



**SUMMARY**

## A comparative study of intergovernmental fiscal transfers in India and Pakistan

*Proposed by the Social Policy and Development Centre (SPDC) and the National Institute of Public Finance and Policy (NIPFP)*

## **INTRODUCTION**

Fiscal transfers from national to subnational governments are an important component of the federal system of government. These transfers are mainly used to correct imbalances associated with the function of the different levels of government, or the wide variation in resource endowment and population across provinces in both countries. The Social Policy and Development Centre (SPDC), jointly with the National Institute of Public Finance and Policy (NIPFP), will embark on a 1-year research project to analyze how the transfer systems in both Pakistan and India have addressed the issue of regional inequality, human development, and basic social service delivery differentials.

## **WHAT THEY WILL DO**

In India and Pakistan, differences in intergovernmental fiscal relations may yield different results for equitable access to public services and redistribution of resources between levels of government. While both countries have a national finance commission entrusted with recommending these financial transfers, there are differences in organizational structures and function of such institutions. The project therefore aims to understand the similarities and differences between intergovernmental fiscal transfers in India and Pakistan, to draw lessons for a more equitable model of fiscal transfers.

## **HOW THEY WILL DO IT**

This research would mainly focus on how the transfer system has addressed the issue of regional inequality, human development, and basic social service delivery differentials in both countries. The research will also focus on the importance of systems, institutions, the architecture of federalism and decentralisation in the two countries and how they have evolved over time. The common elements of federalism between the two countries allows for the possibility of cross-learning. The collaboration of SPDC and NIPFP will further provide the opportunity for mutual learning across the two organizations.

## **EXPECTED RESULTS**

The organizations aim to engage with policy-makers in both Pakistan and India, as well as a wide range of audiences including academia, the media, and civil society. Specifically, SPDC will use the research as a means of providing evidence-based policy advice to the federal and provincial government deliberations in the 9<sup>th</sup> award of fiscal transfers in Pakistan. Expected research outputs will include working papers, presentations, journal articles, and policy briefs.