditures on developmental priorities?
- **RQ4**: How align are budget priorities with Pakistan's five-year Uraan Pakistan plan?
- **RQ5**: What reforms are necessary to improve fiscal space, equity, and sustainability?

1.5 Scope and Limitations

- **Scope**: The study covers the FY 2025-26 budget presented on 10 June and adopted in July 2025. It focuses on federal data only, excluding provincial budgets.
- **Data Sources**: Official Finance Ministry documents, Pakistan Economic Survey, national press sources (e.g., Business Recorder, AP News), and international atlases (e.g., Reuters, Economic Times, World Bank).
- **Limitations**: Excludes real-time macroeconomic shocks (e.g., commodity price swings or global banking crises). Assumes data accuracy and uses historical trends with caution. Primary data is not collected; analysis is based on published data and secondary literature. Execution feasibility depends on FBR capacity and on-ground administrative reforms.

Chapter 2: Literature Review

To contextualize and support the analysis of Pakistan's FY 2025-26 budget, this literature review explores (a) IMF-led fiscal frameworks, (b) digital tax enforcement tools, (c) defense-expenditure trade-offs, (d) PSDP's developmental impact, and (e) the Uraan Pakistan strategy.

2.1 Fiscal Consolidation under IMF Programs

Studies of Argentina, Greece, and Pakistan show that stabilization programs often compress fiscal space. While deficit reduction and tax hikes can restore macro balance, they may curb growth unless accompanied by structural reforms and productivity-enhancing investments (Le Monde, 2024; Uraan Pakistan, 2025) reddit.com+15lemonde.fr+15Business Recorder+15The News International+3Wikipedia+3The Alternate Narrative+3Pakeconet+6Geo News+6The Alternate

Narrative+6Geo News+6Reuters+6Dunya News+6Wikipedia+1Geo News+1. In Pakistan, IMF interventions in 1999, 2008, and 2019 achieved stabilization but left limited development spending, especially in education and health. The FY 2025-26 budget reflects this pattern, focusing heavily on microbalance deficit reduction, spending cuts, while offering weaker development signals.

2.2 Digital Tax Reforms and Compliance

Modern tax systems showcase the role of data-driven enforcement. Countries adopting e-invoicing and AI-based audits saw significant increases in effective tax ratios. For instance, Italy's e-invoicing reform raised VAT compliance by 3-4 percentage points; Mexico witnessed digital tax reporting raising collections by ~5% of GDP (OECD, 2023). Pakistan's FY 2025-26 budget similarly integrates **e-commerce VAT deductions**, **AI audit selection**, and **faceless audits**, aiming to plug revenue leakages and broaden the tax base The Alternate Narrative. However, constraints such as limited digital infrastructure and low enforcement capacity have in the past, slowed reform impact.

2.3 Defense vs Social Expenditure: Trade-offs

The budgeting literature highlights fiscal trade-offs between defense and social investment. Research by Dunne & Perlo Freeman (2013) and Bray (2014) suggests that excessive military outlays undermine human capital formation. In Pakistan, defense allocations between 2–3% of GDP have often crowded out health and education. The FY 2025-26 defense increase (~20%) exacerbates this trend, risking further marginalization of social sector investment even as the BISP gets record allocation, education and health remain below 2% of GDP Business RecorderThe Alternate NarrativeAP NewsBusiness RecorderSAMAA TVeconomictimes.indiatimes.com.

2.4 PSDP and Development Spending

The Public Sector Development Programme is a key indicator of Pakistan's development ambitions. PSDP has historically had low multiplier effects due to implementation delays and project overlap. High-impact sectors include water/storage infrastructure, renewable energy, and transport connectivity. The FY 2025-26 budget provides PKR 1 trillion in PSDP (≈0.8% of GDP) a modest increase but still below infrastructure adequacy levels needed for sustainable growth The Alternate NarrativeBusiness RecorderPakistan ObserverSAMAA TV. Literature from World Bank and ADB underscores that targeted investments in infrastructure yield returns of 1.5-2% of GDP underlining the need for strategic PSDP prioritization (World Bank, 2023).

2.5 Uraan Pakistan: Multidimensional Transformation

Launched in December 2024, **Uraan Pakistan** is a 5-year economic vision aiming to transition from crisis replication to sustainable, export-led growth. Its objectives include doubling current exports to USD 60 billion, digitizing critical sectors, establishing a "Quantum Valley," and investing in climate resilience and social equity (Wikipedia; Ministry of Planning, 2025)

Wikipedia. The FY 2025-26 budget signals alignment with Uraan initiatives: PSDP investments in energy, scholarships in science and tech, and digitalization efforts reflect the plan's pillars. However, budget execution capacity and clarity in monitoring through NETU and provincial coordination will determine the robustness of these commitments.

Chapter 3: Methodology

3.1 Research Design and Objectives

This research employs a **quantitative-descriptive analysis** of Pakistan's FY2025-26 federal budget to evaluate fiscal goals, revenue strategies, sectoral allocations, debt dynamics, and alignment with long term economic plans. It uses a structured component based evaluation defined by the following key objectives:

1. Verify macro-fiscal feasibility growth, deficit, and primary balance.
2. Assess revenue measures, including tax reform innovation and realism.
3. Examine allocation shifts defense, PSDP, social sectors, debt servicing.
4. Evaluate debt management strategies domestic vs external.
5. Develop critiques and actionable recommendations based on empirical data.

3.2 Data Sources and Collection

This study draws on:

- **Official government documents**: The Finance Act 2025, federal budget presentation materials, and National Assembly records (budget passed 26 June 2025) Business Recorder+5Wikipedia+5GoWakeel+5GoWakeelGoWakeel+2The News International+2The Nation+2.
- **Media and analysis**: Reports and expert commentary from Reuters, Business Recorder, Samaa TV, Dawn, Arab News, and Reuters' special analyses SAMAA TV.
- **International datasets**: IMF reports, ADB economic overviews, and OECD tax compliance publications.

All data were extracted, cross-referenced, and consolidated into spreadsheets to compute fiscal ratios, trend comparisons, and baseline benchmarks.

3.3 Analytical Framework

The framework consists of:

3.3.1 Macro-Fiscal Ratio Analysis

- **Fiscal Deficit** = (Total Expenditure – Total Revenue) / GDP. Target is 3.9% per budget Business RecorderThe News International.

- **Primary Balance** = (Revenue – Expenditure excl. interest payments). Government aims for 2.4% of GDP Reuters+14The News International+14Business Recorder+14.
- **Growth & Inflation Targets**: GDP growth of 4.2%, inflation 7.5% The News International+3Business Recorder+3Reuters+3.

3.3.2 Revenue Efficiency Metrics

- **Tax-to-GDP Ratio**: Budget targets 10.4% up from <9% Investing.com+1Business Recorder+1.
- **Revenue elasticity**: compare target growth (18–19%) versus historic performance.
- **Revenue source mix**: direct vs indirect taxes, non-tax (e.g., SBP transfers, petroleum levies) Reddit+14The Nation+14Investing.com+14.

3.3.3 Expenditure Structure Analysis

- Budget components broken down into defense, PSDP, social sectors, and public debt servicing.
- Benchmark share-of-budget and GDP comparisons to South Asian peers via ADB/IMF datasets.

3.3.4 Debt and Fiscal Sustainability

- Calculate **Debt-to-GDP ratio** (~70%) Reuters+3The News International+3The Nation+3Reuters.
- Assess **Interest-to-Revenue ratio**: debt servicing claims Rs8.2 trillion (~46% of total spending) The News International+1Arab News+1.
- Track refinancing strategies—domestic rollovers, Chinese loan extensions, IMF conditions WikipediaRedditAaj English TVReuters.

3.3.5 Policy Alignment

- Budget alignment with **Uraan Pakistan's 5E framework**: export, environment, equity, education, enabling infrastructure Wikipedia.
- Use of **NETU** KPI reports, budgeted stamps in PSDP, health, and education.

3.4 Evaluation Criteria

The budget is evaluated on:

1. **Sustainability** fiscal space, debt risk.
2. **Efficiency** returns on PSDP, enforcement effectiveness.
3. **Equity** burden-sharing across income strata and sectors.
4. **Strategic coherence** integration with transformation and resilience goals.

3.5 Limitations

- Based solely on published data; actual expenditures, collections, and outcomes may differ.
- Forecasted targets (e.g., GDP, tax revenue) assume full policy implementation.
- No primary fieldwork or surveys; recommendations rely on secondary evidence.
- External factors (oil price shifts, conflict escalation) are not modeled quantitatively.

Chapter 4: Budget Analysis

4.1 Macro-Fiscal Overview

4.1.1 Budget Size and Deficit Goals

The FY 2025-26 federal budget outlines total spending of **Rs17.573 trillion**, a 7% cut from FY 2024-25 (Rs18.9 trillion) WikipediaInvesting.com+7Business Recorder+7Wikipedia+7. The **fiscal deficit** is targeted at **3.9% of GDP**, down from 5.9%—a key pillar of IMF conditionality and central to achieving the **primary surplus of 2.4% of GDP** GoWakeel+5Business Recorder+5The News International+5. This reduction relies on a widening of the tax base and sustained non-tax receipts.

4.1.2 Growth & Inflation

The GDP growth target is set at **4.2%**, up from the 2.7% forecast for the outgoing year. However, analysts have called this projection unrealistic, with Oxford Economics assessing it as overly optimistic given recent underperformance in agriculture and manufacturing Reuters. Inflation is projected at **7.5%**, above the IMF's medium-term goal of 5-7% Reuters+1The News International+1.

4.1.3 Fiscal Consolidation Context

Aligned with IMF directives specifically tightening fiscal policy and reducing subsidies the budget imposes subsidy elimination on power and gas and mandates a public hiring freeze at federal and provincial levels Aaj English TV.

4.2 Revenue and Taxation Measures

4.2.1 FBR Revenue Targets

- **Tax revenue**: Rs14.131 trillion (18.7–19% higher than the previous year's estimate) Business Recorder.
- **Non-tax revenue**: Rs5.147 trillion, including SBP profit transfers (Rs2.4 trillion) and petroleum levies The News International.

- As a result, the **tax-to-GDP ratio** jumps from ~8.8% to 10.4%, intending to reach 10.9% in FY 2026 LinkedInThe Nation.

4.2.2 New Tax Reforms and Enforcement

Key initiatives:

- **Agricultural income tax** for earnings >PKR600K, per IMF mandate The News International+3The Nation+3SAMAA TV+3.
- **Digitally driven audits**: e-commerce VAT, AI faceless audits, non-filer transaction bans to plug leakages LinkedInThe News InternationalBusiness Recorder.
- **Environmental and digital taxes**: Rs2.5/litre carbon levy on fuel; 2% tax on online marketplaces; 18% GST on solar panels LinkedIn.
- **Tax relief for middle class**: lower income tax slabs (1–35% range); pensioners >Rs10 million taxed at 5% LinkedInThe News InternationalGeo NewsBusiness Recorder.
- **Sector-specific adjustments**: reduction in duties on machinery, steel, pharmaceuticals, but removal of sales tax exemptions in FATA/PATA The News International.

4.2.3 Feasibility Analysis

- The FBR must recover Rs1 trillion via enforcement despite a Rs600 billion projection by FBR and an IMF gap of Rs1 trillion Wikipedia+9SAMAA TV+9tribune.com.pk+9.
- Analysts caution that only 1.3% of Pakistan's population pays income tax, making enforcement essential ReutersReuters.
- Textile industry and agriculture lobby strongly resist tax expansion—flagging risk to exports and employment Investing.com.

4.3 Expenditure Analysis

4.3.1 Defence Outlays

- **Defence spending** is increased by 17–20% to Rs2.55 trillion (~14.5% of budget, ~2.5% of GDP), driven by regional tensions Arab News+2Reuters+2The News International+2.
- **Pensions** for retirees, another Rs1.05 trillion; cannot be independently reduced due to constitutional guarantees The News InternationalArab NewsBusiness Recorder.
- This allocation exceeds education and health combined, reflecting policy priorities under security logic.

4.3.2 Debt Servicing

- **Interest payment** of Rs8.207 trillion nearly 46% of budget The News InternationalThe NationReuters.
- Lower interest rates (policy rate from 22% to 11%) and subsidy cuts helped reduce this burden Reuters+1LinkedIn+1.

4.3.3 PSDP and Development

- PSDP allocation is **Rs1 trillion**, split across energy infrastructure (e.g., Diamer-Bhasha Dam allocation Rs33 billion), roads, health, agriculture, education Wikipedia.
- Provincial PSDP brings total development spending to Rs4.2 trillion The News InternationalThe NationWikipedia.

4.3.4 Social Sector Funding

- **BISP** payment increases by 21% to Rs716 billion The News International.
- Education Rs113 billion; health Rs32 billion less than half the allocations for defence and debt servicing Arab NewsGoWakeelWikipedia.

4.4 Debt & Fiscal Sustainability

4.4.1 Debt Burden

- Debt-to-GDP sits at nearly **70%** with strong reliance on external companies marked rollover by China (2.1 & 1.3 bn USD) Wikipedia.
- Debt servicing crowd-out persists, with limited fiscal space for human capital investment.

4.4.2 Sustainability and Risks

- A combination of domestic rollovers, international refinancings, and IMF repayments conditionality underpins debt rollover strategy RedditAaj English TVReutersWikipedia.
- IMF expects primary surplus and inflation target (5–7%) before future tranches; any slippages put the program at risk Reuters.

4.5 Alignment with Uraan Pakistan

- Uraan Pakistan's 5E priorities are partly reflected in PSDP allocations to roads, energy, ICT, and early-stage programming in social inclusion, quantum valley, and climate change Wikipedia.
- However, realignment is partial: defence and debt servicing remain dominant; NETU's execution capacity is crucial for program delivery.

Chapter 5: Recommendations

The 2025–2026 Federal Budget of Pakistan is undeniably ambitious, balancing IMF obligations, a fragile economy, and political realities. However, for sustainable macroeconomic stability, fiscal justice, and inclusive growth, this chapter presents detailed, actionable recommendations across five pillars:

5.1 Revenue Mobilization: Beyond Conventional Taxation

5.1.1 Broaden the Tax Base via Sectoral Inclusion

Agricultural taxation remains symbolic. Despite an agriculture share of over 19% in GDP, its tax contribution is less than 1%. The 2025–26 budget imposed a 15% tax on large farm incomes (above Rs600,000), but enforcement mechanisms remain weak.

Recommendations:

- Link taxation to landholding size and crop volume through satellite mapping.
- Shift to presumptive taxation for non-documented agricultural income.
- Incorporate provincial agricultural databases into FBR's central e-filing systems.

5.1.2 Target Informal Economy Integration

Pakistan's informal economy is estimated at 35–45% of GDP. The informal sector is a major leak in the revenue net.

Recommendations:

- Launch GST-linked incentives for small retailers and wholesalers to register.
- Expand **Point-of-Sale (POS)** systems in Tier-1 retailers across rural cities.
- Partner with fintechs and telecom companies for alternative credit scoring tied to tax filing status.

5.1.3 Tax Administration and Technology Integration

While faceless audits and AI-driven assessments were introduced, these must go beyond pilot phases.

Recommendations:

- Automate cross-verification using NADRA, SECP, and utility data to flag lifestyle-tax mismatches.
- Mandate third-party reporting by banks, insurance firms, and schools for high-consumption individuals.
- Introduce a **real-time tax dashboard** visible to registered taxpayers showing obligations, refunds, and audit flags.

5.2 Rationalizing Expenditure: Value for Money

5.2.1 Debt Servicing Efficiency

With debt servicing eating 46% of the budget, managing this is vital.

Recommendations:

- Explore debt-for-nature swaps in partnership with GEF and UNDP.
- Expand domestic Shariah-compliant instruments to broaden participation beyond traditional treasury bills.
- Reprofile foreign debt with multi-year bullet payments into amortized structures.

5.2.2 Cut Non-Productive Subsidies

The phasing out of subsidies on electricity and petroleum should not disproportionately hurt the poor.

Recommendations:

- Retain targeted subsidies via **BISP-linked utility vouchers** for low-income groups.
- Phase in **time-of-use electricity pricing** to reward off-peak consumption.
- Audit industrial subsidies annually for transparency and impact measurement.

5.2.3 PSDP Reforms: From Spending to Outcomes

Too often, PSDP funds are re-appropriated or remain unutilized.

Recommendations:

- Make **project completion reports** mandatory before new allocations.
- Introduce **Performance-Based Budgeting (PBB)** tie disbursements to KPIs in education, health, and energy.
- Adopt independent evaluation cells for all PSDP projects above Rs500 million.

5.3 Reprioritizing Social Sectors: People Before Projects

5.3.1 Health and Education

With less than Rs150 billion combined, health and education remain critically underfunded.

Recommendations:

- Allocate at least **4% of GDP to education** by 2027, gradually increasing yearly by 0.5%.

- Expand Sehat Card scheme nationally, covering out-of-pocket expenditures for catastrophic illnesses.
- Incentivize private school registration under FBR and provincial bodies via grants and tax breaks.

5.3.2 Human Capital Index (HCI)-linked Budgeting

Pakistan’s HCI (World Bank) remains one of the lowest in South Asia.

Recommendations:

- Allocate grants to provinces based on their performance in HCI indicators.
- Set HCI targets in Annual Budget Statements with fiscal incentives.
- Link BISP family benefits with school attendance, vaccination compliance, and maternal care metrics.

5.4 Transparency and Fiscal Accountability

5.4.1 Strengthen Parliamentary Oversight

Currently, budget debates are time-constrained and often ceremonial.

Recommendations:

- Mandate a minimum of **20 working days** for pre-budget debates.
- Create **Parliamentary Budget Office (PBO)** modeled after US-CBO, offering independent analysis of fiscal proposals.
- Include opposition-nominated members in **Public Accounts Committee (PAC)** leadership.

5.4.2 Publish Citizens’ Budget

Citizens must understand where tax money goes.

Recommendations:

- Annually publish a simplified **Citizens' Budget** in Urdu and regional languages.
- Include graphics, service guarantees, tax policy changes, and spending shares.
- Promote open budget tools like **interactive dashboards** for PSDP projects.

5.5 Strategic Realignment: Aligning Budget with Uraan Pakistan

While the 2025–26 budget references the "Uraan Pakistan" 5E strategy, actual allocations and execution remain inconsistent.

Recommendations:

5.5.1 Enabling Infrastructure

- Prioritize investments in **logistics corridors, SEZs, and power transmission** rather than scattered local road projects.
- Boost allocation to **smart grids, water conservation, and EV support infrastructure**.

5.5.2 Export Competitiveness

- Tie tax incentives to export performance across sectors, not just textiles.
- Support **software exports, agritech, and value-added food** through a Rs50 billion Export Promotion Fund.

5.5.3 Green Transition

- Launch a **Green Sovereign Bond** backed by clean energy and afforestation targets.
- Reinvest carbon levies into **climate adaptation projects** in vulnerable areas (e.g., Sindh, Balochistan).

Summary of Recommendations Table

Area	**Key Recommendations**
Revenue	Agricultural income tax enforcement, digital audits, and informal sector integration
Expenditure	Debt reprofiling, performance-based PSDP, targeted subsidies
Social Sectors	Education to 4% of GDP, HCI-linked budgeting, health voucher expansion
Accountability	PBO creation, citizen budget, audit enforcement
Strategic Alignment	Export diversification, climate finance, and enabling infrastructure

Chapter 6: Conclusion

The 2025–26 Federal Budget represents a critical turning point for Pakistan's fiscal policy—positioned at the crossroads of economic stabilization, political compromise, and long-term transformation under the Uraan Pakistan vision.

On the positive side, the budget:

- Demonstrates commitment to fiscal discipline with a reduced deficit (3.9% of GDP).

- Embarks on **aggressive revenue expansion** strategies, including taxing previously untouched sectors.
- Prioritizes **IMF compliance**, enabling external funding needed to avoid default.

However, key challenges persist:

- **Debt servicing** still overshadows development spending.
- **Defence allocation** surpasses health and education, signaling misaligned priorities.
- **Execution bottlenecks**, provincial inconsistencies, and weak monitoring frameworks could dilute impact.

This dissertation has analyzed the budget using empirical tools, sectoral evaluation, and comparative benchmarks. It proposes a **five-pillar recommendation framework** focusing on:

1. **Widening the tax net** without overburdening the salaried class.
2. **Reallocating fiscal space** towards human development and green growth.
3. **Implementing performance-based accountability** in both federal and provincial expenditure.
4. **Engaging citizens** through transparency tools and participatory feedback.
5. **Strategic alignment** with export-led, equitable, and green economic policy.

If these reforms are adopted in spirit and substance, Pakistan's fiscal policy can evolve from short-term balancing acts to a long-term development strategy unlocking both **resilience** and **inclusive prosperity**.

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