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RESEARCH PAPER

Increasing Electricity Tariffs and Consumer Choices: Exploring the Nexus in Pakistan

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ABSTRACT

The study examines whether rising electricity prices in Pakistan have led to changes in consumer behavior, focusing on both households and businesses. Electricity remains essential across all sectors, but steadily increasing costs have significantly influenced consumer habits and the infrastructure of power distribution companies. The research is based on primary data collected during January to April 2024 through a structured questionnaire from 1,180 respondents in ten major cities, selected via stratified random sampling, targeting socioeconomic classes A to E and ages 18-60. Data sets were analyzed using SPSS to uncover behavioral adjustments in response to price hikes. The findings highlight that while the intent of raising electricity prices was to boost revenue, it has strained consumers' affordability, undermining this goal. The study recommends exploring alternative measures to ease the burden on consumers, including promoting renewable energy and involving distribution companies in policy decisions regarding additional taxes on the general public

KEYWORDS Consumer Choices, Electricity Prices, Energy Consumption, Pakistan, Power Sector, Private Power

Introduction

In today's world, the modern economies are heavily dependent on the Electricity. Developing countries like Pakistan, Bangladesh, India etc. are few of the countries that majorly depends upon the electricity. It is commonly referred as the building block of the economy (Khobai, Mugano, & Roux, 2017). Electricity directly affects people's lives and is a crucial aspect of infrastructure for socio-economic development.

Electricity, a fundamental and integral part of the energy sector, is assumed as one of the necessary components of the socio-economic development of a country (Alter and Syed 2011, Sharif and Raza 2016, Nathan, Liew and Wong 2016). Many energy economists believe that electricity is a primary component of economic growth, and its uninterrupted supply is important for every sector of the economy (Khan, Farooq, & Gilal, 2020). Usually the power shortage detracts the economy from a growth path. The International Energy Agency Electricity Market Report 2023 reported that the world electricity demand grew by almost 2% in 2022 and 2.6% in 2023 whereas the same is expected to increase (on average) by 3.2% in 2024-2025 with an interesting fact that all the developed countries except the United States and Europe have witnessed an increase in demand for electricity. In developing countries, there has been a significant increase in the demand for electricity, which is closely linked to their economic growth (International Energy Agency, 2023).

The study aims to assess whether consumers have reduced their electricity consumption in response to rising prices. By examining both households and businesses, the research seeks to understand the extent to which consumers have adjusted their energy usage patterns, including any behavioral changes, such as the adoption of energy-saving measures or the shift to alternative energy sources. This investigation will provide valuable insights into the impact of electricity price increases on consumption habits and contribute to the broader understanding of demand elasticity in the energy market.

In 1947, after the partition, Pakistan inherited 60MW of power. The power sector grew tremendously in the initial decades. The Power infrastructure expanded exponentially after the1970s and further improved till the 1990s. But later, the decline was noticed in the progress of power infrastructure, resulting in a severe power crisis (Rauf, Wang, Yuan, & Tan, 2015). Pakistan, being a developed country, is facing rapid urbanization and industrialization which ,as a result, demands for excess power but the current supply is insufficient to meet these demands. One of the main reasons of not meeting this demand is the poor and aged infrastructure of Pakistan's power sector.

Pakistan's hydropower generation capacity was 119 MW in 1958. Later in 1959, Pakistan experienced a significant increase in its installed power capacity, reaching 636 MW from 119 MW (Sibtain, Li, Bashir, & Azam, 2021). To effectively oversee the burgeoning power sector, the Government of Pakistan instituted the Water and Power Development Authority (WAPDA). As part of its consolidation efforts, the government also assumed control of the Karachi Electric Supply Company (KESC) in 1952 (Khan & Ashraf, 2015). These two pivotal public sector entities were entrusted with the exclusive mandate of administering and regulating Pakistan's power sector.

In early 1970's the installed capacity was 636 MW which rose to 9094 MW in 1990-91. During 1990's to 2004-05, there was the abundance of electricity in the country. Later on, the downfall of power sector started. In 2006-2007, the supply-demand gap increased which resulted in severe shortfall of electricity in Pakistan. In 2011, the energy supply-demand gap rose to 5000MW which was the main reason of loadshedding in that era (Rauf, Wang, Yuan, & Tan, 2015). In 2021, the installed capacity rose to 37,261 with the generation capacity of 102,742 GWh. Household sector remained one of the major sectors to consume almost 49% of the generated electricity in 2021 (Ministry of Finance, 2021). Till March 2023, the country's installed capacity stood at 41000MW with the generation capacity of 94,121 GWh (table 1). Household remained the largest sector to consume almost 47% of the generation capacity (Ministry of Finance, 2023) (Table 2)

Table 1
Installed Capacity and Electricity Generation (FY 2022-23)

Source	Installed Capacity		Electricity Generation	
	MW	Share (%)	Gwh	Share (%)
Hydel	10,592	25.8	26,937	28.6
Thermal	24,095	58.8	43,526	46.2
Nuclear	3,530	8.6	19,739	21.0
Renewable	2,783	6.8	3,919	4.2
Total	41,000		94,121	

Table 2
Sectoral Electricity Consumption (FY 2022-23)

Sector	Consumption (Gwh)	Share (%)
Household	39,200	46.6
Commercial	6,576	7.8
Industry	23,687	28.2
Agriculture	6,906	8.2
Others	7,664	9.1
Total	84,034	

Currently, Pakistan's electricity system operates with a single buyer model and is vertically integrated, which means it has three main parts: Generation, Transmission, and Distribution. In this setup, the government-owned power companies create electricity, and then it travels through a big network managed by NTDC. The job of delivering electricity to homes and handling the bills and money collection falls on the distribution companies (DISCOs). But this way of doing things hasn't been working very well. It's been plagued by problems like inefficiency and poor management. This has led to a growing debt problem and a lack of investment in making the electricity system better.

As a part of 1994 power policy, government allowed Private Power Companies to establish generation plants and produce electricity to compliment the country's generation capacity. The policy exempted the Private Power Companies from Taxes, Custom duties, and other surcharges like Import license fee etc (Private Power and Infrastructure Board, 1994). As per the policy the companies were allowed to move freely in Pakistan and were given the free hand to register anywhere in the country. This policy attracted different international and domestic private companies to invest in Pakistan. The policy used a "cost plus" method to determine electricity tariffs and offered an attractive tariff of 6.5 US cents/Kwh to prospective investors. The policy framework offered compelling incentives, including returns guaranteed to be indexed to the US dollar and US inflation rates rather than Pakistan's, with a noteworthy return on equity (ROE) of 17%, which attracted both domestic and foreign investors (Ahmed, 2023). Notably, a multitude of international stakeholders, ranging from European, Arabic, US, and Japanese firms to international bank consortia and multilateral lending agencies like the Asian Development Bank (ADB) and the World Bank, participated in response to the favorable tariff structures and concessions outlined in the 1994 Power Policy. This surge in interest was evidenced by a surplus of applications submitted by investors, underscoring the attractiveness of the policy in stimulating investment in Pakistan's power sector (Ali & Beg, 2007).

The circular debt has risen rapidly during last few years, as mentioned in figure 1. In FY 2017-18 it was nearly PKR 1.1 trillion and by the end of FY 2021-22, it tremendously grew to 2.2 Trillion (NEPRA, 2022). Later in FY 2022-23 it grew to PKR 2.3 Trillion (BR Web Desk, 2023). Despite of increasing electricity prices in order to curb the circular debt, the current debt of FY 2023 stands at PKR 2.7 Trillion making it a huge part of energy sector's circular debt i.e. PKR 5.73 trillion (Rana, 2024).

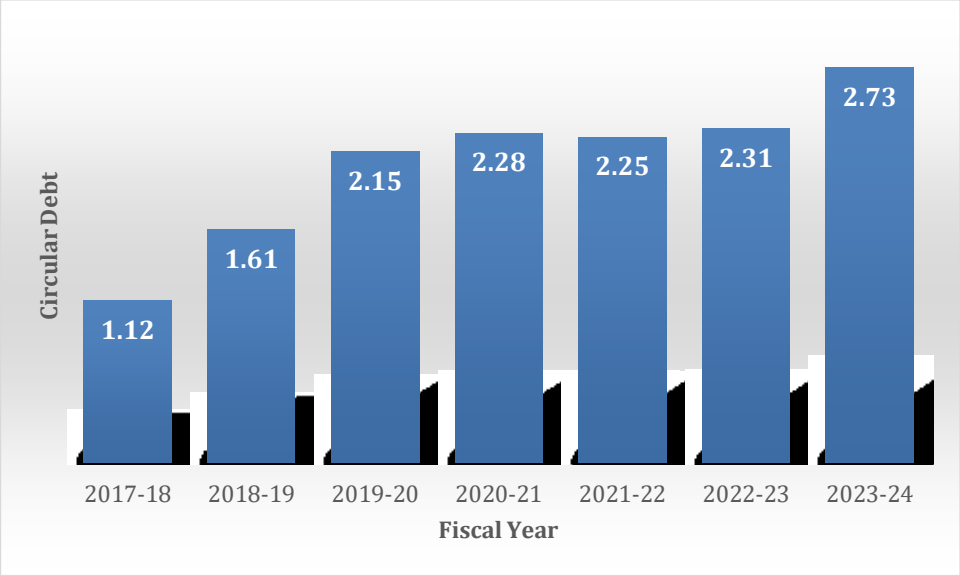

Figure 1: Circular Debt of Pakistan

Literature Review

The connection between energy prices and inflation is crucial in the current global economic scenario. Central banks worldwide are raising interest rates to curb rising inflation, which has been fueled by loose monetary policies, excessive spending since the 2008 crisis, and the impact of energy prices. The concern is that increasing interest rates to control inflation might lead to local or even global recessions (Nakhle, 2022). Energy prices initially dropped due to COVID-19, but later rose because of increased demand after lockdowns were lifted and supply issues. The situation worsened in 2022 due to the Russian invasion of Ukraine. European gas prices surged, leading to low gas inventories and

uncertainty in the market. This influenced consumer gas and electricity prices, causing variations across countries. (Kuik, Adolfse, Lis, & Meyler, 2022)

There is a vast literature available that have analyzed the impact of electricity prices on the level of consumption within households. Caves and Christensen (1980) also argued that peak and off-peak hour electricity are partial substitutes but total complements whereas Filippini (2011) argued that peak and off-peak electricity are substitutes and there should be an economic incentive for the consumers to switch their activities from peak hour to off-peak hour. Another study by Brännlund and Vesterberg (2021) explored the potential of shifting the load between peak and off-peak hours. As a result they concluded that there is a limited potential to shift the load from peak to off-peak hours. Majority of the consumers have designated the use of heavy appliances during the peak hours as compared to off-peak hours.

It is widely recognized that electricity has a high degree of inelasticity with respect to price, meaning that a percentage increase in the price of electricity results in a relatively smaller percentage decrease in the quantity demanded. The rationale behind this phenomenon is rooted in the essential nature of electricity, to the extent that envisioning a modern society without it is virtually inconceivable. Nevertheless, the elasticity coefficient may have shifted over time due to evolving energy efficiency standards and requirements for electric appliances. In their research,

Labandeira, Labeaga and Lopez-Otero (2017) demonstrated that various empirical estimations of electricity elasticity produce different coefficients, depending on observable factors. Essentially, they assumed that consumers, being well-informed, make purchases at a point where the marginal value of energy service equals or is lower than the marginal price of electricity.

Numerous energy economists argue that electricity is the primary catalyst for the factors of production and is essential for transforming raw materials into finished goods (Khobai, 2018). This implies that whenever there is a shortage of electricity, the growth of an economy suffers. The significant role, which electricity plays, in economic development enhances the productivity of labor, capital, and other factors of production to a great extent (Jumbe, 2004). The uplifting of all the economic sectors have augmented the demand for excess energy, especially of electricity significantly (Ouedraogo, 2010). Therefore, industrial development, urban sprawl, and rise in living standards are deemed to be the key determinants of electricity demand (Gurgul & Lach, 2012).

Usually, the increase in the electricity prices creates a negative impact on the consumers. In Nigeria, the increased electricity tariffs have negatively affected end-users, as there has been no significant improvement in power supply as promised. Instead, the available capacity has dropped by more than half, leading to frequent nationwide load shedding creating a negative impact of the tariff increase on consumers and provides a statistical analysis of the electricity tariffs overall. (Anyaka & Edokobi, 2014).

Jacobsen (2015) argues that when there are untapped investment opportunities, a rise in electricity prices does not automatically result in losses for consumers. In fact, higher prices can benefit consumers if they are motivated to invest in energy-efficient technologies. However, if consumers respond to the price increase by simply cutting back on electricity usage, their losses may be significantly greater, as they miss the potential benefits from reducing the externalities associated with electricity consumption, such as CO2 emissions.

During the last three fiscal years, Pakistan has seen a huge jump in inflation rate which has impacted severely on the prices of electricity as well. In FY 2020-21, the YoY inflation rate was 8.9% whereas the electricity inflation stood at 5.7% (Ministry of Finance, 2021). Following the trend, FY 2021-22 saw a huge jump in the YoY inflation rate which took

the figure to 12.2% with the electricity inflation at 11%. Due to the political and economic crisis in Pakistan in FY 2022-23, the year wise CPI inflation rose to 28.2% which helped the electricity inflation to reach 13.6%. The increase in domestic energy prices was attributed to rising global oil prices, exchange rate depreciation and adjustment in energy tariffs/petroleum levy (Ministry of Finance, 2023)

In Pakistan the recent price hikes has affected the consumers very badly. For instance, the removal of subsidies in 2023 led to a significant rise in energy prices, adversely affecting the population in Pakistan. Electricity rates in Pakistan became 45 percent higher than those in neighboring countries, where electricity is priced at 8 to 9 cents per unit. In contrast, Pakistan's electricity cost reached 15 cents per unit, with domestic consumers paying an average of Rs. 40 per unit. Additionally, 2023 saw a record increase in gas prices, with domestic rates rising by 174 percent, commercial by 137 percent, and industrial rates by 193 percent. (Sattar, 2024)

Increasing energy prices can also negatively impact consumer welfare by limiting their ability to meet basic needs. To examine the relationship between rising energy prices and consumer welfare, Aziz, Yaseen, and Anwer (2016) suggested that higher wage compensation is necessary to ensure that consumers can still afford essential energy utilities when energy prices increase.

Material and Methods

This study adopted a quantitative research approach to examine the effects of rising electricity prices on consumer behavior across different regions of Pakistan. The population surveyed for the study included consumers from ten major distribution companies, namely: K-Electric (KE), Islamabad Electric Supply Company (IESCO), Lahore Electric Supply Company (LESCO), Hyderabad Electric Supply Company (HESCO), Sukkur Electric Power Company (SEPCO), Multan Electric Power Company (MEPCO), Faisalabad Electric Supply Company (FESCO), Gujranwala Electric Power Company (GEPCO), Quetta Electric Supply Company (QESCO), and Peshawar Electric Supply Company (PESCO).

A total sample of 1,180 respondents was carefully selected to represent a wide cross-section of society, including socioeconomic classes A to E, ensuring the inclusion of both higher and lower-income groups. Respondents were aged between 18 and 60, encompassing a broad range of adult consumers who are likely to be impacted by rising electricity prices.

The study employed a stratified random sampling method to ensure equal and proportionate representation of consumers from each distribution company. This approach allowed for an accurate analysis of consumer behavior in response to rising electricity prices across the various regions of Pakistan. A structured questionnaire was carefully designed to gather maximum information regarding consumer choices. The instrument was prepared in both English and Urdu to accommodate participants from different socioeconomic backgrounds. Pilot testing of the instrument was conducted in the IESCO region, and after obtaining satisfactory results, the questionnaire was extended to other regions. o analyze the survey results, SPSS (Statistical Package for the Social Sciences) was utilized. This software enabled efficient data management and statistical analysis, providing insights into consumer behavior in response to rising electricity prices.

In this study, validity ensures that the questionnaire accurately captures the intended aspects of consumer behavior in response to rising electricity prices. The well-structured questionnaire addresses key areas such as consumption patterns and financial impact, thereby achieving both content and construct validity. Regarding reliability, the internal consistency of the questionnaire was assessed to ensure that similar questions yielded consistent responses across the sample.

Ethical considerations for this study include obtaining informed consent from all participants and ensuring their voluntary participation, with the right to withdraw at any time. Confidentiality and anonymity will be strictly maintained to protect participants' personal information, and the collected data will only be used for research purposes. The study will ensure that respondents are not exposed to any potential harm, and their privacy and well-being will be respected throughout the research process.

Results and Discussion

Economic Situation

The prevailing economic crisis in Pakistan has made an immense pressure of the fiscal health of the country. The high inflation rate and soaring energy prices have reduced the purchasing power of the households (Noor, 2023). This was observed during the survey as well that 60% respondents claimed that they are unable to fulfil their expenses in their monthly salary. They are compelled to take loans (37%), start part time jobs for extra income (22%) or have cut down their expenses (33%). Those who were able to survive in their monthly income (40%), stated that almost 72% of them were unable to save their income at the end of the month.

The year-on-year inflation has increased to 29.2% from 23.8% in November 2023 (Abbasi, 2023). This increase have made a negative impact on every sector of the economy. This impact can be seen from the survey results that claims that almost 98% of the respondents are affected by the inflation. Similarly, the same percent of respondents are extremely worried about the rising inflation every month.

Constantly Increasing Electricity Bills

Electricity bills usually consumes 15-20% of an average Pakistani family income but has risen by 100 200% in recent months (Mehmood, 2023). The survey results also indicates that a huge number of respondents have experienced a massive hike in their electricity bills. Among the respondents, 82% of the households and 86% of business owners reported a hike in electricity bills up to 50% or above. Whereas 18% household and 14% business owners have reported no change in their electricity bills.

When it comes to pay the electricity bill, almost every six out of ten households (62%) allocate a small portion of their monthly income (5-25%) whereas every three out of ten households allocated almost 30-50% of their monthly salary for paying the electricity bills. Similarly, almost every seven out of ten (71%) business owners allocated 5-25% of their monthly income to pay the electricity bills. Those who allocated 30-50% of their income were 23%.

Comparing the bills with the previous months, almost 62% of households reported an increase of 5-30% in their electricity bills whereas 20% stated that their electricity bill has risen to 50% or more. Similarly 76% of business owners claimed that their electricity bill has gotten up by 5-30% and only 10% of them reported a hike of 50% or more in their electricity bills. 18% of households and 14% business owners reported no change in their electricity bills as compared to previous one.

Considering the increase in electricity bills, a quarter of respondents (26%) opted to pay the electricity bills in installments instead of paying the whole bill at a time.

Consumption Patterns

The consumer theory postulates that consumer tends to opt for inexpensive options in order to maximize their utility. Normally, price increases result in less consumption of the

associated good or service, whereas price decreases results in more consumption. The survey also confirmed that increase in electricity tariffs has made a huge impact on the consumption patterns of the public. 42% of the respondents expressed the view that they have significantly reduced their consumption of electricity. Whereas 27% expressed that they have reduced the consumption of electricity to some extent. 32% of the respondents claimed that they have slightly reduced the consumption of electricity.

Lowering down the consumption implies that there should be a reduction in electricity bills. This hypothesis was proven wrong when the 44% of respondents claimed that they have experienced absolutely no change in their electricity bills despite of cutting down the consumption. Whereas 32% respondents expressed that their efforts of cutting down the consumption has gone in vain as they have faced an increase in electricity bills despite their efforts.

Controlling the daily usage of electrical appliances such as Air conditioners, Refrigerators, Fans, Lights, Iron, Motor, Washing Machine is one the method to cut down the consumption of electricity. The survey showed that, in this inflationary period, almost 70% of respondents have reduced the usage of such electrical appliances in order to control the electricity bills.

Performance of Electricity Distribution Companies

Distribution Companies or DISCOs are responsible for providing the electricity in a specific geographical area. Currently there are 10 state-owned and one private electricity distribution companies working in Pakistan. Due to the recent hike in electricity prices, the distribution companies have started to lose the trust among the consumers.

The survey results revealed prominent variations in satisfaction levels with electric supply companies across different regions of the country. The consumers in Sindh and Baluchistan expressed higher levels of dissatisfaction with the services provided by the electric supply companies in their respective cities. On the other hand, consumers in Khyber Pakhtunkhwa (KPK) and Punjab showed relatively higher levels of satisfaction.

The differing satisfaction levels may be attributed to various factors, including the quality and reliability of electricity supply, customer service, and overall performance of the electric supply companies in each region. The experiences of consumers in Sindh and Baluchistan seem to have fallen short of expectations, leading to their higher dissatisfaction. This could be a result of frequent power outages, voltage fluctuations, inadequate customer support, or delays in addressing complaints and service issues.

In contrast, consumers in KPK and Punjab expressed a relatively higher level of satisfaction with the services provided by the electric supply companies. This suggests that these companies may have been more successful in meeting the expectations and demands of consumers in these regions.

Another important reason of having this trust deficit is the amount of unannounced load shedding by the distribution companies in Pakistan. Usually, the loadshedding occurs when the demand for electricity nears available supply levels, it is sometimes necessary to temporarily interrupt the delivery of electricity to maintain the integrity of the electric grid and to prevent catastrophic grid failures and extended outages for customers. Pakistan being a state, where the generation capacity exceeds the total demand but due to the aging infrastructure of transmission and dispatch lines, it becomes inevitable to avoid the load shedding.

The survey findings highlighted that a significant number of respondents (55%) encountered frequent instances of load shedding, experiencing it at least three times or

more per day. This occurrence persisted irrespective of whether the load shedding was announced or unannounced. Furthermore, nearly 17% of the respondents reported a somewhat less frequent exposure to load shedding, with occurrences limited to once or twice per day.

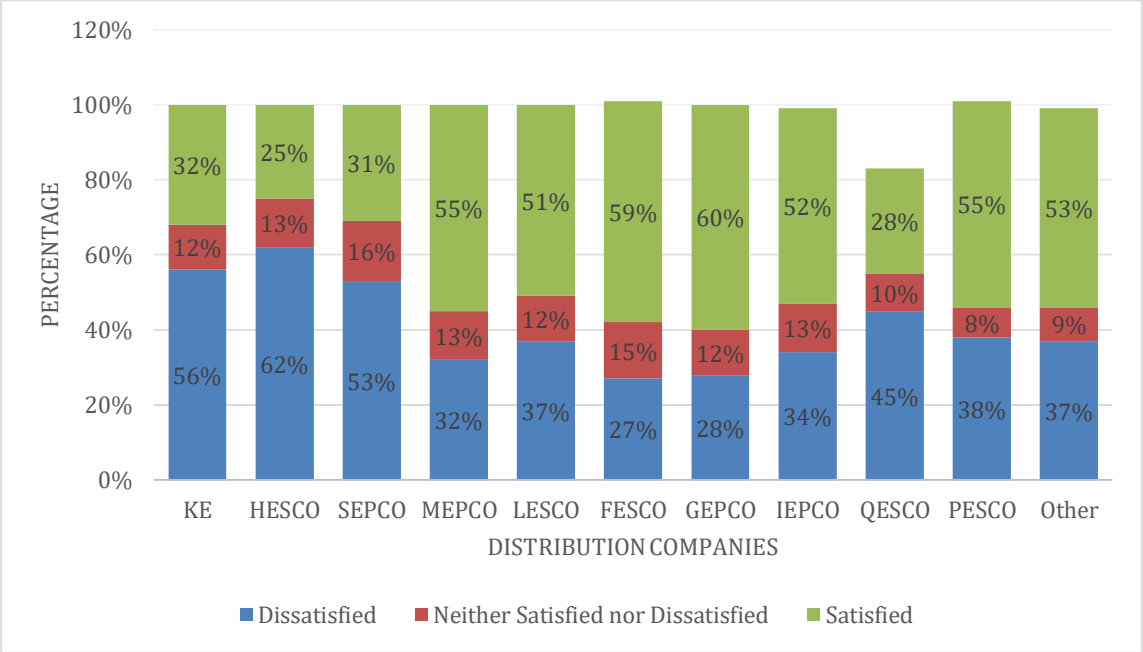

Figure 2: Trust on Distribution Companies of Pakistan

Responsible for Hike in Electricity Prices

When questioned about the factors influencing the recent surge in electricity prices, a majority of survey participants (66%) attributed the primary cause to government incompetence. This prevailing sentiment among the public underscores the perceived role of governance in overseeing and regulating the energy sector. Additionally, 26% of respondents expressed the belief that heavy taxation played a significant role in the escalating electricity prices. This indicates concerns regarding the impact of taxes and levies on the overall cost of electricity, directly affecting consumers' monthly bills.

Moreover, 19% of households conveyed dissatisfaction with the inefficiency of electricity-providing companies. This suggests that consumers perceive shortcomings in the operational efficiency, management practices, and service delivery of these entities, contributing to the rising prices. Interestingly, 16% of shopkeepers identified power theft as a notable issue influencing electricity prices. This underscores the recognition among a segment of respondents regarding the adverse effects of illegal connections and electricity theft on the overall cost of electricity distribution.

Shifting Towards Solar Energy

The survey illuminated insights into the current adoption and future intentions regarding the utilization of solar energy among respondents. Notably, around 17% of participants had already incorporated solar energy systems into their homes, indicating a growing interest in embracing renewable energy sources. Furthermore, an optimistic trend emerged, with nearly half of the respondents expressing a desire to install solar energy systems in the future, suggesting a potential surge in solar energy adoption. For the majority of participants who had not yet adopted solar energy (approximately 83%), the predominant reasons cited were the perceived high cost and the financial inability to afford such systems. The perceived financial obstacle associated with the initial investment and

installation expenses emerged as a substantial deterrent for a significant number of individuals and households.

These findings underscore the significance of addressing the affordability aspect of solar energy systems to encourage broader adoption. Implementation of measures such as government incentives, subsidies, and financing options holds the potential to make solar energy systems more accessible and affordable to a wider demographic. By mitigating upfront costs and offering financial support, these initiatives can break down barriers to entry, fostering increased participation in the adoption of solar energy.

Conclusion

The energy sector remains a crucial component for economic growth in Pakistan. Unfortunately, due to the ongoing economic and political crisis, nearly every sector is experiencing hiccups. Electricity, being an integral part, plays a catalyst role in economic growth. Lately, this sector has also faced serious issues, including power blackouts, aged infrastructures and transmission lines, and high electricity costs. The study attempted to analyze consumer behavior in response to recent hikes in electricity prices. A questionnaire was developed to examine consumption patterns. This approach enabled us to collect primary data directly from consumers. The results showed that a significant portion of the population has been negatively impacted by the recent price hikes. Consumers are forced to decrease electricity usage to meet their monthly expenses. The increase in the per-unit cost of electricity has compelled consumers to cut down on expenditures and find alternative sources of income to meet their expenses. Consumers also expressed dissatisfaction with the DISCOs of Sindh and Balochistan, claiming that their performance has remained below average compared to the DISCOs of the other two provinces. Some survey participants argued that it is the government that has failed to provide the basic necessities to consumers. In the end, it was observed that consumers are willing to shift towards solar-based net metering, but the high prices of solar panels and other materials remain major obstacles in installing it.

Recommendations:

Keeping the results in the view, following recommendations can be made:

- To mitigate the impact of rising electricity tariffs, the government should implement targeted support programs aimed at assisting vulnerable households and small businesses most affected by price increases. These subsidies or assistance schemes can help alleviate the financial burden on those least able to afford the higher costs. In addition, promoting energy-saving practices and encouraging the use of energy-efficient appliances can help consumers reduce their consumption and offset the impact of tariff increases.
- Promoting renewable energy adoption is essential for building a sustainable energy future. The government should introduce favorable policies and incentives that make solar energy systems more affordable and accessible for both households and businesses. Moreover, increasing public awareness about the benefits of renewable energy, along with educating consumers about the incentives and support programs available, will encourage wider adoption of renewable technologies.
- Improving the governance and efficiency of electric supply companies is crucial for ensuring reliable and cost-effective service delivery. Enhancing infrastructure planning, maintenance, and grid management can significantly improve performance. At the same time, stricter regulatory oversight is needed to ensure transparency and accountability in the operations of electric supply companies. Encouraging competition and market

liberalization in the electricity sector will also drive innovation, improve efficiency, and lead to better customer service.

- Effective load shedding management is another critical issue that requires attention. The government should invest in reliable power generation infrastructure and integrate renewable energy sources to reduce the frequency and severity of load shedding. Additionally, load-shedding schedules must be managed equitably, ensuring that power interruptions are distributed fairly across regions to minimize disruptions for consumers.
- Engaging distribution companies (DISCOs) in the decision-making process is essential for maintaining their financial stability while implementing additional taxes or regulatory measures. By involving DISCOs, policymakers can better understand their revenue streams and operational costs, allowing for more targeted policies that prevent disruptions to the companies' financial health and support the continued provision of reliable electricity services.
- Given the current economic crisis, it is also important for the government to explore alternative sectors for tax collection instead of further burdening the power sector. Imposing additional taxes on an already financially strained population may exacerbate their economic hardships. A more equitable and sustainable approach would be to diversify the tax base, focusing on sectors with higher income potential to support the country's economic recovery.

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