

4. REPORT OF THE PAC ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEAR 1950-51.

PRELIMINARY REMARKS

We were called to meet in Karachi on Monday the 25th August, 1954, for examining the Appropriation Accounts for the year 1950-51 and the Auditor-General's Report therein. We remained in session up to 8th September, 1954, during the course of which we examined the accounts of the year under report. In all 11 sittings were held.

2. We append the minutes of the proceedings dealing with the Appropriation Accounts and the Auditor-General's report and we desire that in accordance with the established convention these minutes and the recommendations made thereon may be regarded as part of our report. In scrutinizing the Appropriation Accounts and the Audit Reports we have kept in view the principles laid down in Rule 52 of the Constituent Assembly (Legislature) Rules of Procedure which define our scope of inquiry and which for convenience of reference we reproduce below :—

“ 52. Control of Committee on Public Accounts—

1. In scrutinizing the Appropriation Accounts of the Government of Pakistan and the report of the Auditor-General thereon, it shall be the duty of the Public Accounts Committee to satisfy itself—
 - (a) that the moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged ;
 - (b) that the expenditure conforms to the authority which governs it ; and
 - (c) that every re-appropriation has been made in accordance with such rules as may be prescribed by the Finance Ministry.
2. It shall also be the duty of the Public Accounts Committee—
 - (a) To examine such trading, manufacturing and profit and loss accounts and balance sheets as the Governor-General may have required to be prepared, and Auditor-General's report thereon ; and

- (b) to consider the report of the Auditor-General in cases where the Governor-General may have required him to conduct an audit of any receipts or to examine the accounts of stores and stock."

3. In examining the Appropriation Accounts and the Audit Reports we were throughout assisted by the Auditor-General and his officers. We also sent for departmental representatives with a view to obtaining further elaborate explanations of matters pertaining to the grants, for which they were responsible.

4. **Defects in the preparation of Budget Estimates.**—While discussing the special difficulties which beset the Executive in the preparation of the Budget Estimates of the initial years 1947-48, 1948-49 and 1949-50, the Public Accounts Committee in their report on the Accounts for 1949-50 also pointed out certain basic defects in the preparation of Budget Estimates and recommended their removal. These recommendations were made during the year 1953 and we are conscious that they could not effect the budget and accounts of the year under report, nevertheless we were perturbed to notice that almost similar defects as were pointed out last year were found in the accounts for the year 1950-51 as well. At the risk of repetition, we would like to point out the important defects which characterised the budget of the year under report:—

- (1) the administrative ministries did not make a proper assessment of their new schemes for which budget provision was made,
- (2) certain bottle-necks were created in the departments which are responsible for procuring supplies and executing works (the Department of Supply and Development and the P. W. D.), and
- (3) the unusual time-lag between the raising and accepting of debits between the various departments.

One important consideration which should, however, be kept in view while examining the budgetary position of the year 1950-51 was that the supply position during the year was difficult and the delivery dates were uncertain.

We would recommend that steps should be taken for the removal of all these defects. The most important aspect which we would like to emphasise is that the Ministries and Departments concerned should make proper planning in respect of the schemes for which budget provision has been made and carry out necessary preparatory work in advance. At present the departmental action starts after the budget has been passed and this leads to loss of considerable valuable time. If the necessary preparatory work is taken in hand

immediately the estimates are finalised, without waiting for the formal passing of the Budget, it should be possible to make use of the funds voted by the Legislature within the financial year.

5. Difficulties in the Preparation of Accounts.—The Committee has been reviewing from year to year the difficulties facing the Audit Department in the preparation of accounts. Last year they reported that the state of affairs in the Accounts Offices was still far from satisfactory. The position of the Accounts Offices during the year under review has been summed up in para 2 of the Audit Report as reproduced below :—

“The conditions under which the accounts of the previous year were prepared continued to exist more or less during the period covered by the present accounts. The main difficulty regarding the lack of trained staff, office accommodation and books of reference, delays in the submission of accounts and their incomplete and incorrect preparation by drawing and disbursing officers still persisted. As a result of steps already taken some improvement is already visible but in view of the magnitude of the task it will take some time to reach normal standards of efficiency.”

We have discussed the position in detail with the Auditor-General and have also considered the detailed note submitted by him with regard to steps taken by him to improve the conditions in the Accounts Offices (Annexure II). The difficulties stated, namely, lack of trained staff, shortage of office accommodation, want of books of reference, etc., are no doubt real but we feel that these difficulties have not been removed as expeditiously as was desirable. We would strongly recommend that immediate steps should be taken to speed up the pace of progress with a view to clearing of accounts arrears as early as possible. The Committee regarded that expedition in the submission of accounts was more important than pedantic insistence on quality.

6. Compliance Reports.—We had asked the administrative ministries to submit to us the compliance reports in respect of the various points raised by the Public Accounts Committee in their report on the accounts for 1949-50. We took special pains to examine the compliance reports with the assistance of the departmental witnesses and to see whether adequate action had been taken to comply with the various issues raised by the Committee. The reports have been discussed in detail in the minutes of proceedings and where any item has not been properly complied with, we have indicated the further action required to be taken in this behalf. In the report as well, we have, where necessary, drawn attention to the recommendations made by the Committee in the previous years and the action taken in compliance thereof.

7. We now proceed to examine the Appropriation Accounts of the year under review :—

OVERALL POSITION

The following table indicates the overall result of the appropriation audit of the year 1950-51 :—

	Original Grant or Appropriation	Final Grant or Appropriation	Actual expenditure	Savings(—) Excess(+)	Percentage
1	2	3	4	5	6
<i>(In Lakhs of rupees)</i>					
Voted :					
Expenditure met from Revenue :					
Civil	20,31	55,66	53,43	—2,23	4.06
Defence	50,00	60,70	64,99	+4,29	7.068
Railways	29,28	31,67	32,47	+80	2.527
Posts and Telegraphs	4,81	5,37	5,24	—13	2.420
	<u>1,04,40</u>	<u>1,53,40</u>	<u>1,56,13</u>	<u>+2,73</u>	<u>1.77</u>
Expenditure met from Capital :					
Civil	9,45	32,55	18,97	—13,58	41.71
Defence	25,00	25,00	5,31	—19,69	78.76
Railways	7,00	7,00	1,96	—5,04	72.00
Posts and Telegraphs	37	51	83	—13	25.49
	<u>41,82</u>	<u>66,06</u>	<u>26,62</u>	<u>—38,44</u>	<u>59.08</u>
Disbursement of Loans and Advances	2,82	4,61	7,95	+3,34	72.44
Total Voted ..	<u>1,49,04</u>	<u>2,23,07</u>	<u>1,90,70</u>	<u>—32,37</u>	<u>14.52</u>
Non-Voted :					
Expenditure met from Revenue :					
Civil	5,53	7,51	8,27	+76	10.2
Railways	4,05	4,06	3,99	—7	1.724
Posts and Telegraphs	20	20	19	—1	5.00
	<u>9,78</u>	<u>11,77</u>	<u>12,45</u>	<u>+68</u>	<u>1.785</u>

1	2	3	4	5	6
Disbursement of Loans and Advances ..	10,00	12,58	13,83	+1,25	9.938
Total Non-Voted	19,78	24,35	26,28	+1,93	7.826
Total Expenditure met from Revenue.	1,14,18	1,65,17	1,68,58	+3,41	2.06
Total Expenditure met from Capital ..	41,82	65,06	26,62	-38,44	59.08
Total Disbursement of Loans and Advances	12,82	17,19	21,78	+4,59	26.701
GRAND TOTAL	1,68,82	2,47,42	2,16,98	-30,44	12.30

The following table gives the analysis of savings and excesses by Departments :—

(a) Without taking into account the surrenders made :—

	Grant	Expenditure	Saving(—) Excess(+)	Percentage
1	2	3	4	5
<i>(In Lakhs of Rupees)</i>				
Civil	1,12,91	1,02,45	-10,46	9.26
Defence	85,70	70,30	-15,40	17.96
Railways	42,73	38,42	-4,31	10.06
Posts and Telegraphs	6,08	5,81	-27	4.44
	2,47,42	2,16,98	-30,44	12.26

(b) After taking into account surrenders made :—

	Grant	Expenditure	Saving(—) Excess(+)	Percentage
Civil	1,10,40	1,02,45	-7,95	7.2
Defence	74,24	70,30	-3,94	5.3
Railways	40,66	38,42	-2,24	5.5
Posts and Telegraphs	5,99	5,81	-18	2.8
	2,31,29	2,16,98	-14,31	6.18

The following table further analyses the savings and excesses separately under Revenue, Capital and Loan expenditure by various Departments :—

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Saving (—) Excess (+)	Percentage
	1	2	3	4	5
<i>(In Lakhs of Rupees)</i>					
CIVIL					
Expenditure met from Revenue :					
Voted	20,31	55,66	53,43	—2,23	4.06
Non-Voted	5,53	7,51	8,27	+76	10.12
Total	25,84	63,17	61,70	—1,47	2.32
Expenditure met from Capital :					
Voted	9,45	32,55	18,97	—13,58	41.71
Disbursement of Loans and Advances :					
Voted	2,82	4,61	7,95	+3,34	72.44
Non-Voted	10,00	12,58	13,83	+1,25	9.938
Total	12,82	17,19	21,78	+4,59	26.701
GRAND TOTAL	48,11	1,12,91	1,02,45	—10,46	9.26
DEFENCE					
Expenditure met from Revenue :					
Voted	50,00	60,70	64,99	+4,29	7.06
Expenditure met from Capital :					
Voted	25,00	25,00	5,31	—19,69	78.76
Total	75,00	85,70	70,30	—15,40	17.97
RAILWAYS					
Expenditure met from Revenue :					
Voted	29,28	31,67	32,47	+80	2.527
Non-Voted	4,05	4,06	3,99	—7	1.724
Total	33,33	35,73	36,46	+73	2.043

	1	2	3	4	5
Expenditure met from Capital :					
Voted	7,00	7,00	1,96	—5,04	72.00
GRAND TOTAL ..	40,33	42,73	38,42	—4,31	10.08

POSTS AND TELEGRAPHS

Expenditure met from Revenue :					
Voted	4,81	5,37	5,24	—13	2.42
Non-Voted	20	20	19	—1	5.00
Total ..	5,01	5,57	5,43	—14	2.52
Expenditure met from Capital :					
Voted	37	51	38	—13	25.49
GRAND TOTAL	5,38	6,08	5,81	—27	4.44

GENERAL REMARKS

8. The overall savings in the final grant amount to Rs. 30.44 crores or 12.30 per cent of the aggregate amount of final grants and appropriations. If, however, the surrenders amounting to Rs. 16.13 crores made during the year are taken into consideration, there would be a saving of Rs. 14.31 crores or 6.18 per cent of the total amount of final grants and appropriations. The overall excess during the year 1949-50 amounted to 1.15 per cent. This shows that the position of budgetary and expenditure control during 1950-51 was worse than during the previous year but this was to some extent due to the uncertainty of supply position during the year. While we appreciate this difficulty we are strongly of the view that control of expenditure is the most important duty of the Administrative Ministries and that they should take special measures to ensure that the amounts voted by the Legislature were properly spent, the expenditure kept within authorised limits, the savings surrendered in time and unnecessary supplementary grants were not asked for. We have also dealt with this matter in more detail further in the Report.

UNCOVERED EXPENDITURE REQUIRING REGULARIZATION

9. Statement in Annexure I gives the particulars of all voted grants, non-voted appropriations for the year 1950-51, the expenditure incurred against them,

and the variation between the two. In certain cases the actual expenditure has exceeded the final grant or appropriation as indicated in the statement below :—

PART I

Statement showing the excess over the Voted Grants which require the vote of the Parliament.

Item No.	Name of Grant	Final Grant	Actual Expenditure	Excess requiring the vote of Parliament
		<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
1.	6—Provincial Excise	17,000	17,049	49
2.	10—Irrigation (Including working expenses), Navigation, Embarkment and Drainage Works met from Revenue	8,28,000	10,04,734	1,76,734
3.	16—Ministry of Foreign Affairs and Common- wealth Relations	24,57,000	25,13,359	56,359
4.	23—Ministry of Defence	8,65,000	9,72,011	1,07,011
5.	28—Audit	55,72,000	55,94,230	22,230
6.	30—Police	64,91,000	67,36,206	2,45,206
7.	38—Geological Survey	5,46,000	6,68,011	22,011
8.	42—Education	19,72,000	22,87,397	3,15,397
9.	44—Public Health	14,14,000	14,53,627	39,627
10.	52—Miscellaneous Departments	31,67,000	31,94,277	27,277
11.	65—Civil Works	67,32,000	1,00,58,275	33,26,275
12.	70—Capital Outlay on Currency	22,63,04,000	22,63,04,333	333
13.	80—Interest-free and Interest-bearing advances.	4,61,22,000	7,94,99,873	3,33,77,873
14.	9—Pakistan Railways	31,67,47,000	32,47,16,135	79,69,135
15.	60—Defence Services	60,70,00,000	64,98,67,000	4,28,67,000

PART II

Statement showing the excess over Non-Voted Appropriations which require the sanction of the Government of Pakistan, Ministry of Finance.

Item No.	Name of Appropriation	Final	Actual	Excess
		Appropriation	Expenditure	requiring sanction of the Government of Pakistan
		Rs.	Rs.	Rs.
1.	10—Irrigation (Including working expenses), Navigation, Embankment and Drainage Works met from Revenue	1,22,005	4,73,847	3,51,847
2.	12—Cabinet	6,05,258	9,46,658	3,41,400
3.	28—Audit	65,000	66,046	1,046
4.	56—Civil Works	1,36,140	1,53,786	17,646
5.	64—Interest on Debt and Other Obligations ..	6,25,14,000	6,94,04,560	68,90,560
6.	80—Interest-free and Interest-bearing advances ..	12,57,94,000	13,82,93,755	1,24,99,755

The excesses were the result of inevitable expenditure and we recommend that the excesses over voted grants may be regularized by a vote of the Parliament under section 36, read with sections 34 and 35 of the Government of India Act (as adapted in Pakistan).

CIVIL APPROPRIATION ACCOUNTS

10. The position of the Civil Appropriation Accounts is as follows :—

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Saving (—) Excess (+)	Percentage
	1	2	3	4	5
(Crores of Rupees)					
Expenditure met from Revenue :					
Voted	20.31	55.66	53.43	—2.23	4.06
Non-Voted	5.53	7.51	8.27	+ .76	10.12
Total	25.84	63.17	61.70	—1.47	2.32

	1	2	3	4	5
Expenditure met from Capital :					
Voted	9.45	32.55	18.97	--13.58	41.71
Disbursement of Loans and Advances :					
Voted	2.82	4.61	7.95	+3.34	72.44
Non-Voted	10.00	12.58	13.83	+1.25	9.938
Total	12.82	17.19	21.78	+4.59	26.701
GRAND TOTAL ..	48.11	1,12.91	1,02.45	-10.46	9.26

The overall savings work out to 9.26 per cent of the total final grant. However, if the amounts surrendered before the close of the year are taken into account, there is a saving of 7.2 per cent against the unsurrendered amount. Savings have occurred in 64 out of 80 grants and 4 out of 12 non-voted appropriations. In 13 cases, the individual grants have been exceeded and require regularization by a vote of the Parliament. In 6 cases the expenditure under non-voted appropriations has exceeded the final modified appropriations.

11. **Supplementary Grants.**—Forty-four Supplementary demands for grants aggregating Rs. 60.25 crores were moved in the Parliament during March 1951 and voted by that body. Out of these 6 were entirely new demands. In the case of 7 grants the Supplementary amounts voted by the Parliament proved wholly unnecessary. In 15 cases the expenditure under the demand concerned remained uncovered for want of supplementary grants. In a number of cases the additional amounts obtained under the various sub-heads were wholly or partly unnecessary and similarly in a number of sub-heads the expenditure remained uncovered.

In our view the supplementary demands are a weak feature of the budget and an index of improper budgetary control. In accordance with the correct procedure the original budget estimate should be so framed as to obviate the need of supplementary grants. We have, however, a feeling that the administrative ministries are apt to take the consent of the Parliament for the provision of funds for granted. We strongly deprecate this tendency. In cases where the supplementary grants proved unnecessary, the position is to be regarded as still worse because in such cases the administrative ministries do not only waste their own time and that of the Parliament but also ask the Parliament to raise funds which were not in effect required. The real cause for unnecessary supplementary grants is the lack of proper control over expenditure by the administrative ministries. We shall revert to this subject to which we attach importance presently.

In accordance with the Committee's recommendation last year the supplementary demands are being placed before the Standing Finance Committee before being presented to the Parliament with effect from the year 1953-54. We have no doubt that this measure would reduce the unnecessary number of supplementary grants and would also enable the scrutiny of these grants on behalf of the Parliament to be conducted in more details and more effectively.

In conclusion we would wish to reiterate that the ministries and departments should very carefully assess the position of the grants under their control towards the close of the financial year and determine the amounts of supplementary grants on a realistic basis. In doing so they should, as far as possible, try to obtain relevant information from the various agencies concerned with supplies, services and construction, etc., and should make the best endeavour that the amounts put to the vote of the Parliament represent the actual requirements. A common reason which has been advanced for unnecessary supplementary grants or for leaving the expenditure uncovered has been that the supplies were not made in time or the construction of buildings was not completed according to schedule. We do not regard these arguments as plausible because in our view the primary responsibility for regularising expenditure rests on the ministry controlling the grant concerned and it is for that ministry to take adequate steps to collect the necessary data in time in order to enable it to make a correct estimate of the additional funds required or the amounts that may be surrendered. Again this process would be facilitated if the departmental control over expenditure is made effective.

CONTROL OVER EXPENDITURE

12. **Control over Expenditure.**—Some of the more important instances of defective control over expenditure mentioned in the Audit Report are:—

- (i) *Unnecessary supplementary grants.*—There are seven cases, viz., Grants Nos. 12.—Cabinet, 27.—Payments to other Governments, Departments, etc., 47.—Industries, 49.—Broadcasting Service, 51.—Commercial Intelligence and Statistics, 58.—Stationery and Printing and 77.—Capital Outlay on Schemes of State Trading in which supplementary demands presented to the Parliament proved wholly unnecessary.
- (ii) *Irregular re-appropriations.*—As in the previous year, there are a number of cases of re-appropriations and modifications this year also under individual sub-heads which had the effect of increasing the final variations under them. 1.—Customs, 2.—Central Excise, 33.—Tribal Areas, 42.—Education, 50.—Department of Supply and Development, 63.—Baluchistan, 64.—Karachi and Interest on Debt and Other Obligations.

(iii) Surrenders made in excess of total savings in voted grants :—

No. and Name of Grant	Amount of Saving	Amount surrendered
	Rs.	Rs.
13.—Constituent Assembly	1,41,978	1,92,000
17.—Ministry of Food and Agriculture	3,227	1,76,700
19.—Ministry of Commerce and Education	2,35,872	2,38,639
54.—Mint	34,504	7,91,900
62.—Miscellaneous adjustments between the Central and Provincial Governments	3,425	6,300

(iv) Surrenders made even though the net result was an excess :—

No. and Name of Grant	Amount of Excess	Amount Surrendered
	Rs.	Rs.
10.—Irrigation	1,76,734	47,300
12.—Cabinet (Non-Voted section)	3,41,400	38,742

(v) *Excesses over voted grants and non-voted appropriations.*—There were 13 cases of excesses in the voted section and 6 cases in the non-voted section aggregating Rs. 37,716 and Rs. 20,102 respectively.

(vi) *Unnecessary supplementary grants.*—There were seven cases during the year in which the supplementary grants obtained from the Parliament proved to be wholly unnecessary.

(vii) *Utilization of unanticipated credits.*—The following cases of unanticipated credits under voted grants having been utilised for additional expenditure were noticed. The amount utilised is shown against each grant :—

No. and Name of Grant	Amount
	Rs.
28.—Audit	18,092
30.—Police	37,566
56.—Civil Works	7,82,343
57.—Superannuation Allowances and Pensions	2,79,123

13. With regard to the control of expenditure, it has been regarded as the most important duties of the administrative ministries. In our view it is very essential that an amount voted by the Parliament is properly spent, the expenditure is kept within authorised limits, the savings are surrendered in time and unnecessary supplementary grants are not asked for. One of the important factors which vitiates proper control of expenditure, is the non-maintenance of departmental accounts and the delay in their reconciliation with the Accounts Office figures. The Public Accounts Committee has drawn attention to this important aspect from year to year.

With a view to removing the defects, a new procedure of reconciliation of accounts was introduced with effect from the accounts for 1953-54. Under this procedure the Audit Office furnishes by prescribed dates the monthly actuals to the departmental controlling officers, who are expected to either intimate the acceptance of the correctness of the audit figures or to arrange for the reconciliation of discrepancies by prescribed dates. Under this procedure, therefore, the initiative of reconciling the accounts was transferred from the administrative ministries to the Audit Officers. It is, however, distressing to note that the procedure has not worked effectively mainly on account of lack of response from the administrative ministries. It has come to our notice that quite a number of controlling officers have not acted on the programme of reconciliation laid down for them with the result that large number of monthly statements of expenditure in respect of the year 1953-54 furnished to them by the Audit Office are lying with them unaccepted or unreconciled. This matter is of great importance and accordingly we have discussed with the individual departmental representatives the position of reconciliation of accounts in respect of expenditure under their control. We have in all cases directed them to complete the reconciliation in respect of the year 1953-54 by the end of December 1954 and to take effective measures for the current reconciliation of accounts in respect of the year 1954-55. We reiterate the recommendation made by the Public Accounts Committee last year, namely, that the heads of departments and Secretaries incharge of administrative ministries should regard it their personal responsibility to ensure that departmental accounts are properly maintained and periodically reconciled with the Audit Office figures, because without this essential condition being fulfilled, there can be no hope of either exercising effective budgetary control or of eliminating unnecessary supplementary grants. In order to make this possible, we further recommend that Secretaries to Government, Heads of Departments, Heads of Pakistan Missions abroad and the Controlling Officers under them, when appointed to their posts should be furnished with a list of duties which should lay special emphasis on the maintenance and reconciliation of accounts and should indicate in detail

the procedure as to how this should be done. The Cabinet Secretariat should take steps to implement this measure and the Ministry of Finance should also issue renewed instructions regarding procedure of reconciliation of accounts.

14. In the report on the accounts of the previous years the Public Accounts Committee have been drawing attention to instances of misclassification or wrong booking in the Accounts Offices. Similar instances came to notice in the accounts for 1950-51 also in which the figures booked in the Accounts Offices were contested by the departmental representatives. One effective measure for detecting misclassification in time and ensuring correct classification would no doubt be the timely reconciliation of departmental and accounts office figures to which we have already referred. Nevertheless we feel that on the side of the Accounts Offices as well more attention should be devoted to ensure correct accounting and to avoid misclassification. The Auditor-General has already issued instructions with this end in view but we feel that the matter is of such importance that it should be constantly kept under watch. In certain cases the adjustment of expenditure in respect of the previous year was made in the accounts of the year under report after its close. In such cases we recommend that the Accounts Officer concerned should give previous intimation to the administrative ministry so as to enable it to procure funds in time and thereby avoid excess uncovered expenditure.

15. **Secret Service Expenditure.**—The accounts of expenditure treated under the orders of Government as on secret service are not subject to scrutiny by Audit authorities but the administrative officers are required to furnish an annual certificate of check to the Audit Officers in a prescribed form. During the year under report in one case the required certificate had not been furnished to Audit by the Administrative Officer concerned and in another case the certificate has not been accepted to be in order. In four cases pertaining to the year 1949-50 as well the certificates have not been accepted by the Audit to be in order, as the figures in the certificate do not agree with the figures booked by Audit officers and already reconciled by the department concerned. We would urge that in future steps should be taken for timely reconciliation of these figures and submission of certificates on due dates. We further urge that the amount provided for Secret Service Expenditure should be very rigorously controlled so as to eliminate chances of misappropriation. In cases where the Audit Officer concerned experiences difficulties in obtaining the required certificates, the matter should be brought to the notice of the Ministry of Finance who should take suitable action with the controlling officer concerned.

16. **Charges in England.**—As in the previous years the budget provision under the sub-head "Charges in England" was not made correctly in the majority of cases. It was explained to us that the Ministry of Finance had

issued suitable instructions on this subject. We hope that the position in respect of subsequent years would improve as a result of these instructions.

17. **Supply Organizations.**—One of the important reasons leading to laxity of control over expenditure and budget which has been advanced by the administrative ministries concerned in justification of the variations of expenditure under their control, has been the uncertainty of supply position. This argument holds good in respect of the year 1950-51 when the supply position was difficult. Nevertheless the real bottleneck arises out of lack of proper co-ordination between the Indenting Departments and the Supply Organization. The Public Accounts Committee has been drawing attention to this difficulty from year to year and last year they recommended that a suitable procedure should be evolved with a view to ensuring better co-ordination between the Indenting Ministries and the D. G. S. & D. so as to achieve proper budgetary and expenditure control.

In accordance with these recommendations a new procedure has been evolved which we have discussed in detail in the minutes of our meeting dated 1st September, 1954. We have made further suggestions with a view to improving the procedure and have asked the D. G. S. & D. to make a report on its working. The important factor that we would like to stress is that it is not possible to secure a proper co-ordination unless efforts in this direction are made both by the Indentors and the Supply Organization. Whereas, therefore, the D. G. S. & D. should maintain proper progress registers and keep a strict watch over the progress of supplies, the Indentor should also co-operate with him by giving full particulars of their requirements in the first instance and by refraining from sticking to their specifications too rigidly. In our view the purchase operation should be so directed as to help in the policy of maximising internal production. It is necessary to take two distinct steps with this end in view, namely, (a) the indentor may, where possible suitably relax their specifications and at the same time some adjustment may be made in the pattern of goods to conform to the relaxed specifications, and (b) assistance should be given to the Industry in the form of technical guidance or supply of machinery or raw materials, etc., so as to enable them to meet the requirements by local production. The D. G. S. & D. should also submit to us a report next year indicating the progress made in the matter of procurement of supplies from indigenous sources.

While on this subject we would like to say a few words about the system of effecting purchases by tender system. In our view the practice now prevailing under which instead of accepting the lowest tender first negotiations are started after the tenders have been opened, is liable to abuse and should, therefore, be discontinued forthwith. There is a sanctity attached to the tender system which is likely to be seriously violated if the lowest tender is not accepted without assigning sufficient and good reasons. Similarly it should not ordinarily be open

to the indenting officers to change the specifications of their requirements after the tenders had been opened. We would, therefore, recommend that immediate steps should be taken to enforce these fundamental and basic principles that should govern purchases by tenders. A full report on the working of the system and the specific cases in which the principles stated above were departed from and the reasons for these departures should be submitted to us next year.

18. Saving under Nation-building Activities.—The following figures indicate that during the year under report large savings occurred under nation-building activities :—

Name of Grant	Percentage of saving to final grant
35—Survey of Pakistan	51.80
41—Meteorology	42.17
43—Medical Services	40.43
45—Agriculture	8.50
47—Industries	41.49
48—Aviation	18.59
49—Pakistan Broadcasting Service	9.11
58-A—Technical Assistance Schemes	96.39
68—Capital Outlay on Civil Aviation	23.83
69-A—Capital Outlay on Ports	84.92
72—Capital Outlay on New Federal Capital	93.09
73—Capital Outlay on Civil Works	48.43
75—Capital Outlay on Printing Presses	27.09

The Public Accounts Committee referred to this unhealthy tendency last year and we would reiterate that in view of the wide scope of work to be done in the sphere of nation-building activities the funds provided for by the Parliament for this purpose should be suitably utilised and should not be allowed to lapse for one reason or the other.

19. Grant No. 1—Customs.—The test audit of Sea Customs receipts has revealed the following irregularities :—

- (1) In spite of definite instructions on the subject issued by the Central Board of Revenue during 1941, 3 consignments of Copra from Singapore were assessed at a rate lower than the prescribed one. As a result of audit objection recovery has been made in two cases but the third case is still pending.

- (2) Instead of giving immediate effect to a decision taken by the Collector of Customs that cotton piece-goods and other articles should be assessed on the basis of their wholesale cash price and not on the invoice value, it was notified that goods in question would be assessed to duty on the wholesale price basis a month after the date of the notice. This has resulted in loss to Government.
- (3) In two cases the duty was charged at a lower rate than that prescribed under the rules. The necessary recoveries were made on the matter being objected to in audit.
- (4) These instances are sufficient to indicate that more care is required in the assessment of duty at the Customs Houses. We would direct that the Central Board of Revenue should issue necessary instructions in this respect and exercise proper supervision.

20. **Grant No. 2—Central Excise and Salt.**—The annual stock-taking of salt in the Khewra Mines and at the Depot for the year 1948-49 revealed a deficit of 4,17,532 maunds of salt. The cost of salt found short amounting to Rs. 75,678 was recoverable from the Miners at the rate of Rs. 7-4-0 per tub of 40 maunds. No recovery of the amount was, however, effected during the year under report due to considerable decrease in the earnings of the miners on account of steep fall in production and supply of rocksalt. The loss was ultimately written off, partly in 1951-52 and partly in 1952-53, with the sanction of the Ministry of Finance (Revenue Division). We feel that the Central Board of Revenue should prescribe a normal percentage of loss and that the excess over this percentage should in future be recovered from the Miners. We would also emphasise the importance of proper control by the Central Board of Revenue on the working of the Salt Mines.

21. **Grant No. 10—Irrigation, Navigation, Embankment and Drainage Works.**—The Committee in its report on the accounts for 1949-50 had referred to the desirability of exercising effective control over expenditure booked under this grant by the Ministry of Industries. We regret to note, however, that no action in this respect has been taken and the explanation furnished for non-provision of funds against one of the sub-heads was that no agreement could be reached between Sind Government and the Central Government for meeting the maintenance charges of Nasirabad Canal.

Under another head original appropriation of Rs. 20,000 was increased to Rs. 1.16 lakhs but the actual expenditure only amounted to Rs. 34,854. The conclusion is irresistible that the Irrigation Divisions in Baluchistan are not functioning properly. They neither maintain their accounts in proper form nor reconcile them timely with the Accounts Office figures. The Ministry of

Industries also do not seem to exercise effective control and the state of affairs on the whole is highly unsatisfactory. We, therefore, direct that the Ministry of Industries should carry out a thorough examination on the working of the Irrigation Divisions with a view to determining the existing defects in their functioning, and to find out as to what steps have been taken or are required to be taken to remove these defects and when is the position expected to be placed on a satisfactory footing. The investigation should be particularly directed towards the existing position of accounts and the steps that are required to be taken to improve the position. A report on the subject should be submitted to us in due course.

Audit Note 5 on page 46 points out that the stock returns for the year 1947-48 of the Baluchistan Irrigation Division which were taken over by M. E. S. from 1st April, 1948 have not so far been furnished by the Garrison Engineer due to non-availability of records. This matter was referred to by the Public Accounts Committee in the last year's report as well and a direction was given that immediate steps should be taken to construct the records. We regret to note that no progress has been made in this case. It is stated in the compliance report that as no records were available at the time of taking over by M. E. S. it was not possible to prepare the stock returns. We do not regard this as a satisfactory explanation. Even if the stock-taking not be done during 1948-49 due to non-availability of stock lists it was an imperative necessity to compile complete lists of the available stocks immediately after this matter had come to notice. In our view, therefore, the failure of the Administrative Officer concerned to construct the necessary stock lists in time and further the failure of the Ministry of Industries to detect this irregularity amounted to nothing short of negligence. We therefore, direct that steps should be taken to complete the construction of necessary stock lists, etc., by the end of December 1954 at least. The position should also be verified by Audit and a report on the subject submitted to us in due course.

22. Grant No. 42—Education.—The variations under this grant exhibit complete lack of control over expenditure. The position of the funds provided for grants-in-aid to the Universities and other Aid Receiving Institutions is particularly unsatisfactory. We direct that the amount provided in the budget should be communicated to the Aid Receiving Institutions immediately after the commencement of the financial year and they should be asked to submit the necessary accounts and other relevant information within the specified time on the basis of which it should be granted to them. In this manner attempt should be made that the funds voted by the Parliament as grants-in-aid to the various institutions are utilised during the financial year concerned and are not allowed to lapse.

The amount of Rs. 1.5 lakhs was provided for the construction and equipment of National Library but the actual expenditure has amounted to Rs. 8,323 and the balance of the amount has either been re-appropriated or lapsed. We regard the tendency of making budget provision without proper planning as extremely unsatisfactory. We further feel that the Ministry of Education has not fared well in the execution of some of the projects which are of vital national interest. The construction and equipment of Polytechnique is another instance in the completion of which quite a few years have been taken and the provision made from year to year has remained unutilised.

23. **Grant No. 54—Mint.**—The following Audit Notes are of importance :—

- (1) The physical verification of quarternary surplus silver stock was confined to the counting of boxes and bags in which the stock was sealed. The contents of the packages were neither weighed nor counted by tallying.
- (2) Ledgers of Mint Stores were found to be incomplete inasmuch as the total on account of receipts and issues of the articles of stores had not been worked therein.
- (3) As a result of the physical verification of the stores during the year 1950-51, articles worth Rs. 1.14 lakhs were found in excess of the book balances and taken on account and articles to the tune of Rs. 15,041 were detected as short which were required to be written off under proper sanction.
- (4) No action has been taken to write off the shortages in stores detected during the year 1949-50.

These are serious irregularities and we direct that instructions should be issued to the Mint Master to remove them and to prevent their recurrence in future.

24. **Grant No. 63—Baluchistan and Grant No. 64—Karachi.**—One of the difficulties felt by us in examining the expenditure under the control of the Local Administrations arises from the lack of a proper definition of the allocation of responsibilities between the Central Ministries and the Local Administration. This we recommend should be done immediately particularly so in Karachi, where a good deal of confusion has arisen in the matter of incurring expenditure as a result of the non-demarcation of functions between the Central Ministries and the Chief Commissioner, Karachi. It is essential in the interest of administration that the responsibilities and functions of all the authorities should be clearly defined. We further recommend that in future the representatives of

the Local Administrations should also appear before us along with the representatives of the Ministries concerned for explaining the variations under their respective demands.

25. Central Road Fund.—The Public Accounts Committee observed last year that the position in regard to the making of payments from the Central Road Fund to the Provincial and State Governments in respect of the works undertaken should be examined by the Ministry of Communications with a view to simplifying the procedure and to ensure prompt payment to the various units. A new procedure has accordingly been evolved under which an on-account payment of 50 per cent of the cost debitable to the Central Road Fund is made to the various provinces|States simultaneously with the issue of expenditure sanction and the remaining 50 per cent is paid on receipt of the completion report and accounts. From the statement of accounts submitted to us by the Ministry of Communications it appears that whereas the allocations from the Central Road Fund at the end of the year 1953-54 stood at Rs. 2.18 crores, the actual amount drawn by them is only Rs. 37.73 lakhs. It is a very unsatisfactory state of affairs that although large funds are lying in the Central Road Fund, the moneys have not been regularly disbursed for the construction of roads which is an urgent necessity and for which the provinces have been persistently clamouring. We have discussed the position in this regard at some length in the minutes of our meeting dated 8th September, 1954 and have asked the Ministry of Communications to—

- (1) review the procedure with a view to eliminating the bottlenecks existing at present in the matter of expenditure from the Central Road Fund,
- (2) ensure the submission of detailed estimates by the provincial governments,
- (3) to take steps to make allocations to the various units immediately on the commencement of the financial year, and
- (4) to make a survey of the position regarding the construction of roads in East Bengal under the contract with the Italian firm.

A compliance report on all these points should be submitted to us next year.

26. Works Expenditure.—The results of the year disclose a net saving of 33.70 per cent over the consolidated provision for works expenditure under all the grants taken together, the principal variations being under the Grants 56—Civil Works, 68—Capital Outlay on Civil Aviation, 73—Capital Outlay on Civil Works and 75—Capital Outlay on Printing Presses. During the years

1947-48, 1948-49 and 1949-50 the net savings amounted to 16.48, 57.46 and 29.46 per cent respectively of the consolidated provision for works expenditure compared with 33.70 per cent during the year under report. The high percentage of savings points out that the budget estimates are not realistically framed and large amounts are allowed to lapse due to improper control over the progress of expenditure. One major factor leading to the lapse of funds is the lack of proper planning and necessary preparatory work. It has come to our notice that the Department does not take any action, whatsoever, until the Budget is formally passed. Even then the action taken is more or less in a leisurely manner. This results in waste of much valuable time and in most cases the Department is still engaged in preliminary work when the financial year comes to an end. This can be avoided if the necessary preparatory work is taken up immediately after the budget estimates are finalised. Of course, the expenditure would be incurred only after the Budget has been formally passed but during the intervening period a substantial amount of preliminary work can be completed so that the construction of works can be taken up without delay after the passage of budget.

In the Reports on the Accounts for the previous years the Public Accounts Committee had drawn attention towards certain serious irregularities in the matter of works expenditure. The Compliance Report submitted by the Ministry of Works has been examined by us and our findings are incorporated in the minutes of the proceedings dated the 16th September, 1954. In view, however, of the persistent nature of the irregularities we have the following general remarks to make :—

- (i) The Committee had recommended last year that the A. G. P. R. and the Chief Engineer, P. W. D. should personally meet to (i) devise steps with a view to redressing the state of affairs in the submission of accounts returns, and (ii) take steps to train the staff and officers of the P.P.W.D. in the accounts routine. It has been stated in the Compliance Report that the Department was formulating proposals for additional staff for the clearance of arrears. It was explained that the matter was receiving the joint consideration of A. G. P. R. and the Chief Engineer, P. P. W. D. The Committee regarded it as highly unsatisfactory that the Department has not been able even to finalise its establishment proposals during the course of a year for the purpose of clearing arrears and that the actual work had not even been touched upon. We recommend that the proposals in this respect should be finalised without any further loss of time.
- (ii) Although a Standing Committee consisting of an Accounts Officer and an officer of the P. P. W. D. has been constituted to effect continuous reconciliation, the figures for 1953-54 are still entirely unreconciled.

This shows that the Divisional Accountants were not functioning properly. We would recommend that the Secretary, Ministry of Works and the Auditor-General should personally look-up into the matter with a view to the clearance of arrears and ensuring that the reconciliation of accounts is kept up-to-date.

- (iii) We have noticed that neither the original budget of works expenditure was based on anticipated requirements nor the amounts of supplementary grants and re-appropriations determined on the basis of the expenditure incurred during the first 8 to 9 months of the financial year. A general impression that we carried was that the Ministry of Works was exercising no control whatsoever the affairs of the P. W. D. No effective steps were taken to watch the progress of expenditure against the voted amounts. In our view this tendency which amounts to complete negation of parliamentary control must be stopped forthwith and the Ministry of Works should ensure the observance of the prescribed rules in the matter of incurring expenditure and procurement of funds.
- (iv) It has been brought out in the Audit Note that there were still a number of works in progress for which the detailed estimates had not been sanctioned. This is an irregularity to which the Public Accounts Committee has drawn attention from year to year. In the initial period of the partition, there may have been some justification for taking up emergent works without complying with the basic requirements of preparing and sanctioning of detailed estimates before taking up the works. Such an emergency no longer exists and in our view no works should be started without the previous sanction of detailed estimates.
- (v) We have viewed with concern the controversy between Karachi Administration and the Ministry of Works with regard to the selection of sites of certain works. This is highly undesirable and we would recommend that the powers of the Chief Commissioner should be clearly defined so as to eliminate any possible cause of friction and delays in administration. In future a list of the works involving infructuous expenditure should be included in the Appropriation Accounts.

We have also reviewed the position of the grant of house-building advances to Government servants. We have informed that some of the Government servants who had obtained house-building advances and had constructed their houses were still keeping Government accommodation. This is not correct in

principle and is not in keeping with the spirit in which the house-building advances have been granted. We would recommend that suitable departmental action should be taken against those officials who had not so far released government accommodation in spite of the fact that they had built their own houses on Government advance. We further direct that the Works Division should submit a report indicating the number of persons who are still in occupation of Government accommodation although they had built their own houses or who had obtained house-building advances but had not still completed their houses. The report should also state the steps taken by the Works Division to vacate the accommodation occupied by those Government servants who had obtained advances.

27. Schemes of State Trading.—The report of the Public Accounts Committee for the year 1949-50 pointed out certain irregularities in respect of the working of the schemes of State trading, both under the control of the Ministry of Food and the Ministry of Industries. Both these Ministries have submitted their Compliance Reports which we have examined fully with the assistance of the Departmental representatives. Our findings on the various points raised therein have been incorporated in the proceedings of our meetings, dated 30th August and 1st and 6th September, 1954 respectively. We have indicated in these minutes the further action that has to be taken by the administrative ministries and the Audit Office in respect of the various points and it will serve no useful purpose to repeat those findings here. We have, however, the following general remarks to make :—

- (1) The state of affairs in the Medical Stores Depot during the year under report was highly unsatisfactory, the original budget estimates were not prepared properly ; indents were not placed in time and no proper action was taken to effect recoveries of the amounts due from the various parties. These irregularities should be removed forthwith and a Compliance Report submitted in due course.
- (2) The physical verification of stocks of stores handled by the Ministry of Industries and by the Departments under their control have not been conducted during the year 1950-51 and requisite certificates have not been furnished to the Audit Officer concerned. This is most unsatisfactory and we suggest that the Ministry of Industries in consultation with the Auditor-General should investigate the best method for carrying out the physical verification. In the case of iron and steel stocks, we feel that the practices followed elsewhere by large stockists of iron and steel should be studied and a suitable

procedure devised to meet our requirements. The physical verification in respect of indigenous coal which is still pending should also be completed and the requisite certificate given to Audit by the end of December, 1954.

- (3) The Public Accounts Committee directed last year that immediate steps should be taken to recover the capital invested by Government on the purchase of jute-baling presses from the parties to whom these presses had been allotted. The Compliance Report submitted by the Ministry is very unsatisfactory in so far as it only states that Jute Board had been asked to take the necessary action. It has been mentioned on page 352 of Civil Appropriation Accounts for 1950-51 that a major motion of the Capital still remains unrecovered due to the fact that full sale values have not been paid by the parties to whom these presses had been allotted. Neither the detailed heads of accounts to which expenditure and receipts are to be booked had yet been communicated to Audit nor any proper account of the sales and recoveries had so far been rendered. We regard it as very unsatisfactory and direct that immediate action should be taken for the recovery of the amounts due in accordance with the terms of the contracts.
- (4) We are concerned to note that prepartition stocks of reserve stores other than iron and steel have not so far been prepared and the matter was still reported to be under investigation. We urge that the investigation should be completed immediately and the requisite lists of depots completed urgently.
- (5) The Audit Report mentions that supply bags procured by the D. G. S. & D. during 1950 were distributed to the Government and non-Government parties. The cost of the stores supplied to non-Government parties have been recovered in full whereas book adjustment for the supply of stores to the Government parties to the extent of Rs. 25 lakhs could not be carried out so far for want of consignee's receipt. We are very unhappy about the delay in making the required adjustments and feel that the D. G. S. & D. should have attached proper importance to this matter and should have taken special steps to have the accounts cleared up. They should now keep a close watch over these transactions and arrange for the clearance of debits by contacting indentors where necessary.
- (6) Although the financial accounts of iron and steel material supplied to both wings of Pakistan have since been reconciled up to the year

1950-51, the relevant running accounts in respect of East Pakistan have not so far been completed. In the circumstances the loss or gain, if any, has not been correctly ascertained. We suggest that the Supply Department should take immediate steps to complete the necessary accounts and the fact should be verified by Audit and reported in the Appropriation Accounts for the year 1951-52.

- (7) It has been reported in the Audit Note that the Audit reports showing the irregularities noticed in the course of audit of the transactions pertaining to purchase of cloth for Tribal Belt have since been submitted to Government. We hope that speedy action would be taken on it. The Audit Note adds that (1) no Stock Accounts have been received by Audit in respect of cloth subsequently purchased from Pakistan Mills for Tribal Areas, (2) no physical verification of stock was conducted by the controlling officer, and (3) the procedure contained in the Reserve Stock Account Rules has not so far been adopted by the Textile Commissioner. These are serious irregularities which should be immediately rectified.
- (8) It has been stated in the Financial Review of the D. G. S. & D. that the agents for the clearance of jute bags were appointed with the concurrence of the Ministry of Finance. We feel that the information furnished is insufficient as it did not indicate the exact procedure followed in appointing the agents.
- (9) During the course of the Central and Local Audit of the transactions pertaining to the purchase of gunny bags the following irregularities came to notice :—
- (i) No stock account in the prescribed form was rendered by the Controlling Officer.
 - (ii) No physical verification was conducted by the Controlling Officer at any stage.
- (10) The Public Accounts Committee directed the Ministry of Industries last year to fix the responsibility in the case of loss of five machines which were in the charge of D. G. S. & D. at the time of Partition. Although these machines were lost about five years ago and have not been traced so far, necessary enquiry for fixing the responsibility had still not been finalised. We feel that the Ministry of Industries has failed to take effective action in this case. We would urge that immediate action should be taken to fix the responsibility and to recover the amount involved from the person or persons at fault.

- (11) The Public Accounts Committee observed last year that the matter regarding the recovery or writing off of losses incurred on the import of sugar should be further examined and a report indicating whether the percentage of such losses was within normal margins recognised by trade be included in the Appropriation Accounts for 1950-51. We have been informed by the Ministry of Food that the normal loss as recognised by trade internationally was of the order of .84 per cent whereas the average shortage on the sugar trade carried out by the Government during the three years 1948-49 to 1950-51 works out to 18 per cent. This indicates that the average loss on imported sugar was well within the normal margin recognised by trade. As, however, this point has not been checked by Audit we would like to consider this further after Audit has verified the position. A report about this matter may be included in the Appropriation Accounts for 1951-52.
- (12) In para 2 of the Financial Review of the Director, Civil Supplies, Baluchistan, it has been stated that the total amount recoverable from the various parties at the end of the year under review was Rs. 1.25 crores. As the amount is very substantial the Ministry of S. & F. R. should submit a note indicating the causes that have led to the accumulation of this amount and should also take steps for expediting the recoveries thereof.
- (13) The Financial Review of the Textile Commissioner on the scheme for the purchase of cloth indicates certain serious irregularities, e.g., no accounts of the distribution and recovery of the cloth valuing Rs. 7.48 lakhs supplied to the Political Agent, Gilgit, in 1948-49 have yet been rendered, 398 bales of cloth purchased in 1951-52 were stated to be still lying undisposed off at destination. It is a matter of surprise that in spite of the heavy demand of cloth, a large number of cloth bales are lying uncleared off. The Ministry of States and Frontier Regions should make enquiries in the matter in consultation with the Ministry of Kashmir Affairs if necessary and submit a report on this subject in due course.

28. Interest-Free and Interest-Bearing Advances.—There is a huge excess of Rs. 3.61 crores under Sub-Head A—Interest-Free Advances which is in main attributed to the heavy expenditure under Defence Services. We directed the Military Accountant General to submit a note on the subject explaining the reasons for the excess and also the present position of interest-free advances under the Defence Services. Although it was required that the note should be

submitted during the period it was in session, it was not done. The position should be explained now and the M. A. G. should take note that in future the observations of the Public Accounts Committee should be complied with in time.

FINANCIAL IRREGULARITIES, LOSSES, ETC.

29. Para 17 of the Audit Report indicates that during the year under review no cases of serious irregularities, losses, etc., came to light in the course of audit. The following cases of losses, remissions write offs, *ex-gratia* payments, etc., have, however, been pointed out in the Audit Notes to the Appropriation Accounts of various grants :—

Grant or Appropriation and Description of the loss	Name of the Department	Amount
		Rs.
1. Customs—Remissions of Revenue and Abandonment of Claims to Revenue in 12 cases.	Central Board of Revenue	58,591
2. Central Excise—Refunds of Revenue, write offs and Abatement of Claims to Revenue	Do.	5,993

Some other irregularities noticed during the course of Audit of Accounts are as below :—

- (i) There are some cases of delay in the realization of Government dues.
- (ii) Moneys received on behalf of Government were not credited into Treasury promptly in some cases.
- (iii) Arrangements for verification of cash and stores and stock were either lacking or inadequate.
- (iv) Securities were not furnished by the officials handling cash or stores.
- (v) Cash Books were not properly maintained, closed and balanced.

We have examined the individual cases and given our findings thereon in the minutes. Generally we would like to sum up that—

- (1) In cases where the code rules are not observed by the drawing and disbursing officers, strict disciplinary action should be taken against them.
- (2) All cases of losses, etc., should be promptly and vigorously investigated and the defaulters brought to book without loss of time.
- (3) Efforts should be made in all cases to fix responsibility promptly and to recover the amount of loss as far as possible from the person at **fault**.

**COMMERCIAL APPENDIX TO THE APPROPRIATION
ACCOUNTS (CIVIL) 1950-51**

30. The Government of Pakistan have declared 19 institutions as being of the nature of commercial undertakings out of which the accounts of 14 institutions have been included in the Commercial Appendix. The accounts of the 4 institutions detailed below have either not been prepared at all by the department concerned or have not been compiled in the prescribed proforma and have not, therefore, been included in the Commercial Appendix :—

- (i) Sharigh Coal Mines in Baluchistan.
- (ii) Government Coal Briguetting Plant, Quetta.
- (iii) Cattle Farm Malir.
- (iv) Poultry Farm, Landhi.

We understand that a decision has also since been taken to maintain the accounts of the Pakistan Animal Husbandry Institute at Peshawar and its Sub-station at Comilla in the prescribed proforma. This exhibits considerable improvement over the state of affairs existing last year when the accounts of eleven institutions had either not been prepared at all by the department concerned or had not been compiled in the prescribed proforma. We suggest that steps would be taken to draw proper commercial accounts in respect of the four institutions as well and to include them in the Commercial Appendix to the Appropriation Accounts 1951-52.

31. The following statement compares the profit and loss of these institutions during the years 1949-50 and 1950-51 :—

Name of the concern	Loss(—) Profit (+)	
	1949-50	1950-51
	Rs.	Rs.
1. Central Excise and Salt Department, Lahore.. ..	17,269	—1,62,886
2. Government owned salt store at Saran	4,641	5,817
3. Government Opium Factory, Lahore	—49,218	—61,329
4. Makerwal Collieries, Mari Indus	3,14,571	3,14,584
5. Government Sales Department	—	—98,253
6. Medical Stores Department	,351	54,014
7. Jute Board, Narayananj	—2,56,035	1,80,16,154
8. Lighthouses and Lightships Department	99,326	—68,752
9. Mechanical Cultivation Scheme in Baluchistan	—1,53,231	—1,53,242
10. Scheme for Exploitation of Ephedra and Asafaetida Plants in Baluchistan	902	1,05,362
11. Radio Pakistan	—37,95,035	—43,57,746

The Government of Pakistan Presses, Central Stationery Offices, and Central Publication Branch renders free services to the Services Departments and do not work to profit. We have reviewed the position in respect of the profit and loss of the various institutions in the proceedings of our meetings.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

32. The position of the Defence expenditure incurred during 1950-51 compared with the original and final grants is as follows :—

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Saving)--- Excess(+)	Percentage
1	2	3	4	5	6
(Crores of rupees)					
Expenditure met from Revenue :					
Voted	50,00	60,70	64,99	+4,29	7.06
Expenditure met from Capital	25,00	25,00	5,31	—19,69	78.76
Total..	75,00	85,70	70,30	—15,40	17.97

There is an excess of Rs. 4.29 crores under Revenue Account and a savings of Rs. 19.69 crores under Capital Account. One major reason for the variations under the two accounts is an *ad hoc* transfer of Rs. 13.92 crores from Capital to Revenue decision regarding which was taken after the close of the year. This was done in view of the improved revenue position and also in accordance with the principle that the purchase of stores should as far as possible be charged to Revenue. Taking both Capital and Revenue grants together, however, the variation works out to only 17.06 per cent of the final appropriation. The saving has mainly occurred under Capital Account and is to a large extent due to—

- (i) delay in procurement of stores on account of restricted availability, and
- (ii) non-adjustment in the year's accounts of expenditure already incurred, debits for which could not be raised by Civil Accounts Officers.

We were told that the second item was mainly due to the delay caused by D. G. S. & D. We were informed that a new procedure has been evolved with a view to expediting the procurements of Defence requirements by the D. G. S. & D. A report on the working of this procedure may be submitted to

us next year. We would also recommend that in future care should be taken to frame the Defence Estimates as accurately as possible and particularly the final grant should be so fixed that it should not admit of wide divergence from the actual expenditure.

33. There are substantial variations between the initial expenditure and the final appropriations under the different main heads—for example, under main head 6—Release Benefits, the final grant was fixed at Rs. 2 lakhs whereas the actual expenditure amounted to Rs. 3.04 lakhs thus registering an excess of 52 per cent. There is an excess of Rs. 39.19 lakhs which works out to 18 per cent under main head “7—Transportation, Conservancy” while there is a saving of 50 per cent under main head “9—Auxiliary and Territorial Forces”. This indicates that no effective control was exercised over the budget or the progress of expenditure. We feel that it is of great importance that proper and timely action should be taken by the Ministry of Defence, for regularising excesses and savings before the close of the year.

34. **Compliance Report.**—The Public Accounts Committee on the accounts for 1949-50 point out a number of irregularities in the Defence compilations of the year directing action to be taken on the lines indicated therein. The Ministry of Defence has submitted a Compliance Report on these points. We have examined this report in detail and our findings are recorded in the minutes of our meeting, dated the 27th August, 1984. We have indicated therein further action to be taken by the Ministry of Defence and have also pointed out the cases where the Compliance Report was not satisfactory or no Compliance Report was submitted. We would urge that the Ministry of Defence should take further action on the lines indicated in our minutes referred to above.

35. **Financial Irregularities.**—The Military Accountant-General's certificate points out the following irregularities involving over Rs. 5,000 in each case in the accounts of the year :—

	Rs.
1. Unauthorized use of Government transport by Naval Pool Transport Officer, Karachi	2,07,495
2. Unauthorized use of Government transport in H.M.P.S. 'Dilawar' ..	30,376
3. Unauthorized use of Government transport in H.M.P.S. 'Himalaya' ..	28,800
4. In majority of cases at Embarkation Headquarters, claims for short landed packages were not submitted in time and consequently the claims became time-barred. Claim Register was also not kept up-to-date nor inspected by any officer	5,000

5. Irregularities observed at Military Dairy Farm, Malir :—
- (a) The issue of concession coupons was falsified by Military personnel in order to get concession coupons to cover up their illegal sales .. 5,000
- (b) Milk was illegally sold and to cover up these sales they were adjusted against sales to Canteen and mess contractors and also against coupons. It was confirmed by the Canteen and mess contractors that they never received the quantities shown against them and the coupons were also those which were issue during the subsequent days and months and which belonged to other Farms 5,000
- (c) Cash received, viz., Rs. 4,004 from the sales of coupons was temporarily misappropriated. A sum of Rs. 11,183 was shown outstanding against canteen and mess contractors, whereas this sum was already paid by them 5,000
6. Unauthorised expenditure incurred by the Officer Commanding, Royal Pakistan Air Force College, Risalpur, on account of outfit and tropical kit allowance to officers, Royal Pakistan Air Force Volunteer Reserve .. 5,300
7. Ration articles not accounted for by the unit authorities at Station Workshop, Rawalpindi 11,812
8. (a) In the office of A.O. Military Engineer Services, Wah, pay of certain casual personnel was fixed in excess of the minimum scale laid down in Army Instructions (Pakistan) No. 143/49 and thereafter refixed at intervals increasing their pay further (approx.) 5,500
- (b) Employment of " Mails " for gardening in Inspection Bungalow in Ordnance Factory, Wah (approximately) 7,000
9. Provision of Bulk Petrol Tank, Royal Pakistan Air Force, Chaklala .. 12,366
10. Irregularities observed in Garrison Engineer's Office, Rawalpindi :
- (a) Provision of additional accommodation for Combined Military Hospital Laboratory 6,877
- (b) Payment of Railway siding and platform 8,635
- (c) Maintenance of permanent buildings 9,607
- (d) Expenditure on water supply 45,965
- (e) Expenditure on electricity 74,302
11. Irregularities observed in Assistant Garrison Engineer's Office, Jessore :—
- (a) Expenditure incurred on account of minor works, carried out on requisitioned buildings at Rajbari, Pabna 5,341
- (b) Expenditure incurred on account of maintenance of requisitioned hired buildings 6,238
12. Irregular expenditure incurred by Divisional Officers, Punjab Public Works Department, concerned on Works executed at Rawalpindi/ Jhelum as standing arrangement on behalf of the Military Engineer Services :— ..
- (a) Annual Maintenance of Murree Joint Water Works 31,149
- (b) Construction of a tarred road from Grand Trunk Road to Chichian .. 4,56,091

Similar instance came to notice in the accounts of the previous three years and we are perturbed to note the continuance of these irregularities from year to year. We have examined some of the more important irregularities and our findings and recommendations on these cases are incorporated in the minutes of our meeting dated 27th August. We would urge that immediate steps should be taken to regularize all these cases and to prevent the recurrence of such irregularities in future.

36. Non-linking of Consignments with the Invoices.—In accordance with the prescribed procedure a packing account is received along with the stores purchased from U. K. and U. S. A. In addition to this a separate invoice is received direct from the High Commissioner's|Ambassador's Office. The Military Accountant-General is then required to link the two and to send the invoice back to the High Commissioner|Ambassador for claiming any shortages which may have been discovered as a result of this linking from the supplying firms. It is very unsatisfactory that as in the previous years cases continue to occur in which the consignees of these stores do not in practice link the goods actually received by them against the particular consignments as having been despatched to them. The result is that it is not possible for the internal check to satisfy that such consignments have been satisfactorily brought to account by the consignees. We were informed that a combined invoices and checking account has been introduced and the things were expected to improve as a result thereof. We strongly urge that the matter should be looked into carefully by the Ministry of Defence so as to ensure continuous linking of goods with invoices.

37. Stores Accounts.—The Military Accountant-General's certificate further points out that the checking of authorized proportions was not possible because warrants of stores authorized for the various ships and establishments had not been issued by Naval Headquarters, Pakistan. Stock-taking in some of the ships and establishments was also not carried out regularly. We would urge that these irregularities should be rectified forthwith and suitable steps taken immediately to avoid these in future.

38. Stock Verification.—Para 15 of the Audit Report points out that the position of stock verification in the Army, Navy and Air Force was not in any way better than that during the year 1949-50. We were not satisfied with the explanation given for the non-compliance of the prescribed rules for stock verification and would emphasise the importance of proper maintenance of store accounts and conducting of periodical stock verification.

39. Losses of Cash and Stores.—Appendix 'A' to the Appropriation Accounts indicates that cases pertaining to loss of Rs. 1,34,355 on account of losses of cash, overpayment, etc., were dealt with finally during the year

1950-51. Similarly Appendix 'B' to the Appropriation Accounts brings out that total amount of store losses of various categories finally dealt with during the year amounted to Rs. 56,45 lakhs. It was explained that these losses did not occur during the year 1950-51 but pertained to the whole of the period since partition. As, however, a break-up of the losses on a yearly basis was not available, it was difficult to assess the position correctly. Annexure to Appendix 'B' indicates details of more important losses mentioned in that Appendix. We have gone through these cases with the assistance of departmental representatives and our findings on some of them which appeared to us comparatively more important have been incorporated in our minutes dated the 27th August, 1954. We would urge further action to be taken on the lines suggested therein.

40. Audit Report on the Appropriation Accounts.—Section II of the Audit Report gives important and typical financial irregularities. We have examined these irregularities with particular reference to the more important ones reported in paragraphs 10, 11, 13, 15, 18 and 20. Our findings and recommendations on all these cases have been incorporated in the minutes of our proceedings, dated the 27th August, 1954. We would reiterate the general remarks contained in our previous report that there is a persistent tendency towards the continuance of these irregularities from year to year and the matter can only be set right if effective and firm action is taken by the Ministry of Defence.

COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS (DEFENCE SERVICES).

41. Military Farms Department.—The balances outstanding under the head "Sundry Debtors" decreased from Rs. 35.4 lakhs in 1949-50 to Rs. 31.3 lakhs at the close of the year 1950-51. This is inclusive of an amount of Rs. 24.18 lakhs pertaining to the pre-partition period. We were told that the outstanding balances at the end of March 1953 were of the order of Rs. 27.24 lakhs of which Rs. 17.06 lakhs pertained to the pre-partition period and Rs. 10.18 lakhs to post-partition period. We would urge that more vigorous efforts should be made with a view to reducing the balances to the normal permissible limits.

42. Canteen Stores Department.—The accounts of the Canteen Stores Department are maintained on the basis of trade practices and usage and although it is being run as a Government department its transactions do not enter into Government accounts. The Reports of the Public Accounts Committees on the accounts for 1948-49 and 1949-50 had also drawn attention to this fact and had suggested that Government should take a decision regarding the question of maintaining these accounts on the basis of Government commercial organisations. We were surprised to find that no decision had so far been taken on this account. Since at present the transactions do not enter into Government

account, they have not been audited by the Audit Department. We regard this state of affairs as unsatisfactory and would suggest that early action should be taken to put the matter in order.

43. **Army Clothing Factory.**—The Audit Report points out that on the analogy of the Convention established in World War II, the profits or losses amounting to Rs. 10,000 or above in each case arising out of abnormal and unusual sale of stores were being excluded from the Production Accounts of the Factories although the abnormal rise and fall in prices, if any, can no longer be ascribed to war conditions. We would recommend that the matter should be considered in the light of the prevailing conditions and a firm procedure laid down for the preparation of the Production Accounts of Army Clothing Factories.

APPROPRIATION ACCOUNTS (RAILWAYS)

44. The position of the expenditure incurred as compared with the Original and Final Grants during the year 1950-51 is as follows:—

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Saving(—) Excess(+)	Per-centage
(Crores of rupees)					
Expenditure met from Revenue :					
Voted	29.28	31.67	32.47	+80	2.527
Non-Voted	4.05	4.06	3.99	—7	1.724
Total	33.33	35.73	36.46	+73	2.043
Expenditure met from Capital :					
Voted	7.00	7.00	1.96	—5.04	.72
	40.33	42.73	38.42	4.31	10.08

45. **Accuracy of budgeting and control on expenditure.**—In the voted section of the Revenue Account the original grant of Rs. 29.28 crores was increased to Rs. 31.67 crores by a supplementary grant of Rs. 2.39 crores which proved insufficient and the final expenditure registered an excess of Rs. 80 lakhs which works out to 2.5 per cent of the final grant. It has been stated in para 9(b) of the Audit Report that in some cases excesses over the final estimates fixed in March 1951 were attributable to provision having not been made inadvertently or through an oversight. In the non-voted section of the revenue grant there is a saving of 1.7 per cent. In the capital section the

original grant of Rs. 7 crores was modified to to Rs. 4.93 crores. The actual expenditure, however, only amounted to Rs. 1.96 crores, thus the net savings in the capital grant worked out to 72 per cent, of the original grant and 60.17 per cent of the modified grant. It was explained in this regard that against the modified grant of Rs. 4.93 crores the actual expenditure was of the order of Rs. 3.67 crores which was, however, reduced to Rs. 1.96 crores by an un-anticipated credit from store suspense. All these instances point to an apparent lack of control over budget and progress of expenditure.

46. The Railways being an important commercial concern can ill-afford to slacken the control of their expenditure particularly on the Capital side. Any delay in supplies means poor service and consequent fall in earnings. The Public Accounts Committee had last year recommended that a closer liaison should be maintained between the Railway Administration and the Purchase Organisation. This, we are afraid, has not been achieved. We have accordingly discussed the position at some length with the representatives of the Railways and the Supply Organization and our findings and recommendations have been incorporated in the Minutes of our meeting dated the 8th September, 1954. We were given to understand that a new procedure was being put into effect under which it would be possible to eliminate delays and ensure quick deliveries. The details of the procedure were being worked out jointly by D. G. (Railways) and D. G. S. & D. The Purchase Organizations abroad had also been responsibility of the D. G. S. & D. We do hope that as a result of these measures it would be possible to ensure better coordination between the Supply Organizations and the Indentors (particularly the Railways which are an important indenter). We also feel that adequate arrangements should be made for ensuring a proper liaison between the Railways and the D. G. S. & D. by appointing a special officer, if necessary. We also recommend that the Railway Administration should so orientate their procurement policy as to build up the internal production capacity of the country. They should in conjunction with D. G. S. & D. carry out a survey of the internal capacity with a view to determining as to how far their requirements can be met with by indigenous production even though it may involve some modification of the prescribed specifications.

47. In the end, we wish to reiterate that the primary responsibility for ensuring that budget provision is fully utilised and for taking action to regularise uncovered expenditure, or surrender unwanted funds rested with the Administrative Department in control of the Demand and not with other Department dealing with the Supply or Service, etc. It was incumbent on the Administrative Department to work out a realistic position of the Demand under this control towards the close of the financial year and to take regularising action.

The Audit Report mentions typical cases of defective control over expenditure. Some of them are :—

- (i) unnecessary Supplementary Appropriations.
- (ii) Inadequate Supplementary Grants.
- (iii) Injudicious re-appropriations.
- (iv) Unnecessary or excessive Supplementary Grants or re-appropriations.
- (v) Uncovered excesses or unsurrendered savings.

Details of these cases are indicated in Annexure 'B'—Part I of the Appropriation Accounts. All this indicates that there is much room for improvement in preparing both the original and final estimates and in exercising proper control over expenditure. One of the measures through which these objectives can be achieved is that the accounts should be maintained up-to-date and correctly. In his regard, we would also suggest that early steps should be taken to mechanize the railway accounts.

48. In the Report on the accounts for 1949-50, the Committee had recommended that the Railway Administration should undertake a thorough study of the problem of rise in working expenses and should devise ways and means for rationalising the expenses so as to make the Railways a more profitable concern. This enquiry, it was recommended, should be directed particularly towards the affairs of the East Bengal Railway in which case the objective should be to make it at least self-supporting and not continue to be a losing concern. It has been explained in the Compliance Report that the Standing Economy Committee are working on both the Railways with a view to cut down the expenditure as far as possible. In our view the action taken has not been effective particularly so in regard to East Bengal Railway, the financial position of which gives real cause for concern by virtue of its large and persistent deficits. We also find that the Chittagong Port too is running at a deficit. Again in the case of East Bengal Flotilla in which heavy investments were made in expectation of handsome returns, the actual earnings have proved to be very disappointing and the return on Capital does not now exceed .69 per cent. All these instances are serious enough to allow any complacency in regard to the working of the Railways and Ports in East Bengal. Quite naturally, therefore, we view the state of affairs with concern. The Railway Administration should address themselves to a thorough and detailed examination of the position with a view to ascertaining :—

- (1) the causes leading to the losses in the working of the E.B. Railways, Chittagong Port and Flotilla from year to year,
- (2) what steps should be taken to economise expenditure and to improve revenues, and

- (3) what further measures should be taken in making these concerns self-supporting.

A report should be submitted to us in the next meeting on all these points and also giving an appreciation of the future prospects as to when it would be possible to make these concerns self-supporting.

49. Ticketless Travel.—The Committee had recommended last year that the Railways should study the problem of ticketless travel in all its aspects with a view to determining its magnitude and intensifying measures for eradicating it. The Railway Administration submitted a note on the subject which is appended as Annexure III. We, however, feel that the problem has not still been effectively tackled and that vigorous and persistent efforts are required for the eradication of this evil.

50. Stores Balances Enquiry Committee.—The Public Accounts Committee observed last year that the report of the Stores Balances Enquiry Committee should be carefully studied and a note submitted to the Committee indicating the action taken or proposed to be taken on these recommendations. Para 101 of the Appropriation Accounts (Railways), Part I deals with this subject at some length and states that some of the recommendations had been accepted whereas others are still under consideration. We suggest that the consideration of the remaining recommendations should also be expedited and a decision taken thereon. In fixing the normal stores balance it should be borne in mind that the funds were not unnecessarily locked up.

51. Cases of defalcation and losses, etc.—The Committee directed last year that the investigation of pending cases of defalcation, losses, etc., should be completed without delay by appointing a special officer, if so required. The Railway Administration have submitted a detailed note (Annexure V) giving the present position of the various cases of defalcation, losses, etc., mentioned in the Appropriation Accounts for 1949-50. We have examined this note in conjunction with the Auditor-General and we are not satisfied with the progress made with the cases. In the first place only 12 out of 27 cases of delay in finalisation have so far been finalised. In respect of item 1 of the N.-W. Railway List, we are at a loss to understand why a decision on disciplinary action against the Superintendent, Mechanical Workshops, should take so long when the Enquiry Committee submitted its reports as far back as March, 1950. Similarly, we fail to comprehend why the accounts of the *ex-Cash* and Pay Contractor of the E. B. Railway have not been finalised so far. We feel that prompt and vigorous action was indicated on the part of the Railway Administration in the investigation of the cases of loss and fraud and in bringing the defaulters to book. It was very unsatisfactory that these cases were allowed to hang on for years thus making investigation more difficult at a subsequent stage.

52. We have also examined the cases mentioned in Annexure A to the Audit Report and our findings in individual cases are indicated in the minutes of our meeting, dated the 2nd September, 1954. These cases have further strengthened our impression that there has been an inordinate delay which is indefensible in certain cases in finalising cases of loss and fraud, etc. The offenders are not being dealt with in a deterrent and exemplary manner. We do hope that the Railway Administration takes a serious view of the recurrence of such cases and takes effective measures for the prevention thereof. Steps should be taken to finalise all the outstanding cases and a Compliance Report submitted to us next year.

53. **Expenditure incurred without proper sanction.**—Annexure “A-1” to the Appropriation Accounts—Part II—Railways, gives a list of the items of expenditure incurred without proper sanction. The figure which stood at Rs. 84.94 lakhs on the 15th February, 1951, has risen to Rs. 2.92 crores during the year under review. A further reference to Annexure “A-1” of Part II—Appropriation Accounts indicates that the main irregularity consists of the estimates either not having been prepared or sanctioned in time. These irregularities are occurring from year to year and we take a serious view of them. Effective financial control can only be exercised if proper sanction is obtained before expenditure is incurred and in case of works the detailed estimates are prepared and sanctioned before hand. The Railway Administration should take suitable action in this behalf and submit a Compliance Report on this matter next time.

54. **Under charge.**—Annexure ‘B’ to the Appropriation Accounts, Part II indicates that the total amount of under-charges detected by Audit during the year under report was Rs. 17.37 lakhs. Of this an amount of Rs. 16.41 lakhs was recovered and an amount of Rs. 11,861 was written off and the balance was under settlement. We have examined the position in some detail and are of the feeling that prompt action is not being taken in settling the cases of under-charges. The Public Accounts Committee referred to this problem last year as well and recommended that the Railway Administration should in consultation with their Financial Adviser investigate the basic causes and take up remedial measures to rectify the position. A note submitted by the Railway Administration is at Annexure VI. We hope that as a result of the measures indicated therein, the position in respect of the subsequent years would improve.

55. **Remission of Revenue.**—Annexure “C” to the Appropriation Accounts—Part II, indicates that as a result remissions and abandonment of claims of revenue during the year under report an amount of Rs. 12.45 lakhs was written off on account of Wharfage and demurrage and an amount of Rs. 2.02 lakhs on account of other items. Further details have been given in Annexure

"C-1" *ibid.* We have examined these cases and we are of the view that in most of them more prompt action on the part of the Railway Administration could have saved them from the loss. We, therefore, direct that in future necessary steps should be taken against such losses.

56. **Form of the Demands for Grants.**—The Audit Report has been pointing out from year to year that the form of the Demands for Grants for Railways should be revised with a view to ensuring better Parliamentary control. The Ministry of Finance have submitted a memorandum on the subject which is at Annexure VII. We have approved the revised form of Demands for Grants proposed by the Ministry of Finance.

APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS)

57. The position of the expenditure on Posts and Telegraphs Department incurred during the year 1950-51 as compared with the Original and Final Grant is as follows :—

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expendi- ture	Saving (—) Excess (+)	Perce- ntage
<i>(In Crores of Rupees)</i>					
Expenditure met from Revenue :					
Voted	4.81	5.37	5.24	— .13	2.42
Non-Voted20	.20	.19	— .01	5.00
Total	5.01	5.57	5.43	— .14	2.52
Expenditure met from Capital :					
Voted37	.51	.38	— .13	25.49
GRAND TOTAL	5.38	6.08	5.81	— .27	4.44

58. There is a saving of 4.44 per cent, against the final overall grant both under Revenue and Capital Accounts as compared to the excess of 2.7 per cent being the corresponding figure for the last year. Supplementary grant to the extent of Rs. 69.93 lakhs was obtained by the department of which Rs. 55.83 lakhs pertained to Revenue Account and Rs. 14.10 lakhs to Capital Account. The supplementary grant proved unnecessary under Revenue Account to the extent of Rs. 13 lakhs and under Capital Account to the extent of Rs. 14 lakhs. Obviously the department has not worked out the position of their grant on a

realistic basis before going in for the supplementary grants. A detailed examination of the appropriation accounts revealed the following typical cases of defective control over expenditure :—

- (i) Unnecessary supplementary grants were obtained under Grant No. 11, sub-heads CIIC, OII and III and Grant No. 67, sub-head B2.
- (ii) In certain cases injudicious re-appropriations were made which caused excess over allotments, e.g., sub-heads A-III A-IV B, B II and IVA.
- (iii) There are three instances in which savings were not surrendered within the proper time.
- (iv) In four instances, uncovered or unremedied excesses were left without proper regularisation.

Similar irregularities have been noticed by the Public Accounts Committee and their persistence points out that there is still much to be desired in the matter of budgetary control and progress of expenditure. We would urge the Posts and Telegraphs Department to exercise effective control over its budget and progress of expenditure.

With this end in view the Public Accounts Committee made a suggestion last year that effective steps should be taken for clearing all the liabilities for which budget provision had been made before the close of the year. It has been stated in the Compliance Report that necessary instructions to this effect have been issued. The Committee feel that issue of instructions are not sufficient and that the department should take effective measures with a view to ensuring necessary coordination with the D.G.S.&D. so that neither the funds provided are allowed to lapse nor the Parliament is asked to provide funds which are not in effect required.

59. An analysis of the working results of the Department according to its branches is indicated below :—

Branches	Profit (+) or Loss (—)		
	1948-49	1949-50	1950-51
	<i>(Thousands of Rupees)</i>		
Post Office	—42,54	—74,25	—33,07
Telegraphs	+22,49	+30,96	+24,93
Telephones	+49,58	+51,83	+77,23
Radios	—4,47	—8,57	—6,67
Total for the Department	+25,06	3	+61,42

60. It would appear that the Post Office and the Radio Branches are persistently working at a loss. As regards the Radio Branch it was explained

to us that the loss was not real as the Revenue from telegrams handled by the Radio Branch was being shown against the Telegraph Branch. As regards the Post Office Branch, it was pointed out to us that the loss was attributable to the heavy excess of expenditure over Revenue in the East Bengal Circle. We feel that the position in this respect merits detailed examination which should be undertaken by the T&T Department without further loss of time. A detailed report should be submitted to us next year indicating (1) the position of the working of the Postal Department in East Bengal Circle from year to year and the factors contributing to the persistent deficit, (2) the steps so far taken by the department or proposed to be taken with a view to make it self-supporting in the East Bengal Circle, and (3) an appreciation of the position as to when and what means would be possible to make the department self-supporting in East Bengal Circle.

61. **Stores Suspense Account.**—Last year the Committee directed that Audit should check up the limit prescribed by Government in respect of the Stores Suspense Account. Para 19 of the Audit Report 1952 indicates that, although the DGP&T has recently intimated to the Audit that the limit of Rs. 1.10 lakhs has been fixed for the purpose, formal Government orders prescribing the limit in question have not yet been communicated to us. We feel that this question should be re-examined by the department in consultation with their Financial Adviser and the limit should be prescribed in a manner which should on the one hand meet the actual requirements of the department and on the other ensure that funds are not unnecessarily locked up. The ultimate saving of Rs. 13.11 lakhs under the Capital Account was the net result of a saving of Rs. 13.86 lakhs of the finally modified grant for outlay on new assets and an excess of .57 lakhs under "Stores and Manufacturer Suspense Account" was due mainly to less issues and less purchases of stores. This indicates that the position of the stores is not properly ascertained at the time of framing the final estimate. We would suggest that steps should be taken to avoid the recurrence of such irregularities in future.

Note by the Committee on Public Accounts elected by the National Assembly of Pakistan (election notified on 13th April, 1956) under Sub-rule (2) of Rule 94 of the Rules of Procedure of the National Assembly of Pakistan.

We were informed that a Committee on Public Accounts was constituted under Rule 51 of the Pakistan Constituent Assembly (Legislature) Rules, and it met during August-September, 1954 and examined the Appropriation Accounts of the Government of Pakistan for the year 1950-51 and the Audit Reports thereon, as well as the compliance reports of the Ministries, Divisions, etc., on the Committee's Report for the previous year. On the 8th September, 1954 the Committee adjourned to meet on a date to be fixed by the Chairman for the purpose of approving and signing its Report. Before the Draft Report could be approved and signed by the Members the then Governor-General issued a Proclamation on the 24th October,

1954 dissolving the Constituent Assembly. With the dissolution of the Constituent Assembly, the Public Accounts Committee also ceased to exist. Consequently the Draft Report could not be finalised.

2. We were advised that we could either examine the Accounts for 1950-51 *de novo* and submit our own Report or adopt the Draft Report of the previous Committee, with such modifications therein as we considered necessary. We agreed to adopt the second alternative.

3. Accordingly in the course of the examination of the Appropriation Accounts and Audit Reports thereon for the years 1951-52 and 1952-53, we have generally gone through the Draft Report of the previous Committee on the Accounts for 1950-51. We have also ascertained, as far as possible, the position in regard to the important recommendations and observations contained in the Draft Report and the results of our investigations have been embodied in our Report on the Accounts for 1951-52 which we shall submit separately. We have, therefore, adopted the Report on the Accounts for 1950-51 as our Report, subject to the remarks in paragraph 4 below.

4. In paragraph 20 of the Report on the Accounts for 1950-51, the previous Committee had recommended that the Central Board of Revenue should prescribe a normal percentage of losses in the Salt stocks and that the excesses over that percentage should in future be recovered from the Miners. In the course of our investigations we were assured that the percentage of loss in Salt Stocks varied considerably from year to year due to unaccountable causes and that it was not practicable to lay down any percentage limits for purposes of recovery from the Miners.

SYED AMJED ALI,
Chairman.

YUSUF A. HAROON,
Member.

BHUPENDRA KUMAR DUTTA,
Member.

ABUL MANSUR AHMAD,
Member.

FARID AHMAD,
Member.

MIRZA MUMTAZ HASAN KIZILBASH,
Member.

KARACHI :
The 28th November, 1956.

K. M. SHAMEEM,
Secretary.
