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Editorial

Dear Readers,

By the grace of Allah Almighty, the Pakistan Institute for Parliamentary Services (PIPS), hosted a high level Two days Parliamentary Exchange and Knowledge Sharing Program on 23-24th Sept, 2026 for Honorable Members of People's Majlis of Maldives. As envisioned by the Honorable Speaker of the National Assembly of Pakistan, the international exchange focused interactive sessions on legislative practices, institutional strengthening, public engagement, climate governance, on parliamentary oversight, and financial accountability.

PIPS also held orientation for newly elected MLAs from Gilgit Baltistan Assembly in addition to two weeks PIPS Mandatory Promotional Course of BS 16-18 officials and officers of the Provincial Assembly of Khyber Pakhtunkhwa completing on 28th September, 2026 in Peshawar. Team PIPS also hosted two house-full Youth Parliaments for more than 220 students from across Pakistan as part of the Parliamentary Studies Initiative before visits to Senate and NA Houses to commemorate the Int'll Day of Democracy Celebrations on 16th Sept., 2026.

This Issue of the PIPS Parliamentary Research Digest includes a book review on the famous book - The Charismatic Leader and absorbing articles "Bilateral relationship to strategic partnership: Implications of India-Israel alliance for Pakistan," read in international conference by Ms Fakiha Mahmood, Deputy Director (Research) PIPS, and an opinion piece on NFC reforms. Please Do not hesitate to send your feedback or contact for any of our services at research@pips.gov.pk

Muhammad Rashid Mafzool Zaka
Director General (Research)



Sep., 23–24, 2026: Group Photo of Parliamentary Delegation of the People's Majlis of Maldives at a two-dayExchange and Knowledge-Sharing Programme at PIPS.

PIPS PARLIAMENTARY STUDIES PROGRAMME



Sep., 16, 2026: Group Photo of members of Pakistan Youth Parliament (PYP with the Executive Director PIPS, Mr. Asim Khan Goraya at the seminar on International Day of Democracy.



Aug., 28, 2026: Group Photo of Honourable Senator Mirza Muhammad Afridi with members of Young Leaders Parliament (YLP) at the Seminar on Understanding of Parliamentary Proceedings.

ANALYSIS

From Bilateral Relationship to Strategic Partnership: Implications of India-Israel alliance for Pakistan and the region[1]

Fakiha Mahmood
Deputy Director (Research), PIPS

1. Introduction

From 25 to 26 February 2026, i.e. two days before Israel launched a full scale war against Iran, the Indian Prime Minister, Narendra Modi, conducted official visit to Israel along with a high-level delegation comprising of senior ministers and officials. The joint statement recognized the growing strategic partnership between the two entities and committed to elevate the bilateral strategic relationship to "A Special Strategic Partnership for Peace, Innovation & Prosperity."[2] The two sides look forward to further cooperation in emerging technologies, cyber, agriculture, water management, health, entrepreneurship, defense, security, and more. Under the leadership of Narendra Modi, India has significantly transformed its relations with Israel. From state visits to signing of MoUs, both sides have elevated the bilateral relationship to strategic partnership. The elevation of bilateral relationship, at a time when Israel is increasingly facing isolation at international level due to its genocidal campaign in Gaza and illegal occupation in the West Bank alongside the broader expansive agenda in the entire region, points to some emerging trends in Indian foreign policy orientation which retain strategic implications for Pakistan, the region and beyond. Therefore, the subject demands careful scrutiny from the strategic community for charting an appropriate way forward. This paper seeks to analyze the emerging currents of Indian foreign policy towards Israel and the broader region. The aim is to highlight the potential implications for Pakistan, the region and beyond.

2. Contextual & Historical Background

Ever since the unveiling of the Balfour Declaration Quaid-i-Azam Muhammad Ali Jinnah, and under his leadership the All India Muslim League and later the Islamic Republic of Pakistan, denounced the Jewish illegal occupation of the Palestinian land and all of the moves taken by the British or the United Nations in this regard. The great leader of the twentieth century stated in Mumbai in 1945, "*I have no enmity against the Jews ... But why should the Arabs be dumped with such a large number of Jews*."[3] Moreover, as the first Governor General of Pakistan Quaid-i-Azam "sent a cable to President Truman in December 1947 conveying Pakistan's 'shock at the UN General Assembly's decision to partition Palestine.'"[4] The unwavering support of Quaid-i-Azam Muhammad Ali Jinnah for the Palestinian cause had widespread effects on the political and strategic realm as well as on almost all the stakeholders in the Indian Subcontinent and later independent Pakistan and India. As P. R Kumaraswamy highlights, various British officials working in the Indian Subcontinent abstained from endorsing the Balfour Declaration primarily due to the fears that such a policy would antagonize the Indian Muslims. Also the Indian National Congress adopted a pro-Arab stance out of

[1] This paper was presented by Ms. Fakiha Mahmood, Deputy Director (Research) PIPS at the First International Conference on Social Sciences 2026 (ICCGDPP-2026), held on 14-15 May 2026 at Quaid-i-Azam Auditorium, New Campus, Government College University Faisalabad.

[2] Ministry of External Affairs, Government of India, "India-Israel Joint Statement," 26 February 2026, https://www.mea.gov.in/bilateral-documents.htm?dtl/40828.

[3] Abdul Sattar, *Pakistan's Foreign Policy 1047-2016: a concise history*, (Karachi: Oxford University Press, 2017); 20.

[4] Ibid.

exigencies of the fervent support of the Muslim League for the Palestinian cause.[5] The animosity of Quaid-i-Azam Muhammad Ali Jinnah towards nefarious Zionist designs still resonates in Pakistan's foreign policy framework which continues to repel all efforts at normalizing relations with Israel or recognizing the Jewish entity.

Turning towards the historical background of the India-Israel relations, it is imperative to recall Mahatma Gandhi's famous quote of 1938, whereby he stated that "*Palestine belongs to the Arabs in the same sense that England belongs to the English or France to the French ... Surely it would be a crime against humanity to reduce the proud Arabs so that Palestine can be restored to the Jews*."[6] The Indian National Congress under the leadership of Mahatma Gandhi embraced the pan-Islamic movement aimed at opposing the Jewish control of the Palestinian land and the sacred sites therein. The rationale behind this policy, despite opposition from the Hindu Nationalists within the Congress, was that Gandhi wanted to bring Indian Muslims into the Congress fold. There was also an ideological reasoning for this stance. The acceptance of Zionist demand based on religious nationalism by the Congress dented its agenda of united India after the British departure, against the Muslim League which demanded a separate homeland for the Muslims of the Subcontinent.[7]

The early records of the United Nations around 1947-49 reveal that India stood by the Arab side on the Palestine question and voted against the establishment of the Jewish state. Though India recognized Israel as an independent state in 1950, the country hesitated from establishing formal diplomatic relations and adopted a policy of recognition without relations for next four decades. When Nehru took up the matter of relations with Israel in the Cabinet in 1952 the former president of the Congress Party, Maulana Abul Kalam Azad, resisted the move on two accounts, i.e. Pakistan and the minority Indian Muslims. He opined that establishing formal relations with Israel will enhance Pakistan's diplomatic clout in the Arab world at a time when India was knocking at the United Nations door to garner support for the Kashmir issue. Since India needed Arab support on Kashmir issue, establishing relations with Israel threatened this move. Moreover, the Islamic dimension of the Palestine conflict could alienate the Indian Muslims who had recently gone through the trauma of partition. Resultantly, Nehru accepted Azad's counsel and deferred the agenda of formal relations with Israel. P. R. Kumaraswamy identifies three main factors for this lack of normalization despite recognition for such a long time. These include: a) neglect of India by Zionist leaders; b) Israel became the casualty of India-Pakistan rivalry; c) India sought to engage with the Arab-Islamic world through supporting the Palestinian cause.[8]

As global politics shifted with the end of the cold war and regional dynamics pointed to changing currents in the Palestine issue, India captured the moment to normalize relations with Israel. On 29 January 1992, India established formal diplomatic relations with Israel ending the decades' long policy of recognition without relations. India did it cautiously as it sought to dispel the notion that it has abandoned its support for the Palestine cause. However, ever since the rise of Narendra Modi-led BJP government in India, which espouses extremist Hindutva ideology, the India-Israel relations have become ever more deep and strategic. At the same time the Indian support for the Palestinians

[5] P. R Kumaraswamy, "Beyond the Veil: Israel-Pakistan Relations," March 2000, https://www.files.ethz.ch/isn/94527/2000-03_(FILE)1190278291.pdf.
[6] Vijay Prasad, "India's Israel Policy," 07 April 2013, https://studies.aljazeera.net/sites/default/files/articles/reports/documents/20134711475026758OIndia%20Israel%20Policy.pdf.
[7] P. R Kumaraswamy, "Shifting sands of time: India's approach towards Israel," *Strategic Assessment* 23, no. 3, (July 2020): 54-67.
[8] P. R Kumaraswamy, "Shifting sands of time: India's approach towards Israel," *Strategic Assessment* 23, no. 3, (July 2020): 54-67.

has been diminishing as evident from Indian voting behavior at the United Nations among other indicators.[9]

3. The Multifaceted India-Israel Bilateral Relations

Ever since normalization of diplomatic ties, India and Israel relations have become multifaceted including collaboration in economics, defense, agriculture, and other arenas. Soon after the establishment of formal diplomatic relations, the two sides traded primarily in diamonds and the merchandise trade stood at US$200 million. Bilateral trade, excluding the defense sector, reached its zenith in FY 2022-23 at the level of US$ 10.77 billion. Bilateral trade dwindled in subsequent years due to instable regional security situation which culminated into disruption in trade routes. Resultantly, trade outside the defense arena was recorded US$ 6.53 billion for FY 2023-24 and US$ 3.75 billion for FY 2024-25.[10]

Around 85,000 Jews of Indian origin live in Israel. Most of them identified as *Bene Israelis* emigrated from Maharashtra in fifties and sixties. A small group of *Cochini Jews* from Kerala and Baghdadi Jews from Koltata also immigrated at that time. More recently, the Jews identified as *Bnei Menache* from Mizoram and Manipur have also migrated to Israel. As of February 2023, the number of Indian citizens residing in Israel stood at 18,000. These include diamond traders, IT professionals and students, while majority among them are employed as caregivers for ageing Israelis.[11] During the visit of Indian Prime Minister to Israel in late February 2026, both sides agreed to send additional 50,000 Indian workers to Israel in the next five years.[12] Table-1 provides the list of agreements/MoUs/arrangements between the two sides over the years.

Table 1: List of Agreements/ MoUs/ Arrangements between India and Israel

Sr. no.	Bilateral Agreements/ MoUs/ Arrangements	Date of Signature
1.	Establishment of Full Diplomatic Relations	January 1992
2.	Agreement for Cooperation in Science and Technology	May 1993
3.	Agreement in the field of Tourism	May 1993
4.	Agreement for cooperation in Agriculture	December 1993
5.	Agreement for Trade and Economic Cooperation	April 1994
6.	Agreement on Cooperation in Telecommunications and Posts	November 1994
7.	Agreement for the Promotion and Protection of Investments (expired in March 2016)	January 1996
8.	Agreement on Technical Cooperation	December 1996
9.	Convention for Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital	January 1996
10.	Bilateral Agreement regarding Mutual Assistance and Cooperation in Customs matters	January 1996
11.	Agreement on Cooperation in Peaceful uses of Outer Space	October 2002
12.	Agreement on Cooperation in the field of Health and Medicine	September 2003

[9] Ibid.

[10] Embassy of India, Tel Aviv, "Economic and Commerce: Bilateral Economic Relations," https://www.indembassyisrael.gov.in/pages?id=nel5a&subid=7ax9b.

[11] Embassy of India, Tel Aviv, "Indian Community: Indian Community in Israel," https://www.indembassyisrael.gov.in/pages?id=xboja&subid=wdLwb.

[12] Ministry of External Affairs, Government of India, "India-Israel Joint Statement, 26 February 2026," https://www.mea.gov.in/bilateral-documents.htm?dtl/40828.

13.	Agreement on Cooperation in combating illicit trafficking and abuse of narcotic drugs and psychotropic substances	September 2003
14.	Agreement on Cooperation in the field of Protection of the Environment	September 2003
15.	Agreement on Exemption of Visa requirement for holders of diplomatic, official and service passports	September 2003
16.	Memorandum of Understanding on India-Israel Research and Development Fund Initiative	May 2005
17.	Arrangement on Gainful Occupation for Family Members of a Diplomatic Mission or Consular Post	August 2005
18.	Inter-Governmental Work Plan on Agriculture Cooperation	May 2006
19.	Extradition Treaty	January 2012
20.	Agreement for Transfer of Sentenced Prisoners	January 2012
21.	Joint Declaration in the field of Water Technologies	February 2012
22.	Letter of Intent on Cooperation in Textile and Clothing	September 2012
23.	Mutual Legal Assistance Treaty in Criminal Matters	February 2014
24.	Agreement on Cooperation in Homeland and Public Security	February 2014
25.	Agreement on Protection of Classified Material	February 2014
26.	Third phase of India Israel Agricultural cooperation	September 2015
27.	Amending Protocol to the Double Taxation Avoidance Agreement	October 2015
28.	Cultural Exchange Programme (2015-18)	October 2015
29.	MoU on Water Resources Management and Development Cooperation	November 2016
30.	Declaration of Intent in Cooperation in the field of agriculture	November 2016
31.	MoU between ISRO and Israel Space Agency regarding Cooperation in Geo-Leo Optical Link	July 2017
32.	Plan of Cooperation between ISRO and ISA regarding Cooperation in Atomic Clocks	July 2017
33.	3-Year Work Program in Agriculture 2018-2020 between MASHAV and M/o Agriculture & Farmers Welfare	July 2017
34.	MoU on India-Israel Industrial R&D and Technological Innovation Fund (I4F)	July 2017
35.	MoU on National Campaign for Water Conservation in India	July 2017
36.	MoU on State Water Reform in India	July 2017
37.	MoU on Cooperation in Electric Propulsion for Small Satellite	July 2017
38.	MoU on Cyber Security Cooperation	January 2018
39.	Agreement on Film Co-Production	January 2018
40.	MoU on Cooperation in Oil and Gas Sector	January 2018
41.	Protocol on Amendments to the Air Transport Agreement	January 2018
42.	MoU on Operation Collaboration on Cyber Security	July 2020
43.	Cultural Exchange Programme for the period 2020-23	August 2020
44.	Plan of Cooperation in the field of Water Utility in the Bundelkhand region of Uttar Pradesh, India	August 2020
45.	MoU on Tech Innovation	September 2020
46.	Agreement for cooperation in the fields of Health and Medicines	December 2020
47.	Bilateral Innovation Agreement	November 2021

48.	MoU on Parliamentary Cooperation	April 2023
49.	MoU on Industrial Research and Development Cooperation	May 2023
50.	Framework Agreement for Temporary Employment of Indian Workers in Specific Labour Market Sector in Israel, and associated implementation protocols for temporary employment of Indian nationals in the caregiver and construction sectors in Israel	November 2023
51.	Revised Agriculture Agreement	April 2025
52.	Bilateral Investment Agreement	September 2025
53.	MoU between Sushma Swaraj Institute of Foreign Service and Ministry of Foreign Affairs of Israel	November 2025
54.	MoU on Defence Cooperation	November 2025
55.	Terms of Reference on Free Trade Agreement	November 2025
56.	Joint Ministerial Declaration of Intent on cooperation in fisheries, and aquaculture	January 2026
57.	MoU on cooperation in Artificial Intelligence (AI)	February 2026
58.	Letter of Intent on establishment of Indo Israel Cyber Center of Excellence in India	February 2026
59.	MoU on Advancing Education through the use of Artificial Intelligence (AI)	February 2026
60.	Cultural Exchange Programme for the Years 2026-29	February 2026
61.	MoU on establishment of the India-Israel Innovation Center for Agriculture (IINCA) for cooperation in Agricultural Research and Education	February 2026
62.	MoU on cooperation in the field of Geophysical Exploration	February 2026
63.	MoU for development of National Maritime Heritage Complex (NMHC), Lothal at Gujarat	February 2026
64.	Declaration of Intent on cooperation in the field of Horizon Scanning	February 2026
65.	Implementation Protocol C to the Agreement on Facilitation of the Temporary Employment of Indian Workers in Specific Labour Market Sectors in Israel in Commerce and Services Sector	February 2026
66.	Implementation Protocol E to the Agreement on Facilitation of the Temporary Employment of Indian Workers in Specific Labour Market Sectors in Israel in Manufacturing Sector	February 2026
67.	Implementation Protocol D to the Agreement on Facilitation of the Temporary Employment of Indian Workers in Specific Labour Market Sectors in Israel in Restaurant Sector	February 2026
68.	MoU between NPCI International Payments Limited and MASAV for linking payment systems of India and Israel (Linking of UPI WITH Israeli Payment system)	February 2026
69.	Agreement on Cooperation between Israeli Institute of Commercial Arbitration (IICA) and Indian Council of Arbitration (ICA)	February 2026
70.	MoU between the International Financial Services Centres Authority (IFSCA) and Israel Securities Authority (ISA) in relation to mutual cooperation	February 2026

Source: India Embassy in Israel, "Bilateral Agreements," https://www.indembassyisrael.gov.in/pages?id=mbk5e&subid=mbk5e; and Ministry of External Affairs, Government of India, "India-Israel Joint Statement, 26 February 2026," https://www.mea.gov.in/bilateral-documents.htm?dtl/40828.

Defense cooperation between India and Israel continued, though inconspicuously, even prior to the establishment of formal diplomatic relations. Israel provided military support to India during its major conflicts with Pakistan as well as China during that period. The intelligence agencies of both countries i.e. RAW and Mossad collaborated even during the Congress-led regimes of Indira Gandhi

(1966-77 and 1980-84) as well as Rajiv Gandhi (1984-89). The establishment of diplomatic relations have only formalized and further enhanced an already existing cooperative relationship. The opening of the Defense Wing Office in Israel in 1997 culminated into collaboration in various defense sectors including submarine-launched cruise missiles, micro-satellite system for surveillance, laser-guided systems, precision-guided munitions, anti-ballistic missile systems, antiaircraft systems and missile, drone technology, and modernization of armaments. Over the years India has emerged among the top importers of Israeli arms and other military equipment.[13] Following the India-Pakistan war of May 2025 in which India suffered unprecedented military blow from Pakistan, the Indian Defense Minister visited Israel which culminated into the signing of MoU on defense cooperation between the two sides. This collaboration is expected to further deepen in the aftermath of the February 2026 visit of Indian Prime Minister to Israel.

4. Hindutva-Zionism Collusion

While India and Israel have enhanced bilateral relationship ever since the establishment of formal diplomatic relations, the two sides took bilateral relations to strategic level and beyond only during the Narendra Modi led BJP Indian government. The obvious explanation for this trend lies in the existing similarities between the two regimes. Bilateral relations increased significantly at the time when both sides were ruled by far-right parties. These political factions thrive on religious nationalist agenda and pose Muslims are their biggest enemy. While Netanyahu led Israeli regime has committed genocide in Gaza, expanded illegal occupation in West Bank, and expanded its war machine as far as Lebanon and Iran. On the other hand, the Narendra Modi has changed the entire legal status of the disputed Kashmir valley and continuing with illegal occupation of disputed territory of Kashmir through various means many of them learnt from their Israeli counterparts such as demographic engineering. India employs similar tactics against Muslims in Kashmir and the wider Indian polity as the Israeli apartheid regime commits human rights abuses and war crimes against the Palestinians and other regional Muslim nations.[14]

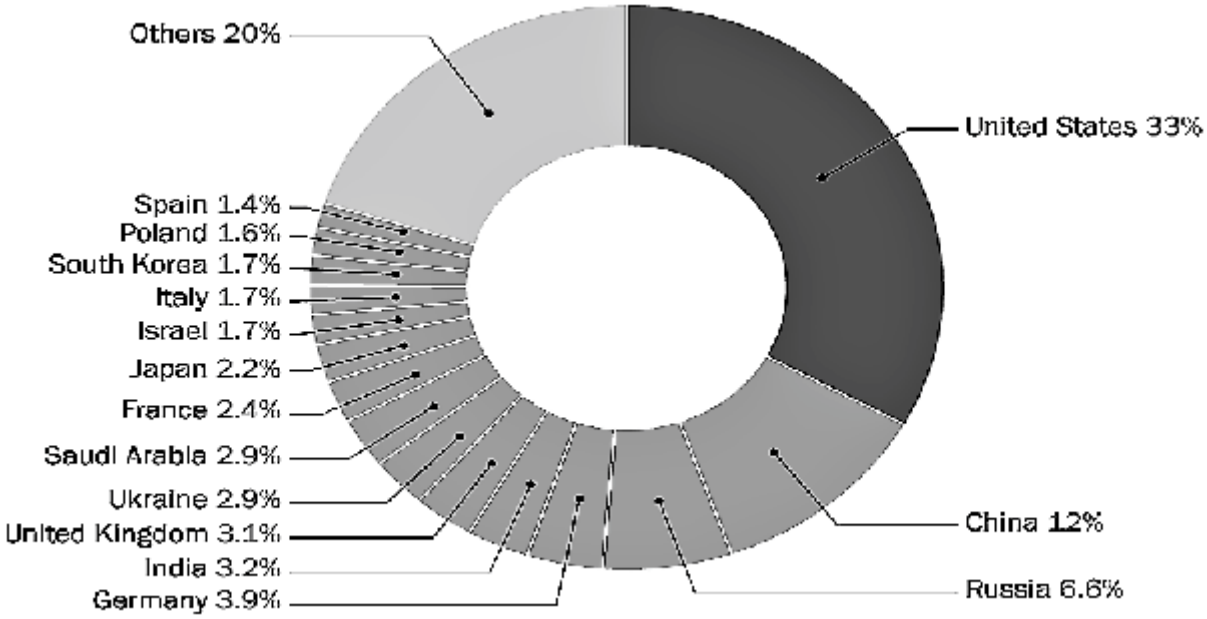
5. Implications for Pakistan and the region in the current scenario

As evident from the forgoing, India-Israel relationship is closely intertwined with Pakistan as well as the wider Middle Eastern region. The Pakistan factor has heavily influenced the Indian policy makers in their orientation towards Israel even well before the partition of Indo-Pak Subcontinent. The politics of the entire Middle Eastern region is intertwined with the Palestine conflict. Therefore, in the current regional scenario where the entire region is engulfed with conflict and war primarily instigated by the Israeli aggressive attitude in the Middle East and Indian nefarious designs continue to threaten the peace and harmony in the South Asian region, it is imperative to take look at bilateral relations from the wider perspective. At the outset, the fallout emerges in the defense and security realm. The use of Israeli made weapons by India against Pakistan during May 2025 war clearly points to the implications in the security sector. As per the latest SIPRI data released on 27 April 2026, both India and Israel are enlisted among the world's 15 largest military spenders in 2025 (see figure-1). The growing military spending by both sides and collaboration in this vital arena culminates into greater regional security imbalances and spurs arms race and ever more armament.

[13] Saddaf Sultana, "India-Israel Defense Cooperation: security implications for Pakistan," *Journal of Security & Strategic Analyses* 7, no. 1, (Summer 2021): 134-160.

[14] Muhammad Karakus, "Intersecting Nationalisms: Hindutva, Zionism, and their Shared Exclusionary Policies," *Cankiri Karatekin University Journal of the Faculty of Economics and Administrative Sciences* 15, no. 4, (2025): 1369-1393.

Figure-1: The Share of World Military Expenditure of the 15 Largest Spenders



Source: SIPRI, "World Military Expenditure 2025."

In the wider geopolitical context, India-Israel ties are deepening at a time when Israel is in a highly belligerent mode. The brutal killing of more than 72,000 innocent Palestinians during the ongoing genocide in Gaza coupled with sever violations of international law in every aspect ranging from targeted killing of journalists wearing press uniform to the deliberate attacks on UN officials have cast dark shadows over the Israeli repute across the globe. Resultantly, the Jewish entity is losing political or diplomatic clout from across the world. The trend was most visible in the United Nations General Assembly last year when with few exceptions almost all the delegates left the venue as soon as Israeli Prime Minister began his speech. Furthermore, the situation arising out of the Israeli-led US war on Iran and Israeli ongoing occupation of Lebanon in the guise of Iran war, especially in terms of the economic fallout which is impacting the lives of ordinary people far beyond the Middle Eastern region, has served to further alienate the Israeli occupying power. The repercussions of the ongoing shifts in regional security architecture will have far reaching consequences for all stakeholders.

6. Conclusion

It is at this crucial juncture that India has been overtly embracing the Jewish regime. India supported Israel at the United Nations against Palestinians of Gaza, for instance India abstained from UN resolution calling for humanitarian truce in Gaza soon after Israel declared war on the besieged enclave in October 2023. The Hindu extremist regime even offered support through other means for instance when Israel cancelled the work permits of Palestinian workers in the aftermath of 07 October 2023 attacks, India came forward to fill the void by committing thousands of workers in return.[15] The recent Israeli-led US war on Iran has further complicated the situation. India finds itself in even difficult position to balance among multiple regional players like Iran, Israel and the GCC countries. The war erupted immediately after the Indian Prime Minister concluded his visit to

[15] Ibid.

the Jewish entity. Moreover, while India refrained from condemning US and Israel for attacking Iran, the country supported the draft resolution in the UN Security Council aimed at denouncing Iranian attacks on GCC countries.[16] When regional players will revisit their security in the aftermath of the ongoing conflict, policy makers will weigh carefully the response of key players within the region and beyond and India probably will be laying on the wrong side of the equation for many players. Furthermore, the strategic superiority demonstrated by Pakistan during the Indian imposed war of May 2025, coupled with the diplomatic clout Pakistan has gained in the current context, especially the role it has played in defusing the US-Iran conflict, India is facing a challenging situation within the country as well as at the international level.

[16] Duygu Cagla Bayram, "India's silent response to the Iran War," 10 April 2026, https://politicstoday.org/indias-silent-response-to-the-iran-war/.

BOOK REVIEW

Sikander Hayat, "The Charismatic Leader: Quaid-i-Azam Mohammad Ali Jinnah and the Creation of Pakistan," Second Edition, Karachi: Oxford University Press, 2014.

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Abstract

In the contemporary history of South Asia, the establishment of Pakistan continues to be a center of scholarly discussion. Almost seven decades have elapsed, yet the historians continue to engage in debates pertaining to the circumstances leading to the transformation of a mere voice for Muslim political safeguards into a decisive movement demanding separate homeland for Muslims. Inevitably, these debates return to the personality and political leadership of Mohammad Ali Jinnah. Was Pakistan principally the outcome of structural tensions within late colonial India? Was the demand for Pakistan initially intended as leverage in constitutional negotiations? How important were the failures of Congress, British policy and Muslim provincial leadership? Above all, how did Muhammad Ali Jinnah, once widely associated with Hindu-Muslim cooperation and constitutional politics, become the Quaid-i-Azam whose authority came to transcend provincial and social divisions among a substantial section of Indian Muslims?

Sikandar Hayat's popular book "The Charismatic Leader: Quaid-i-Azam Mohammad Ali Jinnah and the Creation of Pakistan," approaches these familiar historical questions from a notably different direction. Rather than rewriting the mundane biography of Quaid e Azam Muhammad Ali Jinnah or proffering simply a chronological account of Pakistan movement, Mr. Hayat aptly puts the question of political leadership at the core of his analysis. He has not confined his efforts to the extent of what Mr. Jinnah did in between 1937 and 1947 rather his work also covers as to why Mr. Jinnah's leadership was significant at a particular moment of time in the history and how his exemplary leadership paved the way for political mobilization; eventually leading up to the creation of Pakistan. This distinction is important. Jinnah has often been examined either through the lens of individual personality or as one participant in a much wider process shaped by colonial institutions, communal politics, provincial interests and constitutional conflict. Hayat attempts to bridge these approaches. The author makes a lucid attempt to apply Max Weber's concept of charismatic leadership as essential theoretical framework to contribute thie objective and imperative book.

Conceptual Framework

Drawing primarily upon Max Weber's concept of charismatic authority and supplementing it with later theoretical work on leadership, he argues that Jinnah's political ascendancy can best be understood through the interaction of "personality-related" and "situational" factors. Charisma, in this interpretation, neither resides permanently in the individual nor emerges automatically from crisis. It develops when a leader possessing qualities considered extraordinary by his followers appears in circumstances in which established political arrangements and existing leadership are perceived to have failed.

This conceptual framework provides the intellectual backbone of the book. It also enables Hayat to address an apparent paradox in Jinnah's political personality. Conventional images of charismatic leadership tend to evoke figures distinguished by dramatic public performances, emotional rhetoric or an almost theatrical ability to excite crowds. Jinnah was different. In his demeanor, he was very much disciplined, calm and composed. During political discussion, he also spoke of the words corresponding to constitutional and legalistic vocabulary, whereas his negotiating style was greatly based on argument, organization and strategic acumen. He was hardly the conventional populist.

Hayat therefore broadens the meaning of political charisma. Jinnah's authority, he argues, rested on qualities such as integrity, self-confidence, determination, clarity of purpose, political judgement and an exceptional capacity to convince his followers that he understood both their predicament and the means

by which it might be resolved. The charismatic element arose not from flamboyance but from the relationship between these personal qualities and the confidence placed in them by Muslim followers at a moment of acute political uncertainty.

This is perhaps the book's most interesting theoretical proposition. It challenges the tendency to equate charisma with irrationality. Hayat's Jinnah is simultaneously charismatic and rational. His authority is strengthened rather than weakened by his constitutionalism, strategic discipline and organizational methods. In this respect, the study is as much an intervention in the literature on political leadership as it is a contribution to the historiography of Pakistan.

From Constitutionalist to the Statesman Quaid-i-Azam

Hayat wisely avoids beginning his account in 1940, when the Lahore Resolution formally placed the demand for territorially defined Muslim political arrangements at the centre of Muslim League politics. Instead, he examines Jinnah's earlier political career in order to establish the historical evolution of his leadership.

The earlier Jinnah was deeply associated with constitutional politics and attempts to achieve Hindu-Muslim accommodation. His reputation as an advocate of communal cooperation stands in obvious contrast to later portrayals of him solely as the architect of Muslim separatism. Hayat uses this earlier phase effectively because it demonstrates that Jinnah's political development was neither abrupt nor ideologically predetermined.

The constitutional disputes of the late 1920s and early 1930s gradually exposed the difficulties of securing a political arrangement acceptable to competing communities. The controversy surrounding the Nehru Report, Jinnah's formulation of his Fourteen Points in 1929 and his participation in the Round Table Conferences between 1930 and 1932 occupy an important place in this evolution. These experiences reinforced the difficulty of obtaining safeguards that Muslim political opinion would regard as sufficient in a future constitutional system.

Hayat's treatment of this period is useful because it humanizes Jinnah without reducing his later politics to personal disappointment. Political setbacks, unsuccessful negotiations and changing constitutional circumstances gradually altered his understanding of the Muslim political problem. Yet important elements of his earlier political style remained intact. The later leader of the Pakistan Movement continued to place great importance on constitutional argument, negotiation and disciplined political organization.

The transformation was therefore not from constitutionalism to its opposite. It was more accurately a transformation in political objectives accompanied by considerable continuity in political method. This helps explain why Hayat's characterization of Jinnah as a charismatic leader does not depend upon presenting him as an emotional revolutionary. Jinnah's distinctive form of charisma developed precisely through his ability to combine extraordinary personal authority with the habits of a constitutional politician.

Crisis, Circumstances and the Muslim Political Predicament

The third chapter shifts attention away from Jinnah as an individual and towards the historical circumstances in which his leadership acquired meaning. This move is crucial because Hayat's theory would be incomplete if charisma were treated solely as a collection of admirable personal qualities.

The political position of Muslims in British India presented several interrelated problems. Questions of demographic distribution, representation, educational and economic disparities, provincial autonomy and political safeguards were complicated by the prospect of constitutional arrangements based increasingly

upon representative government. Muslims constituted a large population but remained a numerical minority at the all-India level. Their position varied considerably between Muslim-majority and Muslim-minority provinces, making a single political strategy difficult to construct.

Hayat traces these concerns through the longer history of Muslim political development, including the consequences of 1857, the educational and political initiatives associated with Sir Syed Ahmad Khan and the Aligarh movement, the development of separate electorates and the continuing search for constitutional safeguards.

Within this longer trajectory, the provincial elections of 1937 emerge as a particularly significant turning point. The political experience following those elections strengthened perceptions among many Muslims that existing constitutional arrangements might not adequately protect their political identity and interests. The period after 1937 therefore provides the immediate context in which Jinnah's leadership began to acquire an authority qualitatively different from what he had possessed before.

The importance of author's approach lies in his insistence that the crisis itself cannot explain Jinnah's success. Structural difficulties cause political confusion, but they do not establish as to who shall effectively articulate that confusion or what political outcome may result from it. A crisis comes with a possibility for emerging leadership par excellence; it does not automatically produce it.

This is where the relationship between personality and circumstance becomes central. Jinnah possessed qualities that might have remained politically insufficient under different conditions. Conversely, the crisis facing Muslim politics might have produced a different outcome had a leader capable of articulating a common response not emerged. Hayat therefore treats history as the product of an interaction rather than a single cause.

Crisis of Muslim Leadership

The analysis becomes more focused when Hayat examines the condition of Muslim leadership itself. Indian Muslim politics before Jinnah's ascendancy was not devoid of prominent personalities. Provincial politicians, landed elites, religious scholars and established political figures possessed influence within particular regions and constituencies. Yet influence at the provincial or sectional level was different from the capacity to speak convincingly for Muslims across British India. The author takes into consideration political figures like Sir Aga Khan, Sir Fazl-i-Hussain, Sikandar Hayat Khan, Maulana Abul Kalam Azad and Maulana Hussain Ahmad Madani within a broader political landscape. He does not take a dim view of these personalities but emphatically argues that none of them were successful in organizing a central Muslim political authority, or offer a political program conducive to the circumstances existing between 1930s to 1940s.

Provincial rivalries made the problem more difficult. Muslim politics in Punjab could not simply be equated with Muslim politics in Bengal, Sindh, the North-West Frontier Province or Muslim-minority provinces. Local elites had their own interests, alliances and political calculations. The challenge facing Jinnah was therefore not simply to oppose Congress or negotiate with the British. He first had to bring substantial sections of Muslim political leadership into a common organizational framework.

The Lucknow session of the All-India Muslim League in October 1937 and the Sikandar-Jinnah Pact illustrate both the opportunities and difficulties involved in this process. Jinnah could not simply command provincial politics from above. His leadership developed through negotiation, accommodation and gradual consolidation. Here Hayat's concept of charisma becomes more historically convincing. Jinnah did not emerge merely because there was a vacuum. A political vacuum can be occupied by many competing figures. His achievement was that he increasingly came to be viewed as possessing qualities that existing leaders lacked: independence from narrow provincial interests, personal integrity, strategic

patience and the ability to articulate a political position that could claim relevance across different Muslim constituencies.

The leader-follower relationship is consequently fundamental to Hayat's argument. Jinnah could not declare himself charismatic. His authority depended upon recognition by followers. A great number of Muslims began to see him as their sole spokesman and this consideration strengthened the negotiating and political position of Mr. Jinnah and this, in turn, elevated the confidence of his followers. Leadership and following developed together.

The Lahore Resolution and a New Political Direction

The Lahore Resolution of March 1940 occupies a pivotal position in any history of the Pakistan Movement, and Hayat approaches it through the framework he has already established. By this stage, the political crisis had deepened, the limitations of earlier constitutional arrangements had become increasingly apparent to the Muslim League, and Jinnah had consolidated a significant degree of authority within Muslim politics.The importance of the Lahore Resolution lies not only in its constitutional implications but also in its capacity to give direction to Muslim political mobilization. The Resolution translated dissatisfaction and uncertainty into a political objective centred upon Muslim-majority regions and sovereignty.

Hayat rejects the interpretation that the Pakistan demand should be understood merely as a bargaining device designed to extract concessions within a united India. In his reading, the demand increasingly represented a substantive political response to what Jinnah and the League regarded as the fundamental constitutional problem of Muslim India. At the same time, the precise meaning and territorial form of Pakistan remained subjects of political development and negotiation. This is an area in which Hayat's emphasis on leadership proves useful. Political movements do not necessarily begin with fully developed constitutional blueprints. Leaders articulate broad objectives, mobilize constituencies and then negotiate institutional arrangements under changing circumstances. The effectiveness of the Pakistan demand lay partly in its ability to provide an intelligible political destination without requiring every constitutional detail to be resolved immediately.

The demand also strengthened the charismatic relationship described by Hayat. Jinnah increasingly appeared not merely as a spokesman protesting against existing arrangements but as a leader offering viable alternative. In moments of crisis, the capacity to identify a solution can be as important as diagnosing the problem. Pakistan became the "formula" around which Jinnah could organize Muslim political aspirations.

From Personal Authority to Political Organization

Perhaps the most analytically rewarding part of Hayat's study is his discussion of the transformation of the All-India Muslim League. If Jinnah's achievement had depended exclusively upon personal popularity, the claim that his charisma contributed decisively to Pakistan would remain incomplete. Political movements require institutions capable of translating support into organization, electoral strength and negotiating power. During the 1940s, the Muslim League developed from a relatively restricted political organization into a much broader mass movement. Party organization expanded, provincial networks became increasingly important, public meetings and political conferences were used to communicate the League's programme, and the press became an important means of political mobilization.

The author interprets this development as evidence of the rational dimension of Jinnah's charismatic leadership. Mr. Jinnah did not rely upon emotional identification alone. He understood the importance of organization. Personal authority could attract supporters, but those supporters had to be incorporated into a functioning political institution if their enthusiasm was to produce durable political consequences.

The elections of 1945–46 were a crucial test. The Muslim League's electoral performance gave it a powerful basis for claiming representative authority among Muslim voters. Electoral success transformed the League's political position in subsequent constitutional negotiations and strengthened Jinnah's claim to speak on behalf of Muslim IndThis organizational dimension also enables Hayat to develop his argument about the institutionalization, or routinization, of charisma. Charismatic authority is often considered inherently unstable because it depends heavily upon the continued presence of an extraordinary individual. Hayat argues that Jinnah succeeded, at least to an important degree, in transferring some of his personal authority to the Muslim League itself. For many followers, the League increasingly became inseparable from Jinnah and from the political objective he represented.

This is an important theoretical contribution. It suggests that charismatic leadership need not be hostile to institutional development. Under certain conditions, personal authority can be used to create or strengthen organizations capable of pursuing the leader's political programme. In Jinnah's case, charisma and organization did not operate as opposites; each reinforced the other.

Negotiation, Strategy and the Final Constitutional Struggle

The final stage of Hayat's argument examines the constitutional negotiations that preceded independence. The Cripps Mission of 1942, the Simla Conference of 1945, the Cabinet Mission Plan of 1946 and the negotiations culminating in the Partition Plan of 3 June 1947 form the political setting in which Jinnah's leadership was subjected to its most difficult tests. These episodes demonstrate another feature of Hayat's interpretation: Jinnah's political firmness did not exclude tactical flexibility. His leadership depended upon maintaining a distinction between fundamental objectives and negotiable arrangements. The Cabinet Mission Plan illustrates this particularly well. The plan proposed a complex constitutional arrangement involving a union and groups of provinces. Jinnah initially accepted the proposal, but subsequent disagreements, particularly concerning its interpretation and the position adopted by Congress, eventually made the arrangement unacceptable to the League.

For Hayat, such episodes demonstrate political strategy rather than inconsistency. A leader committed to an ultimate objective may still consider alternative constitutional mechanisms if they appear capable of protecting the essential interests represented by that objective. Jinnah's authority among his followers enabled him to manoeuvre within negotiations without immediately losing their confidence. This point is particularly relevant to Hayat's theory of charisma. Charismatic authority is sometimes imagined as depending upon uncompromising ideological rigidity. Jinnah's case suggests otherwise. His followers continued to place confidence in him partly because they believed that tactical flexibility would not result in surrender of the fundamental objective.

By 1947, Jinnah's political position had therefore been transformed from that of one prominent Muslim politician among several into that of the undisputed central figure of the Muslim League's demand for Pakistan. The Partition Plan opened the way for independence, and Pakistan emerged on 14 August 1947. In Hayat's interpretation, this represented the culmination of the relationship among crisis, leadership, followers and political organization that had developed during the preceding decade.

Theoretical and Historiographical Contribution

The principal scholarly strength of The Charismatic Leader is that it does more than narrate these events. Hayat attempts to explain them through a coherent analytical framework. This distinguishes the book from studies that either concentrate overwhelmingly on Jinnah's personality or subordinate individual agency almost entirely to structural forces. Neither extreme is entirely satisfactory. Historical structures constrain political actors, but they do not make decisions by themselves. At the same time, individuals do not operate independently of institutions, social forces or historical circumstances. Hayat's personality-situation synthesis provides a useful middle ground.

The author's treatment of charisma is particularly valuable because it avoids reducing leadership to personal magnetism. The follower plays an indispensable role. A leader becomes charismatic only when followers recognize extraordinary authority and accept the leader's proposed solution to their crisis. This makes charisma relational rather than merely personal. The book also makes a significant contribution by connecting charisma with institutionalization. Jinnah's political authority became consequential because it was translated into an increasingly effective Muslim League. This allows Hayat to explain not merely why Muslims followed Jinnah but how that following acquired institutional and electoral expression.

This assessment rightly identifies three interconnected contributions in Hayat's treatment of charismatic leadership: his connection between charisma and institutionalization, his challenge to the assumption that charismatic leadership is necessarily irrational, and his synthesis of personal qualities with situational circumstances. These three elements distinguish the book from a straightforward political biography.

Sources, Style and Presentation

Another strength is Hayat's effort to maintain an analytical rather than polemical tone. The subject is one on which historical writing can easily become entangled with national narratives and retrospective political arguments. Hayat clearly regards Jinnah's leadership as decisive, but he attempts to establish that importance through a theoretical and historical argument rather than relying simply upon patriotic assertion.

The second edition also benefits from Hayat's engagement with a range of primary and secondary material and from his incorporation of more recent scholarship. The supplied assessment of the volume notes both the breadth of sources and the revised references of the second edition. This gives the study a stronger scholarly foundation and enables it to speak both to readers interested in Jinnah and to those concerned with wider questions of leadership. The prose is generally accessible despite the theoretical nature of the opening discussion. Readers unfamiliar with Weberian sociology may initially find the conceptual vocabulary demanding, but the subsequent historical chapters give practical meaning to the theory. As the narrative progresses, concepts introduced at the beginning become easier to recognize in Jinnah's relationship with Muslim political circumstances, the League and his followers.

Areas for Further Reflection

A strong book need not answer every question, and several aspects of Hayat's study invite further exploration. The first concerns the very success of its central thesis. Because the book is designed to demonstrate the relationship between Jinnah's qualities and the crisis confronting Indian Muslims, the narrative naturally tends to emphasize evidence that fits this model. Greater attention to moments when Jinnah's authority was resisted, contested or interpreted differently by Muslim constituencies could have tested the charismatic framework more rigorously. Indian Muslims were not a socially or politically homogeneous community. A Muslim landowner in Punjab, an urban professional in a minority province, a Bengali peasant, a religious scholar and a Muslim student could support the League for different reasons. The recognition of Jinnah's leadership therefore did not necessarily imply identical understandings of Pakistan or identical motivations for political support.

A deeper exploration of these variations would enrich the leader-follower dimension of Hayat's theory. If followers are essential to charisma, their voices deserve as much analytical attention as the qualities of the leader. The second limitation follows from the book's focus on high politics. Constitutional negotiations, elite leadership, party organization and major political events necessarily dominate the analysis. Consequently, the everyday social processes through which the Pakistan demand reached ordinary Muslims remain somewhat less developed. Local political networks, class interests, economic expectations, regional cultures and grassroots activism might complicate, but also strengthen, the explanation of how Jinnah's authority was experienced outside formal political institutions.

The supplied review similarly observes that readers might wish for greater attention to the social and economic dimensions of mobilization and to the everyday experiences of ordinary Muslims. This is a reasonable qualification rather than a fundamental weakness because Hayat's declared subject is leadership, not a comprehensive social history of the Pakistan Movement.

A third question concerns chronology. The book culminates with the creation of Pakistan in 1947, which is entirely logical given its central argument. Yet independence also creates a fascinating theoretical problem. Charismatic leadership is particularly powerful in situations of crisis. What happens when the political objective around which charisma has been constructed is achieved? Jinnah's transition from leader of a movement to Governor-General of a new state would provide a valuable test of Hayat's theory. State-building requires bureaucracy, constitutional structures, administrative routines and institutional authority of a different kind from mass political mobilization. The relationship between Jinnah's charismatic authority and the institutions of the new Pakistani state therefore remains an important avenue for subsequent research. Indeed, the first supplied review itself identifies this as a question opened, rather than settled, by Hayat's study.

Overall Assessment

The Charismatic Leader is ultimately a study of political agency. Its central achievement lies in restoring leadership to the explanation of Pakistan's creation without pretending that leadership operated independently of historical circumstances. Hayat does not ask the reader to choose simply between the "great man" interpretation of history and structural explanations. He demonstrates how an individual becomes historically consequential through interaction with circumstances, followers and institutions.

Hayat's concept of charisma is therefore more sophisticated than the term may initially suggest. It does not mean simply that Jinnah was admired. Nor does it imply that Muslims followed him because of emotional attachment alone. Charisma, in this account, arose when followers increasingly believed that Jinnah possessed an exceptional ability to understand their predicament, articulate their political interests and guide them towards a viable solution. The transformation of the Muslim League is crucial to this interpretation. Jinnah's leadership acquired historical force because personal confidence was translated into organization, electoral support and negotiating authority. By linking charisma to institution-building, Hayat demonstrates that extraordinary leadership and rational political organization can coexist.

The book also reminds readers that political outcomes cannot always be explained satisfactorily after the fact by treating them as inevitable. Pakistan did not emerge from the constitutional aberrations of British India. Political leaders made choices; leaders with competing ideas provided different solutions, institutions advanced, negotiations succeeded and failed while public alliances fluctuated. Jinnah's role matters precisely because he acted within these uncertainties rather than after their outcome was known.

There are points at which the theoretical framework could have been tested more critically against dissenting Muslim voices and regional variations. The social foundations of mass support could also have received fuller attention. Nevertheless, these limitations identify directions for further scholarship rather than undermining the book's principal argument.

Mr. Hayat has authored a seminal work that acts as political history, leadership study and interpretation of the Pakistan Movement simultaneously. The uniqueness of this work does not lay in divulging shrouded historical events but in giving readers a thought to review known events differently. The Round Table Conferences, the crisis following the 1937 elections; the Lahore Resolution, the organizational expansion of the Muslim League, the elections of 1945–46, the Cabinet Mission and the final negotiations of 1947 provide a more comprehensive meaning when they are reconsidered as being the stages in the establishment of relationship between a leader and his ardent followers.

For students of Pakistan's history, the book provides a thoughtful explanation of why Jinnah became indispensable to the Muslim League during the final decade of colonial rule. As regards the students interested in the discourse of political leadership, it offers them a case in point showcasing how charisma can be molded into an orderly conduct. For a general reader it gives a reminder that leadership is not an outcome of personal charisma or a consequence of particular conditions.

The most fascinating thing of The Charismatic Leader lies in the balance. Mr. Hayat does not detach Mr. Jinnah from his historical environment and also does not let this environment to dismiss Mr. Jinnah as politically irrelevant figure. The subsequent figure reflects a political leader whose personal qualities were of immense significance as they were in sync with the political circumstances at that point in time.

Against this backdrop, the birth of Pakistan was not a consequence of constitutional altercation. It was also the outcome of a remarkable process of political mobilization in which leadership helped transform uncertainty into a programme, a programme into an organized movement, and that movement into a demand capable of reshaping the political geography of South Asia. Whether every aspect of Hayat's charismatic model is accepted or not, his study succeeds in making the role of leadership impossible to treat as incidental. That is the book's most important contribution and the principal reason why The Charismatic Leader remains a valuable work for understanding Mohammad Ali Jinnah, the Pakistan Movement and the wider relationship between political leadership and historical change.

OPINION

Revisiting the National Finance Commission Award: Challenges and Reform

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1. INTRODUCTION:

Pakistan's constitution establishes a federal system in which financial matters are divided into two tiers of government. Every year, the bulk of tax revenue is collected by the federal government of Pakistan, while the provincial governments also collect certain taxes within their constitutional jurisdiction. Federal government bears major expenditures on debt servicing and national defense, while provinces are responsible for delivering services such as health, education, maintaining law and order, and policing, creating a structural dependence of provinces on federal transfers. The National Finance Commission (NFC), established under Article 160 of the constitution, is the institution responsible for the vertical distribution between the federal government and provincial governments and horizontal distribution among the provincial governments.[1]

The 7th NFC Award of 2009, which took effect in July 2010 alongside the 18th Constitutional Amendment remains in force today, despite the constitutional requirement under Article 160 that a new award be finalized every five years[2]. The federation and the provinces have been unable to agree on a new NFC award for over fifteen years, meaning the country has been governed by a formula far older than its drafters intended. Discussions on the proposed 11th NFC Award, ongoing since last year, have reopened debate over whether the current NFC framework addresses Pakistan's fiscal challenges. Critics argue that the current revenue sharing framework cannot create enough incentives for revenue generation, fiscal responsibility, and efficient public spending. The attention to this debate has also been highlighted by the World Bank's 2026 report, *Strengthening Fiscal Federalism in Pakistan.*[3]
This paper examines the key challenges of NFC framework and explores best reform options to strengthen fiscal federalism in Pakistan.

2. Background:

2.1. Evolution of the NFC Award:

After independence, the first revenue distribution award came into effect in April 1952, popularly known as Raisman Award, named after Sir Jeremy Raisman, who headed the committee,[4] followed by awards in 1961-62, 1964, 1970. The 1973 constitution formally established the National Finance Commission (NFC), produced 1st NFC award in 1975. It set a fixed ratio of 20% for the federal government and 80% for the provinces, distributed among provinces based on population. The 1979 and 1985 commissions collapsed, however the 1991 award secured the four provinces agreements granting provinces natural-resource royalties. The 1997 NFC award expanded the divisible pool to include custom duties, royalties, and development surcharges. After a long deadlock, the 7th NFC Award finalized in 2009, took effect from July 2010 introducing poverty and revenue effort criteria along with population.

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[1] Government of Sindh, Finance Department, "National Finance Commission (NFC), https://finance.gos.pk/ResourceDistribution/NFC.
[2] *The Constitution of the Islamic Republic of Pakistan*, 1973, Article 160.
[3] World Bank, "Pakistan: Strengthening Fiscal Federalism to Drive Development," press release, July 1, 2026, https://www.worldbank.org/en/news/press-release/2026/07/01/pakistan-strengthening-fiscal-federalism-to-drive-development.
[4] PIDE, *National Finance Commission Awards in Pakistan: A Historical Perspective,(Islamabad , 2007) 3,* https://mpra.ub.uni-muenchen.de/5249/1/MPRA_paper_5249.pdf.

2.2. Constitutional Framework:

Article 160 provides the constitutional foundation for Pakistan's fiscal federalism. It requires the President to constitute the National Finance Commission at intervals not exceeding five years. The Commission includes representatives, Federal finance minister from the federation and provincial finance ministers from provinces, and other members appointed by the President after Consultation with the provincial governments. Following deliberations, the Commission submits recommendations regarding the distribution of revenues from the divisible tax pool and grants-in-aid to the provinces.[5]

The 18th amendment provides the constitutional safeguard that the share of provinces in divisible pool cannot be reduced below the share allocated under the previous NFC Award without provincial consent.[6] *The* Council of Common Interests (CCI) is an imperative constitutional mechanism established under Article 153 for resolving the conflicts between the federation and provinces, led by the Prime Minister, and comprised of the Chief Ministers of the Provinces and three members from the Federal Government. Regular meetings of the CCI are therefore essential for maintaining effective intergovernmental coordination.[7]

2.3. 7th NFC award and 18th Constitutional amendment:

The 7th NFC Award, signed in December 2009 and implemented from the year 2010, is the most significant milestone in Pakistan's fiscal federalism. Unlike previous Awards, which relied entirely on population, the Seventh NFC introduced a multi-criteria distribution formula. Population retained the largest weight (82 percent), but additional criteria— including poverty and backwardness (10.3 percent), revenue collection and generation (5 percent), and inverse population density (2.7 percent)— were incorporated to address longstanding concerns raised by smaller provinces.[8]

Equally important was the large rise in the provincial share of the divisible tax pool. Provinces began receiving **57.5 percent** of divisible pool revenues after 7th NFC award, significantly strengthening provincial fiscal capacity. Along with the Eighteenth Amendment, which transferred a large number of legislative and administrative functions from the federation to the provinces, the Seventh NFC changed Pakistan's model of fiscal federalism by taking provincial autonomy to an unprecedented level.[9]

3. Challenges in current Award:

Yet although reforms in 7th NFC Award have strengthened the provincial governments, they have also created new problems. Even though they received a relatively smaller portion of the revenues, the federal government still had to take on the huge responsibilities of servicing the debt, defence spending, paying pensions, and carrying out national development projects. This imbalance has led to greater fiscal pressures on the federal government and is now one of the main reasons for considering a review of the existing NFC framework. Declining tax revenues, increasing climate-related expenditures, and continuous intergovernmental disagreements have exposed structural weaknesses in current framework. Now revisiting the NFC Award has become a constitutional necessity for ensuring sustainable fiscal federalism. Furthermore, due since no new consensual NFC Award has been established after 2010,

[5] Government of Pakistan, *Constitution of the Islamic Republic of Pakistan, 1973*, Article.160, https://www.finance.gov.pk/NFC_cons.html.

[6] Government of Pakistan, *The Constitution (Eighteenth Amendment) Act, 2010 (Act X of 2010)*, National Assembly of Pakistan, National Assembly of Pakistan.

[7] Pakistan, *Annual Report of the council of common interests (2023-2024)*, 2.

[8] Government of Pakistan, *Report of the National Finance Commission Award 2009* (Islamabad: Finance Division, Government of Pakistan, 2010), 16–26, NFC Report 2009 (PDF).

[9] Ministry of Finance, Government of Pakistan, *Biannual Monitoring Report on the Implementation of the 7th NFC Award (July–December 2012)* (Islamabad: Finance Division, 2013), 1–5, Biannual Monitoring Report on the Implementation of the 7th NFC Award.

especially due to rise in polarized politics since 2014-15, Pakistan has kept on relying on a fiscal arrangement that was designed for a completely different economic situation. These issues are at the heart of the current debate about reforming the NFC.

3.1. Vertical Fiscal Imbalance:

One of the main problem in existing NFC award is vertical fiscal imbalance between the federal government and the provinces. Vertical fiscal imbalance means mismatch between the expenditure responsibilities and the revenues available to finance those responsibilities.[10] After the 7th NFC Award around 57.5% share of the divisible pool is given to provinces. With the remaining 42.5% share in divisible pool federal spends on defence, debt servicing, foreign affairs, pensions, national infrastructure, and several nationwide development program. These responsibilities have continued to expand while the federal share of divisible revenues has remained comparatively constrained, which triggers federal fiscal deficit.

Despite that the concurrent list has abolished in 18th amendment and subjects have devolved to provinces yet the federal government has continuously spent in the devolved area of social security and poverty alleviation by enhanced spending of the Benazir Income Support Program that is the primarily responsibility of province seeing devolution in working parliamentary democracies. Over Rs637 billion has been spent by the federal government on devolved areas in the fiscal year 2023-24[11]. This overlapping helps in increasing the fiscal imbalance and blurs the accountability. According to the recent World Bank report:

> *"Provincial revenues, including federal transfers, rose from less than 4 percent of gross domestic product (GDP) to an average of 6.5 percent over fiscal year 2010 (FY10) to FY24, but federal expenditures did not adjust commensurately. The loss in federal revenues from transfers (1.9 percent of GDP) was roughly equivalent to the increase in federal primary deficits post-devolution (1.7 percent of GDP)".*[12]

Without reform, current distribution mechanism continue to put more fiscal pressure on the federation.

3.2 Weak Horizontal Division Formula:

Horizontal formula through which revenue is divided among provinces is based on multiple criteria. According to last NFC Award 82% of weightage given to population,[13] making it the overwhelmingly dominant criteria. Critiques say it undermines the population control effort as just 2.7% on inverse population density and 10.3% is allocated on the basis of poverty, that is very low. Similarly, 5% on revenue generation that discourages provinces from expanding revenue generation efforts.

The current formula provides relatively limited incentives for provinces to improve tax collection. Since provincial revenues continue to depend on federal transfers, incentives for expanding provincial taxation remain comparatively weak. The formula may be adjusted and improved so that it is based on current and actual need of today in addition to be performance based so that it encourages positive competition amongst provincial governments to deliver better.

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[10] Robin Boadway and Anwar Shah, *Fiscal Federalism: Principles and Practices of Multiorder Governance* (Cambridge: Cambridge University Press, 2009), 28–34.

[11] Abdullah Khalid, Maheen Rehan, and Saad Ali Ahmed, *Strengthening fiscal federalism in Pakistan:A road map for reforming National Finance Commission Award* (Islamabad: Sustainable Development Policy Institute,2025).

[12] World Bank, *Pakistan: Strengthening Fiscal Federalism to Drive Development,* (July 10,2026), 2 https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099060626042014186.

[13] Government of Pakistan, *Report of the National Finance Commission Award 2009*, 16–22.

3.3. Weak local government tier:

One of the less discussed but significant challenges associated with Pakistan's National Finance Commission (NFC) Award is the weak fiscal position of local governments. The Constitution of Pakistan, under **Article 140A**, requires provinces to establish elected local governments and devolve political, administrative, and financial responsibility to them.[14] However, implementation has been inconsistent across provinces. Local governments in Pakistan are still weak financially and institutionally below the provincial level.

The Provincial Finance Commissions (PFCs), which are supposed to reflect the NFC at the provincial-to-local level, are not always representative, and transfers to local bodies are often formula-free and irregular. This means that the fiscal space that is handed over to the provinces often remains at the provincial level without a trustworthy transfer to the municipal and district level, which is the considered to citizens. It is imperative according to numerous independent analysts and social scientists who emphasize that clearly responsibilities such as running schools, district hospitals and Basic Health Units, local roads, sanitation, and fire safety must be devolved to elected local bodies along with provision of adequate funds through the PFC on annual basis. There is need for political parties to reflect objectivity and with open heart to have a comprehensive Constitutional Provision on Local Government with mandatory PFC distributions to districts along with key roles defined for local governments. It goes without saying that performance of provincial governments with regards to school education, especially following of merit in recruiting teachers, provision of any appreciable education environment at campuses as well as standards of examinations, imply serious soul searching and imperative corrective measures. Schooling can simply be devolved to local governments so that it remains in due watch of the people without fail. Same is the case for basic health units.

3.4. 7th NFC Stalemate:

Article 160 of the Constitution expects the President to constitute National Finance Commission every five years.[15] It is to make sure that resource distribution remains responsive to changing demographic, economic, and developmental realities. Despite this constitutional duty, Pakistan has failed to reach consensus on the Eighth, Ninth, and Tenth Award as 7th NFC Award continues to govern federal-provincial financial relations. The failure to reach consensus and intergovernmental agreement amongst federal and provincial governments is a major challenge to ensure regular awards.

4. Disagreement over the Resource Distribution Formula:

The main reason behind the failure of Pakistan to agree on a new National Finance Commission (NFC) Award is the continuing dispute among the provinces about the principles of horizontal distribution of resources. The Seventh NFC Award— introduced a new formula to replace the population-only formula of the previous award— still gave population 82 percent weighting in provincial shares. Demographic size is generally the preferred choice of bigger provinces for retaining population as the major criterion, whereas the smaller provinces consistently claimed that poverty, inverse population density, revenue generation, geographical area, climate vulnerability and development disparities should be given a weightage. This is indicative of the wider issue of the tension between the principle of equality of the federating units enshrined in the Constitution and the issue of inequalities among the regions. In any changes to the distribution formula, provincial revenues are inevitably impacted, and thus such changes have historically been politically charged and difficult to reach consensus.[16]

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[14] Constitution of the Islamic Republic of Pakistan, 1973, art. 140A; Government of Pakistan, *The Constitution (Eighteenth Amendment) Act, 2010* (Islamabad: National Assembly of Pakistan, 2010).

[15] *The Constitution of the Islamic Republic of Pakistan*, 1973, Article 160.

[16] Government of Pakistan, *Report of the National Finance Commission Award 2009* (Islamabad: Finance Division, 2010), 16–24.

4.1.1. Khyber Pakhtunkhwa Constitutional Petition:

In July 2026, the Government of Khyber Pakhtunkhwa had filed a Constitutional Petition in the Federal Constitutional Court (FCC) against the continued application of the Seventh NFC Award after the merger of the former Federally Administered Tribal Areas (FATA) with Khyber Pakhtunkhwa province under the Twenty-fifth Constitutional Amendment. The provincial government said that Khyber Pakhtunkhwa has seen a significant population growth, geographical expansion and administrative burden as a result of the merger, however, its share in the NFC Award continues to be calculated based on pre-merger figures. According to the petition, this has led to an estimated loss of Rs964 billion in the fiscal, and has violated the constitutional rule that fiscal resources should match governmental responsibilities.[17]

The petition also asks the Constitutional Court whether the Federation can continue implementing an old NFC Award that has not been constitutionally framed as specified in Article 160. Additionally, it aims to get a clarification from the court if the President is bound under Article 160(6) of the Constitution to update the NFC Order in the event of any substantial constitutional and demographic shifts. The case highlights the increased constitutional dimension of the ongoing NFC deadlock, and that the unresolved intergovernmental fiscal disputes are seeing an unwanted expanding trend to be resolved in the courts. Instead of using constitutional dialogue and democratic consultations, stakeholders are looking for judicial interpretation regarding the interpretation of the fiscal framework prescribed by the Constitution of Pakistan.[18]

4.2 Institutional Paralysis and Weak Intergovernmental Coordination:

The Council of Common Interests (CCI) under Articles 153 and 154 in the Constitution is the main constitutional body to solve the problems between the federation and the provinces. The CCI shall convene at least once in every 90 days under Article 154 to keep continuous coordination on issues of common interest going. In practice, however, these meetings have often been postponed or unscheduled, missing chances to have meaningful discussion on complex fiscal questions. Regular institutional engagement as required by Constitution has been lacking, leading to a lack of trust between the federation and the provinces, and the issue of finances has been more and more politicized than settled through dialogue and parliamentary acumen. As a result, we've failed to finalize a new NFC Award for over 10 years, mainly due to political polarization and paralysis.

5. Reform Recommendations for Revisiting the NFC Award:

The difficulties faced by the present National Finance Commission (NFC) Award point to the need for reforms within the current framework of finance to reflect the changing political, constitutional, and economic landscape in Pakistan. But the return to the NFC Award does not mean that the progress made under the Seventh NFC Award and the Eighteenth Constitutional Amendment in terms of provincial autonomy is being undermined.

Rather, reforms should aim at improved equity, fiscal sustainability, institutional coordination and constitutional compliance. A revised NFC Award must, therefore, seek a balance between the federal government's financial requirements and the provincial government's responsibilities and role of locally devolved districts, to enhance the effectiveness of intergovernmental fiscal relations.

[17] Khaleeq Kiani, "KP Moves FCC over Rs964bn in NFC Dues," *Dawn*, July 21, 2026.
[18] "KP Moves Constitutional Court over NFC Share, Seeks Post-FATA Merger Fiscal Rights," *Pakistan Today*, July 20, 2026.

5.1. Restoring Fiscal Balance Between the Federation and Provinces:

Vertical fiscal imbalance between federation and provinces should also be addressed in the fiscal framework of Pakistan. The provincial government is allocated a larger share of these revenues (divisible pool revenues) since the implementation of the Seventh NFC Award while the federal government remains responsible for financing defence, debt servicing, foreign affairs, pensions and other national obligations including facing the threats of conflict, terrorism, global climate change and need of strategic projects such as immediate building of dams, and new lines for railways and motor ways.

NFC negotiations should thus review the allocation and spending responsibility issue in the future as a means of ensuring that the financial resources of all the three (03) tiers of government are sufficient to enable them to carry out their constitutional responsibility.[19] Federal government may stop spending in the devolved areas already given to provinces in 18th amendment as it creates fiscal burden on federal government. International Monetary Fund (IMF) has repeatedly demanded that the federal government transfer the financial responsibility of BISP to the provinces to reduce the federal fiscal deficit.[20] The review should be done by consensus and not by the one will, so that the spirit of cooperation and unity of Pakistan is kept alive.

5.2. Revising the Resource Distribution Formula:

5.2.1. Introduce population control effort indicator:

Next reform option is in the horizontal distribution of revenue among provinces. Current award focuses mainly on population (82%) when allocating and distributing revenue among provinces. Population itself is a major problem and government is trying to control.[21] When finances are divided on population criteria, it implies more population-more money. Provinces should be incentivized on basis of population-control effort.

5.2.2. Introduce poverty reduction indicator:

As in existing award, there is 10.3% for poverty and backwardness. Provinces specially KPK is getting a large share through this indicator. This indicator is although fruitful for underdeveloped regions but provinces do a little effort to reduce the poverty. There should be some share for provinces in divisible pool on the basis of poverty-reduction effort. Human Development Indicator (HDI) is suggested as another criteria to be added to the NFC Award to encourage the distribution of resources to be more equitable among provinces. HDI is developed by the United Nations Development Program (UNDP) and it calculates development by three indicators: health, education and income. The addition of HDI to the NFC formula would allow for more fiscal transfers to less developed provinces to enhance public services and mitigate regional disparities. Latest Human Development Report of the UN Development Program shows Pakistan rank 168 out of 198.[22]

5.2.3. Increase Revenue Generation share:

Revenue generation share should be increased from 5%. This little share discourages the revenue generation effort of provinces. Punjab Revenue Authority collected over Rs 367 billion in FY 2025-26, which is increase of 37% in taxes amounting Rs 97 billion more than the Rs 270 billion collected in FY

[19] World Bank, *Pakistan Public Finance Review: Towards Sustainable Fiscal Federalism* (Washington, DC: World Bank, 2026); International Monetary Fund, *Pakistan: 2024 Article IV Consultation and Request for an Extended Arrangement under the Extended Fund Facility—Staff Report* (Washington, DC: International Monetary Fund, 2024).

[20] Shahbaz Rana, "Federal govt to spend $300m more on BISP," *The Express Tribune,* November 17, 2024, https://tribune.com.pk/story/2510086/federal-govt-to-spend-330m-more-on-bisp.

[21] Ikram Junaidi, "Govt Pins Hopes on Field Marshal Munir to Tackle Population Crisis," *Dawn*, July 10, 2026.

[22] United Nations Development Programme (UNDP), *Human Development Report 2025* (New York: UNDP, 2025).https://hdr.undp.org/data-center/specific-country-data#/countries/PAK.

2024-25. Similarly, Govt of KPK also saw an increase from Rs 51.56 bn in 2024 to around Rs 130 bn in 2025-26. Sindh collected 20.17% more tax in FY 2025-26 compared to FY 2024-25 while Balochistan continues to collect Rs 124 bn in local revenue generation. Therefore, Revenue Generation must also have proportionate increased share in divisible pool. Providing a greater weight to revenue generation and tax effort encourage provinces to enhance their own source revenues. It reduces the dependence on the federal transfer, and promote greater fiscal responsibility. Despite some economic resilience, global fiscal deficits remained elevated at around 5.0 percent of GDP in 2025, while public debt increased further to about 94 percent of GDP. According to Finance Division sources, from July 2025 to March, 2026, Federal government tax collection saw an increase of 10.1% through FBR while provinces generated increase of 25.8% in tax revenues so if given an encouragement provinces can contribute more in revenue generation for the country. Meanwhile FBR has till date failed miserably to tax hundreds and thousands of retailers, who remain out of tax-net besides making huge profits, in addition to private practisioners in doctors and lawyers.

5.2.4. Inverse population density:

Inverse Population Density (IPD) is a fiscal distribution criterion that is applied to low-density areas with large land area. The concept is that governments in low-density areas spend more per capita on providing public goods and services like roads, schools, hospitals, policing, etc. and administrative services. Balochistan demands to increase the inverse population density share from 2.7% to 15% in horizontal distribution formula, which must also be considered.[23]

5.4. Empower local government:

Financial empowerment of local government is essential for meaningful fiscal decentralization. Constitutionally, provinces are required to create elected local governments with administrative and financial autonomy (Article 140A), but this has not been fully achieved. Future NFC reforms should encourage provinces to fulfill compliance on Provincial Finance Commissions (PFCs) without fail to develop transparent and predictable mechanisms for transferring financial resources to local governments at the district level. Better local government would result in better public service delivery, more democratic participation, and better citizens' benefits from fiscal decentralization at the grassroots.[24]

5.3. Strengthening Constitutional Institutions:

Failure to reach a conclusion on the new NFC Award is a reminder of strengthening the constitutional machinery for coordination across the government tiers. The Council of Common Interests (CCI) must be an effective forum for ongoing communication between the federation and the provinces, and not just one that is activated when there is a political disagreement. Meetings should be regular, decisions should made in time, and implementation efforts followed up regularly. Likewise, there must be a permanent technical secretariat to the National Finance Commission to provide fiscal analysis and data collection, conduct negotiations, and have reliable data. Enhancing the functioning of these institutions would help to decrease political uncertainty and to better inform policy decisions.[25]

[23] Jamal, Nasir. "Balochistan to Push for Key Changes in NFC Award Formula." *Dawn*. March 24, 2019. https://www.dawn.com/news/1471533.

[24] Constitution of the Islamic Republic of Pakistan, 1973, Article. 140A; World Bank, *Pakistan Public Finance Review: Towards Sustainable Fiscal Federalism* (Washington, DC: World Bank, 2026).

[25] Constitution of the Islamic Republic of Pakistan, 1973, Articles. 153–160; Ishrat Husain, *Governing the Ungovernable: Institutional Reforms for Democratic Governance* (Karachi: Oxford University Press, 2018), 161.

5.4. Continue the process of NFC awards:

The governments should strictly observe Article 160 to form the National Finance Commission every five years, so as to avoid such delays. If the NFC deliberations are completed on time, then the distribution of resources will be able to adjust to the changing demographic, economic and constitutional situation and will make few chances for political differences and constitutional disputes. A clear timetable for negotiations and Award publication would reinforce transparency and constitutional integrity.[26]

6. Conclusion:

The National Finance Commission (NFC) Award is the most fundamental document, which sets out the rules regarding the distribution of financial resources between the federation and the provinces. The Seventh NFC Award has given significant boost to fiscal decentralization and a more inclusive distribution formula for the NFC Awards, but there has not been an Award since 2010, which has raised important constitutional, political and fiscal issues. Pakistan's fiscal federal framework has not continued due to the inability to agree on distribution formula, the rising vertical fiscal imbalance, poor intergovernmental coordination, and financially weak local governments.

Revisiting the NFC Award should be viewed as an opportunity to modernize Pakistan's fiscal federalism rather than diminish provincial autonomy. A revised Award should contribute to equitable distribution of resources, improve institutional coordination, increase provincial revenue mobilization and ensure regular constitution of the NFC as per Article 160 of the Constitution. In the end, the NFC along with respective PFC Awards need to be transparent, consensus-driven and updated regularly as Constitutional responsibility, to make the annual budgets more resilient, and to foster a more inclusive, consultative and democratic national development effort in Pakistan.

[26] Constitution of the Islamic Republic of Pakistan, 1973, Art. 160; Government of Pakistan, *Report of the National Finance Commission Award 2009* (Islamabad: Finance Division, 2010).



Peshawar: 8th Sept 2026 - Group photo of Hon Speaker Babar Saleem Swati with participants of PIPS two weeks 2nd Mandatory Promotional Course for BS16-17 officials of Provincial Assembly of Khyber Pakhtunkhwa.



Sep., 2-3, 2026: Group photo of participants of Two-Day Training on "Parliamentary Procedures: The Powers and Functions of Committees and Responding to Parliamentary Questions" Government Officers (BPS 17–19).



Sep., 3, 2026: Group photo of participants at a two-day Orientation Programme for Newly Elected Honourable Members of the Gilgit-Baltistan Assembly.

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