

Sub-Heading: Pakistan's fiscal deficit has been ~~Per~~consistently large and growing

One of the primary challenge to Pakistan's economy is the consistently large and expanding fiscal deficit. This means the government is spending more money than it is earning. This trend is because of factors such as low tax collection and high public spending, which limits the government's income and adds to the deficit respectively. For instance, over the past decade, Pakistan's fiscal deficit has average at 6.2 percent of GDP, the deficit has been growing, with post-2010 annual average being 50 percent larger than its pre-2010 average according to the report, Pakistan Federal Public Expenditure Review 2023, published by World Bank. In sum, Pakistan's persistent and increasing fiscal deficit raises concerns about its economic sustainability.