

Victory for democracy

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The 7th National Finance Commission (NFC) Award has been adopted with the consensus of all four provinces. It is a unique example in the history of the country. The credit must go to the democracy, the magnanimity of the federal government and the tolerance of the provinces. Whereas, the federal government has agreed to allocate additional resources to the provinces from the divisible pool, the provinces have shown flexibility to accommodate each other's point of view. The requirements of smaller provinces have been specifically addressed. The winner is the consensus approach adopted by the PPP leadership.

The formula and criteria ironed out diligently and agreed upon include population, backwardness (poverty), revenue (generation and collection having equal weight) and inverse population density. The federation displayed an unprecedented generosity by increasing the provinces' share under the vertical distribution of funds from the divisible pool to 56 percent in the first year of the award (2010-11) and to 57.5 percent during the remaining period of the five-year award. The share of provinces in the pool is 47.5 percent under the existing (sixth) NFC award. The centre also agreed to reduce collection (of taxes) charges to just one percent from the existing five percent. This will increase actual transfers to federating units to more than 60 percent from the next fiscal.

This is also for the first time in the country's history that the provinces, particularly Punjab, have agreed to share funds from the federal tax pool on the basis of multiple criteria instead of population as the sole criteria for horizontal distribution.

The smaller provinces had been demanding inclusion of criteria other than population for horizontal distribution since 1980s, but Punjab resisted the demand for 29 long years. Population carried a weight of 82 percent in the horizontal distribution formula, backwardness 10.3 percent, revenue five percent and inverse population density 2.7 percent in the new formula which, all strongly believe, will serve as the guiding principle for the future awards for decades.

After implementation of the award, the percentage share of Punjab will be reduced by 1.27 percent to 51.74. Sindh's by 0.39 percent to 24.55 percent and NWFP's by 0.26 percent to 14.62 percent. The three provinces agreed to the cut in their percentage share in order to enlarge the share of Balochistan to 9.09 percent from the existing 7.17 percent in view of its special needs.

Balochistan will now receive Rs83 billion from the pool during the first year of the award and in case of a shortfall, this amount will be made up by the federal government from its own resources. This arrangement for Balochistan will remain protected through the life of the award coming into effect from July 1, 2010.

The award is unique in the sense that the commission has also addressed several long-standing issues that have spawned inter-provincial tensions and weakened the foundations of the federation. The introduction of a four-point multiple criteria, the commission has also amicably addressed non-NFC issues like the NWFP's net hydel profits and gas development surcharge for Balochistan. The two provinces are set to receive over Rs100 billion each because of the resolution of these issues. The centre has also accepted the constitutional right of the provinces over sales tax on services and allowed them to collect the tax if they so desired.

Soon after the award was announced, NFC Chairperson and Finance Minister Shaukat Tareen and all the four chief ministers, beaming with triumph of the concluding a historic formula, exchanged greetings billing it as a "victory for democracy, a meaningful step to provincial autonomy and a paradigm shift to devolution".

No one has claimed credit for this historic achievement and all the provinces have shown magnanimity and flexibility to accommodate one another, federal government played a very significant role in building trust between the federation and provinces.

This unanimous NFC Award is not a singular factor of bidding for political conciliation, this is rather characterized in its polity, programme and priorities manifest from the day one and the PPP government has amply demonstrated in these 21 months of its rule the political will to accomplish the remaining task of realising true spirit of the entire constitutional scheme of things — supremacy of parliament, federal parliamentary democracy, provincial autonomy, strengthening and democratisation of state institutions, devolution and empowering the people — in an atmosphere of consensus and cooperation. It was in his first address to the National Assembly that President Zardari spelled out the future programme of the PPP government, promising that parliament would discuss and decide all the national and international issues.

Later, he substantiated his words with several deeds, including making the prime minister as the Chairperson the National Command Authority that oversees the country's nuclear programme.

Several examples may be cited to substantiate the fact, but only a few will suffice for the purpose. When Gilgit-Baltistan region was being carved out in the Northern Areas, the government took all political parties across the board into confidence.

It was on the basis of that consensus that almost all organisations enthusiastically participated in its first-ever general election that were not only completed smoothly but resulted in installation of its maiden legislative assembly and government.

Similarly, as implementation of the Charter of Democracy was undertaken, the government involved all the parties having representation in the parliament in establishing a 27-member parliamentary committee, headed by Senator Mian Raza Rabbani, to take up the of drafting the 18th Amendment to the 1973 Constitution to dispense with a host of constitutional imbalances that the 17th Amendment had created

and they included the restoration of notorious Article 58 (2)(b) that gives the president unilateral and unconstitutional powers to dissolve the National Assembly. When the parliamentary committee initiated the work, it enlarged its mandate to review the entire constitution to remove provisions that are anomalous and come in conflict with the principles of federal parliamentary democracy. As such, an exercise is underway to reform more or less the entire constitutional scheme.

It was on the basis of this committee's work that the question of the Concurrent List was also addressed to. The committee decided to dispense with the list that is the longstanding demand of three smaller provinces.

The idea of removing the Concurrent List gave the federal government an idea of healing the wounds of Balochistan where army action during the Musharraf regime had created an atmosphere of alienation. The government discussed this with its allies and then consulted all political organisations and ultimately announced the Balochistan Package that was further debated in a joint session of the parliament before it was announced and came under implementation the following day. The Balochistan Package follows the promise of removing the Concurrent List and later the NFC Award and there seems no reason why the people of this federating unit, who have been wronged in the past, will not welcome it.

President Zardari received a delegation of Baloch leaders informing them in plain words that "Doors of reconciliation are open to all within the framework of (the) federation ... the process will continue until the issues are amicably resolved,". Not only on political and on other matters of national importance, the government achieved a national consensus even on matters of critical importance.

For example, the decision to send armed forces to Swat and South Waziristan was taken at meetings held in the Presidency and the Prime Minister's House where leaders from all political parties were invited besides a debate in the National Assembly.