

BUDGET ANALYSIS

Fiscal Year 2019- 2020

The budget for the Fiscal Year 2019-2020 is the first budget presented by the PTI government. It serves as a guideline in planning and committing costs in order to meet tactical and strategic goals. The following document gives an in depth review of measures taken by the current government and analyses whether these measures are helpful or not for improving the lives of the people in the coming years.

PTI inherited a total debt and liabilities of about Rs.31, 000 billion, while the Foreign debt and liabilities was around \$97 billion. On the other hand, the current account deficit has increased to a historic high of \$20 billion and trade deficit to \$32 billion. The high rising value shows that the country was in a critical situation and PTI's government had to take severe measures to overcome the debt. As a result, the government enhanced the collection of taxes by increasing the previous tax amounts. Moreover, it was seen that only half of the population was paying taxes while many affluent and well-off citizens of our country did not pay. Therefore, the government is now caught in web of taxes and so Pakistan cannot develop until the tax system is reformed. The budget mainly emphasizes on improving the tax systems thereby increasing the taxes on all the commodities except the food supplied by restaurants and bakeries, and concentrated Milk (powder). However, an increase in the tax of sugar, fixed value of gas supplied to CNG dealers, and others is observed to be a serious issue for the poor people living in rural areas. The overall rise in average prices is leading to inflation causing chaos among the citizens with fixed incomes resulting in inflationary noise.

In addition to this, the budget for Education and Health has faced a cut in the allocation of funds, and the tax targets for climate change and water resources seem difficult to achieve. Pakistan's literacy rate decreased from 60% to 58%, according to recent statistics. For a developing country, with the 6th largest population and 64% of its population as youth, education and health should be in the limelight for the government as Human Development has a major role in developing a sustainable future. The people when are well fed, and well educated will strive to improve their standard of living and that in turn will help in economic growth on long-term scale and reduce Pakistan's debt leading to a bright future of the country.

To get the most out of these mega projects and other changes in the long term, a reform in the public sector is required. The plan to corporatize, privatize, and restructure the public sector is much needed because many branches of the public sector have proved unable to perform by their records. Nepotism, and politicization has plagued the public sector and it is required by the whole public sector to reach maximum potential to be of greater use to the government in terms of finances.

Much consideration has been given to the customs sector in this Annual Budget. The government focused on reducing the imports and increase the amount of exports which would bring money into the country and the GDP of the nation will eventually rise. There are various changes like subsidies to youth which includes interest free loans where they will face a loss of revenue, and will try to work around it through industrial



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growth. However, on the other hand, it will motivate the young generation.

Importance is given to the textile sector, non-traditional exports, and ways to tackle the Money Laundering and other forms of corruption. To make a difference in the Net Exports, Customs play a crucial role in allowing this to happen, and prospects are high as this time they are implementing a new way of going around things. Producers will produce better local goods to get in the competitive market and in turn, consumers will be encouraged to try local products to help the economy by expanding net exports.

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