

ABSTRACT

Federalism involves the distribution of power and functions between the federal government and federating units. Constitution of 1973 provided for a federal system comprised of four provinces and special regions of Gilgit Baltistan and Azad Jammu and Kashmir. Distribution of power and resources have remained a contentious issue between Central government and provincial governments .7th NFC award and 18th amendment to the constitution have further strengthened federalist structure in Pakistan by adopting multiple criteria and ensuring provincial autonomy respectively. Constitution of 1973 provided a well-structured mechanism for fair and just distribution of resources and inter-governmental harmony in the form of NFC and CCI and offered solutions to the contentious issue of distribution of power. Khyber Pakhtunkhwa is blessed with abundant of natural resources in the form of water resources, crude oil production, natural gas and LPG and making extensive contribution in the energy sector of Pakistan .Constitution of Pakistan has established the basic structure of fiscal federalism through the inculcation of specific provisions in Part V, VI and schedule IV by providing a viable arrangement for revenue distribution between federation and federating units. The researcher argues that constitution of Pakistan, in theory, is clear over the distribution of revenue and resources but the cleavages in its practical implementation in the context of fiscal relationship between the federal government and Khyber Pakhtunkhwa are creating hurdles in the smooth relation between Khyber Pakhtunkhwa and Federal Government of Pakistan. Constitution is a sacred document and it needs to be respected by following it in letter and spirit to avoid acrimony and any centrifugal tendencies.