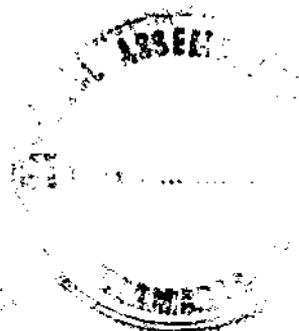


**CONFIDENTIAL**



# **REPORT**

**OF THE**

## **PUBLIC ACCOUNTS COMMITTEE**

**ON THE**

**ACCOUNTS OF 1952-53**

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

*Chairman*

1. Syed Amjad Ali, Minister for Finance.

*Members*

2. Mr. Yusuf A. Haroon.
3. Mirza Mumtaz Hasan Kizalbash.
4. Chaudhri Muhammad Hussain Chattha.
5. Mr. Farid Ahmad.
6. Mr. Abul Mansur Ahmad.
7. Mr. Bhupendra Kumar Dutta.

## PART I—REPORT

### PRELIMINARY REMARKS

We were called to meet in Karachi on Monday, the 5th November, 1956, for examining the Appropriation Accounts for the years 1951-52 and 1952-53 and the Comptroller and Auditor General's Reports thereon. We remained in session up to the 28th November, 1956, during the course of which we held 20 sittings and examined the Accounts of the years under report. We also went through generally the Draft Report of the previous Committee on the Accounts for 1950-51, as it had remained unsigned by the members of that Committee. In the course of the examination of the Draft Report we have also ascertained, as far as possible, the position in regard to the important recommendations and observations contained therein and the results of our enquiries are embodied in our report on the Accounts for 1951-52. Accordingly, we have adopted the Draft Report of the previous Committee on the Accounts for 1950-51 and have signed it in token of the adoption; the report as adopted by us has been submitted separately. We assembled again on the 27th December, 1956 to finalize our reports after examining the information, subsequently furnished by the various Ministries, which we had called for from them in the course of our meetings held from the 5th to the 28th November, 1956. Our reports, therefore, have taken into account also the information so furnished subsequently by the Ministries. Some of the Ministries could not furnish the information required by us up to the date fixed by us and such defaults have been mentioned within parentheses in the proceedings of our meetings reproduced in Part II of this report. In such cases the Ministries concerned should furnish the required information through their Compliance Reports.

Although, we examined the Appropriation Accounts for 1951-52 and 1952-53 and the Comptroller and Auditor General's reports thereon in a single series of meetings, we have, in accordance with the established convention and in order to preserve all financial matters relating to a financial year in a single group of compilations, separate from other financial years for the sake of a clear account and avoidance of confusion, prepared separate reports for the accounts of each of these years. Our proceedings relating to the accounts of each of these years have also been separately appended to the relevant report. Our observations with reference to the recommendations of the previous Committee in its report

on the Accounts for 1950-51 are, however, given in the report on the accounts for 1951-52.

2. We append in Part II the proceedings of our meetings dealing with the Appropriation Accounts for 1951-52 and the Comptroller and Auditor General's report thereon and we desire that, as usual, these proceedings and specific recommendations and observations contained therein should be regarded as a part of our report.

3. In scrutinizing the Appropriation Accounts and the Audit Reports thereon we have observed the principles laid down in rule 95 of the Rules of Procedure of the National Assembly of Pakistan, which define the scope of our duties and, which for convenience of reference, we reproduce below :

“ 95. *Control of Committee on Public Accounts.*—(1) In scrutinizing the Appropriation Accounts of Government of Pakistan and the report of the Comptroller and 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 President may have required to be prepared, and the Comptroller and Auditor General's report thereon ; and
- (b) to consider the report of the Comptroller and Auditor General in cases where the President may have required him to conduct an audit of any receipts or to examine the accounts of stores and stock.”

4. We are grateful to the Comptroller and Auditor General for bringing to our notice important irregularities and other ancillary matters in

the Appropriation Accounts and the Audit Reports with commendable lucidity and also for the assistance, which he and his officers rendered to use in the examination of the accounts, throughout our long session.

The officer of the Ministry of Finance, whose services were placed at the disposal of the Committee, also assisted us in the examination of the accounts and prepared drafts of our daily proceedings and of our reports. The officers and staff of the Parliament Secretariat were also helpful, in fixing our programme of work from day to day, in taking down our verbatim proceeding and in undertaking the huge amount of paper work involved.

5. We sent for the representatives of the various Ministries and Divisions and the Chief Commissioner, Karachi, and examined them in details in regard to the grants and appropriations under their control. We regret to note that the representatives of some of the Ministries were not fully informed as regards the items of expenditure controlled by them, with the result, that in quite a few cases we have had to ask them to furnish to us notes on the points on which they could not fully satisfy us in the course of their examination. In one case we had to give a few days' time to the representative of a Ministry to study his accounts carefully and to re-appear before us. In view, however, of the revised procedure for the examination of accounts, to which we have agreed and which has been mentioned in greater details in paragraph 76 of our Report on the Accounts for 1951-52, it is hoped that the representatives of the Ministries would, in future, appear before the Committee fully prepared.

6. *Imperfect assessment of budgetary requirements.*—In paragraph 6 of our report on the Accounts for 1951-52 we have given our opinion regarding the standard of budgeting. Practically all the defects mentioned by us in connection with the Accounts for 1951-52 were noticed also in the Accounts for 1952-53 and continuous and concerted efforts on the part of the spending Ministries and the Ministry of Finance are required to bring about a distinct improvement in this respect.

7. *Difficulties in the preparation of accounts.*—Our observations on this subject in paragraph 7 of our report on the Accounts for 1951-52 apply with equal force to the Accounts for 1952-53 and, as suggested therein, we would like to have a report during our next session as regards the steps taken and the results achieved in the matter of clearance of accounts arrears and the removal of the difficulties of the Accounts and Audit Offices.

## OVERALL POSITION

8. The following table summarizes the overall result of the appropriation audit during 1952-53:

	Original grant or Appropriation	Final grant or Appropriation	Actual Expendi- ture	Saving (—) Excess (+)	Percentage
(In lakhs of rupees)					
<i>Voted—</i>					
Expenditure met from Revenue :					
Civil ... ..	46,49	49,06	44,00	—5,06	10.31
Defence ... ..	67,69	67,69	78,34	+10,65	15.73
Railways ... ..	37,41	37,41	36,14	—1,27	3.39
Posts and Tele- graphs ... ..	6,08	6,08	5,88	—20	3.29
	1,57,67	1,60,24	1,64,36	+4,12	2.57
Expenditure met from Capital :					
Civil ... ..	17,85	34,94	35,24	+30	0.89
Defence ... ..	27,31	29,27	21,12	—8,15	27.84
Railways ... ..	16,94	16,93	11,98	—4,95	29.24
Posts and Tele- graphs ... ..	2,08	2,30	2,15	—15	6.52
	64,18	83,44	70,49	—12,95	15.50
Disbursement of Loans and Advances ... ..	12,89	12,89	3,25	—9,64	74.79
Total, Voted ...	2,34,74	2,56,57	2,38,11	—18,46	8.29
<i>Charged—</i>					
Expenditure met from Revenue :					
Civil ... ..	9,18	9,59	9,73	+14	1.46
Railways ... ..	4,46	4,46	4,43	—3	0.67
Posts and Tele- graphs ... ..	22	23	20	—3	13.04
	13,86	14,28	14,36	18	0.56

	Original grant or Appropriation	Final grant or Appropriation	Actual Expenditure	Saving (-) Excess (+)	Percentage
(In lakhs of rupees)					
Disbursement of Loans and Advances ...	12,00	12,00	10,50	-1,50	12.5
Total, Charged ...	25,86	26,28	24,86	-1,42	5.40
Total Expenditure met from Revenue	1,71,53	1,74,52	1,78,72	+4,20	2.40
Total Expenditure met from Capital.	64,18	83,44	70,49	-12,95	15.50
Total Disbursement of Loans and Advances ...	24,89	24,89	13,75	-11,14	44.75
GRAND TOTAL ...	2,60,60	2,82,85	2,62,96	-19,89	7.03

9. The following table gives the analyses of the savings and excesses by departments in the aggregate grants and appropriations for both voted and charged together :

(a) Without taking into account the surrenders made :

	Grant	Expenditure	Saving (-) Excess (+)	Percentage.
(In lakhs of rupees)				
Civil ... ..	1,18,48	1,02,72	-15,76	13.29
Defence ... ..	96,96	99,46	+2,50	2.57
Railways ... ..	58,80	52,55	6,25	10.63
Posts and Telegraphs ...	8,61	8,23	-38	4.4
	2,82,85	2,62,96	-19,89	7.03

(b) After taking into account the surrenders made:—

	Grant	Expenditure	Saving (-) Excess (+)	Percentage
(In lakhs of rupees)				
Civil ... ..	96,81	1,02,72	+5,91	6.11
Defence ... ..	96,51	99,46	+2,95	3.05
Railways ... ..	52,59	52,55	-4	.081
Posts and Telegraphs ...	8,50	8,23	-27	3.1
	2,54,41	2,62,96	+8,55	3.36

10. The following table further analyzes the savings and excesses separately under Revenue, Capital and Loans and Advances :

			Original grant or Appropriation	Final grant or Appropriation	Actual Expendi- ture	Savings (—) Excess ( : )	Percentage
CIVIL			(In lakhs of rupees)				
Expenditure met from Revenue:							
Voted	...	...	46,49	49,06	44,00	—5,06	10.31
Charged	...	...	9,18	9,59	9,73	+14	1.46
			55,67	58,65	53,73	—4,92	8.39
Expenditure met from Capital:							
Voted	...	...	17,85	34,94	35,24	+30	.89
Disbursement of Loans and Advances:							
Voted	...	...	12,89	12,89	3,25	—9,64	74.79
Charged	...	...	12,00	12,00	10,50	—1,50	12.5
			42,74	59,83	48,99	—10,84	18.11
GRAND TOTAL	...	...	93,41	1,13,43	1,02,72	—15,76	13.29
DEFENCE							
Expenditure met from Revenue:							
Voted	...	...	67,69	67,62	78,34	+10,65	15.73
Expenditure met from Capital:							
Voted	...	...	27,31	29,27	21,12	—8,15	27.84
Total	...	...	95,00	96,96	99,46	+2,50	2.57
RAILWAYS							
Expenditure met from Revenue:							
Voted	...	...	37,41	37,41	36,14	—1,27	3.39
Charged	...	...	4,46	4,46	4,43	—3	.67
Total	...	...	41,87	41,87	40,57	—1,30	3.1

			Original grant or Appropriation	Final grant or Appropriation	Actual Expenditure	Savings (—) Excess (+)	Percentage
Expenditure met from Capital:							
Voted	...	...	16,94	16,93	11,98	—4,95	29.24
GRAND TOTAL	...	...	58,81	58,80	52,55	—6,25	10.63
POSTS AND TELE-GRAPHS							
Expenditure met from Revenue:							
Voted	...	...	6,08	6,08	5,88	—20	3.29
Charged	...	...	22	23	20	—3	13.04
			6,30	6,31	6,08	—23	3.8
Expenditure met from Capital:							
Voted	...	...	2,08	2,30	2,15	—15	6.25
GRAND TOTAL	...	...	8,38	8,61	8,23	—38	4.4

### GENERAL REMARKS

11. The overall savings in the final grant amount to Rs. 19.89 crores or 7.03 per cent. of the aggregate amount of final grants and appropriations. If, however, the surrenders amounting to Rs. 28.44 crores made during the year are taken into account, there would be an excess of Rs. 8.55 crores or 3.36 per cent. of final modified grants and appropriations. The overall saving during the year 1951-52 amounted to 5.02 per cent. and after taking into account the surrenders made during that year it amounted to 0.74 per cent. Judging from the percentages alone the budgeting during the year under report might be regarded as more or less of the same standard as during 1951-52, but in the matter of control of expenditure there has been a distinct deterioration in that the savings were surrendered excessively. As observed by us in paragraph 13 of our Report on the Accounts for 1951-52, however, percentages alone cannot be a guiding factor and our examination of the accounts in details has shown that there is considerable scope for improvement both in regard to budgeting as well as control of expenditure. We have dealt with these aspects of the matter in greater details in the following paragraphs and in the proceedings of our meetings in Part II,

## UNCOVERED EXPENDITURE REQUIRING REGULARIZATION

12. The statement in Annexure I gives particulars of Voted Grants, Charged Appropriations for the year 1952-53, the expenditure incurred against them and the variations 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 excesses over the voted grants, which require excess votes of the Parliament*

Item No.	Name of Grant	Final Grant	Actual expenditure	Excess requiring the vote of the Legislature
		Rs.	Rs.	Rs.
1.	2—Central Excise and Salt...	1,00,04,000	1,02,34,038	2,30,038
2.	4—Sales Tax ... ..	10,63,000	10,65,152	2,152
3.	6—Provincial Excise ... ..	17,000	17,043	43
4.	7—Stamps ... ..	1,000	96,598	95,598
5.	10—Irrigation (including working expenses), Navigation Embankment and Drainage works met from Revenue ... ..	8,50,000	9,20,510	70,510
6.	17—Ministry of Law ... ..	4,18,000	4,20,549	2,549
7.	20—Ministry of Food and Agriculture ... ..	28,92,000	30,38,566	1,46,566
8.	24—Ministry of Health and Works ... ..	7,22,000	7,60,136	38,136
9.	27—Ministry of States and Frontier Regions ... ..	6,04,000	7,28,112	1,24,112
10.	32—Administration of Justice	6,82,000	9,42,444	2,60,444
11.	33—Police... ..	1,16,72,000	1,24,16,852	7,44,852
12.	35—Lighthouses & Lightships	3,11,000	3,35,136	24,136
13.	45—Education ... ..	29,95,000	49,76,204	19,81,204
14.	54—Department of Supply and Development ... ..	85,33,000	85,35,389	2,389
15.	60—Central Road Fund ... ..	68,70,000	68,75,025	5,025
16.	62—Superannuation Allowances and Pensions ... ..	38,23,000	42,90,274	4,67,274
17.	66—Expenditure connected with Kashmir Refugees.	1,71,89,000	2,38,43,636	66,54,636
18.	70—Miscellaneous adjustments between the Central and Provincial Governments	15,000	16,748	1,748
19.	85—Capital Outlay on schemes of state trading.	18,19,36,000	24,60,71,595	6,41,35,595
20.	68—Defence Services ... ..	67,69,00,000	78,33,73,753	10,64,73,753

## PART II

*Statement showing the excess over charged Appropriation, which require the sanction of the Government of Pakistan, Ministry of Finance.*

Item No.	Name of Appropriation	Final Appropriation	Actual expenditure	Excess requiring the sanction of the Government of Pakistan
1.	10—Irrigation (including Expenses), Navigation, Embankment and Drainage works met from Revenue ...	Rs. 1,85,000	Rs. 4,74,847	Rs. 2,89,847
2.	31—Audit ... ..	83,000	88,476	5,476
3.	32—Administration of Justice	4,38,000	4,40,610	2,610
4.	61—Civil Works ... ..	1,17,000	1,55,873	38,873
5.	Interest on Debt and other obligations and Reduction or Avoidance of debts ... ..	7,99,16,000	8,11,03,123	11,87,123
6.	Staff, Household and Allowances of Governor General ... ..	7,79,000	80,08,183	29,183
7.	Pakistan Public Service Commission ... ..	6,17,000	6,30,870	13,870

The excesses were the result of inevitable expenditure and we recommend that the excesses over voted grants may be regularized by excess votes of the Parliament under Article 67 of the Constitution of the Islamic Republic of Pakistan read with rule 92 of the Rules of Procedure of the National Assembly of Pakistan.

## APPROPRIATION ACCOUNTS (CIVIL)

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

	Original grant or Appropriation	Final grant or Appropriation	Actual Expenditure	Saving (—) Excess (—)	Percentage
(In crores of rupees)					
Expenditure met from Revenue:					
Voted ... ..	46.49	49.06	44.00	—5.06	10.31
Charged ... ..	9.18	9.59	9.73	—1.14	1.46
Total ... ..	55.67	58.65	53.73	—4.92	8.39

			Original grant or Appropriation	Final grant or Appropriation	Actual Expenditure	Saving (-) Excess (+)	Percentage
(In crores of rupees)							
Expenditure met from Capital.							
Voted	...	...	17.85	34.94	35.24	+ 30	0.89
Disbursement of Loans and Advances.							
Voted	...	...	12.89	12.89	3.25	-9.64	74.79
Charged	...	...	12.00	12.00	10.50	-1.50	12.5
<hr/>							
Total	...	...	42.74	59.83	48.99	-10.84	18.11
<hr/>							
GRAND TOTAL	...	...	98.41	1,18.48	1,02.72	-15.76	13.29

The overall savings work out to 13.29 per cent of the total final grant. However, if the amounts surrendered before the close of the year, are taken into consideration, there would be an excess of 6.11 per cent. Savings have occurred in 63 out of 84 Grants and in 4 out of 12 Charged Appropriations. In 20 cases the individual grants have been exceeded and require regularization by excess votes of the Parliament. In 7 cases the expenditure under the Charged Appropriations has exceeded the final modified appropriations requiring regularization by the Ministry of Finance.

14. *Supplementary Grants.*—Thirty-one supplementary demands for grants aggregating 19.65 crores were moved in the Parliament during March, 1953, and voted by that body. Out of these, 3 supplementary grants were for entirely new demands. In 3 cases the supplementary grants proved wholly unnecessary. In 20 cases the expenditure under the grants concerned remained uncovered for want of supplementary grants. In a large number of cases the additional funds obtained by means of supplementary grants under the various sub-heads were, wholly or partly, unnecessary and similarly under a number of sub-heads the excess expenditure remained uncovered.

In the Audit Report it is stated that during the post-partition period the supplementary grants have, as a matter of course, been obtained towards the end of the financial year, when the expenditure in respect of which the supplementary grants are taken, has in most cases already been incurred. We agree with the observation in the Audit Report that the practice is not in accordance with the relevant provisions of the Constitution Act relating to supplementary grants and militates against the principles of parliamentary control. We are glad to note that a decision has been taken to discontinue the incorrect practice and that in future the supplementary grants will be taken both in the autumn and budget sessions of the Parliament; thereby ensuring that, in order to cover inevitable excesses over the grants made by the Parliament, the earliest opportunity would be taken to obtain its approval.

As stated in paragraph 16 of our report on the Accounts for 1951-52, the detailed examination of the Accounts for 1952-53 has further convinced us that there is an undesirable tendency on the part of the spending Ministries to go up to Parliament for provision of funds without a proper assessment of the requirements. We have already made detailed comments on the subject in our report on the Accounts for the previous year and we wish to re-emphasize here the comments already made by us.

---

### CONTROL OVER EXPENDITURE

15. Some of the more important instances of defective control of expenditure mentioned in the Audit Report are:

- (i) *Unnecessary supplementary grants.*—There are 3 cases, namely, Grant Nos. 12—Cabinet, 36—Frontier Regions and 72—Baluchistan in which supplementary demands presented to the Constituent Assembly (Legislature) proved wholly unnecessary.
- (ii) *Irregular re-appropriations.*—As in the previous year, there are some cases of incorrect and irregular re-appropriations during this year and instances have been mentioned in the notes below the Appropriation Accounts of the grant or appropriation concerned, for example, Appropriation Accounts of Grant Nos. 1—Customs, 2—Central Excise, 61—Civil Works, 63—Stationery and Printing, 67—Miscellaneous, 78—Capital Outlay on Ports, and 85—Capital Outlay on Schemes of State Trading.

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

No. and Name of Grant	Amount of saving	Amount surrendered
21—Ministry of Finance...	1,49,923	1,81,000
28—Ministry of Refugees and Rehabilitation	74,545	82,017
29—Ministry of Economic Affairs	1,19,338	1,37,065
41—Geological Survey	33,979	1,08,800
47—Public Health	1,59,631	2,10,300
49—Civil Veterinary Services	2,89,904	3,68,488
58—Currency	10,52,840	10,53,185
64—Technical Assistance Schemes	8,65,326	8,96,700
78—Capital Outlay on Ports	30,32,903	30,85,620
79—Capital Outlay on Mint	10,30,119	10,84,652
86—Capital Outlay on Development	1,38,39,574	2,77,35,000
87—Interest-Free and Interest-Bearing Advances	9,64,54,941	10,12,61,000

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

No. and name of Grant	Amount of excess	Amount Surrendered
20—Ministry of Food and Agriculture...	1,46,566	71,700
45—Education	19,81,204	15,000

(v) *Utilization of unauthorized credits.—*

No. and name of Grant.	Amount Rs.
31—Audit	3,12,079
62—Superannuation Allowance and Pensions	2,04,149
82—Capital Outlay on Pensions	894

(vi) *Overall variations under sub-heads.—*

	Voted	Charged
1. Total number of sub-heads	1,825	78
2. Number of sub-heads containing variations	1,635	54
3. Number of sub-heads containing excesses over one per cent. of the final grant	518	24
4. Number of sub-heads containing savings over two per cent. of the final grant...	770	24
5. Percentage of 3 to 1	28.38	30.77
6. Percentage of 4 to 1	42.14	30.77

The percentages shown against items 5 and 6 above are pretty large and suggest the necessity of a more effective control over expenditure.

We have already made extensive comments in our report on the accounts for 1951-52 (c.f. paragraph 18 *ibid.*) and since the defects in this respect noticed by us in connection with the accounts under report are more or less of a similar nature, we do not wish to add to the comments already made by us.

16. *Misclassifications and other mistakes in the accounts compiled in the Accounts Offices*—The observations made by us in paragraph 19 of our report in the accounts for 1951-52 apply *mutatis mutandis* to the accounts for 1952-53.

17. *Secret Service Expenditure*—The Audit Report mentions three cases in which the required certificates were not furnished by the Administrative Authorities to the Audit Officers. We would like to know during our next session the reasons for the delay in the submission of these certificates. We attach importance to the rendering of the certificate in respect of expenditure on secret service, since the expenditure is not subjected to audit by the Comptroller and Auditor General. We would like to urge also that the amounts provided for expenditure on secret service should be rigorously controlled so as to eliminate chances of misuse. In this connection we would like to reiterate the recommendation made by us in paragraph 20 of our report on the accounts for 1951-52 that in order to achieve greater control over expenditure on secret service, the provision for the expenditure should be pooled under a single grant.

18. *Difficulties in the control of expenditure*—Some of the difficulties in the matter of control over progress of expenditure, brought to our notice during the course of the examination of the Accounts, are :—

- (1) belated adjustments of inter-Departmental and inter-Governmental transactions by the Accounts Officers,
- (2) uncertainty of expenditure on supplies from England and other foreign countries and also the final adjustment of such expenditure in the accounts,,
- (3) uncertainties of supplies arranged by the Directorate General of Supply and Development, and
- (4) slow progress of construction works entrusted to the Public Works Department.

We have offered rather exhaustive comments on the above mentioned difficulties and have made our recommendations for overcoming them in paragraphs 18, 21, 22 and 23 of our report on the accounts for 1951-52. We do not think that there are any special features in this respect in the accounts for 1952-53 requiring further consideration on our part.

19. *Non-utilization of funds provided for Nation-building Activities.*—The following figures indicate that, during the year under report, funds provided by the Parliament for nation-building activities were not fully utilized and large provisions lapsed :—

<i>Name of Grant</i>	<i>Percentage of saving to final grant</i>
38—Survey of Pakistan ... ..	33.25
44—Meteorology ... ..	30.33
46—Medical services ... ..	23.42
51—Industries ... ..	42.11
52—Aviation ... ..	13.85
61—Civil Works ... ..	85.33
64—Technical Assistance Programme ... ..	48.07
76—Capital Outlay on Civil Aviation ... ..	42.84
78—Capital Outlay on Ports ... ..	92.75
80—Capital Outlay on Federal Capital ... ..	96.06
81—Capital Outlay on Civil Works ... ..	50.11
86—Capital Outlay on Development ... ..	17.43

The inability of the Ministries concerned to utilize to an appreciable extent the funds provided by the Parliament for nation-building activities has been strongly criticised year after year by the Committee. We can do no more than reiterate here our comments on the subject in paragraph 24 of our report on the accounts for 1951-52.

20. *Comments on individual Accounts.*—Our detailed comments in regard to the control of expenditure and ancillary matters are contained in the proceedings of our meetings in Part II, which as stated previously, forms a part of our report. Important observations and recommendations on the subject have been made in the succeeding paragraphs.

21 *Grant No. 21—Ministry of Finance.*—It came to our notice that an expenditure of Rs. 15,000 was incurred on account of the payments

to a foreign doctor for professional services and travelling expenses for attending on a Minister who had fallen seriously ill. We were informed that no provision exists in the Medical Attendance Rules for bringing foreign specialists to attend on Ministers and that payments in such cases are made on special sanctions of Government. We consider that it would be desirable to ascertain the practice in regard to medical attendance and treatment of Ministers and other similar functionaries in other countries and of framing suitable rules to regulate the matter.

In the case mentioned in one of the notes below the Appropriation Account of this Grant (Grant No. 21—Ministry of Finance) regarding misappropriation of Rs. 9,879 by a cashier of the Ministry of Finance, our enquiries reveal that one of the reasons for the loss in this case was that a proper security had not been taken from the cashier before he committed the misappropriation and absconded. We have already recommended in our report in the accounts for 1951-52 that until security in the appropriate form is furnished by cashiers and others, who handle Government cash, the custody of Government cash should be the personal responsibility of the head of the office or of an officer nominated by him for the purpose. We suggest that strict orders to the above effect should be issued.

22. In Annexure A to the Appropriation Accounts for 1952-53, an unauthorized expenditure of Rs. 13,310 incurred during 1948-49 and 1949-50 in a Collectorate of Customs has been shown as having remained un-regularized so far. We are informed that the unauthorized expenditure has not yet been regularized. We would recommend that urgent consideration should be given to this old case and steps should be taken to decide it without further delay.

23. In paragraph 20 (a) (i) of the Audit Report it is mentioned that as many as 855 audit notes relating to Customs receipts have remained unanswered from 1947-48 to 1954-55. It is explained to us that it is extremely difficult to trace the old audit notes, as quite a few of the audit notes, which were issued in original, were not traceable. We suggest, that the Comptroller and Auditor General and the Central Board of Revenue should jointly examine the matter and report to the Committee whether it is any use carrying this backlog. We were informed by the Comptroller and Auditor General that he has already issued instructions that copies of the audit notes should be kept by his staff so that, in case of loss, no difficulty would arise.

24. The facts mentioned in paragraph 20 (a) (ii) of the Audit Report show that short recoveries of duty of wet dates aggregating about Rs. 25,000 were due mainly to the faulty procedure of release of the consignments without recovering full duty. It was explained to us that the consignments of wet dates were brought by country crafts and were smelly. Accordingly the consignments had to be released quickly pending formal customs check and the alternative would be not to release the consignments till formalities are completed but this was not practicable. We consider that the remedy lies in expediting action after release of the consignments and would suggest that steps should be taken accordingly. We would like to know the steps taken in the matter and the results achieved during the Committee's next session.

25. *Grant No. 73—Karachi*—In the course of the examination of the Appropriation Account of this Grant it came to our notice that a Collector of Karachi was sent for training in the United Kingdom in General Administration but on his return to Pakistan, the Collector was transferred to another post. We feel that, if officers cannot be utilized for the purpose for which they are given training in foreign countries, the expenditure on their training is a waste. We would recommend that officers trained, either within the country or in foreign countries, should be utilized where their training could be useful and should not, as far as possible, be placed in other positions.

26. *Appropriation for Pakistan Public Service Commission*.—We notice that the expenditure on examinations during 1952-53 was Rs. 1,33,825 as against Rs. 1,26,000 during the year 1951-52, although the receipts from the examination fell down from Rs. 87,300 to Rs. 71,032. No satisfactory explanation could be given to us for these variations. We recommend that the Pakistan Public Service Commission should consider the possibility of reducing expenditure on examinations with a view to ensuring that it does not disproportionately exceed the receipts.

27. *Grant No. 37—Ministry of Foreign Affairs*.—In connection with one of the financial irregularities mentioned in the notes below the Appropriation Account of this Grant it was stated that the decision of Government to take advantage of local National Health Insurance Scheme was not implemented in a Pakistan Mission abroad, with the result that unauthorized expenditure of Rs. 39,938 was incurred on the treatment of officers by private medical practitioners. We are informed that the unauthorized expenditure has not yet been regularized. We suggest that a decision on the subject should be expedited and in doing so the question

of fixing the responsibility for the unauthorized expenditure should be carefully considered.

In paragraph 20 (I) (a) of the Audit Report a number of procedural and other irregularities in the accounts maintained by Pakistan Embassies and Missions abroad have been pointed out. Most of the irregularities are of the same type as were mentioned in the Audit Report, 1953. We suggest that the Ministry of Foreign Affairs should take serious notice of the irregularities pointed out by Audit and take steps to ensure that such irregularities do not occur in future.

28. In paragraph 20 (I) (a) (1) of the Audit Report it is stated that the Pakistan Embassy in Tehran was able to spend more money, in local currency, than provided for in the budget in Pakistan currency due to wide fluctuations in the official exchange rate of Rial. We agree with the Comptroller and Auditor General that the additional amount, in local currency, which became available to the Embassy due to favourable rate of exchange of Rial *vis a vis* Pakistan rupee should have been surrendered to Government instead of incurring more expenditure than what was contemplated in the budget. We recommend that instructions on these lines should be issued to all Pakistan Embassies, etc., abroad.

29. Paragraph 20 (I) (a) (2) of the Audit Report reveals that fresh remittances from Pakistan were obtained by a Pakistan Mission abroad, in spite of the fact that it had large Government funds already lying with it. We agree with the Comptroller and Auditor General that fresh remittances should not be obtained from Pakistan by our Missions, etc., abroad without first exhausting a sufficient part of the cash in hand. We suggest that instructions should be issued to the Pakistan Embassies, etc., abroad to the effect that fresh remittances should be obtained from Pakistan only when this is absolutely necessary.

30. Paragraph 20 (I) (a) (7) of the Audit Report reveals that irregular use of foreign currency available to our Embassies, etc., abroad was rendered possible because more than one currency was available to the Embassies at the same time. We agree with the Comptroller and Auditor General that such a system affords opportunities for illegal use of the currencies and manipulations. We suggest that the practice of allowing the use of two or more foreign currencies at the same time to an Embassy abroad should be discouraged as far as possible.

31. *Grant No. 85—Capital Outlay on Schemes of State Trading.*—It is stated *inter alia* in the financial review on the scheme of production and supply of coal that the cumulative surplus up to 31st March, 1953,

amounted to Rs. 73,48,078, out of which a large sum of Rs. 52,72,480 was paid to the Government of East Bengal (now Government of East Pakistan) to meet its losses on foodgrain transactions. We feel that the surplus should have been allowed to remain in the Coal Account and utilized either towards meeting losses, if any in future, or towards reducing the price of coal, instead of subsidizing the Provincial Government in its foodgrain transactions.

32. *Grant No. 69—Capital Outlay on Broadcasting Service.*—We noticed that the cumulative loss on the working of the Radio to the end of 1952-53 had increased considerably. It was explained to us that the only sources of revenue for broadcasting were the licence fees and customs duty on imported radio sets and, unless the number of sets in the country was increased considerably, there would be a continuing and increasing loss on the running of the radio service. We appreciate fully the difficulties in the import of a large number of radio sets or their assembly in this country but a way out would appear to be in not granting more licences for assembly plants, so as to reduce the cost of radio sets assembled in larger numbers by a limited number of concerns. We recommend also that one of the the assembly concerns should be persuaded to shift to East Pakistan so as to reduce the element of freight in the prices of the receiving sets sold there.

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#### COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS (CIVIL) 1952-53

33. Government have declared twenty institutions as commercial undertakings, the accounts of which are required to be maintained in the commercial form and are exhibited in the Appendix, with the connected financial reviews and audit comments. The Appendix under review, however, contains the proforma commercial accounts of only eleven institutions, thereby showing a deterioration as compared with the previous year, when the accounts of 16 institutions were exhibited in the Appendix. The nine institutions whose accounts have not been exhibited in the Appendix under review are—

- (1) Mechanical Cultivation Scheme in Baluchistan.
- (2) Scheme for Exploitation of Ephedera and Asafoetida Plants in Baluchistan.
- (3) Sharigh Mines in Baluchistan.
- (4) Government Coal Briquetting Plant, Quetta.
- (5) Makerwal Colliery in the Punjab.
- (6) Pakistan Animal Husbandry Research Institute, Peshawar and its sub-station at Comilla.

- (7) Cattle Farm, Malir.  
 (8) Government Sales Depots, including Display Centres, show rooms, etc.  
 (9) Poultry Farm, Landhi.

In the case of the other institutions, the accounts of which have been exhibited in the Appendix, the accounts are not up to date and in most cases the accounts for 1952-53 have not been exhibited therein. A variety of reasons have been given for these omissions, none of which are quite satisfactory. It is really a serious matter that even after the lapse of so many years, the departments concerned have not been able to compile the required proforma accounts. The result is that no one is in a position to judge how these institutions are functioning and whether any changes in their organizations are called for to make them commercially profitable concerns. We recommend that serious notice should be taken by the Ministries concerned of the omissions in this respect and a report should be submitted by the various Ministries, controlling the commercial institutions, to the Committee during its next session, showing *inter alia* the progress in the compilation of the proforma commercial accounts of the institutions with which they are concerned up to the year 1955-56 with reasons for delays, if any.

34. The following statement compares the profit and loss of some of these institutions during the years 1950-51, 1951-52 and 1952-53:—

	Profit (+)    Loss (-)		1952-53
	1950-51	1951-52	
(i) Central Excise and Salt Department, Lahore ... ..	-1,62,886	-2,82,984	-5,78,656
(ii) Government owned Salt Stores at Saran ... ..	+5,817	+3,371	+5,496
(iii) Government Opium Factory, Lahore	-61,329	-35,320	(Not known)
(iv) Makerwal Collieries, Mari Indus ...	+3,14,584	+2,37,691	(Not known)
(v) Government Sales Depots ...	-98,253	-1,79,865	(Not known)
(vi) Jute Board, Narayanganj ...	+1,80,16,154	+2,30,29,181	-7,19,99,161
(vii) Medical Stores Depots ...	+54,014	+1,86,629	+1,87,286
(viii) Lighthouses and Lightships ...	-68,752	+63,001	+94,416
(ix) Mechanical cultivation scheme in Baluchistan ...	-1,53,242	-1,77,962	(Not known)
(x) Central Poultry Farm, Landhi ...	-8,235	-37,821	(Not known)
(xi) Central Red Sindhi Cattle Farm, Malir ... ..	-5,264	-11,635	(Not known)
(xii) Radio Pakistan ...	-43,57,746	-48,09,781	-57,13,782
(xiii) Bureau of Laboratories ...	(Required to maintain commercial accounts from 1st April, 1951 but accounts for 1951-52 are not available).		+31,116

We have reviewed the position in respect of the profit and loss of various institutions in the course of the examination of the Appropriation Accounts and our comments have been incorporated in the proceedings of our meetings in Part II.

35. *Jute Board, Nurayanganj.*—The working results of the Jute Board discloses a net loss of Rs. 7,19,99,161 during 1952-53, as against a net profit of Rs. 2,30,29,181 during 1951-52. It was explained that the losses were due to the fact that there was hardly any export of jute during 1952-53 as the prices were crashing. Accordingly, the statutory price of jute had to be reduced from Rs. 23 to Rs. 17 per maund but, as the cost including the incidental expenses was Rs. 25 per maund, there was a loss of Rs. 8 per maund. We are not fully satisfied with the explanation furnished to us and recommend that an Enquiry Committee should be appointed by Government to look into the matter. It may be added that there was criticism on the subject in the last budget session of the Parliament and it was desired that an impartial enquiry should be held.

36. *Medical Stores Depot, Lahore.*—The Audit comments on the accounts of this institution reveal that out of the sales made during the year 1952-53, recoveries to the extent of Rs. 4,31,642 were outstanding against various Government departments and local bodies on the 30th June, 1955. We are not satisfied with the extremely slow recoveries and would suggest that a method should be found for debiting the cost of stores supplied to Government departments and of recovering the cost from the local bodies, through the Treasury Officers, in consultation with the Comptroller and Auditor General. We suggest also that a report of the progress made in the recoveries should be made to the Committee during its next session.

We noticed that departmental charges at 20 per cent of the cost of stores were recovered from recipients of the supplies of medical stores during the year 1952-53 amounted to Rs. 11,35,974, against the actual expenditure of Rs. 6,93,865 on account of administrative and overhead charges, including interest on capital. Thus the recoveries were made from the recipients in excess to the extent of Rs. 4,42,109. We feel that the present rate of departmental charges is rather excessive and the position should be reviewed, with a view to reduce it to such an extent as would meet the overhead expenses and also keep a small margin for any general fall in the prices of the stores in stock.

**APPROPRIATION ACCOUNTS (DEFENCE SERVICES) AND  
COMMERCIAL APPENDIX THERETO**

36A. The position of the Defence expenditure incurred during the year 1952-53 compared with the original and final grants is as follows:—

			Original grant	Final grant	Actual expenditure	Saving (-) Excess (+)	Percentage
			(In crores of rupees)				
Expenditure met from Revenue	...	...	67.69	67.69	78.34	+ 10.65	15.73
Expenditure met from Capital	...	...	27.31	29.27	21.12	- 8.15	27.84
Total	...	...	95.00	96.96	99.46	+ 2.50	2.57

There is an excess of Rs. 10.65 crores under Revenue Account and a saving of Rs. 8.15 crores under Capital Account. The excess under the former is due mainly to essential movement of personnel and stores to cope with the task assigned to Armed Forces in aid of Civil Authorities (Rs. 37 lakhs), special purchases of stores and receipt of large debits of previous years on account of various kinds of stores purchased and services received from Civil Departments (3,86 lakhs) and Government's decision after the finalization of the revised budget to transfer *ad hoc* (Rs. 5,50 lakhs) from Capital to Revenue Account. The saving under Capital Account is due mainly to transfer from Capital to Revenue Account (Rs. 5,50 lakhs) and delay in deliveries of stores indented from abroad (Rs. 2,40 lakhs). As in the accounts for 1951-52, there were heavy and unregularized excesses and savings under individual sub-heads. We reiterate here our observations in paragraph 53-A of our Report on the Accounts for 1951-52 that there is considerable scope for improvement in the control over progress of expenditure against the Defence Budget.

37. Both in the Appropriation Accounts and in the Audit Report it has been stated that the store accounts were not being maintained satisfactorily, nor was physical verification of the stocks carried out regularly. We are assured that the latest measures taken to avoid these lapses are that the higher administrative officers will watch that periodical physical verification of the stocks is done on the prescribed dates and that the officers responsible for default should be dealt with severely. It is further explained that it has been decided that cent per cent physical verification of the stocks should be done. The implementation of the decision mentioned above requires careful watching and we would like to have a report during the Committee's next session showing the state of store accounts and the progress made in their physical verification.

38. In the Annexure to the Audit Report a number of cases of serious financial irregularities, the investigations of which have not been finalized for a long time, have been shown. We have examined the list of cases in the Annexure and feel that the investigation of cases of losses, financial irregularities, etc., take rather too much time. We suggest that the Ministry of Defence should adopt suitable measures to ensure that cases of this kind are investigated and finalized more speedily than at present.

### APPROPRIATION ACCOUNTS (RAILWAYS)

39. The position of the expenditure incurred as compared with the original and final grant during the year 1952-53 is as follows :—

	Original grant or appropriation	Final grant or appropriation	Actual expenditure	Saving (—) Excess (+)	Percentage
(In crores of rupees)					
Expenditure met from Revenue :					
Voted ... ..	37.41	37.41	36.14	—1.27	3.39
Charged ... ..	4.46	4.46	4.43	— .3	.67
	41.87	31.87	40.57	—1.30	3.1
Expenditure met from Capital ... ..					
	16.94	16.93	11.98	—4.95	29.24
	58.81	58.80	52.55	—6.25	10.63

In the Voted section of the Revenue Account the saving was Rs. 1.27 crores or 3.39 per cent. of the final grant. In the Charged section of the Revenue Account there was small saving of Rs. 3 lakhs. In the Capital section the actual expenditure was Rs. 11.98 crores against the final grant of Rs. 16.93 crores, resulting in a saving of Rs. 4.95 crores or 29.24 per cent. of the final grant. As a whole there has been a deterioration in the budgeting and control of expenditure as the overall saving during the year under report was 10.63 per cent. of the final grant as compared with 3.34 per cent. during 1951-52. The Audit Report also mentions 6 cases of injudicious reappropriations and surrenders; 6 cases of unnecessary or excessive surrenders and 10 cases of uncovered excesses or unsurrendered savings. We feel that the standard of budgeting and control of Railway expenditure requires improvement.

40. In connection with item 4 of the Annexure to the Audit Report, in which a case of shortage of permanent material worth Rs. 36,984 during 1950-51 has been mentioned, it has been explained to us that the materials were rails, sleepers and other fittings. It has further been explained to us that the investigation has not yet been finalized, as two sections, namely, General Manager, Port and Engineer-in-Chief, Port Construction, Chittagong were involved. The General Manager had appointed a committee to scrutinize a number of records and witnesses and, since the members of the committee were officers doing other work also, they could not find sufficient time to finalize the investigation. Accordingly, the General Manager has been directed to appoint whole-time officers on this work with the instructions to finalize the investigation expeditiously. We feel that there has been considerable delay in the investigation of this case and it should be finalized without further loss of time. We also recommend that, in future, in cases of unfinalized losses, irregularities, etc., it should be clearly indicated in the Audit Report what exactly the delay in the finalization of the case was due to, so as to enable the Committee to satisfy itself of the position and to recommend suitable action.

#### APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS)

41. The position of the expenditure on the Posts and Telegraphs Department during the year 1952-53 as compared with the original and final is as follows:—

	Original grant or Appropriation	Final grant or Appropriation	Actual expenditure	Savings (—) Excess (+)	Percentage
(In crores of rupees)					
<b>Expenditure met from Revenue :</b>					
Voted ... ..	6.08	6.08	5.88	— .20	3.29
Charged ... ..	.22	.23	.20	— .3	13.04
	6.30	6.31	6.08	— .23	3.8
<b>Expenditure met from Capital ... ..</b>					
	2.03	2.30	2.15	— .15	6.52
	8.38	8.61	8.23	— .38	4.4

There is a saving of 4.4 per cent. against the overall final grant, taking both the Revenue and Capital sections together, as compared with a corresponding saving of 3.5 per cent. during 1951-52. A supplementary grant for Rs. 22 lakhs was obtained under the Capital Account. The Audit Report mentions 9 cases of reappropriations obtained unnecessarily or in excess of requirements, 3 cases of injudicious reappropriations causing excess over allotment, 12 cases of non-surrender of savings and 8 cases of unremedied or uncovered excesses. On the whole, we cannot help observing that, there is a certain amount of deterioration in the standard of control of the Posts and Telegraphs expenditure.

42. An analysis of the financial results of the working of the Department by its Branches during the year under report as compared with the previous two years is given below:—

Branches	Profit (+) or Loss (—)		
	1950-51	1951-52	1952-53
	(In thousands of rupees)		
Post Office ...	—33,07	+21,74	+48,52
Telegraphs ...	+24,93	+32,07	15,41
Telephones ...	+77,23	+54,80	+97,86
Radios ...	—7,67	—14,21	—1,84
<b>Total</b>	<b>+61,42</b>	<b>+94,40</b>	<b>+1,59,95</b>

On the whole a progressive improvement is noticeable in the financial results of the working of the Department. There is a significant reduction in the profit on the Telegraphs Branch during the year under report and this is explained by the fact that with effect from 1952-53 the revenue from telegrams handled by the Radio Branch is being credited to that Branch instead of to the Telegraph Branch as in the previous years. This also explains the reduction in the amount of loss on the Radio Branch.

43. *Financial irregularities, Losses, etc.*—We noticed that during 1952-53 the amount of losses on account of defalcations of public money in the Posts and Telegraphs Department was comparatively more than during 1951-52, although there was a decrease in the number of such cases. The decrease in the number of losses is not, however, real, because as stated in

the Audit Report, cases of defalcations and losses of public money are not reported to Audit Officers by the departmental authorities immediately on their occurrence as required by the rules. Delays in reporting cases of losses to the Audit Officers, particularly because, it is noticed, that a long time is taken in finalising the cases, are most unsatisfactory and we recommend that strict instructions should be issued to all concerned to report the cases of losses, etc., to the Audit Officers immediately on occurrence and also to keep them informed of the progress in the investigation of the cases from time to time.

44. Paragraph 17 of the Audit Report reveals that, as in previous years, irregularities continued during the year 1952-53 also, for example, (1) cases of overpayments of leave salaries, (2) retention of cash balances in excess of prescribed limits, (3) retention of temporary establishments without sanction, non-adjustments of advances, (5) grant of house-rent allowances in excess of the amounts admissible and (6) execution of works without preparation of detailed estimates. We feel that the continuance of these types of irregularities from year to year shows that the standard of financial administration of the Posts and Telegraphs Department is not quite up to the mark. We would recommend, therefore, that the Posts and Telegraphs Directorate should take suitable action to ensure that these irregularities do not continue in future. We also suggest that the various types of irregularities instanced in the Audit Report should, in future, be described in greater details so that we may be in a position to assess whether or not adequate action has been taken in each case.

45. We are not fully satisfied with the existing system of the disposal of applications for telephone connections. We suggest that the Posts and Telegraphs Directorate should carefully consider whether, with a view to do justice to all sections of population in the matter of telephone connections, a quota system should not be introduced, under which so many of the telephones could be given to Government Officers and Departments, so many to doctors, so many to the general public and so on. We would like to know the result of the review of the existing position on the above lines during the course of the Committee's next meeting.

#### GENERAL CONCLUSIONS

46. As stated earlier in this Report, the Accounts for 1951-52 and 1952-53 were examined by us in a single series of meetings. The general

observations made by us in paragraphs 68 to 79 of our report on the Accounts for 1951-52, therefore, apply equally to the Accounts for 1952-53.

SYED AMJAD ALI,

*Chairman.*

FARID AHMAD,

*Member.*

CHAUDHRI MUHAMMAD HUSSAIN CHATTHA,

*Member.*

ABUL MANSUR AHMAD,

*Member.*

K. M. SHAMEEM,

*Secretary to the Public Accounts Committee.*

KARACHI :

*The 27th December, 1956*

## PART II—PROCEEDINGS

[N. B.—The paragraphs left blank and their numbers marked asterisk(\*) throughout this Part relate to the Accounts for 1951-52 and have been incorporated in Part II of the Report on the Accounts for 1951-52.]

*Proceedings of the first meeting of the Public Accounts Committee held on Monday, the 5th November, 1956, at 10.00 a. m.*

The Public Accounts Committee met at 10.00 a. m. on Monday, the 5th November, 1956, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present:

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Mr. Bhupendra Kumar Datta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Auditor General.
7. Mr. Vaqar Ahmad, Joint Secretary, Ministry of Finance.
8. Mr. Nasim Ahmed Khan, Deputy Secretary, Ministry of Finance.
9. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance, Secretary of the Public Accounts Committee.
10. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The Chairman, initiating the discussion expressed his regret that, in spite of his anxiety to call the meeting of the Committee earlier, this could not be done because the meeting had to be postponed twice—once at the request of one set of members and at another time at the request of another set of members. The Chairman further observed, that he regretted, that a larger number of the Members of the Committee were not present but in view of the fact that the meeting had to be postponed twice earlier, it would be desirable to proceed with the work. There was a precedent when only one Member, besides the Chairman, was present in a meeting and the work was carried on. The Rules also do not provide for a quorum for the meeting of the Committee.

3. The first item in the Agenda for the day's meeting of the Committee was the confirmation of the minutes and Report of the Meetings of the Committee on the Accounts for 1950-51, held during August-September, 1954. The Chairman observed that the previous Committee met and examined the Accounts. A report was also drafted. The Draft Report was amended by the Chairman and the final Draft Report was circulated to the Members. A discussion on the Draft Report was to take place in a meeting of the Committee, to be followed by formal adoption of the Draft Report. Before this meeting of the Committee could be held, the Constituent Assembly was dissolved and the Report could not be finalized. The Chairman added that he was advised that the present Committee could adopt the Report, after it had seen it and made such amendments as it thought fit. The present Committee could also call for further information on any point, if it so desired. In the course of the discussion on the question it was agreed that, as the successor of the old Committee, the present Committee was competent to adopt the Draft Report and make alterations in it, if this was found necessary. It was also explained to the Committee that though a formal Report of the Committee was not issued, the Ministry of Finance took note of the important observations of the Committee relating to procedural matters and without bringing it into the picture, issued general instructions to the Ministries, etc., for the avoidance of the irregularities and for taking remedial action, wherever necessary. The Committee, however, decided that before adopting the Draft Report, it would like to question the Representatives of the Ministries concerned, particularly in regard to the queries made by the previous Committee, which could not be satisfactorily answered. The Parliament Secretariat was accordingly directed to supply immediately a copy of the Draft Report to each of the Ministries and to ask their Representatives to come prepared to answer any questions that might be asked by the Committee in regard to the points relating to them. The Committee also agreed to the suggestion of the Chairman that the Draft Report should be taken up for consideration towards the close of the present Session. [The Committee adopted the Draft Report on the Accounts for 1950-51, *vide* paragraph 11 of the Proceedings of the twentieth meeting held on the 28th November, 1956, in Part II of the Report on the Accounts for 1951-52.]

4. The Chairman invited the Committee to consider the proposals made by the Ministry of Finance in regard to the omission of the explanations for the modifications exhibited in the first column of the Appropriation Accounts and as regards the procedure to be adopted by the Committee for the examination of the Accounts, as detailed in the Notes in

Annexures IV to V to the Report on the Accounts for 1951-52. While there was agreement in the Committee on the second proposal, the Members wanted clarification of the first proposal. The Auditor General explained that under each sub-head of the Appropriation Accounts the explanations are given in two parts, firstly for the modification by means of reappropriations, surrenders, withdrawals, etc., shown in column 1 and secondly for the final excesses or savings exhibited in column 4. For purposes of parliamentary control of expenditure, the final result shown in column 4 was important. Besides this, attention was drawn in the Audit Report to irregular or incorrect modifications by means of reappropriations, etc., by the Executive. The explanations at present given for the modifications, etc., in column 1 of the Appropriation Accounts do not, therefore, serve any useful purpose and entail duplication of work. The Auditor General added that in none of the other countries, he was aware of, explanations were required to be given for the modifications in the original appropriations within the competence of the Executive. In India also the pre-partition practice of giving explanations for the modifications in column 1 of the Appropriation Accounts had since been discontinued. It was also explained to the Committee that, though explanations for the modifications, etc., in column 1 of the Appropriation Accounts would not be given, the modification, etc., themselves would be exhibited as at present. The Committee decided to consider both the proposals embodied in the notes in Annexures IV and V to the Report on the Accounts for 1951-52 later during the session, on the basis of the impression gathered in the course of the examination of the Accounts for 1951-52 and 1952-53. [The Committee accepted the proposals in Annexures IV and V to the Report on the Accounts for 1951-52, *vide* paragraph 12 of the proceedings of the twentieth meeting held on the 28th November, 1956 in Part II *ibid.*]

5. The Chairman invited the members of the Committee to make any general observations they would like to make on the Accounts for 1951-52 and 1952-53.

Mr. B. K. Dutta observed that there should be some time limit for the completion of annual Accounts and the adjustments should not be allowed to continue long after the year was over. He observed further that even after delaying the finalization of the annual Accounts, complete information had not been furnished by the Departments to the Accountants General in several cases.

Mr. Farid Ahmad observed that some officer in each Ministry should be made personally responsible for budgeting, accounting and reconciling the departmental accounts with those compiled in the Accounts Offices.

Mr. Yusuf A. Haroon observed that his impression was that the various Ministries knew how to spend money but they did not care to maintain proper Accounts. He felt that the committee should recommend that more powers should be given to the Ministry of Finance, so that it may be able to enforce greater responsibility on the part of the Administrative Ministries for keeping proper Accounts of the expenditure incurred by them.

The Auditor General explained that normally the Accounts of a year should be presented to the Parliament by March of the following year. The Accounts for the first post-partition year (1947-48) were completed in 1951 and it had not yet been possible to make up for the initial setback. The reasons for the setback were mainly the shortage of trained personnel. At the time of partition the number of SAS Accountants was 91 against the requirement of 211. Various steps, for example, institution of emergency examinations, direct recruitment of Apprentice Accountants, setting up of academies in West and East Pakistan, have been taken. As a result of these measures there were now 255 qualified Accountants against the present requirement of 531. Besides this, there has been continuous and mounting stream of resignations amongst the clerical staff. Another difficulty which hampered the work in Accounts Department, was the lack of adequate office accommodation. In the earlier stages, books of reference were also not available in adequate numbers. Above all, the greatest difficulty experienced in the finalization of annual Accounts was the failure on the part of the departmental controlling officers to reconcile in time their accounts with those maintained in the Accounts Offices. Repeated efforts made in this direction by the Accountant General, Pakistan Revenues and the Ministry of Finance had not yet produced any marked improvement. Recently the Ministry of Finance have appointed an experienced officer of the Pakistan Audit and Accounts Service for progressing the reconciliation of departmental accounts with Accounts Office figures of expenditure. Continuous efforts are being made to improve matters and he hoped to be able to clear the arrears by March, 1958.

The Auditor General further observed that in other countries, for example, in UK, the accounts were maintained by the Departments themselves and the duty of Audit was confined to checking the accuracy of the accounts. Such a system, if introduced in this country, would entail enormous cost and would, at present, be unworkable due mainly to the shortage of trained Accounting personnel.

Mr. Vaqar Ahmad pointed out that the Secretary Finance had already taken up the question of maintaining proper accounts with the Secretaries

of all the Ministries. This question was raised in the Secretaries' Meeting and he requested that one separate branch may be created in each Ministry charged with the duty of seeing that the accounts were properly maintained. He had further stressed that it was the personal responsibility of all the Secretaries to ensure that proper departmental accounts were kept and reconciled with those maintained in the Accounts Offices. He had followed this up by issuing instructions to all the Ministries.

Mr. Nasim Ahmed Khan stated that the Secretaries of the various Ministries would appear before the Committee and it would, therefore, have the opportunity of discussing the matter with them as to what steps they had taken for proper maintenance of departmental accounts and their reconciliation with those maintained in the Accounts Offices, as well as for keeping proper watch over the progress of expenditure. This matter had been discussed in the past by the Committee and the Ministry of Finance was doing all that lay in its power in the enforcement of financial discipline. The Ministry of Finance regarded the Committee as its important ally in this matter and any action taken by the Committee would further strengthen its hands.

The Chairman summed up the discussion and observed that the solution of the points raised by the members lay in having meetings of the Public Accounts Committee regularly. This would itself create a salutary effect in enforcing financial control. The Ministries would realise that they were not only to spend money but had also to account for the money spent by them. If they failed to account for the expenditure they would be hauled up by the Committee and also by the Legislature. The Chairman observed further that, so far as the expenditure over and above what had been voted by the Legislature was concerned, if the Legislature was more vigilant, then the Ministries would not be so light-hearted in incurring additional expenditure. Of course, in some cases additional expenditure was inevitable, but the greater the control of the Legislature through Public Accounts Committee, the greater would be the control over the expenditure incurred by the various Ministries.

6. Mr. Farid Ahmed suggested that it would be better if the Committee took up the general discussion after it had completed the examination of accounts of the various Ministries. The Committee would then have a better idea of the accounts of the various Ministries. The Committee accepted the suggestion.

7. The Committee then adjourned till 10 a.m. on Tuesday, the 6th November, 1956.

*Extract from the Proceedings of the second meeting of the Public Accounts Committee held on Tuesday, the 6th November, 1956, at 10 a. m. to examine the Accounts for 1951-52 and 1952-53*

The second meeting of the Public Accounts Committee was held at 10 a. m. on Tuesday, the 6th November, 1956, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :

1. Mr. Yusuf A. Haroon, Member.
2. „ Farid Ahmad, Member.
3. „ Bhupendra Kumar Dutta, Member.
4. „ Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. „ S. M. Jamil, Accountant General, Pakistan Revenues
6. „ F. M. Aziz, Assistant Auditor General.
7. „ M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

8. Mr. Mumtaz Hasan, Secretary, Ministry of Finance.
9. „ Mumtaz Mirza, Joint Secretary, Ministry of Finance (Investment Division)
10. „ A. E. Wright, Joint Secretary, Ministry of Finance, (Revenue Division).
11. „ Mushtaq Ahmad, Financial Adviser (Communications).
12. „ Wazir Ali, Joint Secretary, Ministry of Finance (Revenue Division).
13. „ A. A. Burney, Financial Adviser (Military Finance).
14. „ Mr. A. H. Qarni, Joint Secretary, Ministry of Finance, (Establishment and Expenditure Division).
15. „ Vaqar Ahmad, Joint Secretary, Ministry of Finance. (Budget and Finance Division).
16. „ A. M. Jalaluddin Ahmed, Joint Secretary, Ministry of Finance (Revenue Division).

17. Mr. Nasim Ahmed Khan, Deputy Secretary, Ministry of Finance (Budget and Finance Division).
18. „ Muzaffar Hasan, Deputy Secretary, Ministry of Finance (Expenditure Division).
19. „ Munzir Ahmed, Deputy Financial Adviser (Communications), Ministry of Finance.
20. „ G. Jilani, Deputy Secretary, Ministry of Finance, (Revenue Division).

*Secretary of the Public Accounts Committee*

21. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The draft proceedings of the first meeting held on the 5th November, 1956, were placed before the Committee for confirmation. It was decided that with a view to enable the members to go through them, the proceedings of a day's meeting should be confirmed on the second following day.

3. The Chairman explained that the Committee had to examine three sets of Accounts and Reports, namely, the previous Committee's Report on the Accounts for 1950-51, the Accounts for 1951-52 and the Accounts for 1952-53. He proposed that the Committee might examine these documents one by one and question the departmental representatives, otherwise it would be necessary to call the officers concerned more than once. After some discussion the Committee agreed that, in today's sitting, it would examine the Accounts for 1951-52 and, if possible, those for 1952-53 relating to the Ministry of Finance and, from tomorrow onwards, the three documents would be examined one by one. To enable the member to examine the previous Committee's Draft Report for 1950-51, it was also decided that the Accounts and other ancillary documents relating to that year should be made available to them.

4\* to 21\*

22. The Committee then adjourned till 10 a.m. on Wednesday, the 7th November, 1956.

*Extract from the Proceedings of the Third Meeting of the Public Accounts Committee held on Wednesday, the 7th November, 1956, at 10 a. m.*

The Public Accounts Committee met at 10 a. m. on Wednesday, the 7th November, 1956. In the absence of the Chairman, Mr. Yusuf A. Haroon was proposed by Mr. Farid Ahmad and seconded by Mr. Bhupendra Kumar Dutta to occupy the Chair.

The following were present :—

1. Mr. Yusuf A. Haroon, Member (in the Chair).
2. Mr. Farid Ahmad, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Auditor General.
7. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

(i) *Ministry of Finance*

8. Mr. Mumtaz Mirza, Joint Secretary, Ministry of Finance (Investment Division).
9. Mr. A.E. Wright, Joint Secretary, Ministry of Finance (Revenue Division).
10. Mr. Wazir Ali, Joint Secretary, Ministry of Finance (Revenue Division).
11. Mr. M. A. H. Qarni, Joint Secretary, Ministry of Finance (Establishment and Expenditure Division).
12. Mr. Vaqar Ahmad, Joint Secretary, Ministry of Finance, (Budget and Finance Division).
13. Mr. A. M. Jalaluddin Ahmad, Joint Secretary, Ministry of Finance (Revenue Division).
14. Mr. S. M. Raza, Financial Adviser (Development).
15. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance (Budget and Finance Division).
16. Mr. Muzaffar Hasan, Deputy Secretary, Ministry of Finance (Expenditure Division).

17. Mr. Munzir Ahmad, Deputy Financial Adviser (Communications), Ministry of Finance.

(ii) *Ministry of Interior*

18. Mr. A. R. Khan, Secretary, Ministry of Interior.

19. Mr. S. B. Husain, Deputy Director-General, Civil Defence.

20. Mr. Masrur Hasan Khan, Secretary to the Chief Commissioner, Karachi.

*Secretary of the Public Accounts Committee*

21. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2\* to 5\*

5A. The Committee then commenced the examination of the appropriation accounts for 1952-53 relating to the Ministry of Finance.

6. *Grant No. 21—Ministry of Finance (Pages 89-94)*

*Sub-Head B-3.*—The note below the sub-head stated that a part of the final excess was due to grant of expatriation allowance. The Committee desired to know the criteria laid down for deciding that a Government servant was East or West Pakistani, entitling him to expatriation allowance. It was explained that Government issued detailed instructions on the subject sometime in 1951, which laid down *inter alia* that the Heads of Departments should examine each case to see where the Government servant had settled permanently by acquiring landed property, etc.

*Sub-Head H-3.*—The note below the sub-head stated that the re-appropriation of Rs. 15,000/- was due to payments to a Doctor. The Committee desired to know the particulars of the payments. It was stated that the payments were made to a foreign doctor for professional services and travelling expenses for attending on Chaudhri Mohamad Ali, then Finance Minister, when he fell seriously ill at Dacca. It was also explained that provision for bringing foreign specialists to attend on Ministers did not exist in the rules but the payments in this case were made under special sanction of Government. The Committee recommended that Government should consider the desirability of ascertaining the practice about medical attendance and treatment of Ministers and other similar functionaries in other countries and of framing suitable rules to regulate the matter.

*Note No. 5 (i).*—The note mentioned the case of misappropriation of Rs. 9,879/- by a cashier of the Ministry of Finance. The case

was mentioned at length in the appropriation accounts for 1951-52 and the Committee had, in its second meeting of the 6th November, 1956, (*c. f.* paragraph 5 of the proceedings of that date in Part II of the Report on the Accounts for 1951-52), asked for a detailed report on the question as to why no part of the loss could be made good from the security furnished by the cashier. It was explained to the Committee that the Cashier was directed to furnish personal security of Rs. 1000/- soon after his appointment and he had furnished personal security, but a question arose whether the security bond should be executed on a non-judicial stamp or on a judicial stamp. The Ministry of Law advised that the Bond should be on a judicial stamp. However, by the time, the question was decided, the Cashier absconded with Government money. The Committee observed that there was undue delay in taking the security from the Cashier in the appropriate form. The Committee also recommended that, until a Cashier furnished security in the appropriate form, the custody of Government cash and other valuables should be made the personal responsibility of the Head of Office or of a Gazetted Officer nominated by him.

*Note No. 5 (ii)* :—The note mentioned a case of fraud involving a large amount in the Accounts Branch of the Pakistan Mission in U. K. After carefully going into the facts of the case, the remedial action taken and the action in progress to recover the loss, the Committee felt that it could not help observing that the occurrence was a sad reflection on all concerned with the case.

7. *Grant No. 58—Currency (Pages 278-283).*

*Proforma Account : — Part I — Coin Account* : In the Audit comments it was stated that the physical verification of quarternary surplus silver stock by the Audit Department was confined to counting of bags and boxes and that the contents of the bags, etc., were not weighed or counted. The Committee wanted to know whether this was a satisfactory method of verification. It was explained that when boxes and bags of the quarternary coins arrived at the Mint from the Treasuries, the contents of the bags, etc., were counted and certified both by the officials who accompanied the remittance and the officials of the Mint; there was, therefore, no risk involved.

8. *Grant No. 59—Mint (Pages 283-287).*

*Sub-head B—Purchase of Stores*—The Committee desired to know the nature of the stores. It was explained that these were stores required

by the Mint and that an expenditure of Rs. 98,000/- out of Rs. 6,69,112/- was on purchase of fire-bricks. The provision was originally made under group head E-2—Charges in England, but during the course of the year, it was decided to procure the stores locally and accordingly the major part of the provision under sub-head E-2 was surrendered.

9. *Grant No. 67—Miscellaneous—(Pages 345-352).*

*Sub-head E-3—Small Savings Scheme*—The Committee desired to know how the provision under this head was utilised. It was explained that the field work in connection with small savings was done by the Provincial Governments and the Central Government re-imbursed to them the expenditure incurred by them.

10. *Grant No. 71—Extraordinary Charges (Pages 355-357).*

*Sub-head D—War Injury*—It was explained to the Committee that expenditure under this sub-head represented payments of pensions to labourers injured in Calcutta when it was in War Zone.

11. *Grant No. 1—Customs (Pages 34-37).*

*Footnotes on pages 34 and 35*—It was stated in these footnotes that certain details were not furnished in time to the Accountant General for exhibition in the Accounts. It was explained that the details had since been furnished. The Committee was not satisfied with the explanation and observed that the information required for the completion of the Accounts should be furnished to the Accountant General in time.

*Note 5*—The Auditor General pointed out that the statement showing the expenditure incurred on over-time and holiday fees paid to Customs staff and the revenue realised on that account for 1951-52 and 1952-53 had not been furnished to the Accountant General and his information was that the statement for the later years had also not been furnished. The Committee expressed dissatisfaction over this failure on the part of Customs Authorities and desired to know the reasons for the failure. It was stated that enquiries would be made and a report would be submitted to the Committee separately. [In the Note of the Ministry of Finance (Revenue Division) circulated to the members on the 22nd December, 1956, it was stated that the statements of expenditure on overtime, etc., for 1951-52 and 1952-53 were sent by the Collector of Customs to the Accountant General, Pakistan Revenues on the 13th March, 1956. The

Committee observed that the statements were sent too late for exhibition even in the Appropriation Accounts for 1952-53, as the compilation was finally printed on the 22nd March, 1956. The Committee desired, therefore, that the Accountant General, Pakistan Revenues should check the statements up to 1953-54 and exhibit them in the Appropriation Accounts for that year. The Committee desired also that the Revenue Division should take steps to ensure that the statements are furnished in time to the Accountant General in future.]

*Note 6 (VI) and (VII) Losses, etc.*—It was stated that in one of the two cases involving loss, in the aggregate of Rs. 1,69,113, on account of Land Customs, the duty payable was remitted, because the owner of the goods could not be traced. The Committee desired to know more details of the case. It was explained that it happened very often that after clearing the goods the owner disappeared. The Importer gave a certain name when paying duty. Later, when it was found that he was under-charged, a notice was issued to him to pay up but there was no such person. But this particular case was that of a fraud committed by the Importer, in that, he declared Japanese goods as Indian. Later the fraud was detected, but by that time the Importer had disappeared. The Committee observed that the amount involved was a large one and it would like to know full details of the case showing *inter alia* how there was failure to distinguish Japanese goods from Indian goods and what steps were taken to trace the Importer. It was stated that a full report about the case would be submitted to the Committee separately. [In the Note of the Ministry of Finance (Revenue Division) circulated to the members on the 22nd December, 1956, it was stated as follows :—

“The details of the case of write off of duty on the Japanese cotton piece goods are that the goods were imported from Indian bonded stock at a time when the Standstill Agreement was operative. No custom duty was leviable on goods imported from India, on which duty had already been paid in India; hence foreign goods imported from India, which had paid duty at the port of entry in India, were allowed free entry. In those days the cotton piece goods of Japanese origin lying in bonded stocks at Bombay were imported through Wagha Land Customs Station consigned to fictitious firms and cleared by licensed clearing agents. At the time of import there was no indication that the goods were exported ex-bond from India. They were allowed free entry, as in the normal course, under the Standstill Agreement. Later information was received that the goods were being imported out of bonded stocks, on

which duty was not paid in India and were, as such, chargeable to duty in Pakistan. Action under Section 39 of the Sea Customs Act was immediately taken on receipt of the information and demand notices were issued on the Importers as well as the clearing agents. The actual consignees could not be contacted, despite efforts to trace them even through Magisterial Courts. The demands on the clearing agents were, therefore, pursued and some amounts were recovered. The rest of the clearing agents refused to accept this liability, even though they were deemed to be owners under Section 4 of the Sea Customs Act. Failing all efforts to recover the duty from the clearing agents, who went to the extent of filing civil suits against the Government in matter, the amount of Rs. 1,69,113/- had to be written off. Proper action under the Sea Customs Act was, however, taken against the clearing agents by cancelling their licences as clearing agents.

It may be mentioned that the primary responsibility in the matter lay on the Indian Authorities, who, as required by the rules, failed to indicate, on the export documents or otherwise to the Pakistan Customs, that the goods were out of bonded stocks and, therefore, liable to duty in Pakistan.”]

12. At this stage Syed Amjad Ali, Minister for Finance occupied the Chair.

13. *Grant No. 2—Central Excise & Salt (Pages 38-45).*

*Footnote on page 38*—The Committee desired to know why the details of expenditure on works was not supplied to the Accountant General in time. It was explained that the details had since been furnished. The Committee was not satisfied with the explanation and desired that steps should be taken to furnish the required information to the Accountant General, in time, to enable him to exhibit the same in the Appropriation Accounts. These observations apply *mutatis mutandis* to Note 6 on page 44 in which it was stated that the statement of Major Works costing over Rs. 20,000/- had not been furnished to the Accountant General.

*Note 4*:—It was stated in this Note that reasons for final excesses and savings and why these could not be regularised under a large number of sub-heads had not been furnished to the Accountant General in time. It was explained that the information had since been supplied. The Committee was not satisfied with the explanation and suggested that steps should be taken to ensure that the required information was furnished to the Accountant General, in time, to enable him to exhibit it in the

Appropriation Accounts. These observations apply *mutatis mutandis* to the remarks "reasons not furnished" and to non-submission of statement of remissions relating to Central Circle in Note 8.

14. *Item 30 of the Annexure A to the Appropriation Accounts* : This showed that an unauthorised expenditure of Rs. 13,310/- incurred during 1948-49 and 1949-50 in a Collectorate of Customs had not yet been regularised. The Committee observed that steps should be taken to decide the case without further delay.

15. *Paragraph 20 (g) (i) of the Audit Report—Local Test Audit of Receipts (Customs Receipts)*. The paragraph mentioned that as many as 855 audit notes had remained unanswered from 1947-48 to 1954-55. The Committee desired to know the reasons for this unsatisfactory state of affairs, and what steps were proposed to be taken to clear the arrears. It was stated that the position was regrettable but it was extremely difficult to trace the old audit notes, as quite a few of the audit notes, which were issued in original, were not traceable. After some discussion the Committee agreed that the Auditor General and the Central Board of Revenue should jointly examine the matter and report to the Committee whether it was of any use carrying this backlog. For future, the Auditor General added that he had already arranged that a copy of the audit note should be kept by the Auditors, so that, in case of loss of the original, no difficulty might arise.

16. *Paragraph 20 (g) (ii) of the Audit Report*. The facts mentioned in this paragraph revealed that short recoveries of duty on wet dates aggregating about Rs. 25,000/- was due to the faulty procedure of release of the consignments without recovering full duty. The Committee desired to know what steps had been taken to avoid such losses. It was explained that the position was difficult. The consignments of wet dates were brought by country crafts and were smelly. Accordingly the consignments had to be released quickly pending formal customs check. The alternative was not to release the consignments till formalities were completed but this was not practicable. The Committee felt that the remedy lay in expediting action after release of the consignments and recommended that steps should be taken accordingly.

17. The Committee then took up the examination of Accounts for 1951-52 and 1952-53 for the grants controlled by the Ministry of Interior.

At the outset, the question arose as to who should explain the accounts of the Karachi Administration. After some discussion, it was decided that henceforth the Chief Commissioner, Karachi, should himself explain to the Committee the accounts pertaining to the Karachi Administration, and that all papers relating to the Public Accounts Committee meeting should, in future, be sent to him directly. The Committee also directed that the Chief Commissioner, Karachi should be requested to appear before the Committee on Saturday the 10th November, 1956, at 11-30 a.m. to explain the accounts pertaining to the Karachi Administration.

\*18.

19. *Grant No. 14—Ministry of Interior for 1952-53 (Pages 69-70).*

*Sub-head F. 2—Leave and deputation salaries and sterling overseas pay, etc.* The Committee made a general observation that young officers who would be useful for some years after training in foreign countries should be sent out, instead of officers who were on the verge of retirement.

20. *Grant No. 56—Census—(Pages 261-262).*

The Committee desired to know when the last Census Report was submitted to Government, when it was finally published and what were the reasons for the delay, if any. It was stated that the required information would be furnished to the Committee separately. [In the note of the Ministry of Interior circulated to the members on the 6th December, 1956, the required information in regard to the publication of the Census Reports was given. The note has been reproduced in Annexure II. The Committee was not satisfied with the delayed publication of the majority of the volumes of the Census Reports and recommended that steps should be taken to issue expeditiously Vol. 7—Detailed Tables of Economic characteristics for West Pakistan, which has not yet been issued.]

21. The draft proceedings of the first meeting of the Committee, held on the 5th November, 1956, were placed before the Committee. The proceedings were confirmed.

22\*.

23. The Committee then adjourned till 10 a. m. on Thursday, the 8th November, 1956.

*Extract from the Proceedings of the Fourth Meeting of the Public Accounts Committee held on Thursday, the 8th November, 1956, at 10 a.m.*

The Fourth Meeting of the Public Accounts Committee was held at 10 a.m. on Thursday, the 8th November, 1956.

In the absence of the Chairman at the commencement of the meeting, Mr. Yusuf A. Haroon was proposed by Mr. Farid Ahmed and seconded by Mr. Bhupendra Kumar Dutta to occupy the chair.

The following were present:—

1. Mr. Yusuf A. Haroon, Member (in the Chair).
2. Mr. Farid Ahmed, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. A. I. Usmani, Director of Audit, Defence Services.
6. Mr. Riazul Hasan, Deputy Director of Audit, Defence Services.
7. Mr. F. M. Aziz, Assistant Auditor General.
8. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

9. Mr. Akhtar Husain, Secretary, Ministry of Defence (accompanied by officers representing the Army, Navy and the Air force).
10. Mr. S. A. Haq, Joint Secretary, Ministry of Defence.
11. Mr. S. M. Matin, Deputy Secretary, Ministry of Defence.
12. Mr. A. A. Burney, Financial Adviser (Military Finance).
13. Mr. S. Alim Ali Rizvi, Military Accountant General.
14. Mr. Arif Mohsin, Deputy Financial Adviser (Military Finance).
15. Mr. K. J. Bhore, Director General, Civil Aviation.
16. Mr. S. N. Naqvi, Director, Meteorological Department.

*Secretary of the Public Accounts Committee*

17. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

7. The committee then took up the examination of the Appropriation Accounts (Civil) for 1952-53 of the grants controlled by the Ministry of Defence.

8. *Grant No. 26—Ministry of Defence (Pages 112—113).*

*Sub-Head A-4.*—The original provision of Rs. 1,22,300 was increased by Rs. 5,85,700 by means of a supplementary grant. There was, however, a final saving of Rs. 5,45,417 and accordingly the supplementary grant proved unnecessary. The Committee desired to know the reasons for obtaining the supplementary grant and for not utilizing it. It was explained that certain equipments valued at about Rs. 5 lakhs were purchased for the use of the Scientific Adviser to the Ministry of Defence but later on the post was abolished and the cost of the equipment had to be charged against the grant for Defence Services instead of to this grant. The decision was taken too late in the year and therefore the saving could not be surrendered.

*Sub-head A-5—Secret Service Expenditure.*—The Committee observed that expenditure on Secret Service occurred under several civil grants. The Committee was of the opinion that it would result in better control of secret service expenditure if the provision for the purpose were pooled under a single grant, as was done in some other countries. The Committee was informed that the Auditor General had also suggested that the provision for the secret service expenditure should be shown under a single grant so that the Legislature would have an idea of the total amount of the expenditure incurred thereon. The Committee recommended that the provision for secret service expenditure should be pooled under a single grant.

9. *Grant No. 44—Meteorology—(Pages 196—197).*

*Note I.* It was stated that the savings were 30.33 per cent. of the grant as compared with 16.47 per cent. in 1951-52. The Committee desired to know why large provision was made in the budget when it could not be utilized. It was explained that the Department made provision in the budget for two Flood Forecasting Schemes but the expenditure was not finally approved by Government and hence the savings had to be surrendered. The Committee observed that the large savings indicated lack of proper planning at the appropriate level before making provision in the budget.

10. *Grant No. 52—Aviation—(Pages 229—234).*

The Committee observed that the explanation for variations shown in the Appropriation Accounts were incomplete under several heads, because the information required by the Accountant General was not furnished to him in time. The Committee felt unhappy over the failure in this respect on the part of the Controlling Officers not only of this grant, but also of other civil grants generally. The absence of essential information in the appropriation accounts resulted in a waste of time of the Committee, as while examining the Accounts, the Committee had to elicit the information from the departmental witnesses who appeared before it. Even at that stage information on several points was not forthcoming. The Committee suggested that suitable steps should be taken to ensure that the information required by the Accountant General was furnished to him in time in future and in cases where, for valid reasons, this could not be done, the departmental Controlling officers should be ready not only to explain satisfactorily to the Committee, the reasons for their failure, but also to furnish the requisite information.

It was explained that delays and failures in furnishing the essential information to the Accountant General were also due to the fact that the departmental and Accounts Office figures were not timely reconciled due mainly to lack of co-operation on the part of the staff of the Accountant General, Pakistan Revenues. The Auditor General pointed out that the difficulty arose because the departmental clerks were left to deal finally with the clerks in the Account Office. Standing instructions had been issued and a prominent notice board is hung in the offices of the Accountant General, Pakistan Revenues that any departmental officer who had difficulty in reconciling the departmental figures of expenditure with those in the books of the Accounts Office should see the Accountant General personally. If difficulties were resolved at the appropriate levels the work would proceed more smoothly. The Committee agreed with the observations of the Auditor General.

11. At this stage S. Amjad Ali, Minister for Finance and Chairman of the Committee, occupied the Chair.

12. *Grant No. 76—Capital Outlay on Civil Aviation (Pages 413—415).*

*Note 5—Financial irregularities, etc.—Purchase of Air Convairs.—*The matter dealt with in this note was inter-connected with that mentioned

in note 5 below the Appropriation Account of Grant No. 87—Interest Free and Interest Bearing Advances on page 514. These Notes mentioned that before incurring heavy expenditure on the purchase of air crafts for a private company, steps for safeguarding the financial interests of the Government were not taken. Several questions were put to the departmental representative in connection with the transaction, to which complete answers were not forthcoming. The Committee desired that a detailed note explaining the facts of the case should be submitted to it as early as possible, preferably during the course of the present Session of the Committee. [The detailed note of the Ministry of Defence on the subject was circulated to the members on the 30th November 1956. The Ministry's note and the Comments thereon of the Committee are given in Annexure IV.]

\*13 to \*20.

21. The Meeting then adjourned till 9-30 a.m. on Friday, the 9th November, 1956.

*Extract from the Proceedings of the Fifth Meeting of the Public Account Committee held on Friday, the 9th November, 1956 at 9-30 a. m.*

The Fifth Meeting of the Public Accounts Committee was held at 9-30 a. m. on Friday, the 9th November, 1956, under the Chairmanship of Syed Anjad Ali, Minister for Finance.

The following were present:—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmed, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. A. I. Usmani, Director of Audit, Defence Services.
6. Mr. Riazul Hasan, Deputy Director of Audit, Defence Services.
7. Mr. F. M. Aziz, Assistant Auditor General.
8. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

*(i) Ministry of Defence.*

9. Mr. Akhtar Husain, Secretary, Ministry of Defence (accompanied by officers representing Army, Navy and Air Force).
10. Mr. S. M. Matin, Deputy Secretary, Ministry of Defence.
11. Mr. A. A. Burney, Financial Adviser, Military Finance.
12. Mr. S. Alim Ali Rizvi, Military Accountant General.
13. Mr. Arif Mohsin, Deputy Financial Adviser, Military Finance.

*(ii) Ministry of Labour.*

14. Mr. A. H. Qureshi, Joint Secretary, Ministry of Labour.

*(iii) Parliament Secretariat.*

15. Mr. M. B. Ahmed, Secretary, Parliament Secretariat.
16. Mr. Hasan A. Shaikh, Deputy Secretary, Parliament Secretariat.

*Secretary of the Public Accounts Committee*

17. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

\*2 to 7\*

8. The Committee then took up the examination of the Appropriation Accounts of the Defence Services for 1952-53, the Commercial Appendix thereto and the Audit Report thereon.

#### APPROPRIATION ACCOUNTS FOR 1952-53

9. In item (1) of the Military Accountant Generals' certificate contained in paragraph 15 of the General Review, irregular payments of flying pay to RPAF officers amounting to Rs. 32,153/- were mentioned. The Committee desired to know whether the irregular payments had since been rectified. It was explained that after examination of the nature of the payments, Government agreed that the payments were in order and orders had been issued accordingly.

10. The Committee observed that, as in the year 1951-52, there were large unsurrendered savings and unregularized excesses during the year 1952-53 also. The Committee had already gone into the matter in connection with the accounts for 1951-52 and recommended again that the Ministry of Defence should evolve a scientific method of watching the progress of actuals against the grants from month to month. The Ministry should also keep a continuous watch on important commitments and their discharge and on the adjustments of the transactions connected with such commitments, by maintaining suitable liaison with the concerned Departments. The Committee observed further that parliamentary control of expenditure became ineffective, if votes for larger amounts than absolutely necessary were obtained and large expenditure in excess of the votes were incurred, without obtaining the requisite supplementary grants.

#### COMMERCIAL APPENDIX FOR 1952-53—REVIEW (Pages 1—7).

11. The Committee then examined the Commercial Appendix to the Appropriation Accounts of the Defence Services for 1952-53 and observed that it had nothing to add to the comments already made on the Commercial Appendix for 1951-52 [*vide* paragraph 3 of the proceedings of the fifth meeting held on the 9th November, 1956 in Part II of the Report on the Accounts for 1951-52].

#### 12. AUDIT REPORT FOR 1952-53.

*Paragraph 11*—In this paragraph it was stated that large amounts, on account of payments to Her Majesty's Government in U.K. during the

period from 1947-48 to 1951-52, on account of entitlements of pay and allowances of British Service personnel on loan to Pakistan Armed Forces, were lying under 'Suspense' due to lack of details and due to difficulty in obtaining the relevant data from the United Kingdom Service Ministries. It was further stated in the paragraph that arrangements were being made for obtaining a Certificate from the Comptroller and Auditor General of the United Kingdom about the accuracy of these recoveries from Pakistan. The Committee desired to know the progress made in finalizing the audit and accounting of these payments. The Auditor General explained that, in the special circumstances of the case, he had made a request to his counterpart in the United Kingdom to furnish the necessary audit certificate but the latter was unable to assist, as he thought that there was no agreement under which scrutiny of the recoveries was permissible. The representative of the Ministry of Defence stated that an agreement on the subject has since been arrived at and that there should now be no difficulty for the Auditor General of United Kingdom to certify the accuracy of the recoveries made from Pakistan. The Committee desired that since the agreement had been finalized the Auditor General should be informed of the position so that he could settle the matter with his counterpart in U.K.

*Paragraph 14.*—The Auditor General drew the attention of the Committee to this paragraph and stated that audit of Defence Works Expenditure became ineffective, because detailed estimates of lump sum contract were not made available to Audit. He added that orders had recently been issued, under which detailed estimates would be furnished to Audit, but these orders were qualified, in that, the orders stipulated that detailed estimates would be produced to Audit, only in special cases when the contracts were based on bills of quantities and not in the case of all lump sum contracts. The Committee desired that the matter should be looked into by the F.A.M.F. and the information essential for the discharge of the statutory duties of the Auditor General should be furnished to his Department.

*Annexure on pages 21-30*—The Committee went through the Annexure and observed that there were considerable delays in the finalization of the investigation of cases of losses, financial irregularities, etc. The Committee suggested that the Ministry of Defence should take suitable measures to ensure that cases of financial irregularities, losses, etc., are investigated and finalized speedily.

13. It was brought to the notice of the Committee that the practice, in Pakistan and in India, had all along been that in addition to the Defence

Secretary, the Chiefs of the Services, and even the Commander-in-Chief, used to be present in the Committee, when the grants relating to the Defence Services were examined. The Committee noted that the long standing practice had not been followed this time. The Representative of the Ministry of Defence stated that he had also noticed the omission in this respect and had issued instructions that the Chiefs of Staff, if not the Commander-in-Chief, should be present at the meetings of the Committee. The statement made by the Representative of the Ministry of Defence was noted with satisfaction.

14. At this stage Syed Amjad Ali, Minister for Finance and Chairman of the Committee rejoined the meeting and occupied the Chair.

15\* to 19\*

#### APPROPRIATION ACCOUNTS FOR 1952-53

20. *Grant No. 16—Ministry of Labour—(Pages 75-77).*

The Committee took note of the fact that the explanation for final savings and excesses and the reasons for not surrendering the former and for not regularising the latter were not furnished to the Accountant General, in time, for incorporation in the Appropriation Accounts. Similar observations were made by the Committee in respect of the portions of Grant No. 57—Miscellaneous Departments controlled by the Ministry of Labour and the Committee suggested that the Ministry of Labour should take steps to ensure that the essential information in connection with the appropriation accounts required by the Accountant General was furnished to him in time.

21\* to 24\*

25. The Accounts for 1952-53 of the grant controlled by the Constituent Assembly Secretariat were also examined but the Committee made no comments.

26. The Committee then adjourned till 10 a. m. on Saturday, the 10th November, 1956.

*Extract from the Proceedings of the Sixth Meeting of the Public Accounts Committee held on Saturday, the 10th November, 1956, at 10 a.m.*

The Sixth Meeting of the Public Accounts Committee was held at 10 a.m. on Saturday, the 10th November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. F.M. Aziz, Assistant Auditor General.
6. Mr. M.H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

7. Sir Edward Snelson, K.B.E., Secretary, Ministries of Law and Parliamentary Affairs.
8. Mr. N.M. Khan, Chief Commissioner, Karachi.
9. Mr. Hafiz Ahmad, Financial Adviser (Karachi Administration).

*Secretary of the Public Accounts Committee*

10. Mr. K.M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The proceedings of the second and third meetings held on the 6th and 7th November, 1956, respectively, were confirmed.

3\* to 8\*

**APPROPRIATION ACCOUNTS FOR 1952-53.**

9. *Grant No. 32—Administration of Justice : 1952-53 (pages 124-126).*

*Sub-head B. 2—Other Charges :—*The original appropriation of Rs. 15,000/- under this sub-head was increased to Rs. 34,032, due to payment of extra fees to the Advocate-General for conducting law cases

on behalf of the Central Government. It was explained that in addition to the Retaining Fee of Rs. 3,000/- p.m. the Advocate General was entitled to Rs. 720 per day for conducting cases in any Court other than the Supreme Court.

10\* to 13\*

#### APPROPRIATION ACCOUNTS FOR 1952-53.

##### 14. *Grant No. 73—Karachi (Pages 385-404).*

*Note 1.*—The Committee observed that the final saving of Rs. 8,81,817/- should have been surrendered before the close of the year.

*Note 4.*—Explanations for final savings, excesses and details of expenditure had not been furnished in many cases. In some cases the figures of expenditure had not been accepted by the Administration. This was viewed with dissatisfaction and the Committee recommended that such information should invariably be furnished, in time, to the Accountant General to enable him to give the information in the Accounts.

##### *Account I—Direct Demands on Revenue (Page 386) B.—Provincial.*

*Excise : B. 3—Other Charges :*—The original grant was increased by Rs. 2,50,600 by reappropriation. This included a sum of Rs. 2,34,000 for which the explanation had not been furnished. It was explained to the Committee that this was due to creation of some posts, payment of arrears of rent and cost of opium, the debit in respect of which was raised by the Sind Government after the estimates were finalised. The Committee observed that the information should have been furnished to the Accountant General in time for incorporation in the Accounts.

##### *Accounts II—Civil Administration A. 1— Administrator (Page 389).*

*A. 1 (1)—Pay of Officers*—The Committee desired to know the details of the additional posts created during the year, which necessitated the increase in the original grant. It was stated that this was due to creation of the posts of Chief Commissioner and three Secretaries. The duties assigned to the Secretaries were explained to the Committee.

*A. 1 (4)—Other Charges (Page 390).*—The excess in column 1 of Rs. 14,000 was due to purchase of a staff car. It was explained that the Chief Commissioner was entitled to a staff car under the terms of his appointment.

*A. 2—District Administration A. 2 (1)—Pay of Officers :—*The final excess under this sub-head was explained to be due to payment of arrears of pay to the Collector for the period of his training in U.K. It was stated that, on his return to Pakistan, the Collector was transferred to another post. The Committee recommended that Officers trained for particular purposes should be utilized on their return in positions where their training could be useful and not placed in other positions.

*C.—Jails and Convict Settlements (Page 393) C. 1—District Jail :—*

*Sub-head C. (1)—Pay of Officers :—*The original grant under this sub-head was increased by Rs. 4,000 due to the posting of a Superintendent drawing pay at a higher rate. It was explained that the official drawing higher rate of pay was a retired person and was re-employed. The Committee observed that no person was indispensable and that young and promising officers should not be debarred from promotion by re-employment of retired officers.

*F. 2—Hospitals and Dispensaries (Page 399)—Sub-head F. 2 (1)—*

*Pay of Officers.—*The saving in the original grant was stated to be due to the post of Medical Officers remaining vacant. It was explained that reasons for this could not be furnished, as the hospitals were no longer under the control of Karachi Administration.

*Account III—Miscellaneous (Page 403). A. 2—Expenditure in connection with the Rationing of Foodstuff—Sub-head—A. 2 (2)—*

*Pay of Establishments.—*The Committee desired to know the circumstances leading to the employment of additional staff, for which the original grant under this sub-head was increased by Rs. 1,56,400. It was explained that the increase was, in the main, due to the rationing of rice. The Committee did not accept the explanation and asked for full particulars of the additional staff. It was stated that the information would be furnished separately. [In the Chief Commissioner's note circulated to the members on the 6th December, 1956, the particulars of the staff employed in Food Rationing work were given. The position was explained further as follows:—

“As a result of the food position being satisfactory in the year 1950, Government decided for the progressive decontrol and derationing of the various rationed articles. In keeping with the above policy, Government first decontrolled wheat and its products with effect from 10th July, 1950 and then derationed rice and its products with effect from 1st November, 1952.

Accordingly it was desired by Government that the staff should also be retrenched to the maximum possible extent. Thus the minimum staff was allowed to continue up to 29th February, 1952.

To keep proper check on distribution of foodgrains and also to enforce the Karachi Foodgrains Control Order, 1952 effectively the sanctioned staff already working was considered insufficient. Karachi Administration had, therefore, to sanction extra staff for the different periods.

The supply position of wheat remained precarious and that of sugar very difficult and it was absolutely necessary to keep control on the distribution of these articles. Besides, the overall food position too was not satisfactory and all possible measures had to be taken, for example, strict enforcement of the Foodgrains Control Order, etc."

The Committee made no comments.]

15. The Committee then adjourned to meet again at 10 a.m. on Monday, the 12th November, 1956.

*Extract from the Proceedings of the Seventh Meeting of the Public Accounts Committee held on Monday, the 12th November, 1956, at 10 a.m.*

The Seventh Meeting of the Public Accounts Committee was held at 10 a.m. on Monday, the 12th November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present:—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Chaudhuri Mohammad Husain Chattha, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. F.M. Aziz, Assistant Auditor General.
6. Khwaja Rahmatullah, Audit Officer, Industries, Supply and Food.
7. Mr. M.H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

8. Mr. S.A. Hasnie, Secretary, Ministry of Agriculture.
9. Mr. Ahmad Tamizuddin, Director of Accounts, Ministry of Food.
10. Mr. Hafiz Ahmad, Financial Adviser (Supply and Works).
11. Mr. S.M. Raza, Financial Adviser (Development).

*Secretary of the Public Accounts Committee*

12. Mr. K. M. Shamcem, Officer on Special Duty, Parliament Secretariat.

2. Before examination of the Accounts was taken up by the Committee, Mr. Yusuf A. Haroon suggested that the meetings scheduled for the 23rd, 24th and 26th November be cancelled as he, as well as Chaudhuri Mohammad Husain Chattha, would be out of station. This was agreed to by the Chairman and it was decided that the Ministries whose Accounts were to be examined on the dates mentioned above should be taken up on the 27th and 28th November, 1956.

## APPROPRIATION ACCOUNTS FOR 1952-53

10. *Grant No. 20—Ministry of Food and Agriculture (Pages 84-88).*

*Sub-head A 1—Pay of Officers and A 2—Pay of Establishment.*—The final excesses under these sub-heads were not explained. The Committee desired to know why the reasons were not intimated to the Accountant General in time. It was explained that the failure was attributable to non-reconciliation of departmental with Accounts office figures of expenditure. The Committee looked upon the failures to reconcile the accounts and to furnish the reasons for the excesses with dissatisfaction and desired that steps should be taken to ensure that this did not occur in future.

*Sub-head A, 4.* With regard to the unregularised and unexplained excess of Rs. 84,790 under this head, it was explained to the Committee that here again the failures occurred because of non-reconciliation of accounts. The excess was caused by incorrect debit to this sub-head of an item of expenditure correctly debitable to "87—Capital Outlay, etc." The Committee was not satisfied with the explanation and desired that steps should be taken to ensure that failures of this kind did not occur in future.

*Sub-head C, 4.*—The final saving of Rs. 14,84,697 under this sub-head was due to non-receipt of debits on account of gunny bags purchased through the D. G. S. & D, In the details of expenditure under this sub-head, however, an expenditure of Rs. 3,41,000 on gunny bags was shown. The Committee desired that the two statements should be reconciled. It was explained that debits for a small part of the supply of gunny bags were adjusted but those for the major part of the supply was not received.

*Group Head D.*—The final savings under most of the sub-heads under this Group Head had been explained as due to non-reconciliation of accounts. The Committee desired that steps should be taken to ensure timely reconciliation of the Accounts.

11. *Grant No. 72—Baluchistan (Page 381).*

*Sub-head F 1 (1).*—The final saving of Rs. 11,207 under this sub-head was explained to be due to non-issue of salary slips of officers. The Committee observed that this must be due to delay on the part of the Accountant General, Pakistan Revenues. The Auditor General confirmed that this was the case.

12. *Running Accounts and Review of transactions of State trading scheme of purchase of Food (Pages 486-493).*

Paragraph 5 of the Review indicated that interest at 3 per cent. was included in the build up of issue price of sugar. The Committee desired to know how these interest charges arose. It was explained that, for financing these State Trading Schemes and other Capital Projects, Government borrowed money from the public. The interest on the capital involved was passed on to the consumer.

The Committee desired also to know what the departmental charge of Annas 10 and Annas 5 per maund represented. It was explained that charges were meant to cover cost of general supervision, etc., but on the whole the prices were fixed on a no profit/ no loss basis.

The Committee desired to know further why was it necessary to bring sugar first to West Pakistan and then ship it to East Pakistan and why could it not be shipped direct to East Pakistan. It was explained that this was not so generally, but sometimes it happened that the consignments were for both zones of the country and, therefore, these had to be brought first to Karachi and then shipped to Chittagong.

The Committee also discussed the question why sugar should not be manufactured in West Pakistan in larger quantities than at present, instead of importing it from abroad. It was explained that the cane grown in West Pakistan was not of good quality. Experiments were in progress for growing beetroot. It was not known what the results of the experiment would be, but again a difficulty would arise, as a different kind of refinery would be required.

Paragraph 12 of the Review mentioned that claims for loss in transit of 402.5 tons of sugar were being pursued. The Committee desired to know the latest position. It was explained that these cases were still being pursued through diplomatic channels.

13. The Committee then took up the examination of the Appropriation Accounts for the years 1951-52 and 1952-53 relating to the Agriculture Division of the Ministry of Food and Agriculture.

\*14 to \*20

21. The Committee made no comments on the Appropriation Accounts for 1952-53 and the Commercial Appendix thereto relating to the Ministry of Food and Agriculture.

22. The Committee then adjourned to meet again at 10 a.m. on Tuesday, the 13th November, 1956.

*Extract from the Proceedings of the Eighth Meeting of the Public Accounts Committee held on Tuesday, the 13th November, 1956, at 10 a. m.*

In the absence of the Chairman at the commencement of the Meeting Mr. Yusuf A. Haroon was voted to the Chair.

The following were present:—

1. Mr. Yusuf A. Haroon in the Chair.
2. Mr. Farid Ahmad, Member.
3. Chaudhury Mohammad Husain Chattha, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Auditor General.
7. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

(i) *President's Secretariat (Public)*

8. Mr. A. Wahid, Assistant Secretary.

(ii) *President's Secretariat (Personal)*

9. Mr. K. A. H. Ghori, Assistant Secretary.

(iii) *Cabinet Secretariat.*

10. Mr. J. D. Hardy, O.B.E., Joint Secretary (Establishment Division).

(iv) *Federal Public Service Commission.*

11. Mr. S. F. Meerza, Secretary, Pakistan Public service Commission.

*Secretary of the Public Accounts Committee*

12. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The Proceedings of the Fourth Meeting of the Public Accounts Committee held on 8th November, 1956, were confirmed.

3\*

4. The Committee took up the examination of the Accounts for 1951-52 and 1952-53 of the Charged Appropriations controlled by the

President's Secretariat (Public). It was noticed that the Secretariat was represented by the Assistant Secretary. The Chairman pointed out that in view of the specific responsibility imposed on the Secretary of the Secretariat in regard to the Accounts of the expenditure incurred under his control, it was necessary that he should appear personally before the Committee. The Committee took strong objection to the absence of the Secretary of the Secretariat, and accordingly informed the Assistant Secretary that another day would be fixed for the examination of the Accounts in question when the Secretary of the Secretariat should appear before the Committee personally.

5. The Committee then took up the examination of the accounts for 1951-52 and 1952-53 of the Charged Appropriations controlled by the President's Secretariat (Personal). Mr. K. A. H. Ghori, Assistant Secretary informed the Committee that he was representing the Military Secretary to the President. The Military Secretary had already obtained the permission of the Chairman of the Committee to let the Assistant Secretary represent him. Accordingly the Committee agreed to question the Assistant Secretary in respect of the Accounts under examination.

\*6

#### APPROPRIATION ACCOUNTS FOR 1952-53.

7. The Committee went through the Appropriation Accounts of the Appropriation for Staff, Household and Allowances of the Governor-General on pages 409-410 and observed that the irregularities commented upon in connection with the accounts for 1951-52 continued also during 1952-53:

In regard to Note 4 on page 411, the Committee observed that the essential information required by the Accountant General for compilation of the Appropriation Accounts should have been furnished to him in time.

\*8.

9. The Committee then took up the examination of the Accounts for 1951-52 and 1952-53 relating to the grants controlled by the Cabinet Secretariat. The Chairman pointed out that Mr. Aziz Ahmad was the Secretary to the Cabinet and should have appeared before the Committee. Mr. J. D. Hardy explained that he was the Joint Secretary-in-Charge of the Establishment Division of the Cabinet Secretariat and he was prepared to furnish information that may be required by the Committee in connection with the grants controlled by the Cabinet Secretariat. He further

explained that Mr. Aziz Ahmad could not attend the meeting of the Committee, as there was an urgent meeting of the Cabinet in progress at the time. In the circumstances explained by Mr. Hardy the Committee agreed to question him in connection with the grants relating to the Cabinet Secretariat.

\*10

11. *Grant No. 12—Cabinet (Pages 61-67)*

*Sub-head B 1 (3) Other Charges*—In the footnote showing the details of expenditure under this sub-head certain items like Philco-refrigerator (Rs. 4,450), Banpinkt Radiogram (Rs. 1,875) and three Philco Tropic Model Radios (Rs. 1,379) had been shown. The Committee desired to know the purpose for which the articles mentioned above were purchased. It was explained that the articles were purchased for the State Guest House. The Committee observed that although Radios may be necessary in Guest Houses, a costly Radiogram was hardly an essential item.

*Sub-head B 2 (1) Pay of Officers*—The original provision of Rs. 1,84,100 was increased during the year to Rs. 2,07,600 due to setting up of a Central Organization and Methods Unit for assisting the various Central Government Departments in simplifying office procedure and improving efficiency. The Committee desired to know what were the functions of the Organization and whether any results had been achieved by it. It was explained that every Government, these days, had an Organization to promote efficiency and to prune unnecessary staff and cut down red-tape. The Organization had done some valuable work and the expenditure of some offices had been substantially cut down.

*Note 2*—It was stated in this Note that the Supplementary Grant of Rs. 10,000 under sub-head A 1 (2) proved unnecessary. The Committee desired to know why the Supplementary Grant was taken. It was explained that the Supplementary Grant was taken in the expectation that the expenditure would be incurred, but when the Accounts of the year were closed, it was found that the expenditure had not been incurred. It was stated further that arrangements had since been made for obtaining monthly statements of expenditure and irregularities of this kind would not recur.

*Sub-head A 1 (2)—Allowances*—The original provision of Rs. 44,000 under this sub-head was increased during the year to Rs. 66,307 due to more expenditure on medical expenses of Ministers. The Committee desired to know whether the Ministers were entitled to free medical treatment and whether the facilities are of the same nature as are available

to public servants. It was explained that under the Salaries and Allowances of Ministers Act, 1949 and the allied Acts relating to the salaries of Ministers of State and Deputy Ministers, the Ministers were entitled to free medical treatment. They could utilize the services of a Civil Surgeon or a Specialist on the recommendation of the Civil Surgeon. The Committee desired to know further whether for purposes of re-imbusement of medical expenses of Ministers, a certificate of the authorised medical attendant was required. It was stated that such a certificate was necessary.

12. The Committee made a general observation that the control of expenditure in respect of the grants relating to the Cabinet Secretariat was not well-informed. In view of the fact that the Cabinet Secretariat was the key organization of the Government, a better performance than that exhibited in the Accounts under examination was expected from it. The Representative of the Cabinet Secretariat gave an assurance that steps had since been taken to reconcile the Accounts month after month and to watch the progress of expenditure more closely.

13. The Committee then took up the examination of the Draft Report on the Accounts for 1950-51 and the Appropriation Accounts for 1952-53 of the grants relating to the Pakistan Public Service Commission. At the time the Committee took up the examination of these Accounts, the Secretary of the Pakistan Public Service Commission had not arrived. The Secretary of the Committee was sent for from his office.

\*14 and \*15

16. *Charged Appropriation for Pakistan Public Service Commission (Page 412).*

*Sub-head B—Pay of Establishments*—The reason for the final saving of Rs. 20,041 under this sub-head was explained as due to some posts, for which provision was made in the budget, were not sanctioned by Government. The Committee desired to know why after making budget provision the posts were not sanctioned by Government. It was explained that this was due to financial stringency.

*Sub-head D—Other Charges*—The Committee noticed that the expenditure on examinations was Rs. 1,33,825 as against Rs. 1,26,000 during the year 1951-52 although the receipts from the examination fees fell down from Rs. 87,300 to Rs. 71,032. No satisfactory explanation for these variations could be given by the Representative of the Commission. The Committee recommended that the Commission should consider the

possibility of reducing the expenditure on examinations with a view to keeping it within a reasonable proportion of the Receipts.

17. The attention of the Committee was drawn to the Explanatory Note below the sub-head (D—Other Charges) to the effect that supplementary appropriation for Rs. 16,640, which was asked for, was not granted. It was explained that the excess expenditure was due to a number of causes, but the additional appropriation asked for by the Commission was not granted. The total excess against the sanctioned appropriation would now have to be regularised by the Ministry of Finance on the recommendation of the Committee.

18. After some discussion the Committee decided to hold the Meeting on Wednesday the 14th November, 1956, at 2-30 p.m. and to take up only the Ministry of Foreign Affairs and Commonwealth Relations on that day. It was also decided that the programme of the Committee should be revised accordingly.

19. The Committee then adjourned to meet again at 2-30 p.m. on Wednesday, the 14th November, 1956.

*Extract from the Proceedings of the Ninth Meeting of the Public Accounts Committee, held on Wednesday, the 14th November, 1956, at 2-30 p.m.*

The Ninth Meeting of the Public Accounts Committee was held at 2-30 p.m. under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present:—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Chaudhri Mohammed Hussain Chattha, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Auditor General.
7. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

8. Mr. M. S. A. Baig, Secretary, Ministry of Foreign Affairs and Commonwealth Relations.
9. Mr. S. M. Hasan, Joint Secretary, Ministry of Foreign Affairs and Commonwealth Relations.
10. Mr. J. G. Kharas, Joint Secretary, Ministry of Foreign Affairs and Commonwealth Relations.
11. Mr. A. A. Burney, Financial Adviser, Military Finance.

*Secretary of the Public Accounts Committee*

12. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

\*2 to \*14

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*Paragraph 20 (I) (a)—Local Test Audit of the Initial Accounts of the Pakistan Embassies and Missions abroad—General conditions of the Initial Accounts.*—The irregularities pointed out in this paragraph were more or less of the same types as were mentioned in the Audit Report, 1953. The Committee desired that the Ministry of Foreign Affairs should take serious note of the irregularities pointed out in this paragraph and take steps to ensure that these did not recur.

*Paragraph 20 (I) (a) (1). Increased expenditure due to favourable rate of exchange.*—The paragraph mentioned that the Embassy in Teheran was able to spend more money in local currency because of the wide fluctuations in the official exchange rate of Rials. The Committee agreed with the observations in the Audit Report that the additional amount, in local currency, which became available to the Embassy due to favourable rate of exchange of Rials *vis a vis* Pakistani Rupee should have been surrendered to Government, instead of incurring more expenditure than what was contemplated in the Budget.

*Paragraph 20 (I) (a) (2)—Non-inclusion of Government transactions in the Initial Accounts in the Accounts rendered to Audit.*—In this paragraph it was stated that fresh remittances from Pakistan were obtained by a Mission abroad, in spite of the fact that it had large Government funds already lying with it. The Committee agreed with the Auditor General that fresh remittances should not have been obtained from Pakistan without first accounting for the cash in hand.

*Paragraph 20 (I) (a) (3)—Irregular Transfer of Public Money to the personal account of a Government Servant—Manipulation of the Initial Accounts of a Mission.*—The Committee agreed with the Auditor General that the transaction was highly irregular and steps should be taken to ensure that public money was not used for private purposes by the Embassy officials.

The general observation made by the Committee on the irregular use of foreign currency available to the Embassies, etc., brought to notice in paragraph 20 (I) (a) (ii) (7), was that it was wrong to make available more than one currency at the same time to an Embassy, as such a system afforded opportunities for illegal use of the currencies and manipulations. The Committee further desired that the irregularities reported in the Audit Report should be carefully examined both by the Ministry of Foreign Affairs and Ministry of Finance and the responsibility of the individual officers should be assessed with a view to taking suitable action against them. The Committee also further suggested that the practice of allowing the use of two currencies at the same time to an Embassy should be discouraged as far as possible.

16. The Proceedings of the Fifth Meeting of the Public Accounts Committee held on the 9th November, 1956, were confirmed.

17. The Committee then adjourned to meet again at 2-30 p.m. on Thursday, the 15th November, 1956.

*Extract from the Proceedings of the Tenth Meeting of the Public Accounts Committee held on Thursday, the 15th November, 1956, at 2-30 p.m.*

The Tenth Meeting of the Public Accounts Committee was held at 2-30 p.m. on Thursday, the 15th November, 1956.

In the absence of the Chairman at the commencement of the Meeting Mr. Yusuf A. Haroon was voted to occupy the Chair.

The following were present:—

1. Mr. Yusuf A. Haroon, Member (in the Chair).
2. Mr. Farid Ahmad, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. F. M. Aziz, Assistant Auditor General.
6. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

7. Mr. H. S. M. Ishaque, Secretary, Ministry of Works.
8. Mr. A. K. Khattak, Chief Engineer, Pakistan Public Works Department.
9. Mr. Azizul Haq, Deputy Secretary, Ministry of Works.
10. Mr. Hafiz Ahmad, Financial Adviser (Supply and Works), Ministry of Finance.

*Secretary of the Public Accounts Committee*

11. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. At the commencement of the Meeting Mr. Farid Ahmad brought to the notice of the Chairman that the Committee had decided that the Ministries should furnish to it, at least twenty-four hours before the Representatives appeared before it, a note giving information and details which had been omitted by the Accountant General from the Accounts due to the failure of the Ministries to furnish such information to him in time. It was explained that a circular to the above effect had been issued only on the 13th November, 1956, and it was too early to expect compliance today, so far as the Ministry of Works was concerned. It

was further explained that in the circular referred to above, the Ministries were requested to bring the information and the details in question with them, when their Representatives appeared before the Committee, and it was not made clear that they should furnish the information, etc., to the Committee twenty-four hours before the date fixed for the Ministry concerned. It was decided by the Committee that the position should be made clear to all concerned by means of a fresh circular letter and it should be brought to the notice of the Committee before the examination of the Accounts of the various Ministries commenced whether the Ministry concerned had furnished the requisite note or not.

3\* to 9\*.

10. The Proceedings of the Sixth Meeting of the Committee held on the 10th November, 1956, were confirmed.

11. The Committee then adjourned to meet again at 9-30 a.m. on Friday, the 16th November, 1956.

*Extract from the Proceedings of the Eleventh Meeting of the Public Accounts Committee held on Friday, the 16th November, 1956, at 9-30 a.m.*

The Eleventh Meeting of the Public Accounts Committee was held at 9-30 a.m. on Friday, the 16th November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present:—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. F. M. Aziz, Assistant Auditor General.
6. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

7. Mr. Said Hasan, Secretary, Ministry of Economic Affairs.
8. Mr. M. Y. Butt, Deputy Secretary, Ministry of Economic Affairs.
9. Mr. Hafiz Ahmad, Financial Adviser (Supply & Works), Ministry of Finance.
10. Mr. Q. U. Shahab, Secretary, President Sectt. (Public).
11. Mr. A. R. Khan, Under Secretary, Ministry of Education.

*Secretary of the Public Accounts Committee*

12. Mr. K. M. Shamøem, Officer on Special Duty, Parliament Secretariat.

2\* to 4\*.

5. The Committee then commenced examination of the Appropriation Accounts for 1951-52 and 1952-53 relating to the Grants controlled by the Ministry of Economic Affairs.

\*6 and \*7.

## APPROPRIATION ACCOUNTS FOR 1952-53

8. *Grant No. 29—Ministry of Economic Affairs (Page 117).*

*Sub-head A. 4—Other Charges.*—The final saving under this sub-head was explained to be due to non-settlement, till the close of the year, of the claim of the Ministry of Communications for running a special excursion train for the delegates to the Commonwealth Consultative Committee Meeting, for want of certain details, such as, the number of persons who travelled in the special train and the number of berths provided for them. The Committee desired to know what was the exact point of dispute with the Railway Authorities. It was explained that the dispute was about the officers who travelled with the delegates. It had to be ascertained whether their journeys were authorised or not.

*Sub-head C—Central Statistical Office.—C-3—Allowances, Honoraria, etc.*—The final excess of Rs. 51,257 under this sub-head was not explained in the Accounts. It was also stated under this sub-head that the figures of actual expenditure had not been accepted by the controlling officer. The Committee desired to know the reasons for these omissions. It was explained that actually there was a saving of Rs. 4,000. The excess appearing in the Accounts was due to debits raised by Railway Department for statistics furnished to the Central Statistical Office, which were not acceptable to the Ministry of Economic Affairs. The matter had not been finally settled and was still under examination. The Committee observed that the position, as now explained, could have been communicated to Audit for incorporation in the Accounts. The Committee recommended that in future such information should be furnished to Audit in time.

9. *Grant No. 64—Technical Assistance Schemes (Pages 337-338).*

The Committee observed with dissatisfaction that the explanation for the final excesses under sub-heads B. 5 and B. 6 and the reasons for not surrendering the final saving under sub-head B. 2 had not been furnished to Audit. It was, however, felt that in the case of sub-head B. 2, where the saving was due to part payment having been made by the Thal Development Authority on account of the subsistence allowance of an expert, the information was not furnished by the Thal Development Authority.

10. At this stage, Mr. Yusuf A. Haroon occupied the Chair vacated by Syed Amjad Ali, and the Committee commenced examination of the Appropriation Accounts of the Appropriation for "Staff, Household and Allowances of the Governor-General" relating to the Secretariat staff for the years 1951-52 and 1952-53.

APPROPRIATION ACCOUNTS FOR 1952-53.

12. *Appropriation for Staff, Household and Allowances of the Governor-General (Pages 409-411).*

*Sub-head G. 1.—Pay of Officers (Page 410).*—The Committee desired to know why the saving of Rs. 2,946 under this sub-head was not surrendered. It was explained that the final saving was due to provision for leave salary having not been utilized. The saving was not surrendered, as it was expected that some officers might proceed on leave towards the close of the year. The Committee was not satisfied with the explanation and observed that in a small establishment, like that of the Governor General's Secretariat, it should not be difficult to estimate more accurately the requirements for leave salaries.

*Sub-head G. 3.—Allowances, Honoraria, etc.*—The final saving under this sub-head was due to travelling allowance concession during leave not having been fully utilized. The Committee desired to know why the saving had not been surrendered. It was stated that this was due to the fact that the number of officials who might proceed on leave before the close of the year could not be forecast. The Committee was not satisfied with the explanation and observed that, with better informed control over the progress of expenditure, the saving could have been assessed more accurately and surrendered.

*Sub-head G. 5.—Other Charges.*—The Committee observed that the final saving under this sub-head also should have been surrendered before the close of the year.

13. The Committee then commenced examination of the Draft Report for 1950-51, the Appropriation Accounts for 1951-52 and 1952-53 in respect of the grants controlled by the Ministry of Education.

14. It was explained that the Joint Secretary-in-Charge of the Ministry was out of station and Mr. A. R. Khan, Under Secretary, was permitted by the Chairman to appear before the Committee.

\*15 to 19\*

APPROPRIATION ACCOUNTS FOR 1952-53

20. *Grant No. 22A.—Ministry of Education (Pages 102-104).*

*Sub-head A. 4.—Other Charges.*—There was a saving of Rs. 15,923 due to non-payment of the cost of the staff car purchased during the year. The Committee desired to know why the payment was not made. It was

explained that the firm which supplied the car, submitted its claim to the A. G. P. R., in April after the close of the year, with the result that payment was made during the next year.

*Sub-head C. 3—Other Charges.*—The Committee desired to know the reasons for the excess of Rs. 10,337 under this sub-head. It was explained that the excess was mainly due to more expenditure on passage of the Educational Attache in Washington. The Committee observed that the excess should have been regularized by obtaining a supplementary grant.

21. *Grant No. 43—Archaeology and Museums (Pages 193-195).*

*A. 1—Pay of Officers.*—The original grant had to be reduced partly due to Superintendent of Archaeology, East Pakistan also acting against the post of Director. It was explained to the Committee that the original budget provided for pay of the Director and saving occurred as the Superintendent, who acted against the post, got only a small additional pay.

*B.—Conservation of Ancient Monuments.*—The original grant under this sub-head was reduced, partly due to non-acquisition of structures over the tomb of Sultan Qutbuddin Aibak from the Custodian of Evacuee Property on account of technical difficulties. The Committee desired that a note showing the present position of the case should be submitted to it. It was stated that the information would be furnished to the Committee separately. [In the note of the Ministry of Education, which was circulated to members on the 27th November, 1956, it was stated as follows:—

“For improving the archaeological lay-out of the tomb of Sultan Qutbuddin Aibak, a protected monument, it was decided to acquire the houses around the tomb. The matter was therefore taken up in 1951 with the former Punjab Government which, for several years, could not complete the preliminaries relating to the acquisition. It was only on 7th August, 1954 that the Award was announced by the Land Acquisition Collector, Lahore, and accordingly a sum of Rs. 34,120 was paid.

However the actual possession of the houses has not been given to the Department of Archaeology, since the Rehabilitation Department could not provide the refugee families with alternate accommodation. The Provincial Government, owing to acute shortages of accommodation in Lahore, have also shown their inability to provide alternate accommodation. The Department could not therefore undertake, so far, the desired improvement work”.

The Committee suggested that the Government of West Pakistan should be pressed to get the houses around the tomb vacated by the refugees by providing them with alternative accommodation, so that the monument could be maintained appropriately.]

22. *Grant No. 45—Education (Pages 198-202).*

*Sub-head A. 1—Grants to Universities.*—The Committee desired to know the reasons for the final excess of Rs. 9,96,408 under this sub-head. It was explained that this was due to wrong adjustment, under this sub-head, of a grant of Rs. 10 lakhs made to Karachi University, which should have been adjusted under the social uplift Fund. The necessary readjustment was made in the Accounts for 1956-57.

*Sub-head A. 2 (2)—Pay of Establishments.*—The actual expenditure under this sub-head was Rs. 44,452 against the final grant of Rs. 61,800 and the original grant of Rs. 72,800. The Committee observed that this amounted to an under-estimation of about Rs. 28,000. It was explained that this saving was due to some posts not having been sanctioned by the Ministry of Finance. The Auditor General pointed out that this explanation was incorrect as in the accounts the saving had been explained by the Ministry of Education as due to some posts remaining vacant. It was explained that the posts really remained unfilled due to non-availability of qualified recruits.

*Sub-head A. 2 (4)—Other Charges.*—The Committee observed that the original grant was unnecessarily increased by Rs. 20,100 as there had been a final saving of Rs. 82,248. It was explained that the expenditure related to the Central College for Women in Karachi for purchase of scientific apparatus, library books, etc., the supply of which was expected during the year, but the equipment was not received during the year, resulting in the saving.

*Sub-head B. 2.—Pay of Establishments.*—The committee desired to know the reasons for the final excess of Rs. 3,139 under this sub-head. It was explained that the final grant was based on the revised estimate, framed three months before the close of the year, when less expenditure was anticipated.

*Sub-head-B.4—Other Charges.*—The Committee desired to know the reasons for the final saving of Rs. 76,285. It was explained that this was due to non-raising of the debits by the D. G. S. & D. and the P. W. D. The Committee observed that the saving should have been surrendered before the close of the year. The Committee also desired

to have details of the actual expenditure under this sub-head. It was stated that this information would be furnished separately. [A note containing the required details was circulated to the members on the 27th November, 1956. The Committee made no comment on the note.]

*Sub-head D. 10 (5) (2) Provincial Scholars.*—The Committee desired to know why the final grant of Rs. 10,000 under this sub-head remained unutilized. It was explained that no claim for it was received from the Provincial Government, who had to incur 50 per cent. of the expenditure.

*D. 11 (2) Grants to Local Bodies, etc.*—It was explained that the final excess of Rs. 21,92,965/- for which no explanation was given in the accounts was, due to wrong adjustment of Rs. 20 lakhs, under this sub-head, which could not be detected in time, due to non-reconciliation of accounts and the remaining excess was due to post-budget decision to give grants to certain institutions and organisations. The committee desired that reconciliation should be done in future, in time, to allow for proper adjustment of expenditure.

\*23 and \*24

25. The Committee then adjourned to meet again on Saturday, the 17th November, 1956, at 10-00 a. m.

*Extract from the Proceedings of the Twelfth Meeting of the Public Accounts Committee held on Saturday, the 17th November, 1956 at 10 a.m.*

The Twelfth Meeting of the Public Accounts Committee was held at 10 a.m. on Saturday, the 17th November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. „ Farid Ahmad, Member.
3. „ Ghulam Abbas, Comptroller and Auditor General of Pakistan.
4. „ S. M. Jamil, Accountant General, Pakistan Revenues.
5. „ F. M. Aziz, Assistant Auditor General.
6. „ Kh. Rahmatullah, Audit Officer, Industries, Supply and Food.
7. „ M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

8. Mr. S. S. Jafri, Joint Secretary, Ministry of Industries.
9. „ A. M. F. Rahman, Deputy Secretary, Ministry of Industries.
10. „ N. H. Khandker, Controller of Printing and Stationery.
11. Dr. H. K. Ghori, Chief Inspector of Explosives.
12. Mr. Hafiz Ahmad, Financial Adviser (Supply & Works, Ministry of Finance).

*Secretary of the Public Accounts Committee*

13. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. At the commencement of the Meeting Mr. Jafri apologized on behalf of Mr. Khaleeli, Secretary, Ministry of Industries and stated that he was to be present in the Meeting, but owing to the continuance of the Industries Conferences he was not able to do so. The Chairman agreed that, in the circumstances stated by Mr. S. S. Jafri, the presence of

Mr. A. Khaleeli need not to be insisted upon. The Committee then took up the examination of the Draft Report on the Accounts for 1950-51.

3\* to 12\*

13. The Chairman read a note received from the Joint Secretary, Ministry of Information and Broadcasting saying that he wished to proceed on tour ; that he may be called any day after the 20th November, 1956. In view of the tight programme of the Committee, it was decided that the request of the Joint Secretary could not be complied with. [The Joint Secretary appeared before the Committee in the fourteenth meeting held on the 20th November, 1956.]

14. The Committee then adjourned to meet again at 9-30 a.m. on Monday, the 19th November, 1956 and to resume on that day the examination of the remaining Appropriation Accounts for 1951-52 and all the accounts for 1952-53 of the grants controlled by the Ministry of Industries.

*Extract from the Proceedings of the Thirteenth Meeting of the Public Accounts Committee held on Monday, the 19th November, 1956.*

In the absence of the Chairman at the commencement of the meeting Mr. Abul Mansur Ahmed was voted to occupy the Chair. The following were present :—

1. Mr. Abul Mansur Ahmad, Member (in the Chair).
2. „ Yusuf A. Haroon, Member.
3. „ Farid Ahmad, Member.
4. „ Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. „ S. M. Jamil, Accountant-General, Pakistan Revenues.
6. „ Kh. Rahmatullah, Audit Officer, Industries, Supply and Food.
7. „ F. M. Aziz, Assistant Auditor-General.
8. „ M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

9. Mr. A. Khaleeli, Secretary, Ministry of Industries.
10. „ S. S. Jafri, Joint Secretary, Ministry of Industries.
11. „ B. A. Qureshi, Director-General of Supply and Development.
12. „ A. M. F. Rahman, Deputy Secretary, Ministry of Industries.
13. „ N. H. Khandker, Controller of Printing and Stationery.
14. „ Dr. H. K. Ghori, Chief Inspector of Explosives.
15. „ Hafeez Ahmad, Financial Adviser (Supply and Works), Ministry of Finance.

*Secretary of the Public Accounts Committee*

16. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2\* to 13\*

14. The Committee then took up the examination of accounts relating to the grants controlled by the Ministry of Industries for 1952-53.

## APPROPRIATION ACCOUNTS FOR 1952-53.

15. *Grant No. 10—Irrigation, Navigation, Embankment and Drainage Works (Pages 57-60).*

The Committee observed that there were a number of unregularized savings and excesses under most of the sub-heads indicating unsatisfactory control. There was excess expenditure in the total grant both in the charged and voted sections. The Departmental Representative explained that the arrangements, under which the old Government of Sind was looking after the canals in Baluchistan were not fully known to the Ministry till 1952-53 and this resulted in a certain amount of confusion. The Committee felt dissatisfied with the explanation and observed that when the Ministry had gone up to the Legislature for the grant, it ought to have made itself fully aware of the arrangements relating to the expenditure charged to the grant, and should have kept a proper check over the progress of expenditure during the year. [See also paragraph 5 of the Proceedings of the Twelfth Meeting held on the 17th November, 1956 in Part II of the Report on the Accounts for 1951-52.]

16. *Grant No. 23—Ministry of Industries. (Pages 105-109).*

*Sub-head A. 4—Other Charges (Secretariat)*—The original provision of Rs. 60,000 under this sub-head was increased to Rs. 72,100 by means of re-appropriation. The actual expenditure was Rs. 1,12,527 resulting in final excess of Rs. 40,427 for which explanation was not furnished to the Accountant General in time. The Departmental Representative explained that the excess was due to adjustment of telephone bills after the close of year. The Committee was not satisfied with the explanation and observed that provision should have been made by re-appropriation or by obtaining supplementary grant, because telephones were used by the Ministry and it ought to have anticipated that charges on that account would be debited to it. The Committee also expressed its dissatisfaction on the failure of the Ministry to intimate to the Accountant General the reasons for the excess in time.

*Sub-head B. 4—Other Charges (Central Engineering Authority)*.—The original provision of Rs. 1,57,000 under the sub-head was increased to Rs. 11,30,700 by means of re-appropriation and supplementary grant, but the actual expenditure was only Rs. 8,44,297 resulting in final saving of Rs. 2,86,403. No satisfactory explanation for not anticipating the saving and for not surrendering it could be given by the Departmental Representative.

An item of Rs. 95,218 was shown as on hire, purchase and repair of crafts in the details of expenditure under this sub-head. The Committee desired to know the amount spent on purchase and hire separately, when the purchase was initiated, when it was finalised and why there was delay in the delivery of the crafts resulting in hire charges. The Departmental Representative stated that he would furnish the required information separately. [The note of the Ministry of Industries showing details of Rs. 95,218 was circulated to the members on the 22nd December, 1956. The Committee made no comment.]

17. *Grant No. 67—Miscellaneous—(Pages 345 to 352).*

*Sub-head S. 2 Expenditure connected with German Reparation*—The Committee had already directed the Ministry in its Twelfth Meeting held on the 17th November, 1956, to submit a detailed note showing what Plant and Machinery was received and how it was disposed off. The Departmental Representative stated that he would like to explain the position generally. He stated that there was a Reparation Commission before partition and India was represented in it. After partition, Pakistan was also represented in the Commission. A part of the reparation in the shape of some machines and machine tools had been received by the Government of undivided India and Pakistan was entitled to a share in the machines. There was some difficulty in bringing the machines from somewhere in India and the machines, etc., which were lying in Bombay could not be brought at all. The machines, etc., were sold to Batala Engineering Company and certain other parties. The recovery of the price of the machines had not been made in one or two cases and the amount involved was about Rs. 57,000/-. The Committee reiterated its request that a detailed note on the subject should be sent to it. [See paragraph 8A of the Proceedings of the Twelfth Meeting held on the 17th November 1956 in Part II of the Report on the Accounts for 1951-52 and Annexure XIII thereto.]

18. *Grant No. 85—Capital Outlay on Schemes of State-Trading (Pages 458 to 466).*

*Sub-head B.2—Deduct Recoveries—(Under Purchase of Reserve Store by the Department of Supply and Development.)*—There was an excess (less recovery) of Rs. 68,97,085/- under this sub-head. Precise reasons for the short fall in recoveries could not be given by the Departmental Representative and he promised to submit a note on the subject to the

Committee. [The Ministry of Industries did not furnish the required note up to the 6th December 1956, the date prescribed for the purpose.]

19. *Financial Review on the Scheme for Production and Supply of Coal*—It was stated *inter alia* in the Review that the cumulative surplus up to 31st March 1953 amounted to Rs. 73,48,078, out of which a sum of Rs 52,72,480 was paid to the Government of East Bengal (now Government of East Pakistan) to meet its losses on food-grain transactions. It was explained that this was a deliberate decision of Government. The Committee observed that the surplus should have been allowed to remain in the coal account and utilized towards either meeting losses, if any in future, or towards reducing the price of coal.

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20. *Concurrent Audit of Contracts in the Supply and Development Departments.*

*Paragraph 20 (I) (f) (i).—Failure to enforce Terms of Contract.*—It was stated in this paragraph that due to the failure of a contractor to supply the goods within the stipulated time, Government incurred a loss of Rs. 31,154 on re-purchase but no recovery had been made from the Contractor. It was explained that the case was under arbitration and action would be taken according to the award of the arbitrator. The Committee desired that the result of the arbitration should be reported to it in due course.

*Paragraph 20 (I) (f) (4) —Failure to enforce terms of Contract.*—It was stated that a contract for supply of “drawers cotton—knitted undyed” was cancelled at the risk and expense of the contractor, due to his failure to make the supply within the stipulated period. This resulted in extra expenditure to Government of Rs. 4,583 which was recoverable from the contractor. It was stated by the Departmental Representative that instructions had since been issued to the Audit Officer to recover the amount from the outstanding bills of the contractor.

21. The Committee drew the attention of the Departmental Representative that a number of Representatives of other Ministries, who appeared before it, stated that they were unable to control satisfactorily the progress of expenditure against their grants due to uncertainties of the programme of supplies by the D.G.S. & D., against their indents for supply of stores. The Departmental Representative stated that during the last two years, adequate steps had been taken to ensure promptness in the procurement of supplies and the allegations mentioned above were not

well-founded. He stated that if specific cases were brought to his notice he would deal with them. It was pointed out to the Departmental Representative that the complaints of other Ministries were not so much against delays in supplies but as regards the D.G.S. & D.'s failure to keep them informed of the progress of supplies and the payments against them. The Departmental Representative stated that proper liaison was being maintained by a number of the Indenting Departments and they were kept informed of the progress of supplies, but the difficulty was that certain departments did not care to ascertain the position from time to time with a view to controlling the progress of their expenditure. The Committee decided to consider the problem after it had examined the accounts relating to all the Ministries.

22. The Committee then adjourned to meet again at 10 a.m. on Tuesday, the 20th November, 1956.

*Extract from the Proceedings of the Fourteenth Meeting of the Public Accounts Committee held on Tuesday, the 20th November, 1956 at 10 a.m.*

The Fourteenth Meeting of the Public Accounts Committee was held at 10 a. m. on Tuesday, the 20th November, 1956 under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
4. Mr. F. M. Aziz, Assistant Auditor General.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

7. Mr. A. A. Hamid, Joint Secretary, Ministry of Information and Broadcasting.
8. Mr. Mohammad Sabir, Deputy Secretary, Ministry of Information & Broadcasting.

*Secretary of the Public Accounts Committee*

9. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2\* and 3\*

4. The Committee observed that the accumulated loss on the working of the Radio to end of 1952-53 had increased considerably. The Departmental Representative explained that the only sources of revenue for broadcasting were the licence fee and customs duty on the imported radio sets. Unless the number of sets was increased in the country, there would be a continuing and increasing loss on the running of the Radio Service. Certain foreign experts, who were consulted on the subject, had also recommended that more cheap receiving sets should be made available in the country. After discussing the difficulties in the import of radio sets, the Committee enquired whether in view of the losses incurred by the Department and in view of the tight foreign exchange position, the Ministry of Information and Broadcasting could consider the possibility of some

*via media* between a commercial station and Government station. It was explained that this question had been examined in details. The amount of money spent on advertising, as a whole, in Pakistan was too small to make up the loss. Further, since the market in Pakistan was at present a buyers' market and not that of sellers, there was not much scope in advertisements. Reviewing the whole position, the Committee recommended that the Ministry of Industries may consider the possibility of not granting more licences for assembly plants, so as to reduce the cost of radio sets assembled in larger numbers by a limited number of concerns. The Committee also recommended that one of the assembling concerns should be persuaded to shift to East Pakistan so as to reduce the element of freight in the price of the receiving sets sold there.

5. The Committee then took up the examination of the Appropriation Accounts for the years 1951-52 and 1952-53 relating to the grants controlled by the Ministry of Information and Broadcasting.

6\* to 11\*

#### APPROPRIATION ACCOUNTS FOR 1952-53

##### 12. Grant No. 15—Ministry of Information and Broadcasting (Pages 71-74).

The final excess of Rs. 83,417 was explained to be due to the fact that a provision for Rs. 1,95,800 sanctioned for Miscellaneous Publicity Organisation was wrongly printed under the budget for the Department of Advertising Films and Publications. The Committee observed that, in view of the position explained by the Departmental Representative, the Ministry of Information and Broadcasting had failed to regularize the excess by re-appropriation.

##### 13. Grant No. 77—Capital Outlay on Broadcasting Service (Page 424)

*Sub-head A.—Works, and Sub-head B. Equipment:—*There was a final saving of Rs. 4,16,491 under the sub-head 'A—Works', and an excess of Rs. 2,16,044 under the sub-head 'B—Equipment.' It was explained to the Committee that the supplementary grant of Rs. 2,87,000 taken during the year really pertained to the sub-head 'B' but was erroneously accounted for the sub-head 'A' and the actual variations, therefore, were savings of Rs. 1,29,491 and Rs. 70,956 under the sub-heads 'A' and 'B' respectively, which could not be surrendered due to uncertain position of the progress (i) of the works, and (ii) of the supply of equipment from abroad. The Committee recommended that

in future efforts should be made to assess the requirements accurately towards the close of the year and to surrender all unwanted funds.

*14. Commercial Appendix to the Appropriation Account 1952-53.*

The Committee desired to know whether Ministers, Government officials and Members of the Parliament were paid for giving talks on the Radio. It was explained that the Ministers and the Officers of the Ministry of Information and Broadcasting were not paid on this account but other Government Officers and Members of the Parliament were paid.

*15. Chapter V—Ministry of Information and Broadcasting (Page 102)—*

The nature of miscellaneous receipts of the Department was explained to the Committee. The Committee felt that the number of receiving sets in the country was much more than the number licensed and desired to know whether the Department had any arrangements for detecting unlicensed sets. It was explained that there was no such arrangement but the matter had been under consideration from some time. The Committee desired that the final action taken in the matter should be reported to it in due course. [In the note of the Ministry of Information and Broadcasting circulated to the member on the 22nd December 1956, the Ministry stated that the detection of unlicensed Radio sets was the responsibility of the Directorate General of Posts and Telegraphs, who off and on launched anti-piracy drive. The Ministry, however, kept itself in touch with the anti-piracy drive. [See also paragraph 11 of the proceedings of the fifteenth meeting held on the 21st November, 1956 in Part II of the Report on the Accounts for 1951-52.]

16. The Committee desired to know the latest value of assets on capital account of the Radio Pakistan. It was stated that this information would be furnished separately. [In the note of the Ministry of Information and Broadcasting circulated to the members on the 22nd December, 1956, it was stated that the value of the Capital assets of Radio Pakistan was Rs. 83,46,893 on 31st March, 1956].

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18. The Minutes of the Seventh and Eighth Meetings held on the 12th and 13th November, 1956 respectively were confirmed.

19. The Committee then adjourned to meet again on Wednesday, the 21st November, 1956 at 2-30 p.m.

*Extract from the Proceedings of the Fifteenth Meeting of the Public Accounts Committee held at 2.30 p.m. on Wednesday, the 21st November, 1956.*

The Fifteenth Meeting of the Public Accounts Committee was held at 2-30 p. m. on Wednesday, the 21st November, 1956 under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. Abdul Ahad, Assistant Auditor General.
5. Mr. F. M. Aziz, Assistant Auditor General.
6. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representative*

7. Mr. Nasir Ahmad, Secretary, Ministry of Communications.
8. Mr. Sher Mohammad Syed, Deputy Secretary, Ministry of Communications.
9. Lt. Col. S. A. Siddiqui, Director General, Posts and Telegraphs.
10. Mr. M.S. Kari, Deputy Director General, Posts and Telegraphs.
11. Mr. Mushtaq Ahmad, Financial Adviser (Communications), Ministry of Finance.

*Secretary of the Public Accounts Committee*

12. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

\*2

3. The Committee then took up the examination of the Appropriation Accounts for 1951-52 and 1952-53 relating to the grants controlled by the Ministry of Communications.

\*4 to \*7

## APPROPRIATION ACCOUNTS FOR 1952-53.

### 8. Grant No. 34—Ports and Pilotage.

*Sub-head A. 1 (2)—Pay of Establishment. (Under Management and Up-keep of Ports)*—The original grant was Rs. 1,50,300, out of which 1,11,300 were surrendered, leaving Rs. 39,000 as final appropriation. It was explained that the staff was originally proposed for the Chalna Port but, due to the shelving of the construction of a permanent jetty, a large part of the proposed establishment was not required and accordingly the saving was surrendered. The Committee desired to know where the ships stood when no jetty had been constructed. It was explained that the ships stood in midstream and the goods were taken out by lighters and sent to Khulna.

*Sub-Head A. 3 (1)—Pay of Officers (Under Pilotage and Pilot Establishments)*—There was a final excess of Rs. 10,000 under this head, which was explained due to belated adjustment of family allotments of the pilots and Masters through the High Commissioner for Pakistan in U.K. The Committee desired to know where the pilots, etc., were recruited. It was explained that the pilots, etc., were recruited from Germany and U.K. and also from certain other countries. One of the conditions of employment of these foreign pilots is that a certain amount of their pay and allowances is permitted to be remitted to their home country and such payments are made through the Pakistan High Commission in U.K.

*Sub-head A. 4—Purchase of Stores (Under Pilotage and Pilot Establishments)*—The original provision of Rs. 72,000 was reduced to Rs. 55,000 by surrender of Rs. 17,000. But the actual expenditure was Rs. 83,556 resulting in a final excess of Rs. 28,556. It was explained that the excess was due to the belated receipt of debits from the Pakistan High Commission in U.K. The erratic manner in which debits were raised by the Pakistan High Commission in U.K. had been the cause of a good deal of complications in accounting and consequently in inadequate control over progress of expenditure. It was explained that the position during 1950-51 was really unsatisfactory but steps had since been taken to improve the working of the Accounts Branch of the Pakistan High Commission in U.K.

9. A question incidental to the working of the Ministry of Communications was asked by Mr. Yousuf A. Haroon. He desired to know if any scheme for the nationalization of the Karachi Road Transport was under consideration. The Departmental Representative explained

that a scheme had been drafted a few years ago and was referred to the Ministry of Finance, which wanted certain particulars regarding the working of nationalized road transport in the old Sind, Frontier and Punjab Provinces. The collection of the information took some time and by the time the information could be supplied to the Ministry of Finance, it was thought that the position had changed somewhat in Karachi and the whole scheme should be reviewed. The scheme was under review and it was hoped that a decision on the subject would be taken shortly. The Departmental Representative also stated that the Chief Commissioner of Karachi, had in hand a plan for forming a syndicate of bus owners for Karachi, with a view to do away with the unhealthy competition among the rival bus owners but the Ministry of Communications had no information how far this plan had progressed.

\*10 to 23\*

*Posts and Telegraphs Appropriation Accounts for 1952-53 and the Audit Report therein.*

24. The Committee made a general observation that paragraph 11 on page 14 of the Audit Report disclosed quite a number of unnecessary re-appropriations, non-surrender of savings, unremedied and unregularized excesses, etc. The Committee observed that there was room for improvement in the control of expenditure of the P. & T. Department and efforts should be made to foresee the requirements and to surrender the unwanted funds, and to regularize the excesses were necessary.

25. *Paragraph 13 (B) on page 18 of the Audit Report.*—The aggregate amount of losses during 1952-53 was comparatively more than during the year 1951-52, although there had been a decrease in the number. The decrease in the number of losses was not real, because it was stated in the Audit Report that cases of defalcation and losses of public money were not reported to the Audit Officers by the Departmental Authorities, immediately on their occurrence as required by the rules. The Committee felt dissatisfied over the delays in reporting cases of losses to the Audit Officers, particularly so, because it was noticed that a long time was taken in finalizing the cases. The Committee recommended that strict instructions should be issued to all concerned to report the cases of losses to the Audit Officers immediately on their occurrences and also to keep them informed of the progress in the investigation of the cases from time to time.

26. Paragraph 17 on page 20 of the Audit Report revealed that, as in previous years, irregularities continued during the year 1952-53 also,

for example, (1) Cases of over-payments of leave salaries, (2) Retention of Cash Balance in excess of prescribed limits, (3) Retention of temporary establishment without sanction, (4) Non-adjustments of advances, (5) Grant of House-rent Allowances in excess of amount admissible, and (6) Execution of works without preparation of detailed estimates. The Departmental Representative explained that these irregularities occurred in spite of strict instructions issued to all concerned. All that could be done was to minimise such irregularities in future. The Committee was not satisfied with the observations made by the Departmental Representative and recommended that in future the various types of irregularities instanced above should be described in greater details in the Audit Report, so that the Committee may be in a position to assess whether or not adequate action has been taken in each case.

27. Paragraph 17 of the Audit Report on page 20 revealed that furniture valued at Rs. 12,981 had been purchased without inviting tenders. The Departmental Representative stated that this happened at the Dacca Head Post Office and the amount involved was Rs. 7,454 and not Rs. 12,911. Out of the former amount, Rs. 3,719 were spent on varnishing of the furniture. He explained further that the Postmaster General regarded the work as urgent and there was no time for calling for tenders. The Postmaster General had been warned and told that such irregularities should not occur in future. The Committee observed that Dacca was an important city, where there must be a number of firms dealing with this kind of work and it was incredible that there was not enough time even for calling quotations from the various firms. The Committee recommended that the Department should issue strict instructions that, in all cases of expenditure either on purchase or repair of furniture, and whenever important work of any kind was entrusted to contractors and purchases of any kind were made, tenders or quotations should invariably be invited, before settling the deal in each case. As regards the difference in the amount of expenditure involved in this case, as shown in the Audit Report and as stated by the Departmental Representative, the Committee observed that draft paragraphs of the Audit Report were shown to the Departmental Authorities before being finalized and discrepancies of this kind should be pointed out to the Audit Officers at that stage.

28. *Paragraph 18 on page 20 of the Audit Report*—The paragraph revealed that an extra expenditure of Rs. 12,163/8/- was incurred on removing sand from the premises of an office due to irregularities in inviting quotation. The Departmental Representative explained that at

the Wireless Station at Malir due to continuous blast, sand accumulated in the premises. An estimate for the removal of the sand was prepared, which provided for Rs. 4/4/- for every truck of sand removed and the quantity of the sand was estimated at a certain figure on this basis. The contract was given out accordingly but actually the volume of sand was more than estimated. The loss occurred, because there was a lump sum offer of Rs. 13,000 for the removal of sand from both inside and outside the premises and also for removal of bushes. The work was done on the basis of the estimated quantity of sand on a per truck basis and an expenditure of Rs. 25,163/8/- was incurred which was more than Rs. 12,163/8/- of the lowest offer previously received. The Committee observed that it was difficult to assess whether there was actually that quantity of sand which was removed on per truck basis and impressed upon the Departmental Representative the necessity of making accurate estimates in such cases.

29. *Paragraph 20 on page 21 of Audit Report*—The Committee drew the attention of the Departmental Representative to the following observations made in paragraph 20 on page 21 of the Audit Report "During inspection of some depots, it was noticed that huge quantities of unserviceable stores were lying uncared for on the open space in the premises of the office for a long time. No protection was provided for the stores to avoid deterioration and no effective steps were taken for their disposal". The Departmental Representative explained that the majority of the Posts and Telegraphs Department Stores, for example, poles, etc., were kept in the open but equipment, spare parts and engineering stores were always kept properly protected. The surplus stores had to be kept in the open space for want of proper accommodation.

30. *Sub-paragraph of paragraph 20 on page 21 of the Audit Report*—It was stated that in certain cases of emergent purchases of stores, the quantity of stores issued against the quantity purchased was too small to justify the purchase as an emergency. The paragraph further stated that in two cases the quantity issued during the period of four months, after the purchase, was not more than 100 articles against the purchase of about 500 articles. The Committee recommended that emergency purchases should be restricted to real emergencies and large quantities of stores should not be purchased locally on the ground of emergency.

31. In paragraph 21 of the Audit Report it was stated that a limit had not so far been fixed for the purpose of holding of stocks in the Stores

Depots of the Posts and Telegraphs Department. The Departmental Representative stated that a limit of Rs. 1,25,000 had since been laid down.

32. *Sub-head 3-3 (page 52).*—The original grant under this head was Rs. 27,72,400, out of which a sum of Rs. 14,53,400 was surrendered, leaving a final grant of Rs. 13,19,000. The actual expenditure was, however, Rs. 2,61,747, resulting in the final saving of Rs. 10,57,283. The Departmental Representative stated that the large saving was due to non-receipt of stores from abroad within the financial year. The Committee was not satisfied with the explanation and observed that when supplies were not expected within the financial year the unwanted funds should be surrendered. The Department should make itself fully acquainted with the progress of the supply of stores indented for by it and should regulate its budget accordingly by surrendering unwanted funds.

33. *Sub-head IV—Contribution towards share capital of the Telephone Industries of Pakistan—(Page 53)*—An expenditure of Rs. 12 lakhs was incurred without any provision of funds. The Committee desired to know what was the ratio of share of the Government and the private party concerned. It was stated that the ratio was 94 per cent. of Government and 6 per cent. of the private party.

34. Mr. Farid Ahmad enquired the proportion of pending applications for telephone connections between East and West Pakistan. The Departmental Representative stated that 1,000 applications were pending in East Pakistan as compared with 5,000 in West Pakistan and the total number of telephone connections was about 13,000 in East Pakistan and about 27,000 in West Pakistan. Mr. Farid Ahmad suggested that a quota system might be introduced with a view to do justice to all sections of the population in the matter of giving telephone connections. This would mean that so many of the telephone connections would be given to Government officers and Departments, so many to doctors, and so many to the general public and so on. The Departmental Representative agreed to examine the suggestion. Mr. Farid Ahmad also complained about the delays in the telegraphic communications to places like, Machkhali and Kutabia in the Cox Bazar Area. The Departmental Representative stated that he would look into the matter.

35. The Chairman desired to know from the Departmental Representative what happened to the Telephone Booths which were installed in Karachi. It was explained that the Telephone Booths had to be

removed, because the equipment was stolen in many cases. Some of these booths were still provided in some shops, but the difficulty was that, when the shops were closed, the booths could not be used. The Chairman further brought to the notice of the Departmental Representative that he had received complaints from some American citizens of Pakistan that the films exposed here were lying in the Post Offices, because of certain formalities which had to be satisfied before permitting export of the exposed films. The Chairman further observed that there was no point in detaining the films. The Financial Adviser (Communications) explained that these films could be developed in USA and UK and may be shown in those countries. In any case, the Chairman pointed out that the grouse of the Americans was that in spite of putting the required postage stamps, the parcels containing the exposed films were being detained. The Departmental Representative stated that he would look into the matter and submit a report to the Committee. [The note of the Director General of Posts and Telegraphs on the subject was circulated to the members on the 22nd December, 1956. The note is reproduced in Annexure III. The Committee noted the information furnished by the Director General of Posts and Telegraphs.]

36. The Proceedings of the 9th and 10th Meetings held on the 14th and 15th November, 1956, respectively were confirmed.

37. The Committee then adjourned to meet again at 10 a.m. on Thursday, the 22nd November, 1956.

*Extract from the Proceedings of the Sixteenth Meeting of the Public Accounts Committee held on Thursday, the 22nd November, 1956, at 10 a.m.*

The Sixteenth Meeting of the Public Accounts Committee was held at 10 a.m. on Thursday, the 22nd November, 1956 under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Farid Ahmad, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
4. Mr. S. M. Ahmad, Director of Railway Audit.
5. Mr. F. M. Aziz, Assistant Auditor General.
6. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

7. Mr. S. M. Hasan, Director General, Railways.
8. Mr. S. M. Amir, Director, Mechanical Engineering (Railway Division).
9. Mr. A. S. Faruqui, Director, Civil Engineering, Railway Division.
10. Mr. S. A. Hasan, Joint Director, Establishment (Railway Division).
11. Mr. M. A. W. Siddiqui, Joint Director, Procurement and Development (Railway Division).
12. Mr. R. A. Sadique, Joint Director, Traffic, Railway Division.
13. Mr. S. S. Ali Wahidy, Deputy Director, Civil Engineering, Railway Division.
14. Mr. Munzir Ahmad, Deputy Financial Adviser (Communications), Ministry of Finance.

*Secretary of the Public Accounts Committee*

15. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat, Karachi.

9. *Audit Report—Railways—1954*

*Paragraph 13(A) on page 12 of the Audit Report—Robbery of Earnings of a Station*—In this paragraph it was stated that earnings of a Yard Station for a day amounting to Rs. 1,26,234/6/-, which were being escorted for deposit in the main Station safe by an armed police guard and a peon was looted by two unknown men, one of whom was armed. The police constable was fatally shot and the two men decamped after forcibly snatching the bag containing the cash from the peon. The Committee desired to have more details of this case, in particular whether any complicity between the peon and the armed constable and the criminal was investigated, and whether any other Railway employee was concerned the matter. The Departmental Representative said that he would furnish a separate detailed report on this subject. [In the note of the Railway Division circulated to the members on the 22nd December 1956, it was stated that, as a matter of routine, the Police made enquiries to find out if there was any complicity in the theft on the part of the criminals and the Railway or the Police staff. No evidence to support the presumption of complicity was found and as such no action was taken against them.]

*Paragraph 13 (B) on page 12 of the Audit Report—Misappropriation of Government money at a Station*—The paragraph revealed misappropriation of Government money amounting to Rs. 8,471/4/- out of which only Rs. 474/1/- could be recovered and that no one was actually prosecuted. The Departmental Representative explained that it was found that the case could not be successfully prosecuted and, therefore, it was decided not to send the case to the Police. Legal advice in the matter was taken.

*Paragraph 13 (D) on page 13 of the Audit Report—Fraud at a certain City Booking Agency*—The paragraph revealed that large amounts of Government money were misappropriated both permanently and temporarily by the Booking Agents. The Departmental Representative, however, stated that security deposit of something like Rs. 5,000/- only was taken. A number of questions were then asked from the Departmental Representative and he stated that he would send a separate comprehensive note about this case. [The Railway Division did not furnish the required note up to the 6th December, 1956, the date fixed for the purpose. However, the Railway Division intimated that it was collecting necessary information and would furnish the required note in due course.]

*Paragraph 14 on page 15 of the Audit Report—The loss due to supply of bad quality of Mustard Oil by a Contractor*—The paragraph revealed that 416 barrels containing 1,957 maunds of Mustard Oil were purchased

from a Contractor. Later on, it was found that 46 barrels containing 200 mds. of Oil were lying unconsumed, as the stock was unfit for human consumption. An enquiry into the case revealed that the quality of the remaining stock of oil was bad but it could not be proved at that late stage as to whether the stuff was the same as supplied by the Contractor, or it had been replaced by someone else, or it had deteriorated itself due to storage for a long time. Accordingly the condemned oil costing Rs. 21,105/- was sold to a private party for Rs. 2,010/- resulting in a loss of Rs. 19,095/-. The Departmental Representative explained that the case occurred in Chittagong and reflected badly on the working of the Foodgrain Organisation, which then existed. The Organisation was later on found to be entirely inefficient and undesirable and it was abolished. The Committee was not satisfied with the explanation given by the Departmental Representative and desired that a comprehensive note explaining all the relevant aspects of the case should be submitted to it during its next session.

[At this stage Syed Amjad Ali vacated the Chair, which was occupied by Mr. Farid Ahmad.]

*Paragraph 18 on page 17 of the Audit Report.—Re-arrangement of the Railway Demands for Grants—*It was stated in this paragraph that in order to achieve an adequate measure of parliamentary control, it was necessary that the existing two Railway Grants for Capital and Revenue Expenditure should be split up into the following six grants:—

- (1) Administration.
- (2) Repairs & Maintenance.
- (3) Operation Fuel.
- (4) Operation other than Fuel.
- (5) Miscellaneous Expenses.
- (6) Capital Outlay on Pakistan Railways.

It was further stated in the paragraph that a final decision on the subject could not be taken, as the Public Accounts Committee was dissolved. The Committee recommended that the examination of the suggestions made by the Auditor General should be expedited and a final report should be submitted to the Committee during its next Session. [See also paragraph 63 of the Report on the Accounts for 1951-52.]

*Item 2 on page 21 of the Annexure—Refund of Security Deposits of two Grainshop Contractors.*—The facts stated in this item indicated that due to negligence, the recoveries made for defective and short supplies aggregating Rs. 56,908/- from a Contracting firm were refunded to it and that later on attempts made to recover the amount from another firm, in which the Contracting firm was alleged to have financial interest, proved abortive, resulting in a loss of Rs. 40,773/-. The Committee desired to know the full facts of the case. The Departmental Representative explained as follows:—

“An intimation regarding the sum of Rs. 40,773/- payable by Messrs. A. P. Das Gupta and K. L. Das Gupta having been recovered from their bills was, however, given to Messrs. Chittagong Supplies Corporation for the first time in Welfare Officer's letter dated the 31st October, 1950. This was answered in the firm's letter, dated the 16th November, 1950 in which Messrs. Chittagong Supplies Corporation intimated that Messrs. A. P. Das Gupta and K. L. Das Gupta were in no way connected with their firm and therefore the latter could not be held responsible for the shortcomings of Messrs. A. P. Das Gupta and K. L. Das Gupta. Therefore they requested that the sum of Rs. 40,773/- which had been illegally deducted by the Administration from their dues, should be refunded to them. On receipt of this representation, the matter was thoroughly investigated and after examining the documentary evidence produced by M/s. Chittagong Suppliers Corporation in this connection and obtaining the requisite legal advice, it was held that the action taken by the Administration in recovering the sum of Rs. 40,773/- (payable by M/s. A. P. Das Gupta and K. L. Das Gupta) from the outstanding dues of M/s. Chittagong Suppliers Corporation was not legally correct. It was, therefore, decided by the General Manager, with the concurrence of Financial Adviser and Chief Accounts Officer to refund the amount in question. The Chief Auditor was also consulted in the matter. The amount in question was accordingly passed for payment on 30th November, 1951.

As a result of the decision referred to in the preceding paragraph, the Railway sustained a heavy loss of Rs. 40,773/- and an Enquiry Committee consisting of Deputy Heads of Departments was appointed to fix responsibility for the same. This Committee submitted its report in December 1955, wherein it came to the conclusion that the said loss sustained by the Railway was on account of the negligence of M/s. M. M. Yusuf, then Assistant Accounts Officer, Mr. Faizuddin, then

Accountant, and Anwarul Azeem, ex-Legal Adviser. The amount attributable to each party being as shown below:—

(1) Mr. M. M. Yusuf ... ..	Rs. 19,218
(2) Mr. Faizuddin and Mr. M. M. Yusuf jointly	Rs. 1,555
(3) Mr. Anwarul Azeem ... ..	Rs. 20,000

Keeping in view the provisions of the Rules on the subject, the Enquiry Committee recommended that a token sum of Rs. 1,200 may be recovered from Mr. Yusuf and Rs. 300 from Mr. Faizuddin. As Mr. Anwarul Azeem, ex-Legal Adviser of this Railway, was no longer in the employment, no recovery could be enforced against him. It was, therefore, recommended that the balance of Rs. 39,273 should be written off. The recommendations of the Enquiry Committee had been accepted by the General Manager, E. B. Rly., and the amount was written off with the sanction of the competent authority."

The Committee desired to know further when the case was finalised and why no recovery could be made from any of the outstanding dues of Mr. Anwarul Azeem, the ex-Legal Adviser. The Departmental Representative stated that the case was finalised in 1955, and nothing was found to be due to Mr. Anwarul Azeem, because he had been removed from service long ago. The Committee observed that it took rather too long to finalise the case, that the officers who were responsible for the loss were dealt with lightly and that care should be exercised in selecting Officers for appointment as Legal Advisers.

*Item 3(3) of the Annexure on page 23—Irregularities during 1949-50 in sales of Empty Drums resulting in a loss of Rs. 17,023.*—It was stated in the Remarks column that the officers found responsible for the irregularities were charge-sheeted and final orders had not yet (27th February, 1956) been issued. The Committee desired to know what the irregularities were and what was now the progress in the investigation and finalisation of the case. The Departmental Representative explained that the irregularities occurred in the earlier stages when the work was entrusted to the Eastern Bengal Railway. The irregularities were mainly of a technical nature, and the investigations had nearly been finalised.

10. *Annexure to the Audit Report, 1954. (Pages 19-29)*

*Item 4—on page 23 of the Annexure—*

*Shortage of permanent Way material worth Rs. 36,984 during 1950-51—*  
The Committee desired to know what the materials were and why the

finalisation of the investigation in this case had taken so much time. It was explained that the materials were rails, sleepers and other fittings. The investigations had not yet been finalised as two sections, namely, the General Manager, Port and Engineer-in-Chief Port construction were involved. The General Manager had appointed a Committee, which had to scrutinise a number of records and witnesses and since the members of the committee were Officers doing other work also, they could not find sufficient time to finalise the investigation. The General Manager had accordingly been directed to appoint a whole-time Officer on this work with instructions to finalise the investigation expeditiously. The Committee recommended that in future in cases of unfinalised losses, irregularities, etc., it should be clearly indicated what exactly the delay in the finalisation of each case was due to, and at what stage the investigation was to enable the Committee to satisfy itself of the position and to recommend suitable action. In the case of finalised cases, besides full description of the transaction and the *modus operandi*, the nature of the action taken in each case should, as usual, be given in the appropriate sections of the Audit Report.

11. The Committee then adjourned to meet again on Friday, the 23rd November, 1956, at 9-30 a.m.

*Extract from the Proceedings of the Seventeenth Meeting of the Public Accounts Committee held on Friday, the 23rd November, 1956.*

The Seventeenth Meeting of the Public Accounts Committee was held at 9-30 a.m. on Friday, the 23rd November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Farid Ahmad, Member.
2. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
3. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
4. Mr. F. M. Aziz, Assistant Auditor General.
5. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

6. Mr. Karamatullah, Secretary, Ministry of Commerce.
7. Mr. S. M. Yusuf, Joint Secretary, Ministry of Commerce.
8. Mr. Saudar Rahman, Deputy Secretary, Ministry of Commerce.

*Secretary of the Public Accounts Committee*

9. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The minutes of the eleventh meeting held on the 16th November, 1956, were confirmed.

\*3 to \*12

APPROPRIATION ACCOUNTS FOR 1952-53

13. *Grant No. 22—Ministry of Commerce and Education (Page 97)*

*Sub-head C.3—Other Charges—*The Committee observed that the final saving of Rs. 2,03,898/- under this sub-head should have been surrendered in time and the explanation for this saving should have been furnished to Audit. The Committee recommended that such irregularities should not be repeated in future.

*D.—Cotton Board—Sub-Head D. 1—*

*Pay of Officers:*—The Committee desired to know the circumstances in which two posts of Officers on Special Duty remained unfilled, causing a saving of Rs. 8,453 in the original grant. It was explained that the staff was kept at the minimum keeping in view the volume of the work.

14. *Grant No. 34—Ports & Pilotage (Page 129)*

The Committee discussed the difficulties with regard to the up-keep of ports, fixation of freight rates and shipping between East and West Pakistan. It was explained by the Departmental Representative that at a conference called by the Minister for Commerce and Industries it was decided to set up a Board consisting of the representatives of the Central Ministries and of the Provincial Governments which would do the allocation of shipping space, as there were always complaints that there was black-marketing in shipping space. The Board would allocate whatever space was available, not only among the commodities but also among the shippers. The Committee recommended that there should be co-ordination between the Ministry of Commerce and the Ministry of Communications in the matter.

*Sub-head C.—Miscellaneous*—A sum of Rs. 51,040 was provided under his sub-head by re-appropriation to meet the cost of training of 12 Pakistani boys in Mercantile Marine in the United Kingdom. Mr. Farid Ahmad desired to know the number of boys sent from East Pakistan. It was stated that the batch included six boys from East Pakistan.

15. *Grant No. 71—Extraordinary charges (Page 355)*

*Sub-head B.—Losses on account of Cotton Support Scheme*—The Committee desired to know whether the cultivators were actually benefited by the Cotton Support Scheme. It was explained that it did not benefit the cultivators because of their own faults. After the post-Korean period, the cultivators sold their cotton to persons who offered better prices and the person who had contracted to export was unable to export at a price at which he contracted. When this was stabilized, the cultivator had to sell at a price which was fixed. The circumstances leading to the loss sustained by Government on this Scheme, as stated in Note (8) at page 471 of the Appropriation Accounts were explained to the Committee.

16. *Grant No. 85—Capital Outlay on Schemes of State Trading.*  
(Page 462)

*Sub-Head E. 1 (4)—Other Charges*—There was an unsurrendered saving of Rs. 13,84,577 due to non-construction of estimated number of godowns. It was explained that this could not be surrendered due to timely information not having been received from the Provincial Government, through whom the godowns were constructed. The Committee observed that necessary information should have been obtained and the unwanted amount should have been surrendered.

17. The Committee commenced examination of the Commercial Appendix to the Appropriation Accounts for 1951-52 and 1952-53.

\*18

19. *Commercial Appendix to the Appropriation Accounts for 1952-53.*

*Audit Comments (page 85).—Para. 126*—It was stated in this paragraph that the working results of the Jute Board, Narayanganj, disclosed a net loss of Rs. 7,19,99,161 during the year 1952-53 as compared with a net profit of Rs. 2,30,29,181 of the previous year. The Departmental Representative explained the circumstances leading to the loss. It was explained that there was hardly any export of Jute during 1952-53 as the prices were crashing. Government had to reduce its statutory price from Rs. 23 to Rs 17 per maund and as the cost including the incidental expenses was about Rs. 25 per maund, there was a loss of Rs. 8 per maund. The Committee recommended that an Enquiry Committee should be appointed by Government to look into the matter, as there had been criticism at the Budget Session and it was desired that an impartial enquiry should be held.

20. The Committee then adjourned to meet again at 10 a.m. on Saturday, the 24th November, 1956.

*Extract from the Proceedings of the Eighteenth Meeting of the Public Accounts Committee held at 10 a.m. on Saturday, the 24th November 1956 .*

The Eighteenth Meeting of the Public Accounts Committee was held at 10 a.m. on Saturday, the 24th November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Farid Ahmad, Member.
2. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
3. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
4. Mr. F. M. Aziz, Assistant Auditor General.
5. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

6. Mr. Ibne Hasan, Joint Secretary, Ministry of States and Frontier Regions and Kashmir Affairs.
7. Lt.-Col. M. Jafar, Director General, Health and *Ex-Officio* Joint Secretary, Ministry of Health.

*Secretary of the Public Accounts Committee*

8. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.
2. Syed Amjad Ali, Chairman, left the meeting and requested Mr. Farid Ahmad, to occupy the Chair and continue the meeting.

\*3 and \*4

5. The Committee then took up the examination of the Appropriation Accounts for 1951-52 and 1952-53 of the Grants controlled by the Ministry of States and Frontier Regions.

\*6 to \*8

**APPROPRIATION ACCOUNTS FOR 1952-53**

9. *Annexure A to the Appropriation Accounts for 1952-53 on pages 515-526 showing unfinalised cases of financial Irregularities, etc.*—The Committee decided that as the particulars relating to all the cases of

financial irregularities in the Annexure to the Appropriation Accounts for 1951-52 had been repeated in the accounts for 1952-53, it would be sufficient to examine the corresponding Annexure to the Accounts of 1952-53.

*Item I—Mis-appropriation by a Sub-Treasurer amounting to Rs. 45,244 in November, 1947*—It was stated that the case was referred to a Court of Law, which ordered that the surety should deposit the amount of Rs. 10,000 for which he had stood surety, but the recovery had not yet been effected, because he had died and the suit filed against the legal heirs of the deceased surety had not yet been decided. The Committee desired to know whether the Sub-Treasurer concerned had been traced. The Committee also observed that the Sub-treasurer in question absconded on the 25th November, 1947 and the cash balance of the Treasury was verified on the 2nd December, 1947, when the shortage was found. The Committee, therefore, desired also to know when the verification of the cash was made previous to 25th November, 1947, and whether no verification was done between the 25th November and the 2nd December, 1947, and if not, whether such verification was necessary under the rules. The Committee also noted that although the question of recovery of Rs. 10,000 from the legal heirs of the deceased surety was undecided, Government ordered to write off the total loss of Rs. 45,244. The Committee, therefore, desired that a detailed report should be submitted to it on these points in due course.

*Item II—Mis-appropriation by an Accountant of an Office under the Baluchistan Administration of Rs. 5,557 in November, 1947.*—In this item it was stated that the Accountant misappropriated a major part of the amount by forging a contingent bill. He was found guilty in a Court of Law and sentenced for each of the two charges, namely, forgery and embezzlement separately, for two years rigorous imprisonment, and a fine of Rs. 1,000 or in default, six months further rigorous imprisonment. It was further stated in this item that sanction to the writing off the losses was awaited. The Committee observed that, even though the accused in this case was sentenced by a Court of Law, efforts should not have been abandoned to recover the amount from his assets. The Committee desired to know whether this aspect of the case was considered and if so, what action was taken. The Departmental Representative promised to furnish a note on the subject in due course. The Committee also recommended that, in all cases where persons connected with misappropriation, etc., of Government money were prosecuted and sentenced by a Courts of Law, it should be specifically considered whether the

amounts of losses should not be recovered from the assets of the persons concerned, instead of closing the cases merely because the accused persons were convicted.

*Item No. 3—Misappropriation of Government money by a Cashier in an Office in Baluchistan Administration of Rs. 12,589.*—It was stated in this case that the Cashier concerned was challaned before a Court of Law and sentenced to one year's rigorous imprisonment. It was further stated that investigation, with a view to assess the exact loss, was still in progress. The Committee observed that the case had been under investigation for a pretty long time and steps should be taken to finalize it early. The Committee further recommended that it should be specifically considered whether the amount misappropriated by the Cashier should not be recovered from his property, if any.

*Item 6—Defalcation of Government money by an Accountant of an Office in Baluchistan Administration—Rs. 26,343 in December, 1949.*—In this case it was stated that the Accountant left the headquarters for the encashment of the pay bills, etc., at the end of December, 1949, but never returned. He deceived his Guards, as well, and his whereabouts were not known. The case had not yet been finalised. The Committee desired to know why such a long time was being taken in finalizing the case. The investigation of the case should have been completed by the Police and action to get him declared by a Court of Law as "Absconder" should have been taken long ago. The Departmental Representative was not in a position to furnish information on the points raised by the Committee and he was, therefore, directed to have the matter thoroughly investigated and to submit a detailed report to the Committee in due course.

#### AUDIT REPORT, 1954

10. In paragraph 20 (e) on pages 19-20 of the Audit Report it was stated that the certificate of the physical verification of furniture in the residence of the Agent to the Governor-General and Chief Commissioner Baluchistan had not been furnished to the Audit since 1947. The Committee observed that, in any case, the furniture should have been verified, when there was change in the incumbent at the time of integration of Baluchistan in West Pakistan. The Departmental Representative explained that it happened that, the same officer who was the Agent to the Governor-General became the Commissioner of Quetta Division, and, therefore, the necessity of verifying the furniture did not arise at that stage. He stated that he would enquire whether

verification of the furniture was done at any time after partition and submit a report to the Committee in due course. The Committee also impressed upon the Departmental Representative that if physical verification of the furniture was done at any time during the post-partition period, necessary certificate should be furnished to the Accountant General.

#### APPROPRIATION ACCOUNTS FOR 1952-53

11. *Grant No. 27—Ministry of States & Frontier Regions (Page 114).*—There was an excess of Rs. 1,24,112 against the total grant of Rs. 6,04,000. The Committee observed that no explanation was given for any of the excesses under the various sub-heads and also that the reconciliation of the Accounts had not been carried out throughout the year. The Departmental Representative explained that the reconciliation had since been carried out. He also mentioned the difficulties which his staff experienced in the Office of the A. G. P. R. in conducting the reconciliation. The Committee was not satisfied with the explanation and observed that there had been complete failure to control the progress of the expenditure against this Grant.

12. *Grant No. 36—Frontier Regions (Pages 136-167)*

*Sub-head A. 15 (3) Allowances, Honoraria, etc. (Other Scouts)*—The original appropriation of Rs. 15,95,300 was increased to Rs. 17,85,300 by means of a supplementary grant, out of which Rs. 1,49,500 were surrendered and the final appropriation was Rs. 16,35,800. The actual expenditure was, however, only Rs. 13,43,923, resulting in final saving of Rs. 2,91,877. It was stated in the explanatory note below the sub-head that a saving of Rs. 1,90,000 was due to unnecessary supplementary grant obtained under a misapprehension. The remaining saving was explained as due mainly to the decrease in the rate of dearness allowance on account of appointment of staff drawing lesser pay (Rs. 80,000) and shortage in strength (Rs. 16,879). It was further stated that the savings for the latter two reasons were not surrendered through omission. The Departmental Representative explained that the additional provision made by means of the supplementary grant was overlapping, because, provision for Gilgit and Northern Scouts, which was controlled by the Ministry of Kashmir Affairs, was included under this sub-head. The Committee observed that the savings for all the three reasons could have been assessed during the course of the year and the unwanted funds surrendered in time.

*Sub-head A. 15 (5)—Other Charges—(Under Other Scouts).—*The original provision of Rs. 17,25,400, was increased by a supplementary grant to Rs. 17,74,400 out of which a sum of Rs. 7,47,900 was surrendered due to disbandment of Civil Armed Forces and less transportation charges of ration and stores resulting in the final appropriation of Rs. 10,26,500. The actual expenditure, however, was Rs. 13,28,310 causing a final excess of Rs. 3,01,810. The reasons for the excess were explained to be due to more transportation charges. The explanation for not regularising the excess was that funds applied for were not sanctioned by Government. The Departmental Representative was not in a position to explain fully how there could be less expenditure on transportation charges and also more expenditure on that account and why exactly belated application for additional funds was made and the Committee directed him to submit a detailed note on these points during the current session. [The required note was not received from the Ministry of States and Frontier Regions up to the 6th December, 1956, the date prescribed for the purpose.]

*Sub-head C. 2 (4)—Other Charges—(Under Medical Establishments in Waziristan Agencies)—*There was a final excess of Rs. 1,76,048, the reasons for which and the circumstances in which it was not regularised were not stated in the Appropriation Accounts. The Departmental Representative explained that the excess was due to rise in the price of medicines indented for previously and the additional funds could not be obtained in time, because debits for the cost of medicines were raised after the close of the year. The Committee was not satisfied with the explanation and observed that the Controlling Officer had received the medicines and should have anticipated the debits.

*Sub-head C. 5 (4)—Other Charges—(Under Agricultural Operations in Waziristan Agencies)—*The original provision of Rs. 28,32,100 was increased by a supplementary grant of Rs. 40,66,100. A sum of Rs. 22,082 was surrendered reducing the final appropriation to Rs. 40,44,018. The actual expenditure was, however, only Rs. 25,01,908 resulting in a final saving of Rs. 15,42,110. The Departmental Representative explained that the saving was due to non-payment, to growers of artimisia crop, because of late receipt of analysis results. Surrender of funds offered late in the financial year was not accepted by the Ministry of Finance. He added that normally the Ministry of Finance accepted surrender

up to the middle of March, but the analysis results were received towards the close of the year and, therefore, the savings could not be assessed earlier. The Committee observed that a more realistic assessment of the requirements up to the end of the financial year should be made and unwanted funds surrendered in time.

### 13. *Grant No. 85—Capital Outlay on Scheme of State Training*

*Group Head C-2.—Purchases by Local Administration.*—There were wide variations between the original provision and the actual expenditure under all the sub-heads under this Group Head. The Departmental Representative explained that the Ministry of States and Frontier Regions was responsible only for a small part of the provision made under this Group Head, and there was an omission to provide funds resulting in a large excess. On being questioned further, he stated that no provision was made in the budget at all for purchases by the Baluchistan Local Administration. The Committee desired to know how large expenditure on purchase of food stuffs was incurred when no budgetary sanction was available. The Departmental Representative was not in a position to explain the position satisfactorily and he was, therefore, directed to submit, in due course, a note to the Committee explaining the circumstances in which purchases were made without provision of funds. [The required note was not furnished by the Ministry of States and Frontier Regions up to the 6th December, 1956, the date prescribed for the purpose.]

*Financial Review by the Director of Food Supplies, Baluchistan for the years 1951-52 and 1952-53 on the Scheme for the purchases by Local Administration (Baluchistan) on pages 497-498 of the Compilation.*—The Committee desired to know what was the percentage of dryage in the storage of wheat and how the dryage was worked out. The Departmental Representative explained that the dryage was worked out on actual basis. A certain quantity of wheat or rice was locked in a room for 15 days or a month, and it is weighed after that period in order to find out the reduction in weight. There was, therefore, no fixed percentage for the purpose. The actual dryage, however, was 4 per cent. during 1953-54. The practice was that, as soon as the stocks were received, efforts were made to distribute them, as speedily as possible, in order to save storage space and also to avoid dryage. On being questioned further, whether there was any percentage for dryage adopted by the Trade, the Departmental Representative stated that the percentage was 2, but this was only

an average figure and the loss on account of dryage was sometimes more and sometimes less.

14. The Committee then took up the examination of the Appropriation Account for 1952-53 of the grants controlled by the Ministry of Kashmir Affairs.

15. The Ministry was formed as a separate unit only during 1952-53 and, therefore, there were no appropriation accounts relating to it for 1951-52, nor was there any point relating to this Ministry in the Draft Report of the previous Committee on the Accounts for 1950-51.

#### APPROPRIATION ACCOUNTS FOR 1952-53.

##### 16. *Grant No. 19—Ministry of Kashmir Affairs (Pages 81-83)*

*Sub-head A. 4—Other Charges (under Secretariat).*—There was a saving of Rs. 1,28,806, a major part of which remained unsurrendered due to oversight. It was explained in the explanatory note that saving of Rs. 20,000 was due to non-payment of compensation in a majority of cases, to the heirs of the persons killed in Kashmir liberation struggle. The Committee observed that this factor could have been anticipated and the unwanted funds surrendered in time. The Departmental Representative explained that the payments were made by the Provincial Governments of N.-W.F.P. and the Punjab, and the controlling officer had to depend on the information given by them, but till 31st March, 1953, the requisite information was not available. The Committee was not satisfied with the explanation and considered that the controlling officer ought to have made arrangements to obtain the information from the Provincial Governments concerned in order to control the progress of expenditure under these sub-heads.

##### 17. *Grant No. 66—Expenditure connected with Kashmir Refugees*

*Sub-head A. 1 (4)—Other Charges (under Directorate of Civil Supplies and Transport—Direction).* The original provision of Rs. 10,21,000 was increased by a supplementary grant and a re-appropriation to Rs. 26,72,300. The actual expenditure was, however, Rs. 88,11,079 resulting in a final excess of Rs. 61,38,779. The excess was explained to be due mainly to the cost of foodgrains, purchased for sale in Azad Kashmir Areas, not being provided in the budget. The provision for the full expenditure under this sub-head was not made through a mis-apprehension that the recoveries made from the civil population on account of the cost of food grains supplied to them would be set-off under this sub-head. The Committee considered that setting off of recoveries from expenditure under the

budget heads would be entirely incorrect and provision for expenditure on purchase of commodities and for deductions on account of recoveries should be exhibited separately in the budget and in the accounts. The Departmental Representative stated that the arrangement advocated by the Committee had been adopted after 1952-53. This observation applied also to sub-head A. 2 (4)—Other Charges (under Transport).

*Sub-head D 1 (4)—Other Charges under Maintenance and Education of Jammu and Kashmir Refugees—Maintenance*—The original provision of Rs. 7,43,500 was increased to Rs. 11,08,100 by means of a supplementary grant and a re-appropriation. The actual expenditure, however, was Rs. 12,24,514 resulting in final excess of Rs. 1,16,414. The Departmental Representative explained that the expenditure connected with Kashmir Refugees was, till the year 1951-52, charged to the Defence Estimates, but in 1952-53 a separate grant was taken. The excess represented the debits received from the Defence Services on account of purchase of foodgrains made during 1951-52, which were not anticipated under the misapprehension that the expenditure would remain booked in the Defence Accounts.

*Sub-head D 2 (1)—Pay of Establishments (under Education)*—An expenditure of Rs. 1,04,403 was booked under this head. The Committee desired to know how this expenditure was incurred, namely, whether Schools had been established for the Kashmir Refugee children or whether the amount was spent on the grant of stipends to them. The Committee also desired to know what was the number of refugees now and whether there was any system of registration of Kashmir Refugees. The Departmental Representative explained that the expenditure was on the maintenance of Schools in Kashmir Refugee camps and also to some extent on the grant of scholarships. The registration of the refugees was done to the extent that the Refugee Directorate of the Ministry of Kashmir Affairs was required to keep accounts in regard to their feeding and maintenance. He added that most of the refugee camps had now been liquidated but there were still about one lakh refugees from occupied Kashmir (and about 25,000 from Azad Kashmir, who were the responsibility of the Azad Kashmir Government) who were still waiting to be rehabilitated. These refugees were no longer in the Refugee Camps and were accommodated in towns.

*Note 4.*—It was stated in this note that the figures of expenditure shown under a number of sub-heads in this grant had not been reconciled with those in the books of the Accountants General. The Committee observed that this failure to reconcile the accounts was

reflected in the very defective control of the progress of expenditure under this Grant. The Committee was informed that the position in respect of reconciliation of the accounts had improved during the later years and it was hoped that the position would not be so bad as it was in connection with accounts for 1952-53.

18\* and 19\*

20. The Committee then took up the examinations of the Appropriation Accounts for 1951-52 and 1952-53 of the grants controlled by the Ministry of Health.

21\* to 24\*

#### APPROPRIATION ACCOUNTS FOR 1952-53

25. *Grant No. 24—Ministry of Health & Works (Pages 108-109)*

*Sub-heads C. 1 and C. 2—under Charges in England.*—There were excesses of Rs. 7,952 and Rs. 10,513 respectively under sub-heads C. 1 and C. 2. The Departmental Representative explained that the expenditure under sub-head C. 1 was mis-classified here and related to the grant for Medical Services under the Baluchistan Administration. Again under sub-head C. 2, certain amounts drawn by Mr. G. A. Madani then Deputy Secretary, Ministry of Health and by Sir E. B. Moss, the then Secretary of the Ministry of Health were debited, but details of the expenditure were not supplied by the Pakistan High Commission in U. K. in spite of repeated requests.

#### COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS FOR 1952-53

26. *Audit Comments on Medical Stores Depot, Lahore and Import and Inspection Medical Stores Depot, Karachi.*

*Paragraph 99 on page 70*—It was stated in this paragraph that out of the sales made during the year 1952-53 recoveries to the extent of Rs. 4,31,642 were outstanding against various Government Departments and Local Bodies on the 30th June, 1955. There were also large amounts outstanding right from the year 1947-48. The Committee felt dissatisfied with the extremely slow recoveries, and observed that, with a view to ensure prompt recoveries, a method should be found of debiting the cost of stores supplied to Government Departments and of recovering the cost from the Local Bodies through the Treasury Officers in consultation with the Auditor General and a report of the progress made in the recoveries should be made to the Committee during its next session.

*Paragraph 100 on page 70*—Departmental charges at 20 per cent. of the cost of stores recovered from the recipients of the supplies of medical stores during the year 1952-53 amounted to Rs. 11,35,974, against the actual expenditure of Rs. 6,93,865 on account of administrative and over-head charges, including interest on capital. Thus the recoveries were made from the recipients in excess to the extent of Rs. 4,42,109/-. While agreeing that in the circumstances the recovery of departmental charges at 20 per cent. of the cost of stores were excessive to some extent, the Departmental Representative stated that account should also be taken of the fact that in certain cases due to lowering of the prices, the Medical Stores Depot might have to suffer losses. As an example, he stated that 'Streptomycine' when it came to the country originally was a very expensive drug. Later on production on vast scale was started in the United States of America and other countries, and the vial which was available for, say, Rs. 30 each, became available in the market at Rs. 10 and Rs. 12 and ultimately the price came down to annas 12 or Re. 1 per vial. He urged that, if a drug like that were purchased at a time when the prices were high and if later on the prices went down, the prices of supplies to hospitals and dispensaries from the Depot would have to be reduced and some provision for losses of this kind should be made in the shape of departmental charges, since the Depot was declared to be commercial undertaking. The Committee considered that there was a case for reviewing the rate of departmental charges and to reduce it to an extent, as would meet the overhead expenses and also keep a small margin for any general fall in the prices of the stores in stock.

27. *Audit Comments on the Accounts of Bureau of Laboratories in Pakistan.*

*Paragraph 110 to 113 on page 77*—In these paragraphs it had been pointed out that certain adjustments on account of cost of additions to buildings were not made and adjustments on account of pensionary charges were carried out at incorrect rates. The Committee recommended that the correct adjustments should be carried out as early as possible.

28. The Committee then adjourned to meet again at 10 a. m. on Sunday, the 25th November, 1956.

*Extract from the Proceedings of the Nineteenth Meeting of the Public Accounts Committee held on Sunday, the 25th November, 1956 at 10 a.m.*

The Nineteenth Meeting of the Public Accounts Committee was held at 10 a.m. on Sunday, the 25th November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Farid Ahmad, Member.
2. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
3. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
4. Mr. F. M. Aziz, Assistant Auditor General.
5. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

6. Mr. H. S. M. Ishaque, Secretary, Ministry of Works.
7. Mr. Azizul Haq, Deputy Secretary, Ministry of Works.
8. Mr. A. K. Khatak, Chief Engineer, Pakistan Public Works Department.
9. Mr. Hafiz Ahmad, Financial Adviser (Supply and Works), Ministry of Finance.

*Secretary of the Public Accounts Committee*

10. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The Committee resumed examination of the Draft Report of the previous Committee on the Accounts for 1950-51 and the Appropriation Accounts for 1951-52 and 1952-53, with the Audit Reports thereon relating to the Ministry of works. The examination of these Reports and Accounts had been partially done in the tenth meeting held on the 15th November, 1955, but owing to the fact that the Representative of the Ministry of Works was not fully prepared to answer the various questions raised by the Committee, it was decided that he should be called again after a few days.

4. The Committee then took up the examination of the Appropriation Accounts for 1951-52 and 1952-53 of the grants controlled by the Ministry of Works.

5\* to 7\* APPROPRIATION ACCOUNTS FOR 1952-53

8. *Grant No. 61—Civil Works (Pages 307 to 327).*—While going through the detailed note circulated by the Ministry of Works in connection with the Appropriation Accounts of this Grant; Mr. Farid Ahmad enquired whether there was any system under which it could be found out, after a building had been constructed, whether the materials used were of the requisite specifications. The Departmental Representative explained that there was a laboratory with the Ministry of Industries where such tests could be done; not cent per cent but to a good extent. The Pakistan Public Works Department has had a number of such tests conducted and the result was that the contractors were now more careful. Questioned whether these tests disclosed any serious defects and if so, whether any action was taken against the officers concerned, the Departmental Representative stated that defects were detected and some 26 officers were charge-sheeted, out of whom some had been punished.

The Chairman desired to know why there had been such an abnormal increase in the estimate for the water supply project for Greater Karachi and why the work was not expected to be completed within time. The Departmental Representative explained that the original estimate of the project was Rs. 7 crores and it had to be raised to Rs. 14 crores. The original estimate was for supply of 120 million gallons of water per day. The revised project provides for supply of 280 gallons of water per day.

Mr. Farid Ahmad pointed out items 85 and 96 on pages 319 and 321 of the Statement of new Important Works and said that it appeared that furniture was being provided at the residences of Joint Secretaries and that a heavy expenditure was incurred on replacing the furniture in the Constituent Assembly Messes. He desired to know how these Joint Secretaries were, what rent was being recovered from them for the furniture and what was the value of the furniture. He desired also that the details of the expenditure incurred on the replacement of furniture in the Constituent Assembly Messes should be furnished to the Committee during its current session. The Department Representative stated that he would furnish the requisite information as desired by the Committee. [In the note of the Ministry of Works circulated to the members on the

22nd December, 1956, it was stated that furniture sets for 2 Secretaries and 7 Joint Secretaries were purchased. The value of the Secretary's set was Rs. 7,000 and that of Joint Secretary was Rs. 5,000. The names of officers to whom these sets have been supplied together with the rent recovered from them is given in Annexure V. A list showing the articles of furniture (with cost) provided in the Baluch mess and Sommerset House is given in Annexure VI].

9. The Proceedings of the 12th and 13th meetings of the Committee held respectively on the 17th and 19th November, 1956, were confirmed.

10. The Committee then adjourned to meet again at 10 a. m. on Wednesday, the 28th November, 1956.

*Extract from the Proceedings of the Twentieth Meeting of the Public Accounts Committee held at 10 a.m. on Wednesday, the 28th November, 1956.*

The Twentieth Meeting of the Public Accounts Committee was held at 10 a.m. on Wednesday, the 28th November, 1956, under the Chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
3. Mr. S.M. Jamil, Accountant General, Pakistan Revenues.
4. Mr. F.M. Aziz, Assistant Auditor General.
5. Mr. M.H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representative*

6. Mr. M.W. Abbasi, Secretary, Ministry of Refugees and Rehabilitation.

*Secretary of the Public Accounts Committee*

7. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2\* and 3\*

4. The Committee then took up the examination of the Appropriation Accounts for 1951-52 and 1952-53 relating to the grant controlled by the Ministry of Refugees and Rehabilitation.

5\* to 7\*

**APPROPRIATION ACCOUNTS FOR 1952-53**

8. *Grant No. 28—Ministry of Refugees and Rehabilitation (Pages 115-116).*

*Sub-head D-1. Leave and Deputation Salaries, etc., under "Charges in England"*—There was a final excess of Rs. 6,355. The Departmental

Representative explained that the amount represented leave salary of an Anglo-Indian Officer drawn in Sterling. The Officer belonged substantively to the Ministry of Foreign Affairs and was on deputation to the Ministry of Refugees and Rehabilitation at the time of proceeding on leave. His leave salary was correctly debitable to the Ministry of Foreign Affairs but it was erroneously charged by the Pakistan High Commission to the Ministry of Refugees and Rehabilitation. The Committee observed that this explanation could have been given to the Accountant General, in time, for being stated in the Appropriation Accounts.

9. *Grant No. 67—Miscellaneous (Pages 345-352)*

*Group Head E. 4—Expenditure on Protection of Evacuee Property and Economic Rehabilitation of Refugees*—The Committee observed that there were large final savings under all the sub-heads under this Group Head. The Departmental Representative explained that expenditure pertaining to this Group Head was wrongly booked under Group A. 4—Rehabilitation Commissioner—under Grant No. 73—Karachi. But for this wrong booking the savings under Group Head E. 4 of the Grant under examination would have been negligible.

10. The proceedings of the fourteenth and fifteenth meetings of the Committee held on the 20th and 21st November, 1956, respectively, were confirmed.

11\* and 12\*

13. It was brought to the notice of the Committee that, in the course of the examination of the Draft Report of the previous Committee on the Accounts for 1950-51 and the Appropriation Accounts for 1951-52 and 1952-53 during the current session, the Committee had asked for information to be supplied to it on various points, by the Departmental Representatives. A number of notes had been furnished by the various Ministries but quite a few were still awaited. The Committee decided that in respect of the notes already received, the information given by the Ministries should be incorporated in the Draft Reports. In regard to the points on which information had not yet been furnished by the Ministries, the Committee decided that the Ministries concerned should be told that if their notes were not received by the 6th December, 1956, the fact, that they did not furnish the information in time, would be mentioned in the Report and they would be required to furnish the required information through the compliance reports.

14. The Committee's guidance was sought whether only one Report



## ANNEXURE I

(See paragraph 12 of the Report)

Statement Comparing Expenditure with Grants and Appropriations 1952-53.

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (-)	Expenditure compared with final Grant or Appropriation More (+) Less (-)
1	2	3	4	5	6
<b>PART I—CIVIL</b>					
Rs.					
<b>A—EXPENDITURE MET FROM REVENUE</b>					
1. Customs ...	98,70,000	98,70,000	93,10,291	-5,59,709	-5,59,709
2. Central Excise and Salt—					
<i>Charged</i> ...	1,58,000	1,58,000	1,42,530	-15,470	-15,470
Voted ...	1,00,04,000	1,00,04,000	1,02,34,038	+2,30,038	+2,30,038
3. Taxes on Income including Corporation Tax ...	36,68,000	36,68,000	36,02,522	-65,478	-65,478
4. Sales Tax ...	10,63,000	10,63,000	10,65,152	+2,152	+2,152
5. Opium ...	76,000	3,03,000	2,98,430	+2,22,430	-4,570
6. Provincial Excise ...	17,000	17,000	17,043	+43	+43
7. Stamps ...	1,000	1,000	96,598	+95,598	+95,598
8. Forest ...	5,81,000	5,81,000	3,35,749	-2,45,251	-2,45,251
10. Irrigation (including Working Expenses), Navigation, Embankment, and Drainage Works met from Revenue—					
<i>Charged</i> ...	1,85,000	1,85,000	4,74,847	+2,89,847	+2,89,847
Voted ...	6,30,000	8,50,000	9,20,510	+2,90,510	+70,510
12. Cabinet—					
<i>Charged</i> ...	7,74,000	9,66,000	8,80,275	+1,05,275	-85,725
Voted ...	32,32,000	32,77,000	31,95,698	-36,302	-81,302

## ANNEXURE I—contd.

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (—)	Expenditure compared with final Grant or Appropriation More (+) Less (—)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
13. Constituent Assembly of Pakistan ...	15,48,000	15,48,000	12,68,460	—2,79,540	—2,79,540
13A. Ministry of Parliamentary Affairs ...	...	31,000	27,347	+27,347	—3,653
14. Ministry of Interior	13,92,000	13,92,000	11,38,672	—2,53,328	—2,53,328
15. Ministry of Information & Broadcasting	53,71,000	53,71,000	50,49,304	—3,21,696	—3,21,696
16. Ministry of Labour ...	8,98,000	8,98,000	8,04,340	—93,660	—93,660
17. Ministry of Law ...	3,38,000	4,18,000	4,20,549	+82,549	+2,549
18. Ministry of Foreign Affairs & Commonwealth Relations ...	30,81,000	30,81,000	30,08,118	—72,882	—72,882
19. Ministry of Kashmir Affairs ...	12,10,000	14,10,000	12,34,314	+24,314	—1,75,686
20. Ministry of Food & Agriculture ...	24,95,000	28,92,000	30,38,566	+5,43,566	+1,46,566
21. Ministry of Finance	41,19,000	41,19,000	39,69,077	—1,49,923	—1,49,923
22. Ministry of Commerce & Education...	57,55,000	57,55,000	37,62,979	—19,92,021	—19,92,021
22A. Ministry of Education	...	11,10,000	9,33,202	+9,33,202	—1,76,798
23. Ministry of Industries	22,88,000	35,46,000	31,72,361	+8,84,361	—3,73,639
24. Ministry of Health & Works ...	6,05,000	7,22,000	7,60,136	+1,55,136	+38,136
25. Ministry of Communications ...	4,09,000	4,49,000	4,39,592	+30,592	—9,408
26. Ministry of Defence	11,00,000	18,64,000	13,10,678	+2,10,678	—5,53,322
27. Ministry of States & Frontier Regions ...	5,44,000	6,04,000	7,28,112	+1,84,112	+1,24,112
28. Ministry of Refugees & Rehabilitations ...	7,50,000	7,50,000	6,75,455	—74,545	—74,545

## ANNEXURE I—contd.

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (—)	Expenditure compared with final Grant or Appropriation More (+) Less (—)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
29. Ministry of Economic Affairs ...	12,87,000	12,87,000	11,67,662	—1,19,338	—1,19,338
30. Payments to other Govts. Departments, etc. on account of the Administration of Agency Subjects and Management of Treasuries ...	90,000	90,000	20,600	—69,400	—69,400
31. Audit—					
Charged ...	50,000	83,000	88,476	+38,476	+5,476
Voted ...	77,55,000	77,55,000	75,21,991	—2,33,009	—2,33,009
32. Administration of Justice—					
Charged ...	3,67,000	4,38,000	4,40,610	+73,610	+2,610
Voted ...	39,000	6,82,000	9,42,444	+9,03,444	+2,60,444
33. Police ...	1,15,94,000	1,16,72,000	1,24,16,852	+8,22,852	+7,44,852
34. Ports & Pilotages ...	17,15,000	17,15,000	16,26,517	—88,83	—88,483
35. Light Houses & Lightships ...	2,48,000	3,11,000	3,35,136	+87,136	+24,136
36. Frontier Regions ...	7,28,16,000	7,57,43,000	7,23,86,458	—4,29,542	—33,56,542
37. Foreign Affairs ...	2,13,17,000	2,13,74,000	2,01,82,793	—11,34,207	—11,91,207
38. Survey of Pakistan ...	33,33,000	33,33,000	22,24,911	—11,08,089	—11,08,089
39. Botanical Survey ...	75,000	75,000	63,523	—11,477	—11,477
40. Zoological Survey ...	1,25,000	1,25,000	1,21,214	—3,786	—3,786
41. Geological Survey ...	6,81,000	6,81,000	6,47,021	—33,979	—33,979
42. Mines ...	88,000	88,000	70,383	—17,617	—17,617
43. Archaeology and Museums ...	7,32,000	7,32,000	6,09,756	—1,22,244	—1,22,244
44. Meteorology ...	47,56,000	47,56,000	33,13,319	—14,42,681	—14,42,681

ANNEXURE I—*contd.*

No. and name of Grant or Appropriation	Original Grant or Appropriation.	Final Grant or Appropriation	Expenditure.	Expenditure compared with	
				original Grant or Appropriation More (+) Less (—)	with final Grant or Appropriation More (+) Less (—)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
45. Education ...	25,25,000	29,95,000	49,76,204	+24,51,204	+19,81,204
46. Medical Services ...	65,55,000	65,55,000	50,19,579	—15,35,421	—15,35,421
47. Public Health ...	20,79,000	20,79,000	19,19,369	—1,59,631	—1,59,631
48. Agriculture ...	47,67,000	97,67,000	86,32,984	+38,65,984	—11,34,016
49. Civil Veterinary Services ...	10,39,000	10,39,000	7,49,096	—2,89,904	—2,89,904
50. Co-operation ...	80,000	80,000	61,987	—18,013	—18,013
51. Industries ...	22,24,000	22,24,000	12,87,419	—9,36,581	—9,36,581
52. Aviation ...	95,35,000	95,35,000	82,14,015	—13,20,985	—13,20,985
53. Pakistan Broadcasting Service ...	69,41,000	69,41,000	64,97,639	—4,43,361	—4,43,361
54. Department of Supply & Development...	75,53,000	85,33,000	85,35,389	+9,82,389	+2,389
55. Commercial Intelligence ...	2,98,000	2,98,000	2,49,473	—48,527	—48,527
56. Census ...	6,06,000	8,82,000	8,18,711	+2,12,711	—63,289
57. Miscellaneous Departments	29,53,000	30,49,000	29,59,514	+6,514	—89,486
58. Currency ...	29,20,000	29,20,000	18,67,160	—10,52,840	—10,52,840
59. Mint ...	28,30,000	32,58,000	32,28,938	+3,98,948	—29,052
60. Central Road Fund...	45,00,000	68,70,000	68,75,025	+23,75,525	+5,025
61. Civil Works— <i>Charged</i> ...	1,17,000	1,17,000	1,55,873	+38,873	+38,873
<i>Voted</i> ...	2,16,87,000	2,16,87,000	31,81,118	—1,85,05,882	—1,85,05,882
62. Superannuation Allowances & Pensions ...	38,23,000	38,23,000	42,90,274	+4,67,274	+4,67,274
63. Stationery and Printing ...	70,40,000	70,40,000	25,76,031	—44,63,969	—44,63,969
64. Technical Assistance Schemes ...	18,00,000	18,00,000	9,34,674	—8,65,326	—8,65,326

ANNEXURE I—*contd.*

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (-)	Expenditure compared with final Grant or Appropriation More (+) Less (-)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
65. Development Fund...	5,80,00,000	5,80,00,000	5,80,00,000	...	...
66. Expenditure connected with Kashmir Refugees ...	1,12,85,000	1,71,89,000	2,38,43,636	+1,25,58,636	+66,54,636
67. Miscellaneous ...	2,37,41,000	2,37,41,000	2,32,58,474	-4,82,526	-4,82,526
69. Grant-in-Aid to Provincial Govts.— Charged ...	1,25,00,000	1,25,00,000	1,25,00,000	...	...
Voted ...	60,00,000	70,00,000	70,00,000	+10,00,000	...
70. Miscellaneous Adjustments between the Central & Provincial Govts. ...	15,000	15,000	16,748	+1,748	+1,748
71. Extraordinary Charges ...	5,43,67,000	5,43,67,000	3,99,53,785	-1,44,13,215	-1,44,13,215
72. Baluchistan— Charged ...	78,000	92,000	78,042	+42	-13,958
Voted ...	1,26,52,000	1,34,83,000	1,20,91,418	-5,60,582	-13,91,582
73. Karachi ...	1,93,89,000	1,93,89,000	1,85,07,183	-8,81,817	-8,81,817
Interest on Debt and other obligations and Reduction or Avoidance of Debt.	7,62,13,000	7,99,16,000	8,11,03,123	+48,90,123	+11,87,123
Staff, Household and Allowances of the Governor-General ...	7,47,000	7,79,000	8,08,183	+61,183	+29,183
Pakistan Public Service Commission ...	6,17,000	6,17,000	6,30,870	+13,870	+13,870
76. Capital Outlay on Civil Aviation ...	1,17,77,000	1,17,77,000	67,31,471	-50,45,529	-50,45,529
77. Capital Outlay on Broadcasting Service.	8,02,000	18,94,000	16,92,844	+8,90,844	-2,01,156
78. Capital Outlay on Ports ...	32,70,000	32,70,000	2,37,097	-30,32,903	-30,32,903
78A. Capital Outlay on Currency ...	...	1,60,73,000	1,60,72,629	+1,60,72,629	-371

## ANNEXURE I—contd.

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (—)	Expenditure compared with final Grant or Appropriation More (+) Less (—)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
79. Capital Outlay on Mint ...	14,61,000	14,61,000	4,30,881	-10,30,119	-10,30,119
80. Capital Outlay on New Federal Capital	2,31,60,000	2,31,60,000	9,12,469	-2,22,47,531	-2,22,47,531
81. Capital Outlay on Civil Works ...	2,83,31,000	2,83,31,000	1,41,35,329	-1,41,95,671	-1,41,95,671
82. Capital Outlay on Pensions ...	1,000	1,000	-11,45,981	-11,46,981	-11,46,981
83. Capital Outlay on Printing Presses ...	20,91,000	20,91,000	17,69,590	-3,21,410	-3,21,410
85. Capital Outlay on Schemes of State Trading ...	2,82,62,000	18,19,36,000	24,60,71,595	+21,78,09,595	+6,41,35,595
86. Capital Outlay on Development ...	7,93,91,000	7,93,91,000	6,55,51,426	-1,38,39,574	-1,38,39,574
87. Interest free and Interest bearing advances—					
Charged ...	12,00,00,000	12,00,00,000	10,50,00,000	-1,50,00,000	-1,50,00,000
Voted ...	12,89,19,000	12,89,19,000	3,24,64,059	-9,64,54,941	-9,64,54,941
Total—					
Charged ...	21,18,06,000	21,58,51,000	20,23,02,829	-95,03,171	-1,35,48,171
Voted ...	77,23,65,000	96,88,76,000	82,49,37,135	+5,25,72,135	-14,39,38,865
Expenditure met from Revenue—					
Charged ...	9,18,06,000	9,58,51,000	9,73,02,829	+54,96,829	+14,51,829
Voted ...	46,49,00,000	49,05,72,000	44,00,13,726	-2,48,86,274	-5,05,58,274
Expenditure met from Capital—					
Voted ...	17,85,46,000	34,93,85,000	35,24,59,350	+17,39,13,350	-30,74,350
Disbursements of Loans and Advances—					
Charged ...	12,00,00,000	12,00,00,000	10,50,00,000	-1,50,00,000	-1,50,00,000
Voted ...	12,89,19,000	12,89,19,000	3,24,64,059	-9,64,54,941	-9,64,54,941

## ANNEXURE I—contd.

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (-)	Expenditure compared with final Grant or Appropriation More (+) Less (-)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>PART II.—POSTS AND TELEGRAPHS.</b>					
<b>A.—EXPENDITURE MET FROM REVENUES.</b>					
<b>II Pakistan Posts and Telegraphs Department—</b>					
<i>Charged</i> ... ..	22,55,000	22,55,000	19,48,442	-3,06,558	-3,06,558
<i>Voted</i> ... ..	6,08,43,000	6,08,43,000	5,87,91,273	-20,51,727	-20,51,727
<b>B.—EXPENDITURE CHARGED TO CAPITAL</b>					
75. Capital Outlay on Posts and Telegraphs Department (Outside the Revenue Accounts) ...	2,08,13,000	2,30,33,000	2,15,65,130	+7,52,130	-14,67,870
Total—Posts & Telegraphs	8,39,11,000	8,61,31,000	8,23,04,845	-16,06,155	-38,26,155
Total { <i>Charged</i> ... ..	22,55,000	22,55,000	19,48,442	-3,06,558	-3,06,558
{ <i>Voted</i> ... ..	8,16,56,000	8,38,76,000	8,03,56,403	-12,99,597	-35,19,597
<b>PART III.—RAILWAYS</b>					
<b>A.—EXPENDITURE CHARGED TO REVENUE—</b>					
<b>9. Pakistan Railways XV—Ordinary Working Expenses :—</b>					
<b>Charged</b>					
Interest charges ... ..	4,45,64,000	4,45,64,000	4,42,64,668	-2,99,332	-2,99,332
<i>Voted</i> ... ..					
Administration ... ..	4,52,77,000	4,52,77,000	4,75,34,850	+22,57,850	+22,57,850
Repairs and Maintenance ..	10,27,73,000	10,27,73,000	11,00,68,341	+72,95,341	+72,95,341
Operating staff ... ..	5,55,51,000	5,55,51,000	5,87,49,050	+31,98,050	+31,98,050
Operation Fuel ... ..	10,81,16,000	10,81,16,000	8,29,00,353	-2,52,15,647	-2,52,15,647

## ANNEXURE I—contd.

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (-)	Expenditure compared with final Grant or Appropriation More (+) Less (-)
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
Operation (other than staff & fuel).	1,09,35,000	1,09,35,000	1,69,98,390	+60,63,390	+60,63,390
Miscellaneous Expenses ...	1,34,30,000	1,34,30,000	83,97,886	-50,32,114	-50,32,114
Miscellaneous Railway Expenditure ...	25,30,000	25,30,000	20,85,175	-4,44,825	-4,44,825
Amenities to lower class passengers and Staff Welfare Works ...	35,00,000	35,00,000	31,84,749	-3,15,251	-3,15,251
Payments to worked Lines	1,81,000	1,81,000	-3,56,670	-5,37,670	-5,37,670
Appropriation to Depreciation Reserve Fund ...	3,18,07,000	3,18,07,000	3,18,07,000	...	...
Total Expenditure met from Revenue ...	41,86,64,000	41,86,64,000	40,56,33,792	-1,30,30,208	-1,30,30,208
Total { Charged ...	4,45,64,000	4,45,64,000	4,42,64,668	-2,99,332	-2,99,332
{ Voted ...	37,41,00,000	37,41,00,000	36,13,69,124	-1,27,30,876	-1,27,30,876
<b>B.—EXPENDITURE MET FROM CAPITAL.</b>					
74. Capital Outlay on Pakistan Railways (Not met from Revenue) ...					
Voted. ...					
New construction ...	2,26,52,000	2,26,52,000	50,69,067	-1,75,82,933	-1,75,82,933
Open Line Works met from Capital & Depreciation Reserve Fund ...	20,83,03,000	20,83,03,000	11,47,94,796	-9,40,08,204	-9,40,08,204
Net Expenditure met from Capital and Depreciation Reserve Fund ...	23,14,55,000	23,14,55,000	11,98,63,863	-11,15,91,137	-11,15,91,137
Probable Saving ...	6,21,04,000	6,21,04,000	NIL	+6,21,04,000	+6,21,04,000
Total Expenditure met from Capital ...	16,93,51,000	16,93,51,000	11,98,63,863	-4,94,87,137	-4,94,87,137
Total Railways ...	58,80,15,000	58,80,15,000	52,54,97,655	-6,25,17,345	-6,25,17,345
Total { Charged ...	4,45,64,000	4,45,64,000	4,42,64,668	-2,99,332	-2,99,332
{ Voted ...	54,34,51,000	54,34,51,000	48,12,32,987	-6,22,18,013	-6,22,18,013

## ANNEXURE I—contd.

No. and name of Grant or Appropriation	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with original Grant or Appropriation More (+) Less (—)	Expenditure compared with final Grant or Appropriation More (+) Less (—)	
1	2	3	4	5	6	
	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>PART IV.—DEFENCE SERVICES.</b>						
<b>A.—Expenditure Charged to Revenue.</b>						
68. Defence Services	67,69,00,000	67,69,00,000	78,33,73,753	+10,64,73,753	+10,64,73,753	
Total Expenditure Charged to Revenue	67,69,00,000	67,69,00,000	78,33,73,753	+10,64,73,753	+10,64,73,753	
<b>B.—Expenditure Charged to Capital.</b>						
84. Capital Outlay on Defence Services	27,31,00,000	29,27,00,000	21,11,53,974	—6,19,46,026	—8,15,46,026	
Total Expenditure Charged to Capital	27,31,00,000	29,27,00,000	21,11,53,974	—6,19,46,026	—8,15,46,026	
Total Defence Services	95,00,00,000	96,96,00,000	99,45,27,727	+4,45,27,727	+2,49,27,727	
Grand Total	2,60,60,97,000	2,82,84,73,000	2,62,95,70,191	+2,34,73,191	—19,89,02,809	
Total	{ Charged ...	25,86,25,000	26,26,70,000	24,85,15,939	—1,01,09,061	—1,14,54,061
	{ Voted ..	2,34,74,72,000	2,56,58,03,000	2,38,10,54,252	+3,35,82,252	—18,47,48,748

## ANNEXURE II

(See paragraph 20 of the proceedings of the third meeting held on the 7th November, 1956)

*Note of the Ministry of Interior regarding publication of Census Reports*

The 1951 census results were published both in the form of bulletins and reports. Urgently needed information required for administrative and planning purposes on total population classified by religion, its distribution in urban and rural areas with classification by sex and the classification of population in broad categories of economic status, namely, self-supporting persons and dependents, with further classification of the former into agricultural and non-agricultural labour force, was published in the following census bulletins :—

Bulletin.	Titles.	Date of Issue.
Census Bulletin No. 1	Provisional Tables.	April 1951 (Published only one month after the actual count).
Census Bulletin No. 2	Population according to religions.	October, 1951.
Census Bulletin No. 3	Urban & Rural population & area.	September, 1952.
Census Bulletin No. 4	Population according to economic categories.	March, 1953.

In the meantime, the work on the census reports was in progress and they were published in the following volumes.

Census of Pakistan 1951—volume 1—(ALL) PAKISTAN

Census of Pakistan 1951—volume 2—former Baluchistan and States Union.

Census of Pakistan 1951—volume 3—East Pakistan

Census of Pakistan 1951—volume 4—former NWFP and Frontier Regions.

Census of Pakistan 1951—volume 5—former Punjab and Bahawalpur State.

Census of Pakistan 1951—volume 6—former Sind and Khairpur States.

Census of Pakistan 1951—volume 7—Detailed Tables of Economic characteristics for West Pakistan.

Census of Pakistan 1951—volume 8—Detailed Tables of Economic characteristics for East Pakistan.

Census of Pakistan 1951—volume 9—Administrative report (for official use only).

The data collected on 7,58,00,000 individual enumeration slips had to undergo extraction and classification in manual and machine sorting centres. This process had to be carried out very carefully, as any disorder at this stage is always inherent with the risk of entire loss of the data. This phase of the census operation, cannot, therefore, be rushed through. Even in advance countries like USA and Canada where they have got large batteries of machines and employ huge staff, the complete processing of all the dates takes more than 2 years after enumeration.

Printing of volume No. 7 has, however, been considerably delayed for the reason that this volume contains detailed tables on economic characteristics, *i.e.*, data on civilian labour force classified by occupation, industry, industrial status and non-agricultural labour force cross-classified by age and educational levels. It was found after careful examination that the question on industry or economic group was not clearly understood by enumerators, respondents, as also by the temporary coding staff, with the results that some of the economic group data was found to be inconsistent with the corresponding data on occupations. The former was, therefore, carefully revised in the light of the later. All this took sufficient time.

The speed of work in the next census is, however, expected to be faster as the nucleus staff maintained in the Ministry will be able to complete the planning of all the phases of census operation well in advance, taking all possible care to avoid the causes of delay and defects in the data with the help of experience gained in 1951 census.

## ANNEXURE III

( See Paragraph 25 of the Fifteenth Meeting held on the 21st November, 1956.)

*Note of the Director General of Posts and Telegraphs on the complaints made by the American Citizens of Pakistan regarding detention of their exposed films in Post Offices.*

Postal articles are subject to the over-riding condition that anything prohibited under the Sea Customs Act or contravening the Export/Import Trade Control Regulations are detained by the Customs and the Senders/ Addressees are requested to satisfy the Customs requirements and get their articles released. The Post Office does not come into the picture at all.

Enquiries made in the matter reveal that only one such complaint was received which has since been disposed of. No other complaints have been received. There are, however, 48 articles containing exposed films lying in the Karachi Airport detained by the Custom Authorities for want of Export Permits for the production of which the senders have been addressed by the Customs Authorities direct. Efforts are also being made by this Directorate to get into touch with the Senders in order to help them to get the necessary Export/Import Permits, though this does not fall within the sphere of the duties of this Department.

General instructions have been issued to ensure that counter clerks should ask the senders of such parcels to produce the necessary authorities from the Import/Export Control authorities at the time of booking to avoid detention caused to them afterwards.

## ANNEXURE IV.

See paragraph 12 of the Proceedings of the fourth meeting held on the 8th November, 1956.

**Note of the Ministry of Defence regarding purchase of convairs**

With reference to the points raised by the Public Accounts Committee in paragraph 12 of the proceedings of its Fourth Meeting held on the 8th November 1956 in connection with the case of sale of two convairs to the Orient Airways and the ancillary transactions commented upon by Audit in Note 5 on pages 414 and 415 and on p. 514 of the Appropriation Accounts (Civil) for 1952-53., it is submitted that the liabilities and assets of the Orient Airways were taken over by the Pakistan International Airlines Corporation on the 1st October, 1953. The total value of these assets amounted to Rs. 1,77,49,790/13/7. The total liabilities of the Orient Airways including the amounts of debentures, loan and interest thereto due to the Government amounted to Rs. 83,89,984/0/3. The net value of the assets thus amounted to Rs. 93,59,806/12/11 which represented the difference between the value of the total assets and the total liabilities as indicated above. It would thus be seen that the entire amount of debentures loans and interest thereon have been adjusted by deduction from the Orient Airways and that nothing is now due on this account, nor the Government has suffered any loss in this respect. The following details are also submitted to explain the circumstances in which the debentures were floated and the loan was advanced to the Orient Airways.

2. In 1946 when the Company had sufficient money to manage, they had ordered 3 convair aircrafts including spares costing about Rs. 50 lakhs from United States of America. They paid earnest money also for the purpose to the tune of Rs. 8 lakhs. The aircrafts were ready for delivery in 1948 but at that time the financial position of Orient Airways was too weak to allow them to make full payment and take delivery of the aircraft. At this critical time in February, 1949, the Chairman of the Company appealed to the Government of Pakistan for financial help for purchasing these three convair aircrafts, which at that time were thought most suitable for quick service between the two wings of the country. The Chairman also appealed to Government to save the Company from liquidation—a company which had done immense service to Muslim community at the time of partition and which had still the chance of serving the country.

3. The appeal of the Company was considered to be convincing and after due consideration, Government agreed that the Company should be revitalised and re-organised, if the Civil Aviation were to be given a chance to develop in this newly-born country. As the Company required immediate help to fetch the convair aircraft from the United States of America, an amount of \$350,000 equivalent to Rs. 11,62,875 was granted to the Company as a loan for the purchase of one convair. Debentures were to be issued by the Company against this loan. It was decided that the company would pay interest at  $4\frac{1}{2}\%$  per annum and the debentures would be redeemed after two years. These debentures for the amount of loan of Rs. 11,62,875/- were executed on 9th March, 1949. Interest for the entire period up to 8th March, 1951 was paid by the late Orient Airways and two debentures for Rs. 1,62,875/- were redeemed on 5th June, 1951. This interest was paid in one instalment on 3rd May, 1951, although it should have been paid in two instalments : first on 9th March, 1950 and the other on 9th March, 1951. The interest for the period 9th March, 1951 to 4th June, 1951, was also paid on 5th June, 1951. Thereafter the late Orient Airways continued paying interest on the balance of loan of Rs. 10 lakhs up to 8th March, 1953. They did not, however, execute fresh debentures for this amount after 8th March, 1951 when the debentures, previously executed by them, expired. They also did not pay interest for this loan after 8th March, 1953, because at that time valuation of assets was being made and it was known for certain that the Orient Airways would be taken over by the Pakistan International Airlines Corporation.

4. The amount of Rs. 11.62 lakhs referred to above was loaned to Orient Airways for the purchase of only one aircraft (without spares) out of the three aircrafts ordered by them. As for the remaining two aircrafts and the spares, it was later on decided in the interest of Civil Aviation in the country and to augment the Orient Airways fleet further for the purpose that these may also be paid for by Government. The following conditions were, however, laid down by Government and accepted by the Orient Airways :

- (i) that these aircrafts, spare part and engines, would be made over to Government and would remain Government property as soon as they reached Pakistan ;
- (ii) that in the event of any mishap to these aircrafts the insurance money would be payable to Government ;

(iii) that the Company would be prepared to accept the setting up of an autonomous Corporation for running air services in Pakistan in which Government would have the controlling share and in which the assets of Orient Airways Limited would be incorporated at their present value.

The total amount spent on these two convairs including cost of necessary spare parts and engines, ferrying charges, insurance money, etc., stood at Rs. 44,60,343/10/8.

5. The idea was that these two aircrafts would remain the property of Government and the Orient Airways would run them, allowing a share of profit to the Government. The Orient Airways, however, insisted that these aircrafts should be sold to them against debentures. The settlement of this point took some time and it was in 1952 that a decision could be taken. It was decided that the convair aircraft should be sold to the Orient Airways against debentures bearing 4½% interest. The Orient Airways then raised an objection that the rate of interest was too high, for them to pay. They advanced the argument that the Government of India allowed a lower rate of interest to their public concerns and appealed that the Government of Pakistan should also concede to the request of the Orient Airways. They, however, paid interest on this amount up to 31st October, 1952, under protest. The question of reduction of rate of interest continued receiving the attention of the Government for some time but it was decided that the rate of interest, i.e., 4½% was *not* to be changed.

6. But at the time this decision was taken negotiations for the amalgamation of Orient Airways and Pakistan International Airlines were in progress and instead of paying the interest and executing the debentures the Orient Airways insisted that their financial condition did not permit them to pay interest and it was no use executing the debentures when the Company was going to be amalgamated with the Pakistan International Airlines any moment. The Government also saw that after all the Company would be amalgamated with the Pakistan International Airlines and all the assets and liabilities would become the assets and liabilities of the new Company in which the Government would have majority shares. The money was, therefore, secure and the non-compliance of the formality of execution of debentures did not *after all* affect the interests of Government. Although the Pakistan International Airlines Corporation came into existence on 11th March, 1955, it took over all the assets and

liabilities of the Orient Airways as they stood on 1st October, 1953. It may be added that the business conducted by the Orient Airways with effect from 1st October, 1953, was adjusted in the accounts of the Pakistan International Airlines Corporation.

The liabilities of Orient Airways included the loans of Rs. 10 lakhs and Rs. 44,60,343/10/8 together with the entire *outstanding* interest thereon at 4½%. The assets of the Orient Airways were reduced to this extent at the time of evaluation of assets and liabilities. It will thus be seen that the entire amount of loans advanced to the Orient Airways as well as interest accruing on these loans has been recovered by Government by means of adjustment at the time of amalgamation of Orient Airways Limited with Pakistan International Airlines and the Government have thus not been the loser.

Since the matter had always been under dispute on one point or another and since the Orient Airways never refused to pay the interest, the question of charging penal interest did not arise.

#### OBSERVATION OF THE PUBLIC ACCOUNTS COMMITTEE

The facts and figures given in Note 5 on pages 414-15 and in Note 5 on page 514 of the Appropriation Accounts for 1952-53 do not agree entirely with those given in the above Note of the Ministry of Defence, apparently because the latter contains, more recent information. The Committee desires therefore that the position, as stated in these three Notes, should be checked and reconciled by Audit and the correct position reported to the Committee during its next session. Audit should also verify and report to the Committee that the adjustments affecting Governments Accounts, as mentioned in the above Note of the Ministry of Defence, at the time of merger of the Orient Airways with the Pakistan International Airlines, have actually been carried in the Government Accounts and report the position to it during its next session.

2. The Committee, however, cannot help observing that there was undue delay firstly in settling the terms of the sale of two convairs to the Orient Airways, and secondly in renewing formally the debentures issued by the Company, on the maturity of the original debentures. There was also failure in not legally securing, in time, the interests of Government when the convairs were sold to the Company, as although the financial interests of Governments were not actually jeopardized in this particular case, there was a risk involved. The Committee also feels that the failure to levy penal interest, merely because long drawn negotiations

were in progress, was another unsatisfactory feature of the transaction showing laxity in safeguarding the financial interests of Government. This was due mainly to slow progress of the discussions on a matter affecting large sums of Government money. The Committee recommends that Government property and money should not be given away to private parties without first legally securing Government's financial interest and delays in negotiations with private parties, particularly in cases where Government is entitled to levy penal interest or other financial penalties should be avoided.

## ANNEXURE V

(See Paragraph 8 of the Proceedings of the Nineteenth Meeting held on the 25th November, 1956.)

LIST OF OFFICERS TO WHOM FURNITURE SETS HAVE BEEN SUPPLIED

Sl. No.	Name and Designation of Officer.	Name of residence	Rent of furniture.	Remarks.
SECRETARY'S SET				
1	Mr. Zahid Hussain, Chairman, Planning Board ...	4 H. M. Bath Island	Free.	
2	Mr. Mufizuddin Ahmad, Member, Planning Board ...	11, Bunder Road Extension.	Free.	
JOINT SECRETARY'S SET				
1	Mr. M. Sarwar, Personal Physician to the President ...	204-A, Frere Street	Free.	
	Mr. Masood Hussain, Director, Navigation ...	204-B, Frere Street	58 5 0 per mensem	
3	Mr. S. A. Jawad, Min. of I. & B. ...	19, Illaco House	58 5 0	do
4	Mr. M. Shoab, Director, International Bank ...	223-B, Frere Street	58 5 0	do
5	Alhaj Syed Miran Mohd. Shah, Chairman, K. I. T. ...	2, Clifton Road	150 0 0	do

Note.—Two Joint Secretary's Sets are lying in the Pakistan Public Works Store.

## ANNEXURE VI

(See Paragraph 8 of the Proceedings of the Nineteenth Meeting held on the 25th November, 1956).

Details of Furniture purchased for Somerset House and Baluch Mess.

S. No.	Particulars.	Rates.			Nos.			Amount.		
		Rs.	a.	p.				Rs.	a.	p.
	Category (A) New supply.									
1.	Three-fold screen with first class nest seasoned teakwood of required and standard size complete with polishing and varnishing as per 4 design.	90	0	0	13			1,170	0	0
2.	Fixing cotton strip 3/16" three of ventilators 878 yds.	0	10	0	878 yds.			548	12	0
3.	First class blind silk curtain for required size as per approved coloured and design complete with sewing on both sides with thread of same colour.	0	12	0				210	0	0
4.	Spring galvanised for fixing curtain and fixing with brass.	0	3	6	...			42	14	0
5.	First class best seasoned teakwood half shelf and half hanging almirah complete with 3/4" dia. brass hollow hanging pipe fixed with brass holder, etc. complete providing other necessary iron fittings including locking arrangement complete of approved size and design.	295	0	0	11 Nos.			3,245	0	0
6.	Glared glass shelf 18" wide with chromium white plated bracket and frame fixed in walls with iron screws to wooden plugs.	15	0	0	11 Nos.			165	0	0
7.	Best Belgium & English wire on with fine botto wooden plugs in walls complete in all respects 18" x 12" size.	18	0	0	11 Nos.			198	0	0
8.	White glazed English make sink 24" x 18" x 6" complete with iron bracket chair plug and fixing brackets to wooden plugs and making good with.	70	0	0	2 Nos.			140	0	0
9.	Drawing board complete with painting and polishing, etc.	35	0	0	4 Nos.			140	0	0
10.	Panwood or Deodar wood 1 1/2" thick shelves fixed with wooden plugs in wall complete including painting and varnishing 2 coats as required.	3	0	0	206 sft.			618	0	0
11.	Partition wall of teakwood planks tongued, grooved and braided of required panwood or deodar wood frame with brass fittings painting and varnishing two coats on both faces as required complete.	8	0	0	64 sft.			512	0	0
12.	Coloured coir matting complete and stitching the ends with thread and newar tape, etc., fixing with wooden strips and iron screws and stair-case.	0	8	0	395 sft.			197	8	0

ANNEXURE VI—contd.

S. No.	Particulars.	Rates.	Nos.	Amount.
		Rs. a. p.		Rs. a. p.
13.	First class best seasoned teakwood hat stand with Belgium made mirror 10' x 10' complete with brass hat bay fixed on both sides of mirror with brass screw including painting and polishing of approved design & size ...	125 0 0 each.	1 No.	125 0 0
14.	Glazed painted iron waste paper basket of standard size & design. ...	4 0 0 each.	28 Nos.	112 0 0
15.	First class best seasoned teakwood dressing table with Belgium made Mirror 4' x 1½' of size with brass fittings and one drawer and one panel of approved design including dressing steel with one seat of first class teakwood with polishing complete ...	200 0 0 each.	28 Nos.	5,600 0 0
16.	First class best seasoned teakwood writing table of officer type with three drawers on each side complete with green wooden cloth or rexine cloth and locking arrangement including polishing and painting of approved size and design	135 0 0 each.	23 Nos.	3,105 0 0
			<b>Total Rs.</b>	<b>16,129 2 0</b>
	Add.—Sales Tax on 13609/14/- say Rs. 13,610/- on items 1, 3, 4, 5, 13, 15, 16 @ 1/6 per rupee sales tax.			425 5 0
			<b>G. Total Rs. ...</b>	<b>16,554 7 0</b>
			<b>Say Rs. ...</b>	<b>16,554 0 0</b>

## ANNEXURE VI—contd.

S. No.	Particulars	Rates	Nos.	Amount.
<b>CATEGORY 'B'</b>				
		Rs. a. p.		Rs a. p.
1.	Sofa set consisting of one upholstered and sprung with tapestry cloth arms as per drawing. ... ..	400 0 0 each set	11 Nos.	4,400 0 0
2.	First class best seasoned C. P. teakwood side boards as per approved design including polishing and complete in all respects ... ..	300 0 0 each	5 Nos.	1,500 0 0
3.	First class best seasoned C. P. teakwood flat stand with mirror as per approved design and size including polishing ... ..	125 0 0 each	6 Nos.	750 0 0
4.	First class best seasoned C. P. teakwood bed 6½' x 3' x 18' with fine new not less than 7½ seer per bed in three pieces as per approved drawing and size including polishing complete in all respects ... ..	150 0 0 each	9 Nos.	1,350 0 0
5.	First class best seasoned C. P. teakwood dining table 6' x 4' including polishing and complete in all respects, as per drawing. ... ..	140 0 0 each	12 Nos.	1,680 0 0
Total ...				Rs. 9,680 0 0
Add 5% above				484 00
Rs.				10,164 0 0
Sales tax				317 10 0
G. Total Rs.				10,481 10 0
Say ... Rs.				10,482 0 0
Category (A).....16,554 0 0				
Category (B).....10,482 0 0				
Total ... 27,036 0 0				