



A Budget for Growth, Not Just Survival

By Dr. Gohar Ejaz

Every June, Pakistan performs the same ritual. A budget is assembled behind the walls of a few ministries, presented to a Parliament that gets less than a fortnight to examine it, and then passed. The business community—the people who employ workers, earn export revenues, and pay the taxes that keep the lights on in Islamabad—is informed of the outcome only after the fact. We are then expected to grow the economy with whatever has been decided for us.

I have spent my working life of 40 years in Trade and industry. I have run factories, met payrolls, and competed for export orders against countries that treat their manufacturers and Business Houses as partners rather than suspects. So let me state plainly what too many polite documents will not: this method of budget-making has failed, and it has failed at great cost. The consequences are visible in lost investment, factories that were never built, and the roughly less than 2 percent average economic growth achieved over the last three years. For a country with our population, that is not stability—it is a slow decline.

That is why the Economic Policy and Business Development (EPBD) think tank has done something unprecedented in Pakistan. We have produced a full Shadow Federal Budget for 2026–27—an independent, costed, line-by-line alternative to the government's own budget. It is not a press release. It is not a wish list. It is a serious fiscal plan built on five years of official data, validated against IMF and World Bank figures, and shaped through consultations with the FPCCI and chambers of commerce across the country. The United Kingdom has done this for generations. India, Canada, and South Africa do it as a matter of course. We are the ones who are late.

A look at the numbers reveals the urgency. Public debt has risen from around Rs. 19 trillion a decade ago to approximately Rs. 80 trillion today. Interest payments alone consume nearly 60 percent of government revenue. Read that figure again, because it tells the whole story: for every hundred rupees the state collects, sixty are spent servicing debt already incurred. After defence spending and the government wage bill, very little remains for the schools, hospitals, dams, and roads that a young country desperately needs. In effect, we are taxing this generation to pay for the borrowing of the last.

Meanwhile, the tax system punishes the wrong people. Tax collection has more than doubled over the past five years, yet the tax-to-GDP ratio remains stubbornly close to 10 percent. How is that possible? Because we continue to squeeze the same narrow base of salaried workers and documented businesses while a vast informal economy remains largely outside the tax net. A young engineer in Lahore may lose more than a third of his salary to income tax while entire sectors contribute little or nothing. Then we act surprised when that engineer takes the first flight to Dubai or Toronto. Brain drain is not a mystery; it is a rational response to a system that treats honesty as a liability.

Our Shadow Budget proposes the opposite approach. Instead of demanding more from the formal sector, we propose giving it room to breathe while broadening the tax base to compensate for the relief. We recommend reducing the top personal income tax rate from 35 percent to 20 percent, lowering the corporate tax rate from 29 percent to 25 percent, abolishing the ineffective "non-filer" category, and gradually reducing the General Sales Tax from 18 percent to 15 percent over three years.

Every one of these measures has been fully costed. We have also demonstrated how the lost revenue can be recovered through stronger enforcement, greater documentation of economic activity, invoicing, rational taxation of tobacco and luxury goods, and the elimination of the complex web of exemptions granted through statutory regulatory orders. Our revenue target of Rs. 14,500 billion is both realistic and achievable. It was not invented simply to satisfy an external lender.

On the expenditure side, we are equally direct. The federal fiscal deficit can be reduced to zero over three years—not through wishful thinking, but through practical reforms. These include reducing

current and development expenditures by Rs. 3–4 trillion, retiring expensive debt, freezing the creation of new government departments, and transferring constitutionally devolved provincial responsibilities to provincial budgets, where they properly belong.

The Treasury Single Account, already provided for in our laws, must be fully implemented so that public funds parked in commercial banks are no longer lent back to the government at a premium that taxpayers ultimately bear.

The Seventh National Finance Commission (NFC) Award also passed its review deadline more than a decade ago. This is not merely a technical issue; it represents a breach of trust between the federation and the provinces. No meaningful fiscal reform will be possible until a new NFC Award is negotiated and constitutional bodies such as the National Economic Council (NEC) and the Council of Common Interests (CCI) are made to function as intended rather than remaining dormant.

I want to be clear about the spirit in which this proposal is offered. We are not the opposition, nor are we seeking to embarrass anyone. EPBD is a non-partisan institution and has no stake in any political contest. This document exists because the private sector can no longer afford to remain a passive recipient of decisions made without its participation, and because a serious country must eventually stop postponing necessary reforms.

If our numbers are wrong, challenge them with evidence and rigorous analysis, and we will listen. If they are sound, then use them.

The constraints on Pakistan's growth are no longer mysterious or, at this point, primarily financial. They are political and structural. They require the courage to lower the cost of doing business, broaden the tax base instead of deepening the burden on existing taxpayers, and invest public resources in the future rather than spending them on the interest costs of the past.

We have the industrial base. We have the entrepreneurs. Above all, we have the young people. What we have lacked is a budget that treats growth as the objective rather than survival as the limit.

This year, for the first time, there is an alternative on the table. I urge the government—and every citizen who has ever felt that the system was not built for them—to read it.

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