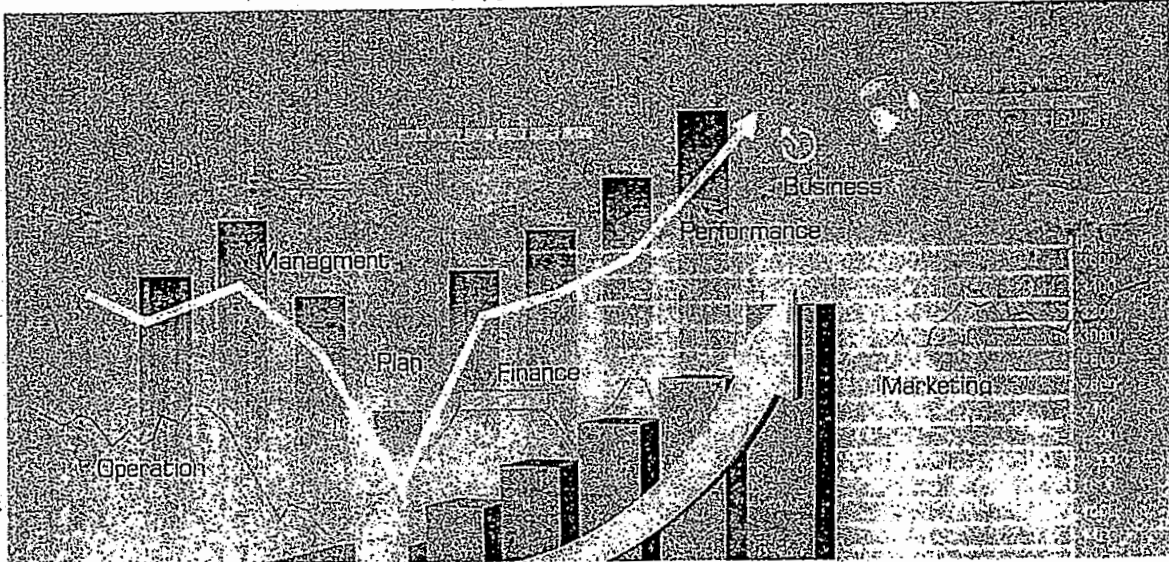




REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE



REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE ON STARRED QUESTION NO.99, ASKED BY SENATOR ZAMIR HUSSAIN GHUMRO IN THE SITTING OF THE SENATE HELD ON 13TH FEBRUARY, 2026, REGARDING "THE PLAN, IF ANY TO CUT DOWN CIVILIAN EXPENDITURE OF FEDERAL GOVERNMENT WHICH IS AROUND HEFTY RS. 7 TRILLION AS LAST YEAR THE FEDERAL BUDGET EXPENDITURE WAS BROUGHT DOWN FROM RS. 18.8 TRILLION TO 17.5 TRILLION?"

PRESENTED BY
SENATOR SALEEM MANDVIWALLA
CHAIRMAN

SENATE SECRETARIAT

REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE ON STARRED QUESTION NO.99, ASKED BY SENATOR ZAMIR HUSSAIN GHUMRO IN THE SITTING OF THE SENATE HELD ON 13TH FEBRUARY, 2026, REGARDING "THE PLAN, IF ANY TO CUT DOWN CIVILIAN EXPENDITURE OF FEDERAL GOVERNMENT WHICH IS AROUND HEFTY RS. 7 TRILLION AS LAST YEAR THE FEDERAL BUDGET EXPENDITURE WAS BROUGHT DOWN FROM RS. 18.8 TRILLION TO 17.5 TRILLION?"

I, Senator Saleem Mandviwalla, Chairman Senate Standing Committee on Finance and Revenue have the honor to present report of the Committee on Starred Question no.99, asked by Senator Zamir Hussain Ghumro in the sitting of the Senate held on 13th February, 2026, regarding "the plan, if any to cut down civilian expenditure of Federal Government which is around hefty Rs. 7 trillion as last year the Federal Budget expenditure was brought down from Rs. 18.8 trillion to 17.5 trillion?"

The Committee comprises of the following honorable Members:-

1. Senator Saleem Mandviwalla	Chairman
2. Senator Farooq Hamid Naek	Member
3. Senator Sherry Rehman	Member
4. Senator Mohsin Aziz	Member
5. Senator Anusha Rahman Ahmad Khan	Member
6. Senator Muhammad Talha Mahmood	Member
7. Senator Shahzaib Durrani	Member
8. Senator Fesal Vawda	Member
9. Senator Ahmed Khan	Member
10. Senator Manzoor Ahmed	Member
11. Senator Syed Faisal Ali Subzwari	Member
12. Senator Muhammad Abdul Qadir	Member
13. Senator Dilawar Khan	Member
14. Senator Zeeshan Khanzada	Member
15. Minister for Finance and Revenue	Ex-Officio Member

2. The Committee considered the matter in its meeting held on 4th March, 2026 12:00 p.m. in Committee Room No.1 Parliament House, Islamabad. The meeting was attended by the following Members.

3. The following Members attended the meeting held on 4th March, 2026.

1. Senator Saleem Mandviwalla	Chairman
2. Senator Anusha Rahman Ahmad Khan	Member
3. Senator Muhammad Talha Mahmood	Member
4. Senator Shahzaib Durrani	Member
5. Senator Zamir Hussain Ghumro	Mover
6. Minister for Finance and Revenue	Ex-Officio Member
7. Minister of State for Finance and Revenue	Ex-Officio Member

4. Senator Zamir Hussain Ghumro informed the Committee that the current year's budget was Rs. 17.5 trillion, compared to Rs. 18.8 trillion last year. Out of this, approximately Rs. 8.2 trillion was allocated for debt servicing and Rs. 2.5 trillion for defence expenditure, leaving about Rs. 6.8 trillion (rounded to Rs. 7 trillion) for civilian expenditure at the federal level. He stated that civilian expenditure appeared to be nearly three times the defence allocation and questioned what plan the Government had to reduce civilian expenditure and bring it closer to defence expenditure on a one-to-one basis, particularly in the context of the 18th Amendment.


5. The Federal Minister for Finance and Revenue, Mr. Muhammad Aurangzeb, clarified that the reduction from Rs. 18.8 trillion to Rs. 17.5 trillion in the overall budget was primarily due to savings in debt servicing following a decline in the policy rate and certain liability management operations undertaken by the Government. He further explained that expenditure on the running of the civil government was treated separately and had increased from Rs. 839 billion in FY 2024-25 to Rs. 971 billion, reflecting a 16 percent increase. He added that the rise in employee-related expenditure largely reflected pay increases approved by the Cabinet.

6. Senator Zamir Hussain Ghumro clarified that he was referring not only to the expenditure on running the civil government but to total civilian expenditure excluding defence and debt servicing. He stated that running the civil government amounted to Rs. 971 billion, while pension payments stood at approximately Rs. 1,050 billion, bringing the combined figure close to Rs. 2 trillion. He further pointed out that the Public Sector Development Programme (PSDP) accounted for about Rs. 1 trillion, grants and transfers around Rs. 2 trillion, and subsidies and contingencies approximately Rs. 1.6 trillion. He stated that these components collectively constituted civilian expenditure of about Rs. 6.8 trillion for the federal government and asked whether the Government had a plan to reduce this expenditure to provide greater relief to the public.

7. The Federal Minister for Finance and Revenue responded that the Government had already reduced subsidies and that the federal PSDP had been brought down to less than Rs. 1 trillion as development spending had largely shifted to the provinces. He stated that the overall development outlay for the country stood at approximately Rs. 4.3 trillion, with less than Rs. 1 trillion at the federal level, about Rs. 1.5 trillion allocated by the Government of Punjab, approximately Rs. 1 trillion by the Government of Sindh, and the remainder by the other provinces.

8. He added that further reductions in contingencies were difficult due to obligations such as the Shuhada package for the combined civil armed forces. However, he informed the Committee that a right-sizing committee had been established to rationalize expenditure, under which certain ministries had been merged, some institutions closed, and vacant posts abolished. He agreed that the impact of these measures should be reflected in the upcoming budget.


9. The State Minister for Finance and Revenue, Mr. Bilal Azhar Kayani, added two clarifications: first, that the pension figures being discussed also included defence pensions; and second, that a significant portion of the increase in civilian expenditure in the previous year related to social welfare spending, particularly the Benazir Income Support Programme (BISP), whose allocation had increased from



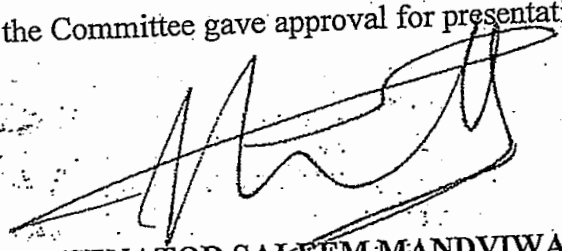
approximately Rs. 590 billion to Rs. 719 billion.

10. Senator Zamir Hussain Ghumro expressed satisfaction with the briefing, and the agenda item was thereafter disposed of.

11. After detailed discussion and deliberations the Committee gave approval for presentation of this report to the House.



(IFFAT MUSTAFA)
Secretary Committee



(SENATOR SALEEM MANDVIWALLA)
Chairman Committee