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# Iran-US/Israel Conflict Induced Austerity Measures in Pakistan: Savings Accrued, Costs Incurred



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## Executive Summary

The total savings that could be realized from the austerity measures in Pakistan due to the Iran-US/Israel conflict is estimated to be around USD 482.7 million, which is a consolidated, albeit limited, fiscal effort. Nevertheless, the net effect on national fuel consumption is small, since government operations contribute to 2.05% of total domestic fuel consumption. As a result, the aggregate fuel savings (approximately 12.63%) are relatively small in comparison to the overall national demand, which restricts the macro-level effectiveness. More importantly, there is also opportunity cost of these actions, estimated at USD 1314.7 million, which is mainly caused due to productivity and learning losses. This gives a cost to benefit ratio of approximately 2.7, which means that each dollar saved from austerity measures has the opportunity cost/losses of 2.7 dollars, making the package economically suboptimal in net terms. Although, some of the administrative actions, including fleet limits, work-from-home, and non-essential spending reductions, do play a significant role in savings. However, most of the interventions are short-term in nature, resulting in deferred, not permanent fiscal benefits. Symbolic measures, including salary reductions and forfeitures, are meant to be political signaling mechanism to positively influence behavioral change across the board, rather than a substantive part of fiscal consolidation. The analysis indicates that the measures can be justified as short-term responses to the crisis in a limited policy space, but they do not provide long-term or structurally meaningful economic gains. These measures would not be adequate in the case of a long-lasting conflict or further escalation (e.g., the blockage of the Strait of Hormuz). More detailed demand management approach, especially in the transport sector (MS and HSD consumption) would be needed to realize significant and sustainable savings, in such scenario.

## Key Highlights

- Most of the austerity measures are aimed at the government sector. However, the share of government fuel consumption in total domestic consumption of fuel is just 2.05%.
- The policies that are aimed at fuel conservation when implemented accrue relatively small fuel savings compared to Pakistan's total domestic demand. Approximately 12.63% of monthly total domestic fuel consumption savings.
- The total savings in monetary terms from imposition of austerity measures (of phase I) are approximately USD 482.7 Million. Total monthly savings from the austerity measures are approximately USD 317.63 million
- The total opportunity cost that these measure incur due to productivity s and learning losses is approximately USD 1314.7 million.
- The benefit to cost ratio of the proposed measures is 1:2.7 which implies that for every dollar that is saved, approximately USD 2.7 is lost in productivity and learning losses.

## Objective

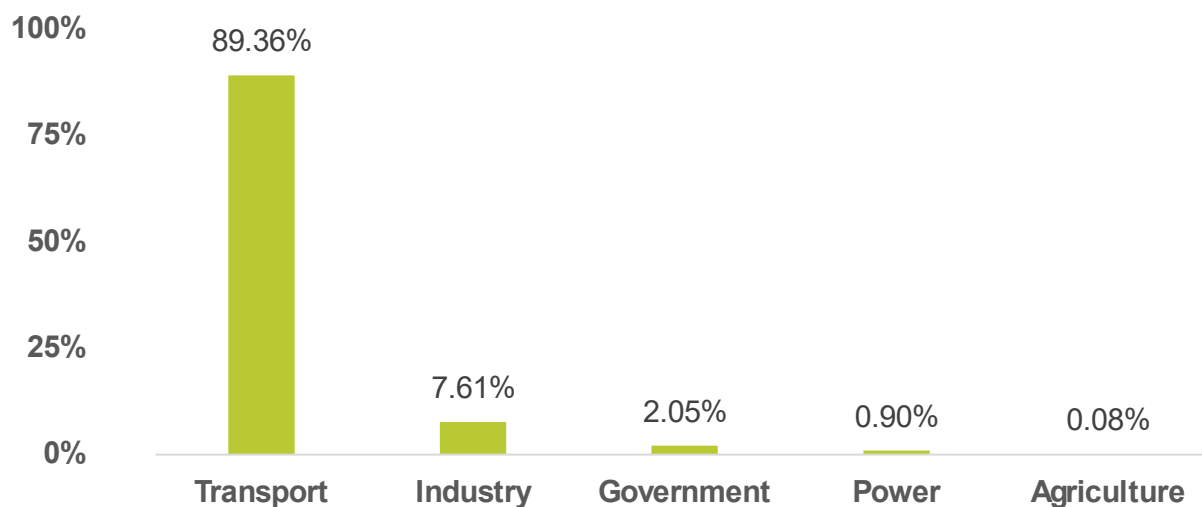
The objective is to carry out a quick assessment of Iran-US/Israel conflict induced austerity measures, which will be based on fuel saving and spending cuts. It assesses the realization of savings along with the opportunity costs and how much benefits outweigh costs. Thus, determining measures that have the highest net economic returns. The study also seeks to guide future policy responses and increase the clarity of decisions, especially in case of a long-term conflict situation.

## Background

Given the state of the economy and vulnerabilities that it is enduring, a shock in the wake of the Iran-US/Israel could possibly have severe economic implications for the country. To mitigate any possible effect well in time, the government took some drastic measures with an aim to curtail the impact of the war, which could undo the stability gains within the past few months. Though, as of now, the macroeconomic stabilization was almost entirely gained through the compression of demand rather than the supply side productivity. And the IMF EEF program was also designed for such a setting, which given its design, cannot by default deal with the external supply shock generated as a result of war and subsequent closure of the Strait of Hormuz. The standard response in practice for the economies in such a situation, i.e., mitigating external terms of trade deterioration through currency depreciation plus expansionary fiscal policy in order to cushion the income shock, is not possible here. Pakistan can't neither depreciate its way out nor spend its way out, given the primary surplus requirement. So, the government is practically left with limited policy options in short-run i.e., conservation of fuel, in light of which austerity measures were proposed and implemented. Pakistan's total domestic consumption of fuel stood at 16.46 MMT of which only transport accounts for 89.23 percent (OCAC, 2025). Out of this MS (Petrol) and HSD (Diesel) together account for more than 85 percent. The measures are aimed at curbing the fiscal outlay and domestic fuel consumption. An inventory of the measures is presented in the Annexure as Table 2.

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- The authors acknowledge and are grateful to Dr. Shahzada Muhammad Naeem Nawaz for his valuable input and feedback.

Figure 1: Sector-wise Share of Total Domestic Petroleum Consumption (Jul–Jun 2024-25)



Source: Oil Companies Advisory Council. (2025)

## Decoding the Savings from Austerity Measures

The fiscal savings as a result of the imposed measures amounts to USD 206 Million<sup>3</sup> of which the significant share of savings is from the 20 percent cut of non-employee related expenditures for three months. The decrease in expenditure is for both essential and non-essential items, without making any distinction, which may affect the productivity and efficacy of overall operations. The other component of the fiscal savings is the cabinet salary forfeitures and legislative pay cuts, both of which amounts to USD 1.92 million over the period of two months. The restriction imposed on foreign travels will save around USD 0.36 million. The monthly savings from cabinet salary forfeitures, legislative pay cuts, non-salary departmental expenditures cut and foreign travel restriction is 0.49, 0.47, 68.82 and 0.18 million USD respectively<sup>4</sup>.

Table 1: Total Fiscal Savings

	Total PKR (Million)	Total USD (Million)	Monthly (USD Million)
<b>Cabinet Salary Forfeitures</b>	275.03	0.99	0.49
<b>Legislative Pay Cuts</b>	261.90	0.94	0.47
<b>Non-Salary Departmental Expenditure Cut</b>	57600	206.45	51.61
<b>Foreign Travel Restriction</b>	100.00	0.36	0.18
<b>Total</b>	<b>77436.94</b>	<b>208.73</b>	52.75

Source: Authors' calculations

3. All PKR figures are converted to USD at an exchange rate of PKR 279 per USD

4. Detailed tables of estimations, assumptions and data are given towards the end of this brief

Most of the fuel that is consumed is imported, so the evolving situation due to war prompted the state to introduce measures to reduce the domestic fuel consumption, in order to mitigate the impact on balance of payments due to the increase in international fuel price, and to protect the consumers from the sudden spike in the price of oil in the domestic markets later. The imposed measures will accrue almost USD 274 million in savings. The measures are mostly targeted to contain the use of fuel in transport. The schools and university closure will result in saving of USD 221.31 million. The imposition of restriction for use of official vehicles will accrue savings of USD 25.33 million, where half of the fleet is grounded and other half will be facing a 50% reduction in fuel allowances. Taking the figure of 1.39 million employees working at home as an estimate at any given point, the measure would save USD 27 million in 40 days, and monthly saving of 13.7 million, which is one of the most effective elements of the austerity package. The work from home (WFH) policy will not require any budget cuts but will save money by behavioral adjustment, which means that the people will not have to commute as often. This implies that it is a relatively inexpensive, high-impact intervention, but the sustainability of it is contingent upon institutional ability to conduct remote work and the character of government activities.

Table 2: Total Fuel Conservation Value

	Total PKR (Million)	Total USD (Million)	Monthly (USD Million)
<b>Official Vehicle fleet restrictions</b>	7066.67	25.33	12.66
<b>School and University Closures</b>	61744.39	221.31	221.31
<b>Work From Home Requirements</b>	7647.3	27.41	13.70
<b>Total</b>	<b>76458.37</b>	<b>274.04</b>	<b>247.68</b>

Source: Authors' calculations

Overall, the measures apparently depict a cumulative savings of USD 482.78 million (PKR 134 billion) which is significant. The 25% cut in the salary of the federal and provincial legislatives and forgoing the salary by the cabinet is largely symbolic given the size of the salary bill of the employees and the scale of the fiscal challenge at hand. The single largest fiscal saving in the whole package is from non-salary expenditure cut, but this will again boost after the restrictions are removed unless a mechanism is ensured to reduce the expenditures permanently that are non-essential. Similar is the case with procurement freeze as it is difficult to ascertain the size of this measure given the nature of the measure. The procurement freeze is also a deferral; it is not a permanent savings and all the items will likely to be procured in the next quarter or at a later stage. The procurement freeze is excluded from the savings, this implies that the USD 551 million is a conservative floor, not a ceiling, as the deferred procurement will be entered in the budget in subsequent quarters, so it is just a shift in budget statement rather than a structural savings.

## Fuel Consumption and Savings

Pakistan annual MS consumption is 7.760 MMT and HSD is 6.86 MMT which means that the commuting based savings are predominantly MS savings and even under optimistic scenarios these measures may not be able to reduce major fuel consumption. Both of them constitute approximately 87 percent of the total domestic consumption, hence, making them the logical target of austerity measures.

Table 3: Fuel breakdown by type

Fuel Type	Volume (MT)	Share (%)
MS (Motor Spirit / Petrol)	7603245	46.18
HSD (High Speed Diesel)	6858461	41.66
FO (Furnace Oil)	867285	05.27
JP-1 (Jet Fuel)	380257	02.31
HOBC (Premium Petrol)	288971	01.76
Others	464804	02.805

Source: Oil Companies Advisory Council. (2025)

For reference, the government sector's total annual petroleum consumption across all fuel types is 322,662 MT, of which HSD constitutes the dominant share. The monthly savings from the austerity measures accrued in terms of reduced fuel consumption are highest from schools and university closure 133629 MT. The monthly savings due to restrictions imposed on the government own vehicle fleet accrue 9774 MT and the savings in fuel from work from home requirement are 9774. Approximately 87 percent of all fuel savings are from school closure and it is the most dominant conservation instrument, fleet restriction and work from home combined contribute 12.5 percent. The government sector measures operational measures are administratively convenient and also a good practice to signal sensitivity and inspire behavioural change but they have macroeconomically small impact. This also reveals that the highest human capital cost accrues the largest fuel saving through school closure, presenting a tradeoff.

Table 4: Fuel Savings

Fuel Consumption Savings (MT)			
	Work From Home	Official Vehicle Fleet Restrictions	School and University Closure
Monthly	8,275	9,774	133,629
Total Fuel Savings for the duration of the package	19548	1333628	16550

Source: Authors' calculations

The fleet restriction therefore addresses a real but relatively contained pool, government sector represents just 2.04% of total domestic petroleum consumption, reinforcing the point that austerity yields administrative savings rather than macroeconomically significant fuel conservation.

The total share of government sector MS and HSD consumption is in total domestic consumption is, 0.94 percent, where MS share is 0.10 percent and HSD share is 0.84 percent, which implied that even if all the government vehicles are grounded it would make insignificant change in the total domestic fuel consumption. Suggesting that the measures required also have to target the private sector consumption of the fuel along with the government sectors consumption. This confirms that the restrictions that are imposed on the government fleet do accrue monetary and fuel savings, but these are more of signaling instruments not exactly fuel conservation tools. These measures ought to be complemented with nudges designed to contain the transport sectors overall fuel consumption.

The government sector MS consumption is just 0.21 percent of total domestic MS consumption, while the share of HSD is 2.02 percent.

Table 5: Fuel Consumption and Savings Shares in Total Domestic Fuel Use

Component	Share
Share of government sector annual MS consumption as percentage of total annual domestic fuel consumption	0.10%
Share of annual government sector HSD consumption as percentage of total annual domestic fuel consumption	0.84%
Share of annual government sector MS and HSD consumption as percentage of total annual domestic fuel consumption	0.94%
Share of annual Government sector MS consumption in total annual MS domestic fuel consumption	0.21%
Share of annual government Sector HSD in total annual domestic HSD fuel consumption	2.02%
Share of government sector fuel savings in monthly government sector fuel consumption	69.78%
Share of school closure and university closure fuel savings in total monthly transport sector fuel consumption	12.30%
Share of total fuel saving from austerity measures in total monthly domestic fuel consumption	12.63%

Source: Authors' calculation using OCAC (2025) data for June-July 2024 – 2025 for annual consumption and using march 2025 data for monthly consumption comparison and results retrieved from authors' own calculations

However, the savings trend is tightly connected to the number of vehicle fleets and the volume of fuel that they receive, which indicates an equal restriction strategy rather than an efficiency-based intervention. So, most of these savings are as a result of reduced utilization, rather than efficient fleet management. This guarantees administrative simplicity and rapid deployment. It does not distinguish between the necessary and non-essential mobility which may impact on the operational efficiency of those sectors that are highly dependent on the field presence. However, this is a component that can be monetized permanently, and vehicles must be auctioned leaving behind only 20 to 30% of the total official vehicles fleet to be used as a pooling mechanism.

A greater saving in fuel is brought about by the policy of work-from-home (WFH) where half of the employees of the government are expected to work at home.

The austerity may not just be limited to periods of fiscal strain as knee-jerk reactions, but must be a permanent feature embedded in the overall fiscal system to free resources which can otherwise be used productively, given the size of the government.

## The Opportunity Cost of Austerity Measures

The measures imposed, however, does have an opportunity cost as well, which is borne either by the state or its very citizens, directly or indirectly. A closer look at all the measures imposed reveal a cost that offsets the savings in a manner which may affect the economy. The imposition of four days' work week results in considerable productivity loss, as general governments services have a sizeable share in the GDP of Pakistan i.e., 4.32%. Four days' work week means forgoing 10% of the general government monthly share in the GDP. The opportunity cost for the 8 working days for the two months which otherwise would have been operational amounts

to USD 105 million<sup>5</sup>. The reduction in the number of days along with affecting the output may also slow the processing time approvals and service delivery across almost all the departments.

Similarly, the closure of schools and the universities may be most convenient of all the measures to implement but the cost it adds through the loss of learning is long lasting, real and quantifiable. On any given day, almost 52.2 million students go to school and in Pakistan, which are enrolled in primary to high schools across the country. A 12 days closure means a loss of approximately 6 percent of school going days in a year, assuming 210 days of school in a given year. Learning loss per day due to school closure is USD 1.93 to USD 4.45<sup>6</sup>. The learning loss of school closure can range from approximately USD 1209.51 million to USD 2788.76 million, which is long term present value of foregone future earning, not an immediate cash loss. The work from home policy also exerts an opportunity cost, which is lower, but is still there, this loss may occur due to the loss of coordination, lack of even digital access across departments and may also reduce the quality of the service delivery. These all losses are difficult to quantify but these are all present, the work from home preserves hours of daily commute, and is also the cost-efficient measure in the package, but its effectiveness depends upon underlying institutional capacity that is there.

Table 6: Total Opportunity Cost

	Total PKR (Million)	Total USD (Million)	Monthly (USD Million)
<b>Productivity Loss</b>	29352.78	105.21	52.60
<b>Learning Loss</b>	337452.69	120.51	1209.51
<b>Total</b>	<b>366805.47</b>	<b>1314.71</b>	<b>1262.11</b>

Source: Authors' calculations

The total savings are USD 482 million approximately against the opportunity cost of USD 1314.71<sup>7</sup> million. This arrives at a benefit to cost ratio of approximately 1: 2.7. The learning loss is a long-term present value of the foregone earning, no immediate cash flows, while the productivity loss from four days work week is a near term GDP compression. Both of the costs are real but both operate on different time horizons.

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- 5. Public sector productivity is unlikely to be perfectly time-elastic due to task compression, administrative adjustments, and variation in daily productivity. We explicitly state this limitation and present the productivity loss as 50 % of the days productivity.
  - 6. To estimate the daily economic cost of school closures, we use data from the World Bank's technical note on learning losses in Pakistan (Geven & Hasan, 2020). Under the intermediate closure scenario, 5 months of school closure with moderate mitigation effectiveness, the report projects a loss in future annual earnings per student of USD 193 to USD 445. Assuming 100 instructional days lost (5 months × 20 days), we calculate a per-day loss of USD 1.93 to 4.45, with a midpoint of USD 3.19. This approach assumes a linear relationship between closure duration and earnings loss, acknowledging that the original simulations were designed for longer-term closures. Results should be interpreted as the long-term present value of forgone earnings, not immediate cash losses.
  - 7. Using the lower point learning loss estimate of USD 1209.5 million.

## Conclusion

The austerity measures package represents a swift response in the wake of the response generated by the Iran-US/Israel conflict. The total savings accrued are approximately USD 482.78 million, which are not trivial in absolute terms and represent a consolidated fiscal effort.

However, the comprehensive review of the package reveals complexities as well, with a benefit to cost ratio of 1:2.7 and the opportunity cost of approximately USD 1314.7 million, the measures may short fall of the objective. This doesn't mean that the measures implemented are not effective in the wake of crisis with limited policy options, but it does mean that the package cannot be categorized on economic grounds as net positive. The cabinet salary forfeitures and salary cuts is purely symbolic, and functions as political signals, indicating the sharing of burden across board. However, they may not make material contribution that is required for fiscal consolidations. The administrative measures such as official vehicle fleet restriction, work from home requirements, non-salary departmental cuts, and restrictions of foreign travel make significant contributions to the savings. Work from home requirement if mechanized in a way that is effective, is the most efficient intervention of the entire package which imposes a relatively low opportunity cost. But most of them are effective for as long as they are implemented and will add cost to the exchequer once the restrictions are lifted, unless a permanent mechanism is designed to cut non-essential expenditures. Similar is the case for procurement freeze, which will deferral not permanent saving.

The fleet restriction saves significant sum, however the share of government sector consumption in the total domestic consumption of fuel is just around 02 percent. Which means that if the conflict goes on for few more months, these measures may not be enough and would require nudges to contain MS (petrol) and HSD (Diesel) consumption by the transport sector. If Strait of Hormuz situation escalates further, a broader demand management strategy would be needed.

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Table 7: Inventory of Austerity Measures

No.	Measure	Primary Channel
1	Four-day workweek for all government offices	Fuel + Productivity
2	50% of staff on work-from-home rotation	Fuel
3	All in-person meetings banned; mandatory online	Fuel
4	Federal cabinet members forego salaries & allowances	Fiscal
5	Provincial cabinet members forego salaries & allowances	Fiscal
6	25% salary cut for all federal legislators	Fiscal
7	25% salary cut for all provincial legislators	Fiscal
8	20% cut in non-salary departmental expenditures	Fiscal
9	Procurement freeze (vehicles, ACs, furniture, assets)	Fiscal
10	50% reduction in fuel allowances for official vehicles	Fuel
11	60% of government vehicles grounded	Fuel
12	Foreign travel restricted to economy class, essential only	Fiscal
13	School closures (March 16 – end of March)	Fuel
14	Universities shift to online classes	Fuel
15	Weddings capped at 200 guests, one main dish	Energy

Source: Authors' compilation

Table 8: Cabinet Salary Forfeitures

Cabinet Salary Forfeitures (Federal + Provincial)				
Component	Persons	Monthly Compensation (Rs)	Months	Total Savings (USD Million)
Federal Cabinet	43	519,000	2	0.16
Provincial Cabinets	120	960,000	2	0.83
<b>Total Cabinet Forfeiture</b>	<b>163</b>			<b>0.99</b>

Source: Authors' compilation

Table 9: Legislative Pay Cuts

Legislative Pay Cuts (25% for 2 Months)				
Body	Members	Average Monthly Package	25% cut in 2 months (PKR)	Savings (USD Million)
National Assembly	336	519,000	259500	0.31
Senate	96	519,000	259500	0.09
Provincial Assemblies	749	400,000	200000	0.54
<b>Total Legislative savings</b>	<b>1185</b>			<b>0.94</b>

Source: Authors' compilation

Table 10: Non-Salary Departmental Expenditure Cut

20% Non-Salary Departmental Expenditure Cut				
Component	Annual Budget (PKR)	Monthly (PKR)	3 Months Base (PKR)	Savings (USD Million) at 20%
Federal Non-Salary operational Budget	384,000,000,000	32,000,000,000	96,000,000,000	68.82
Provincial Equivalents	768,000,000,000	64,000,000,000	192,000,000,000	137.63
Combined 4 months savings				<b>206.45</b>

Source: Authors' compilation

Table 11: Foreign Travel Restrictions

Foreign Travel Restrictions			
Annual Trips	Monthly	After Imposition of Restrictions	Two Months Savings (USD Million)
5000	417	167	0.36

Source: Authors' compilation

Table 12: Productivity Loss from Four Days Work Weeks

Productivity Loss from 4 days work week			
General Government Services share in GDP (USD)	Share in GDP (%)	Opportunity Cost of 8 Days (USD)	Monthly Productive Loss as share of monthly contribution in GDP
6,312,426,523	4.32%	105.21	10%

Source: Authors' compilation

Table 13: Official Vehicle Fleet Restrictions

Official Vehicle Fleet Restrictions			
Component / Government Level	Number of Vehicles	Annual Fuel Budget Allocation (PKR Million)	Two months savings due to restrictions (USD)
Federal Government	15000	9000.00	4.30
Punjab Government	30000	20000.00	9.56
Sindh Government	20000	13000.00	6.21
Khyber Pakhtunkhwa	12500	7000.00	3.35
Balochistan	8000	4000.00	1.91
<b>Total</b>	<b>85,500</b>	<b>53000.00</b>	<b>25.33</b>

Source: Authors' compilation

Table 14: School and University Closure<sup>8</sup>

School and University Closures					
Component	Enrollments	Teachers	Liters per day assuming 0.25 liters per person/Trip approximately 8 KM daily	Daily Commute cost at 340 RS per liters (PKR Million)	12 days school closures and online classes savings (USD Million)
Primary	35982000	439735	9,105,434	3095.85	133.15
Middle	10819000	434491	2,813,373	956.55	41.14
High	5423000	827513	1,562,628	531.29	22.85
Higher secondary/Intercolleges	2967000	299434	816,609	277.65	11.94
Degree Colleges	719000	58311	194,328	66.07	2.84
Technical and vocational institutions	457000	41104	124,526	42.34	1.82
Universities	1964000	102123	516,531	175.62	7.55
<b>Total</b>	<b>58331000</b>	<b>2202711</b>	<b>15,133,428</b>	<b>5145.37</b>	<b>221.31</b>

Source: Authors' compilation

Table 15: Work-from-Home Requirement

Work-from-Home Requirement (50% of Government Staff)					
Component	Total Number	Assuming 50% work from home	Liters per day	Daily cost at 340 per liter (PKR)	savings due to work from home for 40 days (USD Million)
Provincial Government Employees	2200000	1100000	443300	150.72	21.61
Federal Government Employees	590585	295292.5	119003	40.46	5.80
<b>Total</b>	<b>2790585</b>	<b>1395292.5</b>	<b>56302.9</b>	<b>191.18</b>	<b>27.41</b>

Source: Authors' compilation

Table 16: Learning Loss from School Closures

Learning loss per day (USD)							
Enrollments from Primary to High	Higher	average	lower	Number of days school closed	Opportunity USD (Million)		
					Higher	average	lower
52,224,000	4.45	3.19	1.93	12	2788.76	1999.13	1209.51

Source: Authors' compilation

Table 17: Assumptions and Data Sources

Item / measure	Assumption	Source
PKR to USD exchange rate	We used a fixed rate of PKR 279 per US dollar throughout the model.	Model assumption (rate fixed at time of analysis)
Federal cabinet size & salary	We used 43 federal ministers at a monthly salary of PKR 519,000 each. The cabinet size of 43 was confirmed following the February 2025 expansion in which the cabinet doubled. The salary figure reflects the ordinance promulgated in May 2025 that raised ministerial pay to match MNA compensation. We applied the forfeiture for two months as announced, yielding a savings figure that is small relative to the fiscal challenge.	(Dawn, 2025, May 4)
Provincial cabinet salary	We used PKR 960,000 per month as the provincial minister salary, drawn from the Punjab Assembly's December 2024 salary revision bill. We applied this figure to all four provinces as a proxy, acknowledging that Sindh, KPK, and Balochistan salary structures differ. In the absence of province-specific data for all four assemblies, using Punjab, the most populous province, as a uniform proxy likely overstates the provincial savings somewhat, making our estimate a conservative upper bound for this component.	(Dawn, 2024, December 17)
National Assembly & Senate salaries	We applied a 25% salary cut for two months to 336 MNAs and 96 senators, each earning PKR 519,000 per month.	(Dawn, 2025, May 4)
Provincial assembly salaries	We used 749 provincial assembly members across all four provinces at a monthly salary of PKR 400,000. The MPA salary of PKR 400,000 is drawn from the Punjab salary revision bill. Provincial assembly membership figures are sourced from official assembly records. As with the cabinet proxy, extending Punjab's MPA salary to other provinces introduces upward bias into this component; Balochistan and KPK compensation structures are lower, meaning our estimate slightly overstates provincial legislative savings.	(Dawn, 2024, December 17)

- 8. The daily travel distance of 8 km per student is derived as follows, the average one-way distance from home to school in Pakistan is estimated at approximately 2 km, a separate estimate from research on private schools in Pakistan places this figure at 0.68 km, suggesting the 2 km estimate is conservative for public schools which tend to serve wider catchment areas. Given long commuting hours and large distances the distance is assumed to be 8 km. University students are included as they are also affected by the shift to online classes

<b>Federal non-salary operational budget</b>	We derived a non-salary operational base of PKR 384 billion from the federal civil government running budget of PKR 971 billion, after removing salary-related components. The running budget figure is sourced directly from the Budget in Brief FY2025-26. We applied a 20% cut over four months as per the announced measure.	<i>(Government of Pakistan, Ministry of Finance, 2025)</i>
<b>Provincial non-salary budget</b>	No consolidated provincial non-salary operational budget is publicly available in a single source. We assumed provincial non-salary expenditure to be twice the federal figure, PKR 768 billion, based on the general understanding that the combined four provincial governments employ and operate at roughly double the scale of the federal government. This is a modelling assumption made in the absence of official data, and we treat it as such.	<i>Model assumption</i>
<b>Foreign travel annual trip volume</b>	We estimated approximately 5,000 annual foreign trips by government officers. This is derived from The Express Tribune that found 169 officers from a single ministry traveled abroad in one year. Multiplying this by 33 federal ministries yields an estimate of approximately 5,577 officers making foreign trips annually, which we rounded to 5,000 trips for conservatism.	<i>(The Express Tribune, 2015, September 25)</i>
<b>Government services share in GDP</b>	We used PKR 1,761,167 million as the value of general government services in GDP, against a total GDP of PKR 40,796,704 million, yielding a 4.32% share. Both figures are sourced from the Pakistan Economic Survey 2024-25, Growth and Investment chapter. This share is used to compute the opportunity cost of reduced working days under the four-day workweek. We assumed 20 working days per month, which is the standard five-day, four-week working arrangement. The four-day workweek over two months therefore foregoes the equivalent of eight working days' worth of government GDP contribution. Public sector productivity is unlikely to be perfectly time-elastic due to task compression, administrative adjustments, and variation in daily productivity. given that we presented the productivity loss as 50% of the days productivity.	<i>(Government of Pakistan, Ministry of Finance, 2025, Chapter 1)</i>
<b>Official vehicle fleet sizes</b>	No single official published source consolidates government vehicle fleet sizes across federal and provincial tiers. We relied on the best available estimates from reports and budget documents: 15,000 vehicles for the federal government, and 30,000, 20,000, 12,500, and 8,000 vehicles for Punjab, Sindh, KPK, and Balochistan respectively, with fuel budgets derived from provincial budget allocations.	<i>The Express Tribune, 2026</i>
<b>Petrol price per litre</b>	We used PKR 340 per litre as the prevailing price of motor spirit (petrol) throughout the fuel conservation calculations	
<b>School &amp; university enrolments</b>	Enrolment figures are drawn directly from the Pakistan Education Statistics. These are official government statistics.	<i>Pakistan Education Statistics, 2024</i>
<b>Daily commute fuel — students &amp; teachers</b>	We assumed 0.25 litres of fuel consumed per person per trip over an approximate distance of 8 km each way. We acknowledge that 8 km is a generous estimate — the average school in Pakistan lies within 4 km of a student's home. We deliberately used the larger figure to provide an upper-bound estimate of commute fuel savings, which means our school closure fuel saving figure of USD 221.3 million is a ceiling rather than a floor. Had we used 4 km, the fuel consumption per trip would	

Source: Authors' compilation

Table 18: Table of Abbreviations

<b>Abbreviation</b>	<b>Full Form</b>
MS	Motor Spirit (Petrol)
HSD	High Speed Diesel
FO	Furnace Oil
JP-1	Jet Fuel (Jet Propellant-1)
HOBC	High Octane Blending Component (Premium Petrol)
WFH	Work From Home
IMF	International Monetary Fund
EFF	Extended Fund Facility
OCAC	Oil Companies Advisory Council
GDP	Gross Domestic Product
USD	United States Dollar
PKR	Pakistani Rupee
MT	Metric Tons
MMT	Million Metric Tons

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