

Table 2 Original model for estimating the effect on government revenue

Government revenue	Coefficient	t value	P value	Penalized coefficient by ridge regression
Intercept	-83920	-2.310	0.082	78 072.647
GDP growth (annual %)	1099.164	0.354	0.741	1060.929
Tobacco inflation rate	761.475	2.280	0.085	8094.874
Per capita income	2.32	3.483	0.025	17 674.923
Excise duty	-107.482	-0.135	0.899	283.058

Source: Pakistan Bureau of Statistics (Pakistan Social and Living Standard Measurement Survey, Household Integrated Economic Survey), Federal Board of Revenue.