

Rehana Saeed Hashmi \*  
Aroosa Fatima \*\*

## **National Finance Commission Awards: A Challenge to Center Province Relations in Pakistan**

### **Abstract**

*Timely and fair distribution of National Finance Commission award is not only essential for the survival of the federation, but it also strengthens the process of democratization. Historically, awards have not been regularly held on time and distributed at the expense of grave ethnic politics, party politics, unagreed formula of distribution, political instability and problematic center province relations. NFC is the constitutional body that is responsible for the distribution of resources and shares amongst the center and provinces. NFC is dealt under the Article 160 of the constitution 1973 that controls the resources, taxes, duties, or revenues in the “divisible pool”, which is to be further divided between the provinces upon an agreed formula. Unresolved financial matters within federations can instigate ethnic national tensions within state in the shape of intra provincial rivalry and resentments with the federation. NFC award holds a strategic importance and it should seldom postponed.*

**Keywords:** Centre-Province relations, federation, fiscal federalism, NFC, award distribution criteria, population, 18<sup>th</sup> Amendment

### **Introduction**

The federal structure of Pakistan has been designed with strong central government in which the resources and functions are distributed among the federating units of country. Due to an ongoing perturbed mechanism of efficiency and distribution, there has been a long-standing debate on the share of resources between the federal government and federating units.<sup>1</sup> As per the actual division of finances and wealth, the federal government has practical hold in an unjust fiscal transfer to the provinces. As a result, the income of the provinces has experienced serious cuts over the time. It has been a significant root cause of mistrust between the central government and administrative units of the country.

The devolution of power to the sub-national units is a feasible mechanism to diffuse the confronting federal situation and to create smooth relationship in power structure to attain political and economic stability. However, the devolution of powers towards provinces is facing impediments due to feeble fiscal devolution mechanism. The distribution of finances takes place under the penumbra of NFC

---

\* Rehana Saeed Hashmi, Associate Professor, Department of Political Science, University of the Punjab, Lahore.

\*\* Aroosa Fatima, Ph. D. Scholar, Department of Political Science, University of the Punjab, Lahore.

Award. Bicameral legislature does not guarantee equitable distribution of finances between central government and provinces but it is accepted and agreed in federal structures to accentuate provincial autonomy.<sup>2</sup> A strong and effective federal system is formed when financial and political empowerment is ensured in clear connotations of devolution mechanism which subsequently strengthens the values of democracy in country.<sup>3</sup>

Sharing of financial means has been the major catalyst for unrest between federation-provinces relations. The federating units of Pakistan have always shown reservations on distribution formula of resources. They have held the position that federal government has imposed this formula on provinces.<sup>4</sup> Distribution of resources has deep impact upon the working mechanism between central government and provinces. It clearly defines how the country is governed and economy is managed.

As per the distribution formula of NFC award, the federal government receives 42.5% out of the proposed divisible pool of taxes, while 57.5% goes to the provinces. Population has remained solitary criterion for dissemination of revenues among the federating units. Such configuration tilted the flow of resources towards Punjab due to populous nature. Balochistan and KPK faced the grunt and received minimal share. It is an accepted principle that the public investment induces the private investor, so these two provinces remained devoid of both investments since the colonial rule. The share of provinces in revenues collected as royalty have been uneven despite stated formula in the National Financial award. The central government has shown reluctance in one way or the other to provide the due share in right of royalty, grand's in developmental and non-developmental works, for example, Balochistan has been urging for royalty on gas for decades but its plead gone unaddressed.

Formation and announcement of NFC award is constitutional obligation in which the federal government and federating units are supposed to receive the due share in resources. In such constellation, the under developed and disadvantaged people of the country must be given priority. On the contrary, events have unfolded otherwise. It is inevitable for efficiency of federation that its working mechanism with constituent units should be flawless. The strength of the federation hinges upon the ease of relations between center and provinces. Unfortunately, Pakistan has experienced strains and stringent moments between center and provinces. This onward situation has created rift or disconnect between federation and public. At the same time, public service faced serious downsizing in the country. Lack of coordination among the constituent units has accentuated rifts and insufficient developmental programs for public. In this scenario, distrust and misappropriation has taken place in federal system of Pakistan. Due share of provinces has not been transferred. Eighteenth amendment to the constitution of 1973 has incurred paradigm shift in resource sharing mechanism and devolution of powers down to provinces.

### **Theocratical Framework of Federalism**

A population which is diverse in culture, race, resources, and size resort to federal form of state to achieve unity and harmony. Federalism also refers to the territorial organization of political community in which multiple tiers of government are in

place. This configuration of government may be governed by combined self-rule or shared-rule. The demands and requirements of minorities are addressed in the autonomous areas in the Plural federalism. This configuration is held for the advancement of the public expression and its worth for the peace and smooth functioning of the government. Federal form of government employs constitutional fabric to divide the powers between different tiers of government through which the federating units get control over certain provincial subjects. Hence, there is a partial self-rule and partial shared-rule amongst different governments in federal system.<sup>5</sup>

Territories that possess diversity in identity, ethnicity, culture and language harbor the structure of federalism to ensure peace, stability and mutual accommodation in the country. Federalism, especially in big or diverse countries, also has the capacity to improve service delivery and democratic resilience, and decision making is ensured at the most feasible level, give protection against the over-concentration of power and resources, and ensure more opportunities for democratic participation. Federalism thrives on unification in diversification to empower the provinces along with certain areas of unity and commonality. There are two main contexts in which federalism may be considered.

- *Identity federalism* is experienced in those political communities where the distinct features of identity, culture, religion and linguistics have minimum consensus due to some common or mutual facets to live together as one polity. In this way, unity is achieved along with some sort of autonomy as well for the constituents of federation. (e.g. Canada, Switzerland).
- *Efficiency federalism* denotes a complex situation in which the diversity is tackled with the help of unification through different tools. The states having large populations belonging to different races can only be integrated through representation. If there are geographical twists, the mutually agreed formulas of power and authority can solve the riddle Germany, Argentina.<sup>6</sup>

### **Fiscal Federalism**

Federalism is a mechanism whereby the distribution of fiscal functions, tax collection and distribution of resources is done between federation and constituent units. The federal government performs the regulative and distributive functions. Whereas, the allocative responsibilities are transferred to the provinces. In this way, it has to be determined which taxes should be collected by the central government and which to be collected by the provinces. The framework of federal structure is as follows.

- The complexity of federal system is observed when the respect and integrity of constituent unit is to be held under constitutional jurisdiction along with harboring national interest and unity. In this way, the federating units are guaranteed certain financial and administrative powers under the legislative list. However, the subjects of national importance are held by federal government to ensure national coherence.

- Due to persistent sharing of resources and power, the federal system faces conflicts and disputes between different tiers of government. Therefore, a comprehensive dispute or conflict resolution mechanism must be in place to achieve consensus and unity for smooth functioning of the sub-national units and federal government.
- Make sub national government the part of central mechanism of decision making.
- A lean federal structure. The organizational structure of federation should be linear i.e., flatter.

The nature and scope of federal system must be observed. There should be no change in this ambit due to recurring changes in fiscal responsibilities and sharing of power in accordance to decentralization mechanism. Decentralization deals with five main questions:

1. Who regulates who gets what revenues?
2. Who is accredited and accountable for what expenses?
3. How do transfers are made among different governments?
4. What extent of liberty do provincial governments have with respect to borrowing? and
5. Who regulates the formal setting within which the above questions are addressed?<sup>7</sup>

The literature on this subject recommends certain rules of federalism to articulate in an efficient and effective manner. In order to ensure appropriate public service, different actors of system must integrate with each other. For this purpose, there must be clear expenditure assignment, a well-defined mechanism to determine rates of revenues to be shared by sub-national units and a crystal-clear formula to distribute resources among constituents of federation (see, for example, Bahl 2002; Bird 2001, Ebel and Taliercio 2005). The system of transfer also ensures a collective sense of national-unity and “place equity” via well-framed system of central-subnational transfers. In this way, provisional grants can make the difference to solve the regional and national issues in the state. On the other hand, the unconditional grants may prove instrumental for the resolution of many subtle and major issues in federation.<sup>8</sup>

### **Key Issues in Fiscal Federalism**

In discussion of fund allocation in a federation, the finances require different answers while distributing the finances and resources among provinces. These questions creep up during this dilation. Some of the questions are entailed below:

- First one relates to the fixation of responsibilities in context of expenditures. Especially, the determination of roles for different units and segments.
- The second query relates to the imposition of taxes by different departments upon various sections of population.



- Thirdly, the complexities in vertical distribution of finances induce various difficulties to strike feasible and acceptable balance between spending and revenues for the units of the federation.
- Fourthly, the question arises from the same or identical tiers of the federal system in a country. The division of resources among provinces infuses more riddles that require answers.
- Lastly, often the units of federal structure face difficulties to extract power to access the financial markets in the system. This perplex situation brings up new discussion about the authority of units to borrow from different markets and departments with prior legislation or permission by the relevant higher departments.<sup>9</sup>

The “Assignment problem” or the allocation of tax and expenditure is the core issue in a federation. The sub-division of resources in form of taxes and its subsequent expenditure amongst sub-national units is most pertinent riddle to be solved. Hence, we have identified this problem as the first theme for this academic discussion. In this respect, the available literature on fiscal federalism advocates that it must follow the function. So far as assignment of spending and tax is concerned, the responsibilities of spending must be prior to the assigning of responsibility of taxation. This is done because the function of taxation is always mounted on the framework of spending done at various levels of federation. As a result, it is advised to decentralize the taxation along with decentralization of spending so that sub-national units do not primarily have to rely upon grants from central government. Configuration of assignments of taxation and spending is perplexed in such way that if sub-national units are not raising a minimum level of revenues for public services, they might lack incentive or interest for public spending with cost effective manner. Likewise, if the sub-national units are assigned more taxes than their spending, they might reduce the taxes or increase the public wages.<sup>10</sup>

According to the definition of Dicey federalism is a political invention which aims to reconcile national unity and power while maintaining the rights of the units or states<sup>11</sup>, while Awa (1976) sees federalism as triangle of cooperation, bargain and conflict between center and units. relationship between federal and Provincial governments effects the ability, authority, and constitutional autonomy of elected representatives to meet the demands of their citizens. Jega sees fiscal federalism as a contending issue that deals with the resource generation and distribution between central and provincial governments.<sup>12</sup> Simply, fiscal federalism poses question to the nature of financial relations in any federal system. Resource distribution is essential to keep up financial needs and responsibilities of a both central and provincial governmental machinery. Each governmental body has an obligation to provide facilities, solve issues, and answer to the needs of its citizens. In effective federal partnership, provincial and Federal governments cooperative to share the duties and responsibilities. Inter-provincial inequalities in revenue distribution and tax collection poses serious threat to any federation. Effective management of financial relationship between federal and provincial government has an ability to affect the national unity.

### **Constitutional Provision of NFC**

According to the article 161 (1) of the constitution of 1973 of Islamic Republic of Pakistan, NFC award is formulated. NFC is a constitutional body which is responsible to formulate criterion for the distribution of tax collected between federal government and provinces and among provinces. "within six months of the commencing day and thereafter at intervals not exceeding five years, the President shall form the body of NFC." As per the provisions of constitution of 1973, the body should include the finance ministers of the federating units, the finance minister of the central government. Along with these members, the president is authorized to nominate any other member or expert to the body for completion of the constitutional requirement.

Following taxes have been included in the divisible pool according to article 160(2).

- i) Income has been taxed including taxes on corporation except on the remuneration which is paid from the federal consolidated fund.
- ii) Different taxes have been levied on all sorts of products such as sold things, purchased things, imported, exported and consumed by the consumers.
- iii) The president has the authority to levy duty on things exported such as cotton or other products that may be specified by the concerned authority.
- iv) Other than the aforesaid taxes, the president has the legal power to sanction excise duties what he deems right and appropriate. Note, these taxes are constituents of divisible pool which facilitate the flow of funds and revenues to the provinces.

In context of taxes of divisible pool, the article 70(4) provides for Octroi and general sales tax. It forms the major portion for the revenues to be collected for the units of federal system. The octroi tax is district and general sales tax relates to province. This article falls in fourth schedule of constitution of 1973 of Pakistan. The federal and concurrent lists of legislation sanction the central government exclusively on former list and central and provincial governments together on the latter list. However, in case of clash between both the governments, the federal law will prevail.<sup>13</sup>

### **Vertical Resource Distribution Criteria**

Vertical distribution of resources reflects the distribution of revenue from federal government towards provinces. This is known as the pool of divisible taxes that are collected. The central government employs three factors for its criteria; defense, debt servicing and public action plan. Federal government transfers 37.55% to the provinces and retains the remaining revenue.

### **Horizontal Resource Distribution Criteria**

The horizontal distribution of resources is actually the distribution of 37.55% of finances to the provinces. In this respect, the sole criterion which is applied is

population. This criterion is debatable and controversial criterion due to uneven population in country.

### **Multiple Criteria of Resource Distribution**

An inclusive approach of criteria of revenue distribution has been employed for multidimensional societies. Diversity in population demands multiple criteria. In Pakistan, the largest population resides in Punjab, due to sole parameter of population, this province extracted most of the revenues from the central government. N.W.F.P (Now KPK), Sindh and Balochistan showed serious reservations against this criterion. Subsequently, multiple criteria have gained impetus and value among the quarters of power structures. This inclusive mechanism includes; infrastructure index, inverse population density, area and tax effort. Now days, most of the federal states of the world have resorted to multiple factors in division of resources among the units.

### **Historical Background of National Finance Commission Award**

In 1946, the cabinet mission proposed federal constitution for undivided India. The subjects of foreign affairs, defense and communications were vested with the central government while rest of the subjects were in domain of sub-national units. The mission argued for strong central government due to heterogeneity in culture and linguistics in India. At that time the Neimeyer Award was the basis for resource sharing between the federal government and the federating units. Likewise, Pakistan followed the same suit to divide its resources between federal and provincial governments till 1952. However, some adjustments were made for fund allocation to railways (Raisman award). In 1955, Pakistan became one unit in West Pakistan like East Pakistan. Thus, two awards were constituted in 1961 and 1964. After the disintegration of East Pakistan in 1971, new constitutional framework was promulgated in 1973. Pakistan consists of four provinces, a federal capital territory, and special areas including FATA (Federally Administered Tribal Areas), Gilgit-Baltistan, and Azad Jammu and Kashmir.<sup>14</sup>

### **Working of NFC Awards: 1951-2019**

Before the inception of Pakistan as an independent state, the resources were distributed according to the Act of India 1935. Neimeyer award was formulated for the distribution of resources between federal and provincial government. Under this award, Sales tax was the jurisdiction of provinces and income tax revenue was divided up to 50% between Centre and provinces. After the independence of Pakistan, Sir Jeremy was given the task to plan distributive scheme for tax collection.<sup>15</sup> In 1952, Raisman award was granted for the distribution of resources. Due to the weak economic state of the newly born state, a 50 percent portion of sales tax was shifted to the federal government. Out of income of 50 percent income tax, 45 percent was shifted to East Pakistan, while the remaining of the share was given to the West Pakistan. Furthermore, Sindh and NWFP were given annual grants of Rs 10 million and Rs 10.5 million, respectively. In this way it can be inferred that the Sindh was not getting any of the grants at the time of independence of Pakistan. Its additional grants were used for the clearance of its previous debts.<sup>16</sup>

There were only two units namely East and West Pakistan. Resources were to be distributed only between these two units. Two awards were announced in 1961 and 1964 during that period. At that juncture of time, the resources were distributed only between East Pakistan and West Pakistan. The 70% of the sales taxes of divisible pool, the share of west Pakistan was fixed at 46%, while the proportion for East Pakistan was determined at 54% for spending in their respective areas. Along with this division of finances, the proportion for each province in 30% divisible portion was fixed, the ratio for each province depended on an amount of agriculture and capital value tax collected in their respective territory.<sup>17</sup>

NFC award of 1964 was formulated as per the constitutional provision of 1962 constitution, under the clauses in article 144 for the completion of this obligation. The total revenue was collected from the taxes of income, sales, excise and export duties imposed by the central government. The matter of fact remained till 1970 in form of division between West Wing and East wing of country. The ratio of the distribution between the provinces was settled at 35% for the center and 65 for the provinces. The latter amount of 65% which reserved for provinces got divided among the provinces in same fixed ratio of 54% and 46% for east and west wings of the country. In post 1970 scenario, the reversal of One unit in West Pakistan had the subsequent division of sources among the provinces of Punjab, Sindh, N.W.F.P. and Balochistan. The latter province had the least share of 4.5%. While the proportion for Punjab was 56.5% and 23.5% that of Sindh respectively. N.W.F.P. had 15.5% of the total share in revenue from divisible pool.<sup>18</sup>

A national finance committee was set up to suggest for the sharing of resources amongst different tiers of government under the Federal Finance Minister on April 1970. The divisible pool was retained in previous design. Subsequently, the proportion of finances and resources of federal government and provinces was determined at 20-80% respectively. The formula of division of resources among provinces had the following shape; the chunk of finances for East Pakistan was 54%. Whereas, the share of provinces in West Pakistan was 56.5% for Punjab, 4.5% for Balochistan, 15.5% for N.W.F.P and 23.5% for Sindh. This formula was agreed by the National Finance Commission in 1970.<sup>19</sup>

As per the constitutional requirement of the constitution of 1973, it was obligatory for government to formulate NFC in an intermission beyond not more than 5 years for the cordial resource distribution among the federation and their respective units. All these happenings were experienced post separation of East Pakistan in 1971. Z.A. Bhutto regime presented its first NFC award in 1974. The divisible pool then consisted of only income tax, sales tax and export duties. Under this award, a narrow criterion of population was employed for distribution of revenues from divisible pool. The ratio of distribution was agreed at 20-80 for federal government and provinces respectively. Proportion of resources of Punjab augmented from 56.5 percent (1970 Award) to 60.25 percent while the three other units faced difficulties, with Sindh suffering the most due to population being the mere criterion for division of finances. As per division of resources in horizontal terms for provinces under award of 1974, Punjab received 60.25%, Sindh 22.50%, NWFP 13.39% and Balochistan 3.86% respectively. Annual grants of Rs 50 and

Rs 100 million respectively were also allocated to Balochistan and NWFP governments to recompense their unstable monetary situation.<sup>20</sup>

Next NFC award was instituted by President General Zia-Ul-Haq which was headed by Ghulam Ishaq in 1979. Unfortunately, this NFC could never hold any meeting for distribution and allocation of resources. As a result, same criterion had to be followed for the interim period. In 1981, census was held that changed the population proportion in different provinces. Therefore, adjustments were made for distribution of resources among provinces. According to new share, the share of Sindh and Balochistan got better, however, the state of NWFP continued unchanged. Novel arrangement of dispersal was as follows: Punjab 57.97%, Sindh 23.34%, NWFP 13.39% and Balochistan 5.30%.<sup>21</sup> Third NFC of 1985 was also constituted during President Zia-Ul-Haq for distribution of resources. It was headed by Dr. Mahbub-ul-Haq, the finance minister of Pakistan. It held 9 meetings but could not reach to any consensus. Therefore, the third award also failed as did the second NFC in 1979. Internal and external political chaos contributed to this failure. Resultantly the distribution of first NFC of 1974 had to be stretched till 1990 for resource allocation to provinces.

Prime minister Nawaz Sharif succeeded to declare the fourth NFC award in 1991. Credit went to Prime Minister Nawaz Sharif for second census-based award within 16 years. It was prepared by a committee headed by then Finance minister of Pakistan, Sartaj Aziz. Adjustments were made in the distribution scheme to increase the financial autonomy of provinces by 18% to be accurate. This particular award accentuated new trends in the formula of resource distribution and allowing the provinces to have right on the surcharge on different minerals. For instance, the amount was received on gas and crude oil from the province which had its reservoir. Besides this addition, the provinces claimed the right on the amounts collected by center in terms of hydel profits. This collection was also divided among the provinces.<sup>22</sup>

The government of Prime Minister Nawaz Sharif faced the long-standing difficulty of sole parameter population for the sharing of finances among the provinces. However, the divisible pool was enhanced by inclusion of duties on Tobacco and sugar. The reflection of these taxes in the main pool was encouraging sign for provinces. The federal government retained the custom duty within its sphere. The divisible taxes included; income tax, sales tax, duties on excise and trade. The commission had serious hurdles to strike balance and convenience in formula due to exclusiveness of criterion of division. As a result, the horizontal scheme remained identical as in prelude of all the awards. There was positively skewed data in addition for the proportion of provinces from 28% to 45%. This share mounts to an increase from 39(billion) to 64(billion). If we analyze the transfers in micro-level, the share of Balochistan increased from 4.5% to 5.30%. Likewise, the increase in share of Sindh was 23.88% from previous portion of 23.5%. Punjab received 57.88% and N.W.F.P. 13.54% under this formula.<sup>23</sup>

In 1996, the care taker Prime Minister, Malik Miraj Khalid constituted the next NFC award for the implementation of fiscal policies and formulas of Federal government. The chairman of the committee was Shahid Javed Burki. It was constituted in 1996 and announced in next year. The most striking feature of this

scheme was the enhancement of the items in divisible pool of the revenues. The taxes included; income tax, sales tax, wealth tax, capital value, duties on exports, excise duties and custom duties. The duties on Gas and oil were excluded from the main pool. All other taxes other than this statement would fall in the arch of provinces. This fabric of the taxes had new tinge of matching grants for the provinces. The limit was set for the units to achieve in order to secure the grants. The provinces of Punjab and Sindh received 500 million each. Whereas, 100 million each for N.W.F.P. and Balochistan was reserved.

The limit of matching grant was set up at 14.2%. If the provinces would exceed this measure, they would be eligible for those grants. Another important division was done in this award. The separation was done between priority and non-priority in expenditure. The subjects such as defense, debt servicing, social works etc. fell in the priority ambit. Whereas, remaining subjects of provincial jurisdiction fell in non-priority list. These alterations were made to enhance the traverse of development. In this way, the financial crunch was avoided and challenges met with efficient distribution of resources. A paramount alteration was observed in the scheme of this award. the federal government experienced significant uplift from 20% to 62.25%. Whereas, the share of provinces experienced negatively skewed data exhibiting downward trend from 80% to 37.5%.<sup>24</sup>

This formula of shares was proposed under award of 1985 but could not be implemented till the award in 1996. These ratios were further altered as per the results of census of 1998. Subsequent adjustments were made and got in to effect from 1st July, 2002. The positive changes were to be made for the provinces under this award. It was anticipated that GDP would grow at reasonable rate and inflation would be controlled at certain limit. The internal and external volatile political situation besieged the economy as well. As a result, the award could not ensure advantage to the provinces. There was a feeling among the provinces as if they would have been in better situation if the previous award of 1990 had been in place. As a matter of fact, the proportion for provinces did not change drastically. Infact, there was no change for the units because the minimum share was still 5.30% for Balochistan and 57.88% for Punjab.

On 22nd July 2000, President General Musharraf constituted the sixth NFC award under the chairmanship of Shukkat Aziz. The commission held 11 meetings to reach consensus for the distribution of resources between federal government and provinces. However, the commission failed to strike any agreement. Subsequently, the president General Musharraf constituted another award on 21st July 2005. The members of the commission demanded an increase in quantum of resources towards provinces from federal government. 50% share was demanded during the meetings along with diversification of criterion of resource distribution from the divisible pool. All the chief ministers of provinces urged the president to give a just and fair award to all the units of federation. The president amended the "Distribution of Revenues and Grants-in-Aid Order, 1997" by issuing Ordinance No. 1 of 2006.<sup>25</sup>

There was a long lapse between 1996 Award and proceeding authorization by the federal government. The anxious wait of 9 years was bridged by the announcement of the award in 2006. An important feature of the award was that it

included all the previous taxes to the divisible pool. Furthermore, the proportion of grants was significantly augmented from Rs 8.75 billion to Rs 20.75 billion for Sindh and Punjab. In the meanwhile, an additional grant of Rs 3.05 billion were given to Sindh and Rs 5.83 billion for Punjab.<sup>26</sup>

The seventh NFC award has been a land mark in the constitutional and political history of Pakistan. In 2010, the award was announced for revenue sharing among the center-provinces and among the provinces. In December 2010, then the government of Pakistan included multiple criteria for distribution of resources among the constituents of federation. This was for the first time that revenue had been distributed not merely on the basis of population. The long-standing demand of Sindh, KPK and Balochistan has been met by including multiple criteria. The criteria consisted of poverty, under-development and inverse population in density in provinces. Balochistan being the largest province in terms of land has the smallest population. This formula benefited all three provinces other than Punjab. The latter province desired for single criterion of population since it is most populous in the country. These factors tantamount to new bench mark in the country for sharing of revenues amongst federating units of the state.

The veracity of the fact cannot be seen with skeptical lens with respect to elevation in fiscal autonomy of provinces under the penumbra of seventh NFC award in 2010. The economists and experts of the academia have been of the view that Pakistan's federation has taken a step ahead in development of fiscal control for the provinces. Most pertinent aspect of the whole process is that there were no serious obstacles or conflicts in way of constitution of this historical award. All the provinces jelled together in all arguments for the declaration of award. The sole criterion of population was conceded by Punjab for other provinces of the federation. The inverse population in density criterion has been exclusively added for Balochistan. Primacy of this award was observed when the federal government announced to put cuts on its share from the divisible pool.<sup>27</sup> The provinces received further 10% towards their fiscal share. The cost of incurred on the revenue collection was minimized from 5% to mere 1% which in turn helped the provinces to collect actual and real amount for the main pool. There was an increase from 47% to 56% in first year of the award. Whereas, the remaining years experienced the share of 57.5%.

Furthermore, the realization on part of all provinces towards Balochistan has been sign of positivity and encouragement for the development of the backward areas of the province. Such gestures and commitments have been instrumental for the progress and development in Balochistan. It received an additional amount of 83 billion PKR which amounts to 9.09% of provincial pool. In this respect, Punjab sacrificed 1.27%, Sindh 0.39% and KPK 0.26% for the additional grant for this province to enhance and speed up its development. As mentioned earlier, the center has shifted 10% more transfers for the units of the federation. In last analysis of the benefits of the provinces, the province of Balochistan had gained the most advantage by additional transfer of 175% from this award. Other provinces also have received more transfers for example; Punjab has gained 488% benefit, KPK 79% and Sindh 61%. Overall the benefits of the provinces are multiplied for the provincial empowerment in fiscal and administrative terms.<sup>28</sup>

The term of the 7th NFC Award given by the government of the People's Party completed in 2015. As like before it was expected from then government to confer 8th NFC Award. Therefore, the federal government missed the 8th award and directly jumped to the 9th NFC without any solid explanation. The President signed the Distribution of Revenues and Grants-in-Aid (Amendment) Order in June 2015. Practically, the order did not change anything except extending the protected revenue for Balochistan province. Furthermore, AJK, GB and FATA were considered for 9th NFC, formerly which have never been part of NFC. The provinces blamed federal government for lack of interest that postponed the finalization of 9th award. Federal government instead of utilizing its own expenditure wants provinces to compromise their fixed share in NFC. These developments have serious implications for the future of fiscal federalism in the country.<sup>29</sup> The meetings on 9th NFC award are indecisive till yet. Government could not get settle the central issues like improving the efficiency of FBR for reaching the target of maximum tax collection; giving autonomy to provinces in matters to generate revenue and distribution of 3% share from the federal divisible pool of tax revenue as a part of financial provisions for the ex-FATA. As a result, in the coming year, budget will be conferred under the current NFC formula that was decided in 2009 and it is authorized until 2020.<sup>30</sup>

### **Politics of Resource Distribution**

There have already been seven NFC awards implemented. Federal system has always remained in academic debates due to dissatisfied division of resources among the units. Often, the feelings of disharmony and discontent have been exhibited by the relevant agencies and departments. Provinces have reflected on many occasions that the federal government has not ensured proper consultation with the stake holders for appropriate division. In this way, the formula seemed to be enacted without any choice and voice.

After the independence of Pakistan, the formula of finance division was constituted by Sir Jeremy Raiseman in 1951. He proposed the formula which was enshrined in Indian act of 1935. According to this script, 50% of share was to be distributed for provinces. 45% had been transferred to East Pakistan and remaining to other provinces. General sales tax was kept in federal domain. In the meanwhile, the focus of the central government was towards Western provinces of Pakistan. In 1951, the federal government spent heavy amount in western sphere of around 480 crores. The spending in East Pakistan was 18 crores only. Apart from this inequality, only 33% of total grants were given to East Pakistan, while 67% of the grants were spent in Western wing of country. Such misappropriation created dissatisfied fiscal approach in the federation.<sup>31</sup>

The awards of 1961 and 1964 were constituted on new basis of administrative scheme chalked out in 1955 for the merger of provinces of West Pakistan in to one unit. The revenues included sales tax, income tax and export duties. The revenue was distributed as per the percentages of 54% and 46% for East Pakistan and West



Pakistan. The four units of One unit in West Pakistan were given their due share from the total share for West Pakistan.

The debacle of East Pakistan left the country with four provinces in the umbrella of Federation. Now fiscal distribution had only four units along with center to deal with for division of resources. Population being the sole foundation for dispersal of finances, it favored the province of Punjab with 60.35% share from the pool. Balochistan received 3.86% from the funds available. Likewise, Sindh and N.W.F.P. were supposed to receive 22.50% and 13.39 % from the divisible pool.<sup>32</sup> On the flipside, the factors of poverty, inverse population density and under development got subtracted from the whole scheme. Such scheme benefited the province that had the largest population in country.

This inequitable sharing of finances compelled the smaller provinces to launch protests in Parliament and respective assemblies. In this ambit, federal government has always claimed as if it has fulfilled all the needs and requirements of the effective federation. While, provinces raise concerns otherwise. The believe that only liabilities and burden is shifted to provinces instead of actual transfers. Pakistan must follow the path of Indian federation by ensuring more transfers towards provinces to achieve autonomous provincial units.<sup>33</sup>

Settlement of concerns of provinces stands as the most crucial and perturbed facet for any federal system. Pakistan has faced similar caveats of this system. Provinces have been on the receiving end so far as the equitable distribution is concerned. Previously, the discontent of units has been actively portrayed at all forums of the country. For example, among many factors that contributed to the separation of East Pakistan, the key factor was "Distribution of Resources".<sup>34</sup>

However, in 1981, the novel scheme of resource dispersal was introduced by reducing the share of Punjab and increasing the share for two provinces. The proportion for Punjab was reduced from 60.35% to 57.97%. The proportion for KPK remained the same. While, quantum for Balochistan and Sindh got increased from 3.86% to 5.30 and 22.50 to 23.34%. This is worth mentioning that from 1981 to 1985, there was no resentment from provinces on the formula of NFC. They remained pretty satisfied with the given scheme. This scheme got continued till 1990. Due to political turmoil in the country, the previous award had to be stretched for the distribution of finances.

Balochistan has been raising its concerns over the last three decades in context of resource sharing formula. The discontent of this province has been mounted on representation, cultural identity and meaningful participation. From 1974 to 2006, there was no significant increase in the share of Balochistan and KPK in resource distribution from divisible pool. The federal government has often demonstrated its resolve to address the concerns of these provinces. However, the efforts have been restricted to verbal commitments that are far away from actual measures. However, the government must fix its priorities and address it on amicable basis.

In 2009 the government of Pakistan People's party constituted seventh NFC award to distribute the economic or financial resources among the provinces. For the first time in history of country, the criteria of resource sharing were made inclusive by addition of poverty and inverse population in density. On this foundation, the

government transferred more resources to the provinces in concrete terms. The positive repercussions of this change set to motion the economic activity in the provinces. In accordance to this formula, Punjab received 51.74% share and sacrificed some of its previous grant for other provinces. Whereas, Sindh 24.55%, KPK 14.62% and Balochistan 9.09% got out of the divisible pool. In addition, KPK received 1.83% share from total share of province. Balochistan also got PKR83 billion additional grant under this award. The expenditure inflicted by war against terrorism also urged the federal government to compensate for the destruction of infrastructure. So far as the province was concerned, it got an additional amount of PKR6 billion from the divisible pool which is equivalent to 0.66% of total share.<sup>35</sup>

The share of provinces in divisible pool was increased manifold under the eighteenth amendment to the constitution of 1973. Especially, the incorporation of poverty as one of the criteria of distribution has provided greater impetus to the funds granted in vertical distribution from federal government towards provinces. As a result, the federal-provincial arrangement seems positively skewed of late. Under the seventh NFC award, the share of provinces has increased from PKR655 billion (46%) to PKR1,033.6 billion (56%) which is greater than the share of federation. This enhancement of funds towards provinces is unparalleled in historical fabric of Pakistan. The annual public sector development program (PSDP) is now being culminated by more funds from exchequer of provinces. The remote and smaller provinces of Pakistan have received greater share than before. It is anticipated as if this improvement will ease the tensions between the central government and provinces in future.

Succinctly, the history of economic apparatus between federation-provinces exhibit the caveats in resource sharing and transfer of grants to the provinces. There are still some serious facets of this mechanism which are not addressed appropriately to the will of provinces. The sub-national units divulge their concerns over the formula of resource sharing accentuated by the federal government. There is proposition that federal government lacks political will in such matters which tantamount to conflicts and disharmony between central government and provinces. It is also argued that rigidity over exclusiveness of population as a criterion has raised serious problems in resource sharing and transfer of grants.

The working relationship between federal-provincial governments has been full of twists and turns which catalyst for conflicts and strains in relations. There is no second thought about the improvement of resource sharing formula under seventh NFC and eighteenth amendment to the constitution of 1973. Afterwards, the uneven completion of devolution of power to the provinces is causing troublesome conditions in federation. The provinces raise voices against the resolve of federal government to implement the devolution plan as enunciated in eighteenth amendment. This administrative flaw is mounting to hatred and ill-feelings between sub-national units and central government. The provinces are showing concerns as if the federal government and big province are reluctant to devolve the powers for enhancement of provincial autonomy. This constellation is depicting strict control over resources by federal government. Furthermore, Myriad constituting aspects may be given worth to constitute novel scheme for the

divisible pool. These constituents relate to the differences in economic development of areas. The difference between rural and urban pockets of the country. Further, the variation in revenue collection from different segments of the country. Inverse population density and remoteness of development of the country. To reach at feasible formula, this multiple factor-oriented mechanism must be adhered.<sup>36</sup>

It was decided in the first meeting of the Working Group on 9th NFC that the federal government would summon the next meeting, but antithetically, the central government did not arrange a meeting. Accordingly, the NFC award should have come into force on July 1, 2015. KPK government blamed Finance Minister Ishaq Dar of that time for delaying new award for the distribution of divisible tax revenues between the center and the provinces for the next five years. Whereas Dar, in his budget speech, claimed that the provinces refused contributing to the budget for defense and the development of FATA that caused delay in NFC Award.<sup>37</sup>

Currently, the federal government of PTI is unsuccessful to announce the NFC award regardless of its all claims of setting everything right within 90 days. The government claims that the Sindh, Punjab and Balochistan are not sending their nominations to complete the NFC despite the frequent federal requests. Up till now, the only nomination has come forward from KP province. While Sindh and Baluchistan claims that they are delaying completion of nominations for NFC due to calls from finance ministry, military and IMF to decrease their share in divisible resources.<sup>38</sup>

After the 18th Amendment, the NFC Award has become more crucial because provinces are responsible for financing their important sectors like education and health. The present government instead of presenting the new the award, are making use of ad hoc extensions. Smaller provinces protested the delay in the lately held NFC meeting. It is surprising that throughout the 18 meetings of the CCI that were arranged over the past 10 years, NFC award was not discussed even once. Further The federal government has not been fulfilling its constitutional obligations by not announcing award.<sup>39</sup>

The meetings on 9th NFC award are indecisive till yet. Government could not get settle the central issues like improving the efficiency of FBR for reaching the target of maximum tax collection; giving autonomy to provinces in matters to generate revenue and distribution of 3% share from the federal divisible pool of tax revenue as a part of financial provisions for the ex-FATA. As a result, in the coming year, budget will be conferred under the current NFC formula that was decided in 2009 and it is authorized until 2020.<sup>40</sup>

#### **Causes of Delayed NFC Awards**

1. Political instability is the major reason behind delayed NFC Awards as in 1985 third NFC Award was delayed due to internal and external political instability.<sup>41</sup> Most of the governments have failed to create consensus on resource distribution formula between the federation and the provinces. Mostly NFC award distribution has not remained the top priority of the federal governments that were facing legitimacy crisis.

2. Since inception and even after 1973, population remain the sole parameter for resource distribution among the provinces. Other criteria for division of resources being continually ignored by federation. No other state besides Pakistan use population as the sole criteria for distribution of finances and resources. This formula evidently suits Punjab that stresses upon carrying this unfair formula regardless the popular demands by other three provinces for considering diverse distribution factors other than population. Slight changes were introduced in 7th NFC that was commenced by Pakistan People's Party in 2009. Population basis still stands at 82% for resource distribution criteria. On the demand of smaller provinces, other factors such as poverty 10%, revenue generation 2.5%, revenue collection 2.5 % and area 2.7 % were included as well as resource distribution formula. Still population is at top preference that is against the practices of federal systems in the world.
3. Domination of Punjab is another factor that caused the delay in NFC Awards. Punjab enjoys majority in National Assembly on the account of its large population and reap the benefit of rejecting the budget and NFC formula that does not serve its demands. Punjab also dominates the center and civil-military bureaucracy, consequently, Punjab controls the whole federation. It is argued that smaller provinces cannot advocate the case of demanding their due share in NFC due to the role of Punjab that mostly hold the central government. It is actual reason behind the lack of a true federalism in Pakistan and the socioeconomic disparities. Theoretically, Pakistan is a federation, but practically, it is managed as a unitary state.
4. Newly Invested Powers of Provinces and Capacity issues specially after 18th amendment are another reason behind the delayed NFC Awards. The 18th Constitutional Amendment devolved 17 federal ministries to provinces and abolished concurrent legislative list. The Chief Executives demanded the devolution of financial resources to the provinces so that they could deal with the extra spending of the concerned ministries, newly transferred to the provinces. Unfortunately, the provincial governments of Sindh, Balochistan and KPK have not been able to plead their case more convincingly. Sindh and Balochistan governments have suffered from the capacity problem under the new Chief Ministers. Pakhtunkhwa government also had the capacity problem but it was further aggravated by the political priorities of the PTI which is the ruling party in the province.
5. In 7<sup>th</sup> NFC Award, center and provinces agreed that Centre will fix extra budget for health, education and other devolved ministries and the finance will be transferred to the provinces timely. This mechanism was decided to be carried until the declaration of the new Award. It was promised that in following award, provinces will get extra funds to see their expenditures independently, instead of relying on Centre. But Presently, the Centre is deliberately dodging the issue of increment in the portion of the provinces in fiscal resources.

6. Negative role of political parties also contributed to the delay in awards. Most of the time, political parties were more interested in toppling down the sitting federal government than advocating the demands of their respective provinces. For example, in 2017, the KP government threatened to lawsuit against center for delaying the NFC Award but did nothing practically. In fact, it did not even plead their case in CCI to pressurize center with the help of other smaller provinces.<sup>42</sup>
7. NFC award is a highly perplexing issue in Pakistan. Absence of consensus between the provinces over the resource distribution criteria is the actual cause of delay in commencement of NFC awards, for example, in 2002, The Centre had proposed 47.5 % share to the provinces but NFC award remained inconclusive due to disagreement among provinces. Punjab demands the population-based formula while other three provinces stress upon the 'backwardness', 'revenue' and 'area' as award distribution criteria, to which Punjab strongly disagrees. On the inclusion of diverse factors Sindh, KPK and Baluchistan differ each other as well. Sindh wants population and revenue as the basic criteria of resource distribution. Sindh advocates the idea that more revenue generating provinces should get more share in national financial resources. On the other hand, Balochistan stresses that 'population, area and backwardness' should be the sole parameters, because in that way Balochistan would get more share and grants to deal efficiently with the unemployment and poverty. KPK, former NWFP agrees with Balochistan on two standards 'backwardness and population' for the coming award but it strongly opposes the 'area' factor.<sup>43</sup>

## **Conclusion**

Concepts of fiscal federalism and federalism are associated to the sub-national governments (provinces) who may be varying in resources, size, ethnicity, culture etc., but together these constitute to form a federation. In this federal arrangement, the sub-national governments differ in taxing powers; some taxation powers lie within the provincial governments and certain taxes come under the sphere of federal government. According to the provisions of the constitution of 1973, it is mandatory for Federal government to constitute National Finance Commission Award to distribute resources between federation-provinces and among provinces. The NFC determines the formula of resource sharing among various tiers of federation of Pakistan. This constitutional body has members from all provinces along with the central government. Besides elected representatives, non-statutory-technical members are also required for the inauguration of unbiased and effective award. Hence, NFC award is a consensus-based distribution of resources.

Fair resource distribution plays critical role for strengthening federations. The fair governing is required to settle financial matters specially with the reference to NFC awards distribution between center and provinces. In the light of political history of Pakistan, it is evident that if provinces are not provided with their due share then it may result into internal instability that may lead to collapse. For example, multiple factors were involved in Tragedy of East Pakistan, and one of

the grave factors was the disagreement on the division of resources. Federal system has always remained in academic debates due to dissatisfied division of resources among the units. Often, the feelings of disharmony and discontent have been exhibited by the relevant agencies and departments. Provinces have reflected on many occasions that the federal government has not ensured proper consultation with the stake holders for appropriate division. In this way, the formula seemed to be enacted without any choice and voice.

Under 1973 constitution, the divisible pool consisted of income tax, sales tax on goods and export duties on cotton till 4th NFC Award, which also added excise duty on tobacco and sugar. Eighty percent of these taxes were allocated to the provinces. However, the 5th NFC award in 1996 included all federal taxes in the divisible pool. Since then the divisible pool consists of all federal taxes collected by Federal Board of Revenue, excluding collection charges. Different NFC awards assigned different shares of divisible pools to the provinces, ranging from 37.5 percent to 57.5 percent. Population had been the sole criteria used for horizontal distribution till 2009. The 7th NFC award added tax collection, backwardness, and inverse population density to the horizontal distribution.

### **Recommendations:**

1. In order to resurrect the flaws in distribution of resources in a federation, an academic discussion should be coupled with inclusion of bench marks set forth by other countries in this respect. It is an accepted intellectual contour for democratic states to disperse resources among the units of federation. However, political will to comprehend the available formulas practiced in others must be demonstrated and enshrined in our system. In India, the share of provinces has been increased from 32% to 42% in an urge to provide more provincial autonomy to the sub-national units of the federation. Likewise, the government of Pakistan has shifted the balance towards federating units under seventh NFC. Amongst the provinces of Pakistan, Balochistan has faced extreme remoteness in economic parameters. Whereas, Punjab had reasonable base to build up further for elevation in standards of lives of citizens.
2. Disparity between Central Punjab and rest of the province must be addressed under the criterion of poverty. An addition share must be secured for the population of South Punjab in particular. When the criteria of NFC award have been broadened with poverty as one of the factors, the backwardness of this neglected region must receive due attention and share.
3. There is dire need to ensure transfer of funds to areas such as Gilgit Baltistan and Azad Jammu Kashmir under the formula of NFC award. For sure, these areas are not short of provincial status, yet they are affiliated with republic of Pakistan. There must be strong checks upon the federation so that it does not lag behind in providing funds to these areas.
4. A positive reward criterion should be introduced in the NFC formula for improving social variables; provincial per capita income and efforts to

improve social variables like, education and healthcare should be added and encouraged in the NFC formula. Extra points or basis points should also be awarded for those provinces like Balochistan and KPK who try to better themselves. The criteria or points are to encourage involvement from Balochistan and to reward KPK for competing with Punjab.

5. An external monitoring and evaluation mechanism must be formulated with the purpose of enhancement in performance of Federal government through NFC award. In this way, Balochistan and other remote areas should be guaranteed development funds on priority basis. Through this urgency, the development gap between provinces could be bridged.
6. Pakistan has been following top-down apparatus for development of various regions. This centralized fabric has not delivered much for the provinces. It is the need of the hour to experience greater impetus in fiscal and executive autonomy of provinces. This empowerment of provinces would encourage healthy competition among them to develop under corporate culture.

## Notes & References

- 
- <sup>1</sup> Khattak, Naeem ur Rehman, Iftikhar Ahmad, and Jangraiz Khan. "Fiscal Decentralization in Pakistan." (*The Pakistan Development Review* 49, no. 4II (2010): 419–36), 421.
- <sup>2</sup> Linz, Juan Jose. *Democracy, Multinationalism and Federalism*. Madrid: Center for Advanced Studies in Social Sciences, (Juan March Institute of Studies and Research 1997), 5–6.
- <sup>3</sup> Adeney, Katharine. *Federalism and Ethnic Conflict Regulation in India and Pakistan*. (New York: Palgrave Macmillan, 2007), 2.
- <sup>4</sup> Kundi, Mansoor Akbar, and Arbab Mohammad Jahangir. "Federalism in Pakistan: Issues and Adjustment." (*Asian Affairs*, 2002), 31.
- <sup>5</sup> Elazar, Daniel Judah. *Exploring Federalism*. (University of Alabama, 1987), 5.
- <sup>6</sup> Bulmer, Elliot W. "Federalism: International IDEA Constitution-Building Primer 12." (*International Institute for Democracy and Electoral Assistance*, 2015, 1–53), 4–5.
- <sup>7</sup> Bird, Richard Miller, and Robert D Ebel. "Fiscal Federalism and National Unity." in *Handbook of Fiscal Federalism*. (Cheltenham: Edward Elgar, 2006), 7.
- <sup>8</sup> Ahmad, Ehtisham, and Giorgio Brosio. *Handbook of Fiscal Federalism*. (Cheltenham: Edward Elgar, 2006), 504.
- <sup>9</sup> Bird, Richard Miller, and Robert D Ebel. "Fiscal Federalism and National Unity." in *Handbook of Fiscal Federalism*. (Cheltenham: Edward Elgar, 2006), 2.
- <sup>10</sup> Shah, Anwar, Fernando Rezende, Indira Rajaraman, and Govinda Rao. "Fourth International Conference on Federalism." In *Emerging Issues in Fiscal Federalism*. (New Delhi, India, 2007), 4.
- <sup>11</sup> Dicey, Albert Venn. *Introduction to the Study of the Law of the Constitution*. (London: Macmillan and Co. Limited, 1924), 2.
- <sup>12</sup> Elaigwu, Jonah Isawa., and Attahiru Jega. "Fiscal Federalism: Towards Coping with and Resolving Future Challenges." Essay. In *Fiscal Federalism in Nigeria: Facing the Challenges of the Future*. (London: Adonis & Abbey, 2007), 205.
- <sup>13</sup> Government of Pakistan. Rep. Pakistan Economic Survey 2010–11. (Islamabad: Economic Advisor's Wing, 2010).
- <sup>14</sup> Rep. *A Study of Intergovernmental Fiscal Transfers in India and Pakistan*. (Karachi: Social Policy and Development Centre, 2018), 3.
- <sup>15</sup> Khalid, Iram, and Nusrat Hussain. "Financial Federalism in Pakistan: Implications for Centre-Province Relations." (*Journal of Political Studies* 25, no. 1 (2018): 33–54), 41–42.
- <sup>16</sup> Hassan, Maheen. Rep. *Five Years of the 18 Amendment the Lessons Learnt, Milestones Achieved*. Vol. 4. 1. (Islamabad: Development Advocate Pakistan UNDP, 2015).
- <sup>17</sup> Government of Pakistan. Rep. *Report of the National Finance Commission*. (Islamabad: National Finance Commission Secretariat, 1991).
- <sup>18</sup> Ahmed , Iftikhar, Usman Mustafa , and Mahmood Khalid . "National Finance Commission Awards in Pakistan: A Historical Perspective." (*Pakistan Institute of Development Economics, Islamabad* , 2007, 1–22), 3–4.
- <sup>19</sup> Khalid, Iram, and Nusrat Hussain. "Financial Federalism in Pakistan: Implications for Centre-Province Relations." (*Journal of Political Studies* 25, no. 1 (2018): 33–54), 44.



- 
- <sup>20</sup> Jaffery , Nighat Bilgrami, and Mahpara Sadaqat. "NFC Awards: Commentary and Agenda." (*Pakistan Economic and Social Review* 44, no. 1 (2006): 209–34), 215.
- <sup>21</sup> Ahmed, Iftikhar, Usman Mustafa, and Mahmood Khalid. "National Finance Commission Awards in Pakistan: A Historical Perspective." (*Pakistan Institute of Development Economics, Islamabad*, 2007, 1–22), 5.
- <sup>22</sup> Ahmed, Qazi Masood, and Muhammad Sabir. "The Burden of Stabilisation on Provinces and Its Implications for the Social Sectors." (*The Pakistan Development Review* 42, no. 4II (2003): 783–91), 5-6.
- <sup>23</sup> Ghaus-Pasha, Aisha, Hafiz A. Pasha, and Asma Zubair. "Fiscal Equalisation Among Provinces in the NFC Awards." (*The Pakistan Development Review* 49, no. 4II (2010): 563–76), 13.
- <sup>24</sup> Government of Pakistan. Rep. *Report of the National Finance Commission*. (Islamabad: National Finance Commission Secretariat, 1996).
- <sup>25</sup> Sabir, Muhammad. "Financial Implications of the 7th NFC Award and the Impact on Social Services." (*The Pakistan Development Review* 49, no. 4II (2010): 387–403), 4.
- <sup>26</sup> Abbasi, Zubair Faisal. Rep. *Federalism, Provincial Autonomy, and Conflicts*. (Islamabad: Centre for Peace and Development Initiatives, n.d), 39.
- <sup>27</sup> Government of Pakistan. Rep. *Pakistan Economic Survey 2010-11*. (Islamabad: Economic Advisor's Wing, 2010).
- <sup>28</sup> Hussain, Syed Mussawar, and Muhammad Faisal . "A Comparative Study of Federalism in Pakistan after 18th Amendment and USA." (*Pakistan Journal of Social Sciences* 33, no. 1 (2013): 109–20), 116.
- <sup>29</sup> Rep. *A Study of Intergovernmental Fiscal Transfers in India and Pakistan*. (Karachi: Social Policy and Development Centre, 2018), 19-20.
- <sup>30</sup> "Delay in NFC Award." *The Frontier Post*, March 31, 2019. <https://thefrontierpost.com/delay-in-nfc-award/>.
- <sup>31</sup> Choudhury, G. W. *Constitutional Development in Pakistan*. (Karachi, Pakistan: Royal Book Company, 2007), 262-266.
- <sup>32</sup> Ahmed, Iftikhar, Usman Mustafa, and Mahmood Khalid. "National Finance Commission Awards in Pakistan: A Historical Perspective." (*Pakistan Institute of Development Economics, Islamabad*, 2007, 1–22), 3-4.
- <sup>33</sup> Mushtaq, Muhammad. "Managing Ethnic Diversity and Federalism in Pakistan." (*European Journal of Scientific Research* 33, no. 2 (2009): 279–94), 288.
- <sup>34</sup> Mustafa, Usman. "Fiscal Federalism in Pakistan: The 7th National Finance Commission Award and Its Implications." (*Pakistan Institute of Development Economics*, 2011, 1–16), 7.
- <sup>35</sup> Hassan, Maheen. Rep. *Five Years of the 18 Amendment the Lessons Learnt, Milestones Achieved*. Vol. 4. 1. (Islamabad: Development Advocate Pakistan UNDP, 2015), 5.
- <sup>36</sup> Ashraf, Muhammad Imran. "Federalism and Provincial Autonomy: Political and Economic Dimensions under the Constitution of Pakistan 1973." (Doctoral Dissertation, Higher Education Commission, 2016), 105.
- <sup>37</sup> "Delayed NFC Award." (*Dawn*, July 27, 2017). <https://www.dawn.com/news/1347836>.
- <sup>38</sup> Kiani, Khaleeq. "Provinces' Delay in Sending Nominations for NFC Irks Centre." (*Dawn*. November 14, 2018).

---

<sup>39</sup> Zahid, Junaid. "Resource Distribution: Instead of Updating NFC Award, Govt Opts For Ad Hoc Extensions." (*The Express Tribune*. Islamabad, April 16, 2018).

<sup>40</sup> "Delay in NFC Award." (*The Frontier Post*, March 31, 2019). <https://thefrontierpost.com/delay-in-nfc-award/>.

<sup>41</sup> Ahmed, Iftikhar, Usman Mustafa, and Mahmood Khalid. "National Finance Commission Awards in Pakistan: A Historical Perspective." (*Pakistan Institute of Development Economics, Islamabad*, 2007, 1–22), 6.

<sup>42</sup> Khattak, Afrasiab. "Failure on NFC Front." (*The Nation*, September 16, 2018). <https://nation.com.pk/16-Sep-2017/failure-on-nfc-front>.

<sup>43</sup> "Controversy on NFC Award Persists." (*Fp.brecorder.com*/. April 2, 2005). <https://fp.brecorder.com/2005/04/20050402223791/>.