

ABSTRACT

The incessant deficit status in South Asian countries enthused to analyse the factors affecting budget deficit. This study has attempted to analyse the economic political and institutional factors of budget deficit using data from 1995 to 2015 for panel of South Asian countries. Using state of the art Panel ARDL technique the study found long run association between budget deficit and economic, political and institutional factors. The study also incorporated time-series analysis with special reference to Pakistan covering time span 1976 to 2015. Again we employed ARDL technique to investigate the same variables of interest and found that in long run economic and political factors are involve in causing deficit. We found inflation, debt servicing, slow economic acceleration, huge government size and election year to be the major determinants of budget deficit.