

### **More budgeting**

Pakistan's economy has been in the doldrums during the entirety of this government's tenure. Inflation is rampant, the country's debt is increasing and the devaluation of the rupee has introduced further uncertainty. Not all of this is the fault of the current government; the problems in our economy and the mismanagement of these problems have many culprits, with the previous government chief among them. But the PTI government hasn't helped matters with its approach. It is still dithering over whether Pakistan will opt for a new IMF bailout. Further, it has worsened inflation by introducing new duties on imported items and also done little to improve tax collection. As a result, the government has fallen short of its revenue collection target of Rs1,949 billion by Rs170 billion. Now, with no sign of improvement on the horizon, the government is pinning its hopes on a mini-budget to be delivered in the upcoming session of parliament. According to reports and speculation, this mini-budget will raise the budget deficit target from 5.1 percent of GDP to 5.5 percent, while raising some taxes and raising duties further on some imported items. This will be the second time the PTI government has presented a mini-budget with the first one in September also increasing the budget deficit target.

For a government that has touted its commitment to austerity, having to revise the deficit target upwards is somewhat of an embarrassment. Many of the factors that have contributed to this situation are beyond the control of any government but it is also true that the measures the current government took, such as reducing expenditures for the PM House, were largely symbolic. The cuts it did make to the development budget will end up hurting the poor more. Now, much like the previous PML-N government, it seems to be trying to raise revenue by introducing more indirect taxes, with some reports indicating that the General Sales Tax may be increased.

Finance Minister Asad Umar has said the mini-budget will mainly try to reduce the cost of doing business in the country in an attempt to attract foreign investment. With further devaluation of the currency and removal of power subsidies likely should Pakistan finally accept the IMF's terms, this government has shown that it too will put the needs of business above that of the most vulnerable among us. We certainly need to rein in spending and increase revenue but the way to go about that is by going after the rich – who have always dodged their taxes – rather than continuing to hit the salaried class and introducing more regressive taxes.

Editorial