



# Revenues and Expenditures: A Comparison of Budget Estimates of last three Fiscal years

By Research and Publications Department, ICMA Pakistan

The Research and Publications Department analyzed the budgetary estimates of the last three fiscal years i.e. FY 2019-20, 2020-21, and 2021-22 with respect to the Revenues and Expenditures. The outcome of this brief analysis will be shared in this article. Before that, let's have a look at the total outlays of budget and the overall budget deficits during the last three fiscal years as per statistics presented in the Budget-in Briefs of these years.

The total outlay of the Budget has shown growth; however, there is an exceptional increase of 16.3% in budget outlay in FY2022 from last year as compared to a rise of 3.9% in FY 2021.

The Overall Fiscal Deficit for FY2022 has been budgeted at Rs. 3,420 billion which comes to 6.3% of the GDP. During last FY 2021, the Fiscal deficit was Rs. 3,195 representing 7% of the GDP. This means the Government intends to reduce the overall fiscal deficit by 0.7% of GDP in FY2022.

## A Comparison of Budget Outlays and Fiscal Deficits [FY 2020, FY 2021 and FY 2022]

Rupees in Billion			
Classification	Budget Estimate 2019-20	Budget Estimate 2020-21	Budget Estimate 2021-22
Total Outlay of Budget	7,022	7,295	8,487
Overall Budget Deficit	- 3,137	- 3,195	- 3,420
Fiscal deficit as % of GDP	- 7.1	- 7.0	- 6.3

## Revenues and Expenditures

The budgetary estimates of **total tax revenue** during the last three fiscal years do not reflect any growth and the figures for FY2022 and FY2020 are almost similar i.e. Rs. 5.83 trillion and Rs. 5.82 trillion, respectively.

The **Non-Tax Revenues** have, however, depicted growth in the budgetary estimates from Rs. 894 billion in FY2020 to Rs. 1,119 billion in FY2021 and Rs. 2,080 billion in FY2022.

During the last three fiscal years, there is not any significant increase in **Direct Taxes** that is hovering around Rs. 2 trillion. Majority of the taxes collected in this category are through the salaried class and business sector.

## A Comparison of Revenues and Expenditures [FY 2020, FY 2021 and FY 2022]

Rupees in Billion			
Classification	Budget Estimate 2019-20	Budget Estimate 2020-21	Budget Estimate 2021-22
<b>Revenues</b>			
Total Tax Revenue	5,822	5,464	5,829
Non-Tax Revenue	894	1,109	2,080
Direct Taxes	2,082	2,043	2,182
Indirect Taxes	3,473	2,920	3,647
(a) Customs Duty	1,000	640	785
(b) Sales Tax	2,108	1,919	2,506
(c) Federal Excise	365	361	356
<b>Expenditures</b>			
Total Expenditure	7,022	7,136	8,487
Total Current Expenditure	7,288	6,345	7,523
Development Expenditure	950	886	964
Federal PSDP	701	650	900
Total Subsidies	272	209	682

Source: ICMA Pakistan Research Department

The budgetary estimates for FY2022 indicate that the Government intends to collect Rs. 3.65 trillion in **Indirect Taxes** as against the budgetary estimate of Rs. 2.92 trillion in FY2021. This shows a growth of around 25 percent which is quite ambitious.

The budget documents reveal that the budgetary target of **Sales Tax** [which comes under Indirect tax] has been estimated at Rs. 2.5 trillion in FY2022 as against Rs. 1.9 trillion in FY2021. The customs duties have also been budgeted at Rs. 785 billion in FY2022 as compared to Rs. 640 billion in FY2021 and Rs. 1 trillion in FY2020.

On the Expenditure side, the Government has budgeted a sum of Rs. 7.52 trillion in **Current Expenditure** and Rs. 1.14 trillion in **Development Expenditure** during FY2022. This shows a growth of 18.6% and 28.4% in the current and development expenditures, respectively, during FY 2022 as compared to the last FY2021.

The Government has enhanced the budgetary estimate under '**Federal PSDP**' allocations to Rs. 900 billion from Rs. 650 billion in FY2021 which indicates a growth of around 38.5 percent.

Similarly, there is a marked increase in '**Subsidies**' from Rs. 209 billion in FY2021 to Rs. 682 billion in FY2022. On analyzing the reasons for this high increase in subsidies, we found in the budget document FY 2022 that the Government has earmarked a sum of Rs. 136 billion for the Independent Power Producers (IPPs) and Rs. 118 billion for Power Holding Private Limited (PHPL). Further, the Government has also increased the subsidy for the Karachi Electric Supply Corporation (KESC) from Rs. 15.5 billion in FY2021 to Rs. 85 billion in FY2022.

