



ISSN # 2414-8040

PAKISTAN INSTITUTE FOR PARLIAMENTARY SERVICES
DEDICATED TO PARLIAMENTARY EXCELLENCE

Parliamentary Research Digest

VOLUME 7, ISSUE 11

NOVEMBER, 2020

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Editorial

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The Pakistan Institute for Parliamentary Services (PIPS) continues to offer quality-oriented legislative, research, capacity building and outreach services to the Members of Parliament and parliamentary committees to the Parliament as well as provincial legislatures. This Issue of the PIPS Parliamentary Research Digest includes a analytical articles on Role of Council of Common Interest, informative piece of civil services reforms in Canada and India in addition to an insightful article on inflation.

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Muhammad Rashid Mafzool Zaka

Senior Director General (Research and Legislation)



Honorable Chairman Senate/ President PIPS BoG Senator Muhammad Sadiq
Sanjrani presiding over 37th meeting of PIPS Board of Governors,
Thursday, November 19, 2020

FROM THE PARLIAMENTARY PAPERS

Disabled Persons in the Country

Qaiser Iqbal, Librarian
& **Areeb Shirazi**, Young Parliamentary Officer
Information Centre, PIPS

Disabled persons throughout the country according to BISP data base

On July 23, 2020, during the 23rd session of 2nd Parliamentary Year of the National Assembly, Honorable Minister In-charge of the Poverty Alleviation and Social Safety presented the statistics of disabled persons registered throughout the country according to BISP data base;

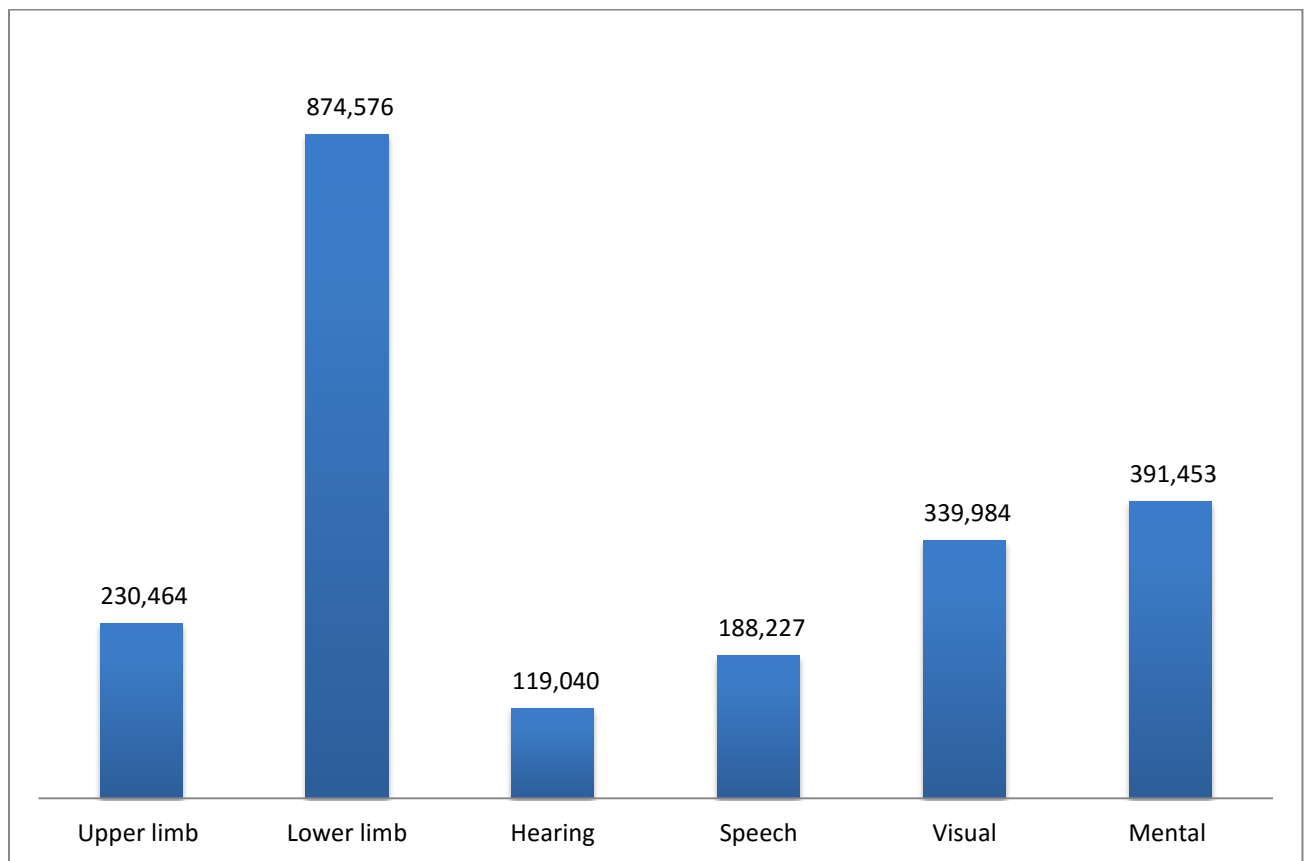


Figure 1

Persons with disability in Pakistan-BISP Database

CONCEPT

Legislatures Intent in Creating Council of Common Interests, National Economic Council and National Finance Commission

Muhammad Hanif Khan Nasar

Deputy Director (Research), PIPS

1. Introduction

The 1973 Constitution was a great achievement envisaging a strong federation and besides being a political document it consists of compromises. As a result, the significance of such constitutional forums is frequently debated within the National and Provincial Parliaments and by various academic and political commentators, endorsing the pivotal role of these institutions in a participatory federal constitutional framework. As the former President Honourable Zulfikar Ali Bhutto in his address before the Constituent Assembly on 10th April 1973 said that “The point of view that each and every federating unit must be party to the federal constitution applies when the States are sovereign and independent and when the sovereign and independent states want to shed part of their sovereignty and become a part of a national entity. It does not hold good for a State which is already a nation and have provinces within it.”¹ This paper will discuss the historic applications and continuity of such institutions in the Pakistani constitutional framework. Moreover, in order to find the true intention behind the afore stated forums we will look into the prime and selected statements made by certain members parliament in the National Assembly at the time of making the Constitution. We will also reflect upon the true wisdom behind creating these institutions and the reason for which the way they have been inculcated in the Constitution, through the observations made in the Superior Courts of Pakistan.

Aim

This paper attempts to find out as to what was the intention of the Constitution-makers in creating forums of the Council of Common Interest (“CCI”), National Economic Council (“NEC”) and National Finance Commission (“NFC”), encapsulated in Articles 153, 154, 156, and 160 of the Constitution of the Islamic Republic of Pakistan 1973 (the “Constitution”), respectively.

2. COUNCIL OF COMMON INTERESTS

The establishment of CCI as seen from a historic perspective was primarily aimed to promote inter-provincial harmony and create a balance in the federalist structure since the time of British rule. The instilled notion of federalism subsisted in the predeceasing constitutions of the Sub-continent and was further improved through various changes made in the Constitutions of Pakistan just as it was envisioned by our forefathers keeping the principle of Federalism intact in a diverse ethno cultural background of our country. Historically speaking, CCI forum was provided in the Government of India Act, 1935 (“GOIA”) in section 135. The Inter-Provincial

¹ Riphah Information Portal, “New Federation” Riphah Information Portal, September 24, 2019, <https://iportal.riphah.edu.pk/newspaper/new-federation-i/>

Council that included the representation of Indian States and provinces under this Act, was primarily given the duty to

- 1) inquire and advise upon resolution of disputes between provinces,
- 2) investigate and discuss subjects in which some or all of the Provinces, or the Federation and one or more of the Provinces, have a common interest, or
- 3) make recommendations to the Governor General in upon any such subject and in particular for better co-ordination of policy and action with respect to that subject.

Similarly, the Constitution of Pakistan, 1956, also established a dispute resolution system to address any disagreement(s) between and within the central and provincial governments. In Article 156 thereof, the Supreme Court could in its original jurisdiction, resolve any dispute between the central government and one or more provincial governments or between the provincial governments. The said Constitution allowed the President to set up an Inter-Provincial Council if it appeared to serve the public interest as provided for in Articles 130 and 156 of the said Constitution. Furthermore in Article 200 thereof, for each Province, the President could appoint a Board composed of members of the Federal and Provincial Governments to advise the Federal Government on matters relating to postal and telegraph (Federal Subject) services in the Province.

The Constitution of Pakistan 1962 also adopted the mechanism for dispute resolution between the Center and the Provinces as was given under the Constitution of 1956. The constitution of 1962 granted powers to the Supreme Court in such disputes, however, the modalities of dispute resolution were considerably changed in this constitution as compared to the one provided in 1952, as Article 130 in 1956 constitution was excluded in the 1962 Constitution, but retained the provision of NFC and NEC. Article 132 of 1962 Constitution, gave powers to the Provincial Assemblies to legislate on residual matters. The Central Legislature had exclusive jurisdiction to make laws with respect to any matter enumerated in the Third Schedule thereof. So much so, the powers of the Central Legislature were greatly enhanced through clause (2) of Article 131, giving special legislative powers to the Central Legislature in the name of national interest, reproduced as under:

“131(2). Where the national interest of Pakistan in relation to:

- (a) the security of Pakistan including the economic and financial stability of Pakistan; or
- (b) planning or co-ordination; or
- (c) the achievement of uniformity in respect of any matter in different parts of Pakistan;

so requires, the Central Legislative shall have power to make laws (including laws having extra-territorial operation) for the whole and any part of Pakistan with respect to any matter not enumerated in the Third Schedule.”²

2.1 Legislative deliberations at the Constitution making Assembly 1973

With regards to the objective of CCI within the purview of the Constitution the Honourable Member Parliament Mr. Abdul Hafeez Pirzada (Late) in his address before Constitution making

² The Constitution of Pakistan 1962, Article 131(2)

Assembly of Pakistan dated 17 February 1973, stated that by creating a forum such as CCI this Parliament has endorsed to what is described as the principle of Federalism. “Powers identified for the Centre are reserved for the Centre and residuary powers belong to the provinces; and this is the most recognized principle of Federalism. I say that Federalism is absolutely necessary; because we have got different languages, different cultures, different backgrounds and different scripts. Historically we have had these differences and peculiarities, whether he be a Punjabi or Baluch, whether he be a Pathan or a Sindhi or anyone speaking any of the languages spoken he is always proud of his language, culture and background.”³

Similarly, in describing the composition, role and functions of CCI within the Constitutional scheme Honourable Mr. Abdul Hafeez Pirzada (Late), in the Constitution making Assembly of Pakistan, in his following statement dated 19 February 1973 stated that, CCI represents equal representation from all the Provinces as well as from the Federal Government and members in majority will course its decisions. Moreover, the members of CCI are solely responsible, to give directions to the Ministries concerned as to how to operate and how to work to control its policy and other related matters simultaneously, safeguarding the rights of the Provinces. He stated that CCI is neither subordinate to the Cabinet nor the executive government nor can have they the power to intervene CCI proceedings or its decisions, but is answerable directly to both Houses of Parliament in joint sitting through the Prime Minister. Moreover, in the event of any difference of opinion between the Members of CCI, any Province or the Federal Government, any can take the matter directly to Parliament which shall in joint sitting, decide the dispute and give directions and resolve that matter that will be binding upon the CCI. The Parliament is competent, in joint sitting, to give directions from time to time to CCI directly through the Prime Minister. Similarly, the Provinces enjoy participation in major fields of economic development, like heavy industry, railways, gas and mineral oil, development of gas and mineral oil, development of heavy industries which would be beyond the competence of a single Province to undertake, like setting up a steel mill etc. He stated that “such matters in which their interest was crucial and vital have been catered through the creation of CCI.”⁴ On the other hand some of the members Parliament were also skeptical upon giving so much power to the CCI. For example Hon. Malik Muhammad Akhtar in his counter argument on 21 February 1973 stated that “we have given undue powers to the CCI” terming it parallel to the executive or the Central Cabinet.”⁵

2.2 Constitutional wisdom in creating CCI: Superior Courts observations

The observations made by the superior courts of Pakistan are an important source in finding the true intent behind creating such Constitutional institutions. As they primarily derive their opinion by looking holistically at the framework of the Constitution which includes the statements made at the time of enacting the related articles of the Constitution. In this regard, the Lahore High Court in case titled ‘**Punjab Higher Education Commission v. Dr. Aurangzeb Alamgir**’ (ICA No. 1766-2016) while observing the constitutional wisdom behind Article 153 that created CCI, held that CCI “embed and mainstream participatory and cooperative federalism in our national governance. Such policies, with constitutional fiat behind them, may be considered by

³ National Assembly debates, 17 February 1973, p. 56.

⁴ National Assembly debates, 19 February 1973, P. 99.

⁵ National Assembly Debates 21 February 1973, p. 188.

the legislative while legislating on subjects falling under Part II of the Federal Legislative List so that the footprint of provincial autonomy and federalism is visible in the proposed legislation.” In addition, in its judgment entitled '**Muhammad Nawaz Sharif v Federation of Pakistan' (PLD 1993 SC 473)**, the Honourable Supreme Court of Pakistan observed that CCI is a significant constitutional institution that irons out the gaps, problems and irritants between the Provinces inter se and the Federation in relation to the matters referred to in Article 154. The court held that “its object is to strengthen and integrate Federation and Provinces, iron out their differences and provide Constitutional justice to the Provinces”.

The Honourable Supreme Court in '**Godoon Textile Mills' (1997 SCMR 641)**, observed that the Article 153, 154, 160 and 161 of the Constitution (referring to CCI and NFC), provides an “in-built self-adjudicatory and self-executory mechanism in the Constitutional set-up.” The intention of legislature to the aforementioned observation made by the Superior Courts can clearly be corroborated with the statements made in the Constitution making assembly by Honourable Mr. Abdul Hafeez Pirzada (Late), dated 19 February 1973, where he stated that, “we have barred the jurisdiction of all courts and effectively barred the jurisdictions not only in respect of matters which have come to the Council and have been decided, but even in those matters which should have been brought before the Council or which can go before the Council. No person can go to a court of law in respect of any decision that has been taken by the Council, because Parliament shall be the final judge in this matter and Parliament shall decide these matters in joint sitting.”⁶

2.3 Current Status of CCI under the Constitution particularly after the 18th Amendment

The **Constitution of the Islamic Republic of Pakistan 1973** in Article 70 mandates the Parliament with absolute authority to make laws with respect to any matter enumerated in the Federal Legislative List without any restriction or constraint. However, in order to create inter-provincial harmony, CCI was created under Article 153 of the Constitution which is given the role enumerated Article 154(1) of the same, to “formulate and regulate policies in relations to matters in Part-II of the Federal Legislative List and exercise supervision and control over related institutions”. The All Parties Constitutional Committee, which drafted **Constitution (Eighteenth Amendment) Act, 2010** (the “18th Amendment”) and subsequently the Parliament which passed the 18th Amendment, enhanced and widened the scope, functions and responsibilities of the CCI. The legislatures revised a comprehensive CCI framework in the 18th Amendment by including ten more items and institutions in Part II of Federal Legislative List, thus increasing the domain of CCI from 8 to 18 Items, and abolished the Concurrent Legislative List, necessarily required for better inter-provincial and federal-provincial harmony in policy development. Consequently enlarging CCI domain of institutions over which it can now formulate and regulate policies and exercise supervision and control.

Article 153 and 154 of the Constitution as amended through 18th Amendment describes the composition of CCI, consisting of the Prime Minister as the Chairman of the Council, the Chief Ministers of the Provinces and three members from the Federal Government nominated by the Prime Minister from time to time. CCI is responsible to Parliament and is required to submit an

⁶ National Assembly debates, 19 February 1973, P. 100.

Annual Report to both the Houses of Parliament. CCI must be constituted within 30 days of the Prime Minister taking oath of office as mandated in Article 154(2) of the 18th Amendment in the Constitution further emphasizing the importance of CCI. This amendment was primarily intended on the one hand to cut short the delay in its setting up, on the other, to accentuate the role of CCI with respect to the Items listed in Part II of the Federal Legislative List no less than the Federal Cabinet provided under Article 91 of the Constitution. Moreover, the drafters of the 18th Amendment were conscious of the erratic history pertaining with the meetings of the CCI in the way that since the making of CCI from 1973 till 2010, approximately only 11 meetings were held. Whereas the essential nature of this forum demanded an increased efficacy and functionality, considering the increase in the number of Items in Part II of the Federal Legislative List and with devolution of 49 Items through the abolition of the Concurrent Legislative List, demanded that a minimum number of meetings and a stipulated period within which they are to be held, be provided in the Constitution. Hence in Article 153(3) of the 18th Amendment it was made a Constitutional obligation that the meeting of CCI must be conducted at least once in 90 days. Simultaneously, due to the afore stated reason i.e. the increase in amount of work, it became imperative that CCI functions through its own secretariat that would receive and handle cases, summaries and reports etc. and effectively oversee the implementation of decisions, directives and orders of the CCI, hence the insertion of a permanent Secretariat for CCI in Article 154(3) of the Constitution in the 18th Amendment. Besides the *stricto-sensu* timeline of CCI meetings as stated above, the Prime Minister may also convene the meeting of CCI at any time on the request of the Province on an urgent matter as stipulated in Article 154(3).⁷

2.4 Role and Functions of CCI: explained by the Superior Court of Pakistan

Article 154(1) of the Constitution, gives CCI the power to “formulate and regulate policies in relations to matters in Part-II of the Federal Legislative List and exercise supervision and control over related institutions”, but has no role in the legislative process with respect to the matters enumerated in the Federal Legislative List. In 'Watan Party v. Federation of Pakistan' (PLD 2006 SC 697), the Honorable Supreme Court of Pakistan observed that the CCI's policy decisions are necessary to be followed by the executive government in discharge of its duties pursuant to Article 97 of the Constitution unless the Parliament differs in accordance with Article 154(7) of the Constitution. The general practice of the Federal Government has been that the Principal legislation (both new and amending) and the policies in relation to the Part II of the Federal Legislative List are placed before the CCI for approval but subordinate legislation and any other statutory instrument framed in exercise of the powers conferred under the Principal legislation are not required to be approved by CCI, as long as the subordinate decisions are consistent to the provisions of the corresponding principal legislation. In this regard, the Honourable Supreme Court in '**Messrs Gadoon Textile Mills vs. WAPDA**', (1997 SCMR 641), held that the day to day workings or decisions through subordinate legislation are exempted from obtaining approval by the CCI. The Constitution also provides in Article 154(6) that “Parliament, in joint sitting, may from time to time, by resolution, issue directions through the Federal Government to CCI generally or in a particular matter to take action as Parliament deem just and proper and such directions are binding on CCI”. Furthermore, under Article 154(7) of the Constitution if the Federal Government or a Provincial Government is dissatisfied with a decision of CCI, it can

⁷ Senate of Pakistan, “Ruling of the Chair on CCI: senate sitting dated 12 February 2016,” 124th session, <http://www.senate.gov.pk/uploads/ruling/2016/r12-2a.pdf>

refer the matter to parliament in a joint sitting whose decision in this regard is final. The Honourable Supreme Court of Pakistan in its judgment titled '**PMDC v. Muhammad Fahad Malik**' (2018 SCMR 1956) thus clearly indicated, while deliberating on the foregoing provision of the Constitution, that CCI does not have unfettered power and is merely responsible and subservient but not superior to Parliament. Moreover, Article 184 provides for the resolution of disputes between any two or more Provincial Governments or Federal and Provincial Governments, by invoking the original jurisdiction of the Supreme Court of Pakistan.

3. NATIONAL ECONOMIC COUNCIL

The notion of federalism was also defined through the constitutional provisions regarding NEC incorporated in Article 156 of the Constitution that establishes the highest economic forum meant to ensure harmonized development across the country and within the provinces.

3.1 Historical background to the formation of NEC

Shortly before the end of the Second World War, the government of British India established a Department of Planning and Development to carry out post-war development projects. The Provincial Governments of undivided India, in response to the invitation of this Department, prepared many projects that were to be completed with the assistance of the loans and grants from the Central Government. However, before any action could be taken regarding these projects, India gained independence and in 1947 Pakistan officially separated from India. Despite different challenges, the Government of Independent Pakistan gave immediate attention to these projects and to addressing development issues. The Government of Pakistan formed a Development Board early in 1948 to accommodate development plans, advise and approve priorities, track the progress of development projects, and report on the progress of development projects on a regular basis to the Cabinet. At the same time, the Government set up a Planning Advisory Board, comprising officials and members of the private sector, to advise the Government on planning and development issues, to assess progress in the execution of plans, to educate the public on the essence of the projects to be undertaken, and to encourage public cooperation in development efforts. The Development and Planning Advisory Boards were initially responsible to the Cabinet Secretariat of the Government of Pakistan but later transferred to the newly created Ministry of Economic Affairs in 1948. The Development Board recommended loans and grants to Provincial Governments by the Central Government subject to certain conditions fulfilled but it had no legal control over the Provincial planning agencies under federal principle of Pakistan's governance structure. In practical terms, however the Development Board was heavily influenced by the Regional Planning Agencies, as the Provincial Governments relied on the Central Government to finance much of their development programmes.⁸ In January 1951, the Government established new planning machinery 'the Planning Commission' to implement the 'Six Year Development Program' replacing the Development Board and abolished the Planning Advisory Board. The Commission composed of 20 members including Provincial nominees. Moreover, an Economic Council was formed presided over by the Prime Minister, responsible for implementing the Six Year Development Program, as well as approving and periodically monitoring the projects under the Program.⁹

⁸Senate, Ruling on CCI.

⁹ Senate, Ruling on CCI.

NEC was created as a result of the adoption of the Constitution of 1956. It was conceptualized as the highest economic body in Pakistan. Established under Article 199 of the Constitution of 1956, the NEC consisted of four Ministers of the Federal Government, three Ministers of each Provincial Government, and the Prime Minister as the *ex officio* Chairman of the Council. It was mandated to “review the overall economic position of the country and ... advising the Federal and Provincial Government, formulate plans in respect of financial, commercial and economic policies; and in formulating such plans, the Council was aimed to ensure that uniform standards are attained in the economic development of all parts of the country.”¹⁰ The Council established had 11 members including the Prime Minister as ex office Chairman. The military government modified the composition of the Council in 1959 after the abrogation of the 1956 Constitution in October 1958, with 12 members, including the President of Pakistan as Chairman, the Governors of East and West Pakistan and the five Central Government ministers in charge of the main ministries of development, the Deputy Chairman of the Planning Commission and the Chairman of the PIDC and the two provincial Water and Power Development Authorities.¹¹ The Constitution of 1962 provided the legal framework to this Council under Article 145. It was named the NEC, and the with regard to the membership the Constitution 1962 stated that “The Council shall consist of such persons as are appointed to the Council by the President, who shall be members of the Council during the pleasure of the President.”¹²

3.2 Current framework and role of NEC under the Constitution

The Constitution of the Islamic Republic of Pakistan, 1973 established NEC under Article 156. The NEC is chaired by the Prime Minister, with Provincial Chief Ministers and one member from each province appointed by the Chief Minister and four other members nominated from time to time by the Prime Minister. It is vested with the responsibility to “review the overall economic condition of the country and shall, for advising the Federal Government and the Provincial Governments, formulate plans in respect of financial, commercial, social and economic policies.”¹³ NEC is bound to meet at least twice in a year and the quorum for a meeting is one-half of its total membership. NEC is responsible to the National Parliament, and is required to submit an Annual Report to each House of Parliament. In the pre-18th Amendment scenario, the membership of the NEC was left at the discretion of the President provided at least one member from each province was represented. The 18th Amendment mandated the presence and representation from all provinces and increased the weight of provinces in the NEC with two member’s representation from each province including the Chief Ministers of each province apart from four federal members appointed by the Prime Minister.¹⁴

¹⁰ The Constitution of Pakistan 1956, Article 199

¹¹ Albert Waterston, *Planning in Pakistan: Organization and Implementation* (Baltimore: The John Hopkins Press, 1963) p. 81-82, <http://documents1.worldbank.org/curated/en/766851468758721256/pdf/multi0page.pdf>.

¹² The Constitution of Pakistan 1962, Article 145

¹³ The Constitution of the Islamic Republic of Pakistan 1973, Article 156

¹⁴ Anwar Shah, “Making Federalism work – the 18th Constitutional Amendment” World Bank Policy Paper Series on Pakistan, November 2012, <http://documents1.worldbank.org/curated/en/687281468057882110/pdf/871020NWP0Box30ing0Federalism0Work.pdf>.

3.3 The intent of the Legislature with regard to creating NEC

The wording of the Constitution itself provides useful guidance with regard to the intent of the legislature. For instance section 2 of the Article 156 states that “in formulating such plans, it shall, amongst other factors, ensure balanced development and regional equity and shall also be guided by the Principles of Policy set-out in Chapter 2 of part II.” These broad principles were earlier enumerated in the Constitution of 1962 in greater detail which stated that “A primary objective of the Council in formulating the plans referred to in clause (3) of this Article shall be to ensure that disparities between the Provinces, and between different areas with a Province, in relation to incomes per capita, are removed and that the resources of Pakistan (including resources in foreign exchange) are used and allocated in such manner as to achieve that object in the shortest possible time, and it shall be the duty of each Government to make the utmost endeavor to achieve that object.” Pre-18th Amendment analysis of parliamentary debates during the course of the making of the constitution 1973 reveals that Hon. Abdul Hafeez Pirzada while presenting the Constitutional provisions pertaining to the NEC on the floor of the House on 19 February 1973, pointed out that for the first time it has been made obligatory that the President shall appoint provincial representatives to the NEC on the recommendation of the Provincial Governments.¹⁵ Although this position has now been changed post 18th Amendment, as appointments from provinces has been entrenched in Article 156 as stated above. The Honourable Member Muhammad Hanif Khan commended this step on 26 March 1973 during his speech in the National Assembly. He highlighted the importance of these provisions by stating that “the objection which is usually raised about these financial matters and also about matters wherein Federation is formulating the policy that province is not represented will be met by this new chapter, by this new provision regarding National Economic Commission.”¹⁶

4. NATIONAL FINANCE COMMISSION

Similarly, the notion of federalism was also defined in Article 160 of the Constitution by means of a revenue sharing or distribution mechanism between the Federal and Provincial governments through the NFC forum. The Constitution has devised the design of NFC Awards that provides a formula or manner of distribution of financial resources/revenues between the federal and provincial governments, and among the provinces for five years. Most importantly in the Post 18th Amendment scenario, various functional assignments that were under the domain of Federal Government have been devolved to the provincial government and administration. As a result, the public service delivery of these devolved assignments usually face large fiscal deficit, mainly due to concentration of revenue collection at center through major tax heads. Under such circumstances it is very important to have an effective and coherent resource distribution mechanism for a proper public service delivery in the provinces. Historically all the provincial governments have tried their level best to obtain higher share of revenues in order to stabilize their own financial status. In this regard we have very few examples of consensus based conclusive Awards in the past, as any increase or decrease in the share of revenue to any government have a corresponding affect to the share of other governments.¹⁷

¹⁵ National Assembly Debates 19 February 1973, p. 100.

¹⁶ National Assembly Debates 26 March 1973, p. 1932.

¹⁷ Muhammad Sabir, “Financial Implications of the 7th NFC Award and the Impact on Social Services”, *The Pakistan Development Review* Vol. 49, No. 4, December 28 - 30, 2010 (Winter 2010), pp. 387-403 <https://www.jstor.org/stable/41428664?seq=1>.

4.1 History and evolution of NFC

In the sub-continent, the history of revenue sharing can be traced back to the days of pre-partition. Prior to the independence of Pakistan, the financial relations and distribution of revenues between the Federation and the Federating Units were governed by section 136 to 144 of the GOIA.¹⁸ The Niemeyer Award under GOIA was the first Award in 1936 as a result of a recommendation by the then Finance Commission that allocated resources among federal and provincial governments in the British India. The Post-independence arrangement, when dominion of Pakistan adopted the GOIA, the revenue sharing was followed by the Raisman Award in 1951 under Secretary Finance Sir Jeremy Raisman who was appointed by then Prime Minister to prepare the mechanism for distribution of tax revenues, and his conceived formula of revenue sharing between federation and federating units was the first to be adopted in Pakistan. This Award was followed by the later Awards through establishment of NFC in 1961, 1964, 1970, under their respective Constitutions of 1956 and 1962. In 1979 and 1985, two NFCs were appointed, but no award was announced due to a lack of consensus among the commission members.¹⁹

4.2 NFC under the Constitution, 1973

After the Constitution of 1973 was adopted, NFC was first Awarded in 1974 in the same year after the promulgation of the Constitution, 1973. The second NFC award that was due in 1979 during the Martial Law period failed to reach any consensus between the commission members, thus the manner of resources distribution from the divisible pool remained the same as of the 1974 Award, and a similar position was seen in 1979 and 1985 Awards due to lack of consensus among the members of the commission. The fourth NFC was constituted in 1990 under a civilian rule the recommendations of which were adopted in 1991 Award, followed by a consensus based NFC Award in 1997. The sixth NFC was constituted in July 2000, under military rule, which held 11 meetings but could not finalize its recommendations. Consequently, all provincial Chief Ministers gave the President the authority to declare an award for the 2006 NFC. Consequently, by Ordinance No.1 of 2006, the President, pursuant to Article 160(6) of the Constitution of Pakistan, made amendments to the 'Distribution of Revenues and Grants-in-Aid Order, 1997' for a new award to take effect on 1 July 2006. The Seventh NFC was constituted by the president of Pakistan vide presidential Order No.5 of 2010 to take effect from July 2010. Followed by the ninth NFC, that was constituted in April 2015.²⁰

4.3 Legal position and Functioning of the NFC under the Constitution

Article 160 of the Constitution deals with the Constitution and functioning of the NFC. Its establishment and operation are structured to maintain and ensure an equal distribution between the Federation and the Provinces of the country's resources, including the net proceeds of taxes. NFC is constituted under Article 160 of the Constitution, which recommends to the President

¹⁸ Government of India Act, 1935, http://www.legislation.gov.uk/ukpga/1935/2/pdfs/ukpga_19350002_en.pdf

¹⁹ Nighat Bilgrami Jaffery and Mahpara Sadaqat, "NFC AWARDS Commentary and Agenda", *Pakistan Economic and Social Review*

Volume 44, No. 2 (Winter 2006), pp. 209-234 <http://pu.edu.pk/images/journal/pesr/PDF-FILES/3%20NFC%20Awards%20-%20Jaffery%20and%20Sadaqat.pdf>

²⁰ Jaffery and Sadaqat, NFC Awards.

about distribution of proceeds of Income-tax, taxes on sales and purchase, export duty on cotton and such other duties and taxes as may be specified by the President. It also recommends about grant-in-aid to Provinces, borrowings and any other matter relating to finances referred by the President. Usually such recommendations are made before the budget. Article 160 in clause (1) of the Constitution provides that “at intervals not exceeding five years, the President shall constitute a National Finance Commission” makes it mandatory for the president to constitute a NFC within five years after the previous Finance Commission finalizes an Award. It is an obligation of the NFC under Article 160(2) of the Constitution to give recommendations to the President before its conclusion or expiration of five years and the Provinces have the corresponding right to receive the distribution of net proceeds of the taxes mentioned in Article 160(3) of the Constitution after every five years. Importantly, in terms of Article 160(3A) the “share of the Provinces, in each award of National Finance Commission shall not be less than the share given to the provinces in the previous Award”. Moreover, clause (4) of Article 160 binds the President, soon after receiving the recommendations of the NFC, to issue a Presidential Order in accordance with the recommendations made by the NFC.²¹

4.4 Intent of the Legislature in forming NFC in the Constitution

The intent of the legislature can best be gathered from the debates of the Constitution making Assembly in 1973 and the corroborating observations with reference to NFC objectives made by the superior courts in Pakistan. The statement Honourable Member Mr. Abdul Hafeez Pirzada (Late), is important in this context, while responding to an amendment moved in clause 160, he stated that the Parliament have worked “in the spirit of co-operation and particularly the larger provinces in Pakistan have shown some magnanimity to create institution which will inspire confidence of the smaller provinces.”²² He however, stated that a problem we face is lack of faith and confidence in each other” and we must overcome it. with regards to the effectiveness of NFC he said that “every five years it will give a report, and in this all the Provinces will have participation as well as sense of participation...”²³ Similarly, with regard to the scheme of NFC he stated that the financial grants-in-aid or giving money or financial help, or financial assistance or returning the taxes collected by the Central Government to the Provinces, even under the Interim Constitution, used to be done under an order of President under a legislative order. Now this power is taken away from the President. Moreover the distribution of the net proceeds of these taxes to the Provinces will not be grants-in-aid but these will be distribution and for the first time the revenues on account of these taxes will be distributed to the Provinces and will not come into the Federal Consolidate Fund, but will remain outside the Federal Consolidate Fund and go straight into the accounts of the Provinces.”²⁴ On the other hand the 18th Amendment has considerably changed the previous position with regards to the borrowing powers and the raising of international loans by the provincial governments. The Provincial governments under Article 167(4) of the Constitution can now raise domestic or international loans on the security of their Provincial Consolidated Fund subject to such conditions specified by the NEC.

²¹ The Constitution of the Islamic Republic of Pakistan 1973

²² National Assembly debates, 1973, p. 1971

²³ National Assembly debates, 1973, p.1971

²⁴ National Assembly debates, 19 February 1973, p. 100-101.

4.5 Constitutional wisdom of NFC: observations made by Superior courts

In the case titled **Khawaja Ahmad Tahir Rahim v The Federation of Pakistan** (PLD 1992 SC 646) hearing the Petition filed by Provinces, when the Federal Government failed to convene NFC or CCI meeting despite persistent requests made by the Provinces to sort out disputes over claims and policy matters concerning Federation and the Federating Units. The Honourable Court held that “failure to allow CCI and NFC to function created bitterness and political deadlock between the Federation and the Provinces, contributing to a breakdown of the functional working of the Federal Government” and thus had nexus with the “breakdown of Constitutional machinery”. The court emphasizing on the importance in functioning of these institutions held that if constitutional obligations were not discharged, it will jeopardize the very existence and sustenance of the Federation”.

5. Conclusion

The purpose of creating these institutions was neither to weaken the Center nor to exaggerate the autonomy of the Provinces, nor to usurp the powers rightfully embedded elsewhere. Indeed, Pakistan can be strong only if the Federation is strong. The federation can be strong only if the Provinces are equally strong and operate on a common wave length in matters fundamental to the governance of Pakistan. The Federation and the Provinces are mandated by our Constitution to work in harmony on a mutually complementary and cooperative basis. If each of them follows the letter and spirit of the constitution, acknowledges and accepts the rights and duties of each other, this can be achieved. From the point of view of finance and money, the provinces in the subservient position, they have been put in, are bound to have a feeling of frustration, helplessness and injustice. Forums such as CCI, NEC and NFC have been provided to prevent acrimony, conflict and sense of deprivation where arguments, complaints, and injustices have to be addressed and resolved with respect to policies and awards regarding economic growth and financial distribution within the limits provided by the Constitution.

CONCEPT**Civil Services in Canada and India**

Wajid Aslam & Asim Khan
Young Parliamentary officers, PIPS

1. Indian Civil Services**1.1 Brief Introduction of Indian Civil Services**

In 1911, the British government set up the Indian Civil Service. In the beginning, only British people were eligible to enter the Indian Civil Service. The age recommended for joining the civil service was between 19 and 21 years. The exams were conducted in English. In 1921, because of the increasing pressure of the Indian National Congress, Indians were permitted to participate in the test. The first Indian to pass the exam was in 1922. Afterwards on the advice of the Atchison Committee, the age to be investigated was raised from 19 and 21 years to 20 and 22 years. Exams were held in India as well as in London. On a 50:50 ratio, 50 percent from India and 50 percent from Great Britain, civil servants were inducted. In 1935, in different provinces of India, the British government imposed interim rule. The number of Indian civil servants also increased tremendously as a result. Up till 1947, along with Indian Civil services, there were also nine Central Civil services in India.¹

1.2 Structure of Indian Civil Service

The Indian Civil service comprises of Central and State services. The central services are divided into three all-India services and several other services, which are categorized as Group A, B, C and D services.

All India, services at the center comprise the following;

- (i) Indian Administrative Service
- (ii) Indian Foreign Service
- (iii) Indian Police service

These are group A services. The other important central services include the Indian Audit and Accounts Service, Indian customs and central Excise service, Indian Defense Account Service and Indian Revenue Service etc.

Each provincial/state Government has also constituted 10-20 services. The number of such services depends on historical background and size of the Province. Some common Provincial/State services are education services, Judicial Services, Medical Services, Agriculture Services, Engineering Services and Forest Services.

¹ Hemant More, "Historical background of civil services of India", *The Fact factor*. September 2019.
https://thefactfactor.com/facts/law/civil_law/administrative-law/indian-civil-service/3169/

At present, about four million individuals are employed by Indian Central Services. The number of officers hired by public services is about the same. Civil servant allocation is generalized.

- i. **Recruitment Process:** In 1930, the British government proposed the creation of public service commissions at the central and regional levels. However, only after independence were these commissions set up. The Union Public Service Commission (UPSC) was created to include civil servants in Group A which covers all services in India. While the Commissions of the State Public Service were set up at state level. A staff selection committee for Group B services has also been formed.²
- ii. **Examination Process:** There is three tier examination system for selection of All India services, conducted by UPSC. At first stage, there is preliminary exam which consists of objective type questions. Out of total aspirants, 10% are selected for main exams. For interview, 15% candidates, appearing in main exam, are declared eligible.
- iii. **Examination Criteria:** The preliminary exam tests the analytical skill of the applicant to solve numerical problems, knowledge of current problems, and the ability to handle administrative problems. One's grasp on language, general knowledge and experience on topics he had selected has been the key exam test. The conditions for interviews are also identical to Pakistan's. In India, in 1979, this system was introduced.
- iv. **Promotion and Hierarchy of Indian Civil Servants:** The hierarchical ladder begins with the under-secretary and finishes at the level of the secretary. The Cabinet Secretary is the Head of Central Civil Services. Under Secretary and Under-Secretary, there are ranks of Deputy Secretary, Director, Joint Secretary, and Additional Secretary. As far as State Services are concerned, Assistant Collector is the lowest rank and Chief Secretary in Category A Services is the highest rank. The maximum time span for IAS officer promotion is six years. Such officers are given a super-time scale at the time of the 19th year of service. Just 5% of these officers secure the highest rank of government secretary.
- v. **Laws dealing with Indian Civil Services:** The Parliament and the State legislatures are given power under article 309 of Indian Constitution, to regulate the recruitment and conditions of service of the persons, appointed to public services. "The terms and conditions of the appointment and work of the central civil servants were first specified in the Civil Service Act, 1861. These were later detailed in the All-India Services Act, 1951, as sought under Articles 308-314 of the Indian Constitution".³

2. Canadian Civil Services

2.1 A Brief Introduction of Civil Services of Canada

Civil service of Canada works as the staff of the crown and is termed as public service. The most senior civil servant is the clerk of Privy Council, who leads the civil service of Canada. The civil

² Iasguru's blog, "exam process", IAS exam portal. 2020

<https://iasexamportal.com/ias-planner/exam-process>

³ Shreya Prabhudesai, "Laws relating to Civil Servants (Constitutional & Service Laws)", Labour law Project. 2020

<http://www.grkarelawlibrary.yolasite.com/resources/SM-Jul14Lab-4-Shreya.pdf>

service of Canada is apolitical and it administers the executive affairs of the State. Its basic purpose is to execute the laws and policies of the government. To summarize, the civil service of Canada is not answerable to the government but to the crown. Moreover, the civil service also takes its place in planning and giving recommendations to the government.⁴

2.2 Historical Overview and Legislative Development in Civil Services of Canada

Historically, the crown has recruited government employees. There used to be no set tenure for the workers in the beginning. The Canada Civil Service Act was passed in 1868. After that the Civil Service Act of 1882 was passed, which included a structured procedure for testing applicants in order to get them into the civil service. In addition, the Board of Civil Service Examiners was also created by that Act. Subsequently, the Civil Service Act 1918 was passed, which established different mechanisms, including recruitment and promotion mechanisms. The Civil Service Superannuation Act was passed in 1924 to further establish Canada's civil service. The Financial Administration Act, which allowed the Treasury Board to administer the civil service, was adopted in 1951. A new Civil Service Act was passed in 1961 that gave civil servants the right to appeal against promotions, demotions, suspensions and dismissals. In addition, the Civil Service Reform Act revised both the PSEA and PSSRA in 1992. The aforementioned Act allowed the PSC to induct the workers on the basis of merit. The Public Service Modernization Act was last enforced in 2005 and under this act, the Public Service Staffing Tribunal was set up to control complaints about the misuse of power in internal appointments.

2.3 Departmental Structure of Canadian Civil Service

Departmental structure of Canadian Civil Service is as follow:

- i. **Minister:** It is the responsibility of the Minister to handle his own department. The minister of defence, for example, is responsible for overseeing the department of defence.
- ii. **Deputy Minister:** The deputy minister serves as the administrative chief of his respective department. Hence, he is responsible for managing all the day to day affairs.
- iii. **Assistant Deputy Minister:** Assistant deputy minister heads a section within the department.
- iv. **Associate Deputy Minister:** Associate deputy minister works under the assistant deputy minister.
- v. **Director General:** Director General works under associate deputy minister and is responsible for regulating a single element of the department.
- vi. **Director:** The Director oversees his respectable directorate. Such directorates are in each department at the ground level and are members of the civil service. In addition, at ground level, the director implements the laws and assists in the development of new policies.⁵

⁴ Thomas D'Aquino, "The public service of Canada: the case for political neutrality", wiley library. March 1984 <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1754-7121.1984.tb02151.x>

⁵ Audrey D. Doerr, "Public Service", the Canadian encyclopedia. December 16, 2013. <https://www.thecanadianencyclopedia.ca/en/article/public-service>

2.4 Process of Hiring

The recruitment process is governed by the Public Service Employment Act. Civil servant recruitment takes place in two forms:

- i. **Internal Hiring:** Internal hiring is done to elevate the deserving public servants on the adequate positions.
- ii. **External Hiring:** External hiring is done to induct the people from the general public of Canada, in the civil service.

2.4 Subsidiary Administrative Units

The Public Service is divided into various subsidiary administrative units such as

- i. Departments
- ii. Agencies
- iii. Commissions
- iv. Crown corporations
- v. Federal organizations.

2.5 Allocated Location

There are almost 1600 areas across the Canada where the civil servants are deputed. Moreover, 40% of civil servants are working in the Capital.⁶

2.6 Public Service Modernization Act And Selection Processes Of Civil Servants

The Public Service Modernization Act was passed in 2003. It provides about the selection of the best qualified and competent people in the civil service of Canada.

2.7 Hiring Authority

Hiring Authority in Civil service of Canada is the Crown i.e. Crown appoints the Civil servants.

Conclusion:

All in all in accordance with the needs and requirements of the respective countries, the systems of the civil services of both countries have been created and amended over time. In modern times, as the complexities of day-to-day administration have grown, the need for civil service reform has also increased. The world is looking at specialized civil service, i.e. civil servants are assigned in the respective fields with specialized education in every area. It is the right time for Pakistan to bring in civil service reforms, so that growth and prosperity in the country can be accelerated.

⁶A.F.P. Heeney, "creating a high performing Canadian Civil Service", Momat center, 2016.

ANALYSIS

Inflation in Pakistan

Adila Shahzadi

Young Parliamentary Officer, PIPS

1. Introduction

Inflation is defined as “the persistent rise in the general price level in a country over a period of time”. High inflation in Pakistan in recent years has affected both the rich and the poor hard, but the toughest victim of rising inflation is the poverty-stricken class. Inflation is segregated into two types i.e. cost push inflation and demand pull inflation. Cost push inflation means the rise in price level due to supply side factors, such as, raw materials, energy prices or taxes on production process whereas demand pull inflation means the increase in price level due to demand side factors such as, increase in average income of citizens, decline of consumer taxes etc. Inflation adversely affects different sectors of economy such industry, social sector, businessperson, money lending stakeholders i.e. debtors, creditors and agriculture. At all-times, inflation is not bad for the economy; sometimes it is better for the economic growth if it is in moderate level. Inflation is a multi-sourced problem and there may be various causes of inflation such as higher money growth in an economy, increasing import prices and oil, population pressure, imbalance in aggregate supply and aggregate demand, depreciation and devaluation of the rupee and some domestic supply shocks. It cannot be fully excluded from the economy, but can be mitigated at a lower level by implementing certain policies and strategies, such as revitalizing the industrial and agricultural sector, revising monetary policy, and increasing the reserve ratio required.

2. Inflation and Growth Rate

As inflation is not necessarily bad for the economy, the relationship between inflation and growth remains contentious. According to the State Bank of Pakistan, inflation rates of 5 to 7% are believed to be favorable for economic development, but if they exceed this threshold level, the economy will face a serious problem. This relationship has been shown to be valid by annual data on inflation and economic growth from 1976 to 2016. The data showed that when inflation rates were in the range of 5 to 7 percent, maximum economic growth was observed.¹

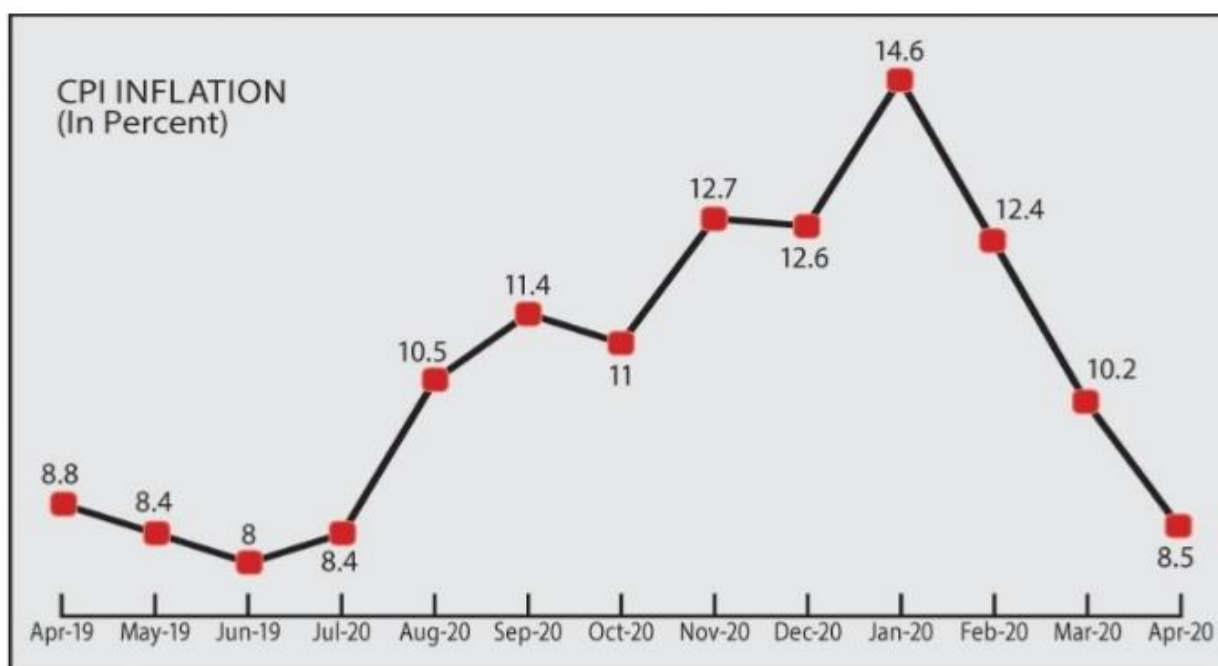
¹ State Bank of Pakistan, “Estimation of Medium Term Inflation Target for Pakistan” State Bank of Pakistan, February, 2020. <https://www.sbp.org.pk/publications/wpapers/2020/wp104.pdf>

Relationship between Inflation and Growth (FY76-FY16)	
Inflation range%	Average growth%
Upto 3	4.7
3-5	4.9
5-7	5.9
7-9	4.9
9-above	4.7

Source: State Bank of Pakistan

3. Inflation Trends in Pakistan

Higher economic growth, excessive money printing and increased government spending causes inflation in an economy. During inflation prices rise, currency devaluates and then exchange rates become weaker. According to Trading Economics, in October 2018 inflation rate in Pakistan was 5.12 percent and it was highest in December 1973 of 37.81 percent.² In April 2019 inflation rate was 8.8 percent while it reached at maximum level of 14.6 percent in Jan 2020.³ According to the State Bank of Pakistan for FY2020 the monthly inflation trend is given as under:



² Ayesha Abdul Razzaq, "PTI government needs to control inflation in Pakistan" *Daily Times*, November 22, 2019. <https://dailytimes.com.pk/324808/pti-government-needs-to-control-inflation-in-pakistan/>

³ Shahid Iqbal, "Pakistan saw highest inflation in the world during 2020: SBP" *Dawn*, June 07, 2020. <https://www.dawn.com/news/1561860>

Source: State Bank of Pakistan

3.1 Causes of Inflation in Pakistan

Generally, the world economies are suffering from inflation; however, in Pakistan it has the highest rate with more than 11 percent per annum. Middle and lower-class people hurt more than elite class people because of their low level of income.⁴ Following are given the key causes of inflation in Pakistan:

- a. **Increase in Credit Money:** The first main reason that contributes in inflation is increased in money growth, currency or credit money. Higher prices results from more money circulation while keeping the fixed supply of goods. Structural factors such as fiscal dominance leads to monetary loosening and to finance the fiscal deficit the central bank is forced to print money. When the stock of money increases, it urges people to demand more of goods and services. The currency in circulation from January 1993 to June 2007 rose up from Rs 166 billion to Rs 834 billion and at the end of the fiscal year 2007-08, it was more than 1050 billion.⁵ However, during FY 2020 the expansion in money supply was more than doubled. M2 money supply during Jul-Mar FY20 stood at Rs 1.5 trillion compared to Rs 812.9 billion last year.⁶
- b. **Population Pressure:** According to Population Census of 2017, the population of Pakistan is growing at a faster rate and the population of the country is 207 million. Aggregate demand for different commodities has gone up due to growing population and hence caused the increase in the general level of prices in the country.
- c. **Devaluation and Depreciation of Currency:** Currency devaluation and depreciation also adversely affect the inflation. The devaluation not only raises the price of oil but also raise the domestic prices of all imported goods. One US dollar was equal to Rs 4.50 soon after the partition of sub-continent. To increase export the Government of Pakistan devalued its currency in 1972 by 131 percent. The rupee lost its value by 10 percent at the end of fiscal year 2007-2008 and one US dollar is equivalent to 160 Pakistani rupees in FY 2020. Depreciations arise due to unsustainable spending booms, domestic supply shocks and shrinking of global demand for Pakistani goods and services. Additionally, the payment of debt in dollars put adverse pressure on rupee value.
- d. **Non Development Expenditures:** Non development expenditures which include defense spending, community affairs, civil administration and heavy interest on repayment of loans also contribute to raise price level. These expenses amounted to Rs 529 billion in 1997-98, which increased to Rs 1056 billion in 2007-08. In 2020 almost 60% of expenses is on interest payments and defense and Instead of cutting down the non-development expenditure the development expenditure has been reduced to Rs. 650

⁴ M.A Zuberi, "Inflation: Causes and Remedies" *Business Recorder*, August 03, 2018. <https://fp.brecorder.com/2008/08/20080803781805/>

⁵ Ibid.

⁶ State Bank of Pakistan, "Inflation and Monetary Policy" State Bank of Pakistan, September 2020. <https://www.sbp.org.pk/reports/quarterly/fy20/Third/Chap-3.pdf>

billion. This has created extra demand for goods and services, which is causing prices to increase.

- e. **Higher Oil Prices:** The fluctuation in oil prices poses serious implications for Pakistan's economy because of its dependency on imported fuels. As the price of oil on the foreign market increases, oil importing countries like Pakistan are forced to lift the domestic price of oil. Oil prices rose from 2 dollars a barrel to 10 dollars a barrel in 1973. Now at a higher level, it has hit \$140 per barrel.
- f. **Slowdown of Agriculture and Industrial Sectors:** According to Pakistan's 2019-20 economic survey, the agricultural sector contributes 18.9 percent to Pakistan's GDP and 19.7 percent to the manufacturing sector. These important sectors of Pakistan's economy are facing some problems and their growth is sluggish. There is inflation because of shortages of agricultural products and consumer goods.⁷
- g. **Change in Aggregate Demand and Supply:** Causes of inflation can be explained with different theories but the quantity theory of money emphasize on two important factors. The demand-pull inflation was mainly cause by the increase in aggregate demand while the cost-push inflation was the result of supply shocks. Pakistan has imbalance in its aggregate demand and aggregate supply.⁸
- h. **Domestic Supply Shocks:** Natural calamities such as floods, droughts, crop pests can disturb the supply and demand of consumer goods and hence cause the hikes of price for domestic goods. More often these goods are essential to the poor. Recent pandemic named as Covid-19 has badly impact the economy of Pakistan and worsen the economic growth of Pakistan. The economy suffered badly during pandemic and it saw negative growth of 0.38 percent. This caused the imbalance in trade, enervating of FDI and remittances and affected other sectors.⁹

3.2 Inflation Pressure on the Economy

There has been significant increase in inflation during ongoing fiscal year due to different reasons such as higher oil prices and supply shocks. Impact of inflation in Pakistan on various commodities is given here.

- a. **Food Inflation:** According to Pakistan Bureau of Statistics, the food inflation increased by 11.3 percent. Tomatoes prices increased 117 percent, chili powder 86.3 percent, potatoes 64.8 percent, pulse moong 41 percent, eggs 40.8 percent, pulse maash 34.7 percent, sugar 32 percent, pulse masoor 25.7 percent, bread 19.4 percent, wheat flour bag 18.3 percent and vegetable ghee 17.4 percent. In 2020, pulse gram 18.2 percent, chicken 17.53 percent, wheat 12.63 percent, fresh vegetables 11.7 percent, wheat

⁷ Finance Division, "Pakistan Economic Survey 2019-20" Finance Division, Government of Pakistan, October 05, 2020, http://www.finance.gov.pk/survey_1920.html

⁸ State Bank, "Inflation and Monetary Policy."

⁹ Mishal-e-Noor, "Covid-19 and Pakistan's economic fallout" *The Express Tribune*, October 22, 2020. <https://tribune.com.pk/article/97199/covid-19-and-pakistans-economic-fallout>

flour 7.42 percent, sugar 5.07 percent. The price of onions 125.32 percent, vegetables 93.6 percent, and wheat flour 24.06 percent, cooking oil 15.44 and meat 13.43 percent.¹⁰

- b. **Oil Prices:** The global price of crude oil varies across the world and has affected Pakistan's economy as well. The rise in inflation has been largely attributed to increases in oil prices over the past few months. Gas charges also rose 54.84 percent year on year, motor fuel 25.69 percent, construction input items 18.04 percent, motor vehicles 17.35 percent, liquefied hydrocarbons 14.06 percent and electricity charges 13.99 percent.¹¹
- c. **Education and Health Indices:** Education and health were not spared by inflation's effects. On a year-over-year basis, the health and education indices rose by 12.99 percent and 5.01 percent respectively. However, the index of alcoholic beverages and tobacco were declined by 17 percent.
- d. **Clothing and Footwear:** Prices for clothing and footwear rose by 6.98 percent. The price of water, electricity, gas and other fuels grew by 5.46%.¹²

4. INTERNATIONAL PRACTICES - Inflation Mitigating Strategies of China, Bangladesh and India:

- a. The People's Bank of China (PBOC) has different tools of monetary policy to control inflation and money supply. To regulate inflation, money supply and interest rates, the PBOC uses different measures. These include benchmark interest rates, open market operations for standing lending facilities, the reserve requirement ratio, and different forms of PBOC loans to Chinese banks. **Some other tools are** rediscounting, medium-term lending facility and pledged supplementary lending. In addition to these strategies, the central bank also monitors the movements of the Yuan against the U.S. dollar, the euro, the Japanese yen and the South Korean won.¹³
- b. The annual inflation in Bangladesh is stood at 5.65 percent during FY 2020. However, to curtail the impacts of inflation the central bank of Bangladesh has used its available monetary policy measurements and tools which includes managing the cash reserve ratio (CRR), effectiveness of repo facility (Interest rate and tenor), refinancing facility and other monetary conditions that provides necessary initiatives for the liquidity in market. Bangladesh bank has announced an expansionary policy for FY2020-21¹⁴
- c. Like Pakistan, Indian economy is also facing high inflation. There are different functions for the Reserve Bank of India and one of them is to manage inflation. By tightening monetary policies, the bank regulates inflation by bank rates, controlling the cash reserve ratio, purchasing more dollars, regulating the supply of money and the availability of

¹⁰ Pakistan Bureau of Statistics, "Price Statistics" Pakistan Bureau of Statics, October, 2020. <http://www.pbs.gov.pk/cpi-nb>

¹¹ Javed Mirza, "Food price spike pushes January inflation to nine-year high" *The News*, February 03, 2020.

¹² Ayesha Abdul Razzaq, "PTI government needs to control inflation in Pakistan" *Daily Times*, November 22, 2019.

¹³ CNBC, "China's monetary policy is complex and shifting. Here's what you need to know" *CNBC*, October 07, 2018.

¹⁴ The Business Standard, "The Key Points of New Monetary Policy for 2021" *The Business Standard*, July 29, 2020. <https://tbsnews.net/economy/banking/key-points-bbs-monetary-policy-statement-fy21-113194>

credit. The cash supply is reduced by taking these steps and the prices are reduced in exchange.¹⁵

5. Pakistan Government's initiatives to Curtail Inflation.

The Government of Pakistan is taking different measures to control inflation. These measures include subsidized loans, food packages, supplying gas and electricity to exporters, boosting the agriculture and industrial sectors, more spending on social safety nets and improving cash transfer programmes which will attract FDI and remittances and lead to maintain solid and more balanced economic growth.

- a. In Pakistan the Government has taken some initiatives to curb the inflation. Prices and over-profiteering are directly or indirectly controlled by the Economic Coordination Committee of the Cabinet (ECC), National Tariff Commission (NTC) and the Competition Commission of Pakistan (CCP).¹⁶
- b. Government has doubled the social safety budget to 190 billion rupees from 100 billion rupees and almost 800,000 deserving people were benefited with its Cash Transfer Programme.
- c. To provide essential food items at reasonable rates the government had announced a special food package having the cost of Rs7 billion. This will go to the poor people through the utility stores.
- d. The Government has cut the current account deficit from \$20 billion to \$13 billion.
- e. Several mega projects have been approved to revitalize the agriculture sector. These ventures are aimed at enhancing the management of irrigation, watercourses and the development of water storage facilities at farm level. Other goals of these projects are to increase the production of different crops, the development of oilseeds, the development of cage cultures, the development of shrimp farming clusters and the conservation of water in arid areas.¹⁷ These initiatives will help increasing agricultural output, enhancing supply thus bringing prices of such products low.

6. Way Forward/ Policy Options

If the inflation crosses the threshold line then it negatively affects the economy by reducing value of money and results into low savings and investment. It also discourages savings, lower investment and growth. However, there are some effective measures that the Government can adopt to mitigate inflation.

- i. **Effective Legislation:** Higher intermediate costs and stuck up loans are a hurdles for banks to offer a positive real rate of return to depositor. Therefore, there is dire need to implement approved laws and make proper legislation by the Parliament of Pakistan.

¹⁵ Bhirud Vibha, "The Role of Reserve Bank of India in Controlling Inflation: Traditional or Beyond Monetary Measures?" GNU-FMS International Conference on Accounting, Taxation and Finance, August 12, 2016. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2820276#:~:text=Reserve%20Bank%20of%20India%20is,supply%20and%20availability%20of%20credit.&text=But%20the%20ineffectiveness%20of%20these,growth%20rate%20and%20investment%20patterns.

¹⁶ The Nation, "Can the Government Control Inflation?" *The Nation*, November 02, 2020.

¹⁷ "Govt. Plans to control inflation" *The Nation*, January 15, 2020.

- ii. **Tight Monetary Policy:** The best method used for managing inflation in an economy is the contractionary monetary policy. The supply of money in the economy is reduced by tightening monetary policy and increasing interest rates. When the supply of money is smaller, inflation can be reduced.
- iii. **Increased Reserve Requirements:** Increasing the reserve requirements on the amount of money banks that are legally required to hold on hand to cover withdrawals is another most effective step for reducing inflation. The more money banks are forced to hold back, the fewer customers are required to lend. Consumers will borrow less if they have less to borrow, which will reduce spending.
- iv. **Development of Agriculture and Industrial Sectors:** The third tool is to improve the major sectors such as agriculture and industrial sectors directly or indirectly. Inflation in Pakistan is hard to control without the development and enhanced productivity of these sectors.
- v. **Long Term Planning:** Along with short term planning, a long term planning is very effective. The government must pay attention to human capital. This human capital must be fully equipped with skills and modern knowledge which in turn will enhance the productivity and efficiency. The level of education has various socio-economic impacts on the economy. The government should also cut down the non-developmental expenditures to reduce demand pressure.
- vi. **Role of State Bank of Pakistan:** Performance of State Bank of Pakistan is very important to tame inflation. Monetary policy, monetary expansion into the public sector for budgetary support should be regulated and the lending rate should be reduced by lowering the intermediate costs.

National Assembly Resolution to condemn Armenian Aggression in Nagorno-Karabakh region of the Republic of Azerbaijan

October 28, 2020

Resolution to condemn Armenian Aggression in Nagorno-Karabakh region of the Republic of Azerbaijan

Dated: 28th Oct 2020

This House:

- *expresses* deep concern over the deteriorating security situation in Nagorno-Karabakh region of the Republic of Azerbaijan;
- *condemns* the illegal, immoral, unethical and brutal acts of aggression by Armenian forces in Nagorno-Karabakh;
- *fully endorses* Azerbaijan's rightful restoration of territorial integrity over the Nagorno-Karabakh region, which is in line with the several unanimously adopted United Nations Security Council (UNSC) resolutions;
- *emphasizes* that the enforcement and legitimacy of resolutions of the UNSC can never be diluted by unilateral actions;
- *supports* the brotherly nation of Azerbaijan's right to self-defence, necessary for the sovereignty and integrity of Azerbaijan;
- *denounces* the use of violence by Armenia and urges it to stop its irresponsible military action to avoid further escalation;
- *is mindful* of the pain and misery caused by Armenian aggression to the innocent civilian population of Azerbaijan including men, women and children;
- *reaffirms and expresses* Pakistan's complete political, diplomatic and moral support to the brave people of Azerbaijan;
- *urges* the UN and the international community to play their due role for restoration of peace and security in the region.

Ali Muhammad Khan
NA-22
o/c

National Assembly Secretariat
(Public Office)
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Date: 7-10-2020
Page No: 1320

Sardar Ayaz Sadiq
Sardar Ayaz Sadiq (PML-N)
NA-129

PIPS Research and Legislation Wing Client Satisfaction System

(PRLCSS) Excerpts from Feedback Received Oct-Nov, 2020

- 1. Office of the Honorable Sher Ali Arbab, Chairman Parliamentary Committee on CPEC through letter on 26th Oct., 2020:** Gratitude upon sharing the PIPS publications for research and technical support to Parliamentary Committee on China-Pakistan Economic Corridor; Hon Chairman has greatly appreciated your research services and desires to look forward to you for such indispensable support in future.
- 2. Honorable Speaker, Provincial Assembly of Khyber Pakhtunkhwa, Mushtaq Ahmed Ghani comments in PIPS BoG Meeting, Nov., 19, 2020:** PIPS services are a great contribution to capacity building of Members of Parliament and our staffers and we look forward for technical assistance of the Institute and regular orientations for MPAs in future.
- 3. Honorable Senator Zeeshan Khanzada, Feedback on Nov., 12, 2010 Via Email:** Thank you for the research, which I am considering to push forward for the possible legislation, will be in contact for research especially on economic issues...We consider services extended by PIPS as extremely valuable ...Your professional conduct and expertise are highly commended.
- 4. Honorable MNA, Ali Nawaz Awan meeting with PIPS Leadership on Nov., 11, 2020:** Well done Team PIPS for their timely and quality technical assistance in legislative comparative research and drafting bill on an imperative matter of national importance.
- 5. Annette Dale-Perera, Consultant for the United Nations Office on Drugs and Crime and the World Health Organization, comments in meeting at the Ministry of Narcotics on PIPS drafted bill, 5th Nov., 2020:** Drug Prevention, Treatment and Rehabilitation Regulation Bill, 2020 is a very good piece of drafting. It covers all the aspects and will fulfil needs of international standards.

FROM THE PARLIAMENTARY PAPERS

Details of serviceable and unserviceable PIA fleet

(Information Centre, PIPS)

On July 23, 2020, during the 23rd session of 2nd Parliamentary Year of the National Assembly, Honorable Minister In-charge of Aviation presented the status of PIA fleet in the country;

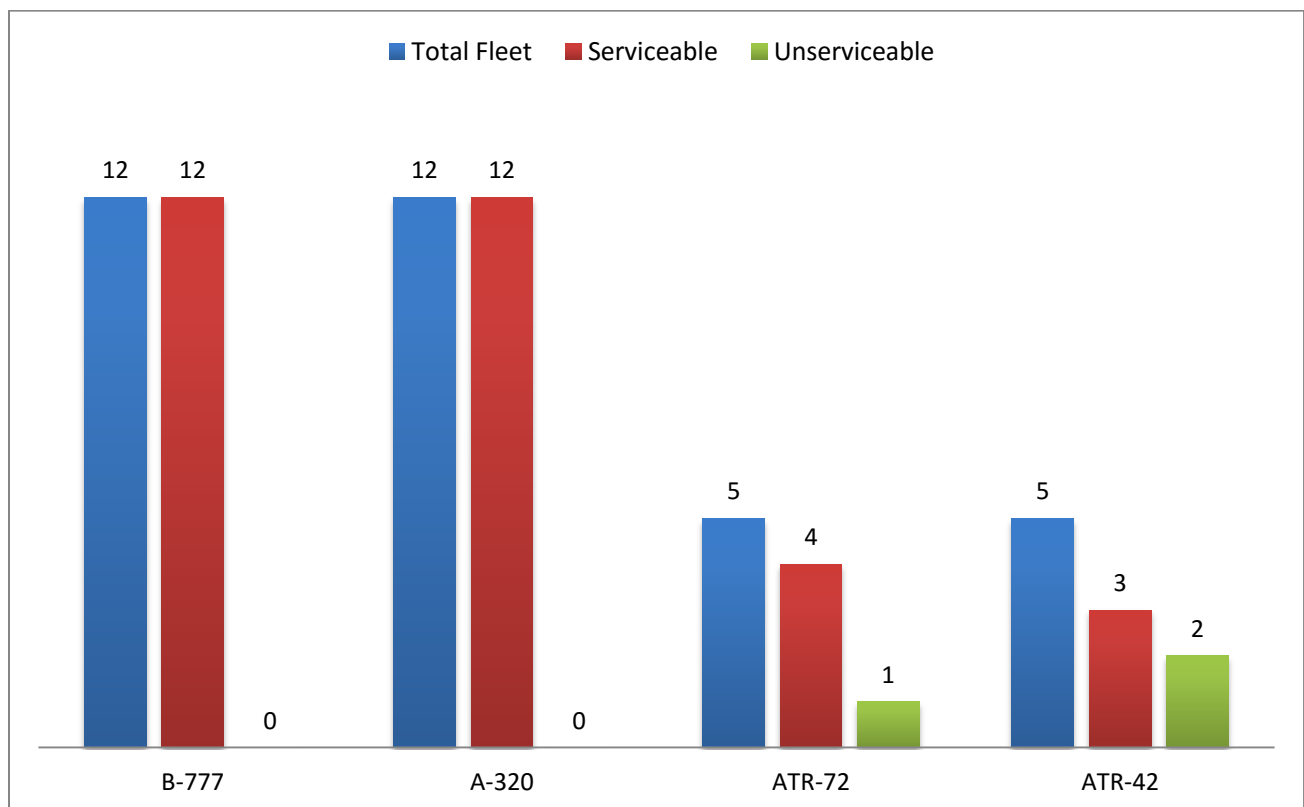


Figure 2

Details of Serviceable and unserviceable PIA fleet

The Nation celebrated Iqbal day on 9th November to reiterate the ideological basis of the Islamic Republic of Pakistan

کی محمدؐ سے وفا تو نے تو ہم تیرے ہیں
یہ جہاں چیز ہے کیا لوح و قلم تیرے ہیں



PAKISTAN INSTITUTE FOR PARLIAMENTARY SERVICES
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