



**Center for Global & Strategic Studies Islamabad**

## **Pakistan's Defense budget: Myth & Reality**

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### **Myth number 1:**

The defense budget eats up the lion's share of our total budgetary expenses. Not true. In Budget 2020-21, 'Defense Affairs and Services' has been allocated Rs1,289 billion out of total budgetary expenses of Rs7,295 billion. What this means is that defense



comprises 17.67 percent of the total expenses and 82.33 percent of all government expenses are non-defense related.



### Myth number 2:

Of the total defense budget, Pakistan Army takes away the lion's share. Not true. Pakistan Army gets Rs613 billion (47.6%), PAF Rs274 billion (21%), Pak Navy Rs140 billion (11%) and Inter-Services Rs262 billion (20%).

### Myth number 3:

Our defense budget has been rising at a high rate. Not true. In the 70s, the allocation for defense amounted to 6.50 percent of GDP. In the financial year 2001-02, twenty years ago, the allocation for defense amounted to 4.6 percent of GDP. Budget 2020-21 has allocated Rs1,289 billion which is 2.86 percent of GDP. In the 60s, Pak Army's



budget as a percentage of total expenditures hovered around 30 percent. In Budget 2020-21, Pak Army's budget as a percentage of total expenditures has come down to 8 percent.

#### **Myth number 4:**

Pakistan has a large military. Not true. There are at least 64 countries in the world who have more military personnel on a per capita basis than does Pakistan. They are: Turkey, Iran, Iraq, Switzerland, Italy, Norway, Singapore, South Korea, Russia, Sri Lanka, Egypt, Libya, Kuwait, Thailand, Saudi Arabia, Qatar, UAE, Israel, Estonia, Vietnam, Slovenia, Botswana, Mongolia, Yemen, Kazakhstan, Cuba, Mauritania, Croatia, Chile, Somalia, Albania, Sao tome and Principe, Namibia, Angola, Cambodia, Uruguay, Bolivia, Romania, Morocco, Lithuania, Portugal, Burma, Algeria, Azerbaijan, Bhutan, Burundi, Bulgaria, Columbia, Serbia and Montenegro, Cyprus, Greece, Armenia, Djibouti, Maldives, Oman, Belarus, Jordan, Syria, Laos, Bahrain, Brunei, Eretria and North Korea.

#### **Myth number 5:**

Pakistan's military expenditures are the highest in the world on a per capita basis. Not true. Pakistan's military expenditures on a per capita basis are actually one of the lowest on the face of the planet. Israel spends \$2,000 on a per capita basis and Pakistan spends \$22 per capita.



### Myth number 6:

The military's commercial undertakings are a burden on our economy. Not true. Fauji Fertilizer is one of the highest taxpayers in Pakistan. In 2019, Fauji Fertilizer paid a wholesome Rs42 billion in taxes and duties. Fauji Cement deposits around Rs10 billion a year in the treasury on account of income taxes, excise duty and sales tax.

### Fact:

Pakistan spends 2.86 percent of her GDP on defense. The global average is 2.18 percent. Yes, we do spend a higher percent of our GDP on defense than the global average. Countries that spend even a higher percentage of their GDP on defense than does Pakistan include Saudi Arabia (8%), Israel (5.3%), Russia (3.9%) and US (3.4%),



**Fact:**

Pakistan's armed forces are the 6th largest in the world but our expenses on a per soldier basis are the lowest. The US spends \$392,000 per soldier, Saudi Arabia \$371,000, India \$42,000, Iran \$23,000 and Pakistan \$12,500 per soldier.