



# REPORT

OF THE

**PUBLIC ACCOUNTS COMMITTEE**

ON THE

**ACCOUNTS OF THE**

**GOVERNMENT OF PAKISTAN**

FOR THE YEAR

**1971-72**



# REPORT

*The recommendations of the Committee, summarised in para 41 of the Report, were approved by the President on the 21st July, 1979.*

FOR THE YEAR

1971-72

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**REPORT OF THE AD-HOC PUBLIC ACCOUNTS COMMITTEE  
ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT  
FOR THE YEAR 1971-72.**

**Meetings of the Committee**

The Ad-hoc Public Accounts Committee, set up by the President under the Finance Division Notifications dated the 25th March, 1978, 26th July, 1978 and the 14th October, 1978, began its examination of the Appropriation and other Accounts of the Federal Government for 1971-72 and the Auditor General's report thereon, in the National Assembly Secretariat, State Bank Building, Islamabad on the 19th November, 1978. The Committee met again from the 27th January to 1st February, 1979 and 14th to 15th February, 1979 and completed the above-said examination of those Accounts and reports. The Chairman and other members attended all the meetings of the Committee, except for Mr. Mushtaq Ahmad, former Auditor General of Pakistan and a member thereof, who could not participate in any sitting, because of his illness.

**Proceedings of the Committee**

2. The proceedings of the Committee during these sittings are appended as Annexure I. The specific recommendations and observations made by the Committee and the directions given by it are included in the proceedings and may be deemed to form part of this Report.

### Clearance of Backlog

3. In the earlier meetings, held by it to examine the Accounts for 1970-71, the Committee had urged upon the Auditor-General and Ministries|Divisions to put in extra efforts to present the delayed Accounts of previous years to the Committee in quick succession, so that the entire backlog is cleared within the shortest possible time. The Committee is glad to record that its request evoked a positive response from both the Auditor-General and the Ministries|Divisions and it became possible for the Committee to complete the examination of the Federal Accounts for 1971-72 by the 15th February, 1979, *i.e.* within about three months of its having completed the same for 1970-71. Similarly, the examination of the Accounts for 1972-73 and the Auditor-General's report thereon, a report on which will be submitted soon, was finalised by the Committee in record time during its meetings held from the 28th March to 2nd April, 1979.

4. In its meeting held on 19th November, 1978, the Committee had discussed, with the representative of the Finance Division and the Auditor-General, various proposals for liquidating the backlog of the Federal Accounts and the Auditor-General's Reports thereon, and desired that a realistic time-table be prepared for the purpose. The Auditor-General informed the Committee, subsequently, that he had chalked out the following schedule for getting the Accounts for various years and his Reports thereon printed, for submission to the Finance Division :—

Year of Accounts and Report thereon	Target date for Printing
1973-74	15.2.1979
1974-75	31.3.1979
1975-76	15.5.1979
1976-77	30.6.1979
1977-78	15.8.1979

5. The Appropriation and other Accounts of the Federal Government for 1973-74 and the Report of the Auditor-General thereon were submitted by the Auditor-General to the Finance Division in March, 1979 and circulated by the latter to the Ministries|Divisions on 1st

April, 1979. The Committee is now scheduled to commence the examination of these Accounts from the 26th May, 1979.

6. If the time-table, drawn up by the Auditor-General, is adhered to and the Ministries|Divisions continue to extend their cooperation as hitherto, it should become possible by October, 1979 to accomplish the almost impossible task of finalising the Appropriation and other Accounts of the Federal Government, pertaining to the years 1970-71 to 1977-78, within a span of about a year.

### **1971-72—An abnormal year**

7. The year 1971-72 was, not only politically, but from the accounting point of view also one of the most abnormal years. A large number of employees with East Pakistan domicile, whether posted in East Pakistan or West Pakistan, remained non-cooperative and refrained from performing their duties whole-heartedly. Defections among them became common and, ultimately, they were laid off. The vacancies caused by their exit could also not be filled up over-night. This adversely affected the maintenance of Accounts in the offices of the Accountants General.

8. Most of the expenditure pertaining to East Pakistan during the year remained either non-posted or mis-posted. Besides, records pertaining to a lot of expenditure, incurred in East Pakistan and debitable to the West Pakistan Circle of Accounts, were not available. Consequently, considerable variations in the compiled Accounts for 1971-72 *vis-a-vis* the Grants were inevitable. To top all, with the insurgency in East Pakistan, the entire Accounts in respect of that Circle went out of the reach of the Auditor-General. A good portion of the 1971-72 Federal Accounts had, therefore, to be compiled on the basis of whatever material was available with the Accounts Offices in the then West Pakistan. The Federal Accounts for 1971-72, thus consolidated, could hardly be claimed to depict a correct picture of the Accounts for that year.

9. The Committee had to examine the Accounts for 1971-72 with the above snags in view, making due allowances, wherever warranted, for the non-receipt of accounts from East Pakistan. These

Accounts were thus finalised on the basis of the figures available with the Auditor-General and the Ministries|Divisions here.

### **Examination of the Accounts of Autonomous Bodies**

10. After the nationalization of banks, life insurance and a number of basic industries, a large number of autonomous bodies came under the control of the Government. It will be physically impossible for the Auditor-General to have the Accounts of all these bodies examined every year by the limited staff at his disposal. Nevertheless, the public funds, invested in and being spent on them, necessitated their due accountability to the Government and the Legislature. After discussing this matter with the Auditor-General and the representative of the Finance Division, we have decided to recommend that :—

- (1) The Auditor-General should earmark, by rotation, at the beginning of each financial year, specified autonomous bodies under the control of Government whose accounts will be audited by Audit during the year. In addition, the Auditor General shall arrange during the year the audit of the accounts of such autonomous bodies under Government's control whose names are communicated to him by the Finance Division during the first quarter of that year.
- (2) Under Article 145 of the Companies Act, Commercial Auditors are required to satisfy themselves only about the "regularity" of Accounts and expenditure. The charter for Commercial Auditors should be so modified as to include therein an examination by them of the "propriety" of expenditure as well.
- (3) A Committee, consisting of the Auditor-General, Finance Secretary and Secretary of the Administrative Ministry, should select Commercial Auditors for the Government-controlled autonomous bodies each year. Rules may be so amended that this matter is not left to be decided by

the companies of such autonomous bodies at their Annual General Meetings. The remuneration of Commercial Auditors may be increased, if called for, but their audit Reports should be submitted to the companies concerned through the Auditor-General.

- (4) The Auditor-General and the Finance Division may be vested with the authority to direct, if deemed necessary by them in the public interest, the Commercial Auditors of Corporations|Companies to carry out additional examination or study of specific accounts matters pertaining to these Corporations|Companies.

### **Commercial Accounts**

11. During our examination of the Commercial Accounts of public enterprises, compiled by the Auditor-General, we felt that mere "Audit" by the Auditor-General of the Accounts pertaining to those enterprises is not serving the required purpose. We would suggest that the Auditor-General should develop among his men the necessary technique and expertise to also "review" the Accounts of such enterprises. A "review", as distinct from "Audit", was likely to bring higher accountability into greater relief and provide an opportunity to the impartial experts to pin-point shortcomings and drawbacks in the working of the enterprises concerned, for taking the corrective action with a view to improving their over-all viability.

## **RECOMMENDATIONS OF GENERAL APPLICABILITY**

### **Non-reconciliation of Accounts**

12. We noted with concern that, in a majority of cases, figures of actual expenditure available with the Audit were not acceptable to the Departments. Consequently, "excesses" or "savings" *vis-a-vis* grants, pointed out by the Audit in their Accounts and Report, were generally ascribed by the departmental representatives to mis-posting of expenditure by the former. On the other hand, Audit maintained that they had no other figures to go by, as the departments had not

reconciled their figures with them. In most of such cases, the Committee was obliged to refer back the matter to the Auditor-General for a reconciliation and then effecting a settlement, obviously involving a further delay in the finalisation of those Accounts.

13. We apprehend that the existing system of reconciling the Accounts has not been working satisfactorily. The difficulties in reconciliation, pointed out by the departments in some cases, sounded to us to be genuine. We, therefore, recommend that, in the first instance, the Auditor-General should find out from the Ministries|Divisions etc. immediately about the difficulties, if any, being experienced by the departmental representatives in processing reconciliation in the Accounts Offices concerned. The same should then be got removed quickly, to facilitate smooth and expeditious reconciliations.

14. At the same time, the Finance Division should impress upon the Ministries|Divisions the need for timely reconciliation of departmental figures with the figures compiled by the Audit, so that only the finally agreed figures between the Auditor-General and the departments, after due reconciliation, are presented to the Committee for their examination, to save the time of all concerned.

#### **Excesses not covered by matching Supplementary Grants**

15. The Committee found that, in many cases, excess expenditure over the sanctioned grants had been incurred and the departments concerned had failed to ask for and obtain matching Supplementary Grants in time to cover the excess, even though the same could have been reasonably foreseen when preparing the Revised Estimates. Such excesses betrayed an objectionable lack of appropriate budgetary control by the Principal Accounting Officers and correct timely assessment on their part of the requirements for additional funds during the year, over and above the sanctioned grants.

16. We would recommend that this serious recurring financial indiscipline should be brought home by the Finance Division to the

Principal Accounting Officers of Ministries/Divisions, who should be asked to exercise a much greater and closer vigilance on the up-to-date expenditure and requirements of funds during the year *vis-a-vis* the grants and to take promptly to task those, who may be found responsible for this financial indiscipline, due to negligence, carelessness or deliberate disregard of rules and orders.

### **Expenditure incurred without proper sanction**

17. Under the rules, no work should be started unless a detailed estimate has been prepared and prior sanction of the competent authority obtained therefor. The Committee noted with concern that, in complete disregard of the rules, about 500 works, involving an expenditure of more than Rs. 2.72 crores, were taken up by the Pak. PWD during 1971-72 on grounds of urgency, without fulfilling the clear requirements of the rule and obtaining the requisite advance technical sanctions. The Audit were, as a result, prevented from exercising due check over the estimates of the works and the propriety of expenditure incurred on their execution. What was more surprising was that, even after a lapse of about 7 years, 111 of the completed works still remained without technical sanctions.

18. We view this situation with extreme concern and recommend that no work, except in case of extraordinary urgency, for which there should be adequate justification in writing and prior approval of the competent authority, should be taken up in hand before the preparation of detailed estimates and accord of technical sanction. Any violation of these rules must, in the future, be visited with severe disciplinary and other feasible actions against the defaulters.

### **Delay in initiating timely action for losses to Government and following them up.**

19. The Committee came across several cases where timely action to fix responsibility for loss to Government was not initiated at all or the processing thereof had been, deliberately or inadvertantly, tardy, so that many of the proceedings initiated relating to the 1971-72 Accounts were still lingering on. In the meantime, the

persons responsible for the irregularities or losses had either left service, retired or died.

20. We would, therefore, recommend that clear and peremptory directives should be again issued to the Ministries|Divisions that :—

- (1) The first and the foremost duty of those concerned, in the event of any loss to Government coming to notice, is to initiate timely and prompt action for fixing the responsibility for such losses.
- (2) Thereafter, prompt suitable action must be initiated against those found responsible. Disciplinary cases, if initiated, and/or court cases filed, must be pursued vigorously for securing the earliest possible decisions on them.
- (3) If anyone dealing with these cases, at any stage, is found to have glossed over the defaults or deliberately or negligently delayed to initiate action at Nos. (1) and (2) or slackened in the vigorous pursuit of action so initiated, in order to secure the final decision at the earliest possible, he should be subjected to due disciplinary action.

### **Sanctity of tenders and negotiation for rates**

21. It was noticed that, in a case where tenders had been invited, negotiations were held with the highest bidder and the firm, which had quoted the lowest rate, was ignored and not asked to bid again. Thus, the negotiations were, firstly, entered into with only one of the tenderers and that also the highest one. Secondly, the lowest bidder was not given any opportunity at all to quote for the second time. The sanctity of the tender was hence violated and the Government interest went by the board.

22. We would recommend that the Government departments be again advised to ensure that irregularities of this nature are strictly

guarded against and those found responsible for them are dealt with severely, according to the rules.

### **Some other recommendations of general applicability**

23. During the course of our examination of the Accounts for 1971-72 and Audit Paras drawn up thereon, we came across instances where the Government interests had suffered because of unrealistic stipulation about the guarantee period for machinery or indifferent action by the departments in respect of pilferage or misappropriation of government property. We recommend that the Ministries/Divisions be directed to scrupulously safeguard the Government's interest by taking actions in such cases as follows:—

- (i) *Guarantee period.*—In all Agreements which may stipulate a period of guarantee for any machinery, it should be provided that the period will start from the date of commencement of its operation and not from the date of its shipment or any other date.
- (ii) *Penalty for pilferage, misappropriation etc.*—Whenever it is established, after due inquiry, that any pilferage or misappropriation of Government property had taken place, drastic action must be taken against the officials found responsible, even if it may involve their dismissal or removal from service. In addition, court proceedings should be initiated in all such cases, after obtaining legal advice.

### **Some recommendations pertaining to Accounts of specific Ministries/Divisions.**

24. While examining the Appropriation and other Accounts for 1971-72 and the Audit Paras framed thereon, we came across several objections relating to specific Ministries/Divisions. We would like to highlight some of them as below, because of either their seriousness or as they involved policy decisions.

### **Loss due to acceptance of 8th lowest tender**

25. Four air-conditioners were purchased for the Director of Works and Civil Engineering (Navy) by a purchasing agency. It was observed that the orders were placed with the 8th lowest tenderer. The department argued that, since only that tender was technically acceptable to the indentor, the offer became technically the lowest. This, however, resulted in an extra expenditure of Rs. 15,054 in foreign currency.

26. The Committee was far from convinced by the explanation offered by the department. This case is, therefore, brought to the notice of Government for such action as they may deem proper.

### **Stock verification of purchases**

27. During the examination of expenditure incurred by the Commerce Division on purchases of agricultural commodities, it transpired that no system existed to verify the physical existence, value-and-location-wise, of the commodities purchased. Since appreciable sums are involved in these transactions, we strongly recommend that this matter should be gone into thoroughly by the Commerce Division, in consultation with the Auditor-General, and a workable procedure evolved immediately for physical verification of purchased stocks.

### **Telephone Debits**

28. We noticed that, in most cases, there were wide variations in the anticipated and actual expenditure on telephones. In a number of cases, excesses over the sanctioned grants were generally explained as having been due to belated receipt of debits for telephone charges. For better maintenance of accounts and making realistic estimates of expenditure, we recommend that the Government should consider substituting the existing system of settling expenditure on telephone through book adjustment with cash payment, as is the case with most of the other transactions for services rendered. We have been assured that the T&T Department will be glad to receive the payments in cash.

### **Recommendation of Public Accounts Committee disregarded**

29. While discussing the performance and functions of the Computer Bureau during the meeting of the Public Accounts Committee on 24th January, 1974, the Finance Minister, who was also the Chairman of the Committee, had directed that the post of OSD (Mechanization) in the Cabinet Division should be abolished with effect from 1st July, 1974. The Committee noted that this was not done until 1st July, 1978.

30. We were not satisfied with the departmental explanation and view this blatant disregard of the Public Accounts Committee's directive with grave concern. It is essential, in the interest of financial discipline in the Federal Government, that any specific direction given by the Committee is not flouted by any Government department. We would, therefore, like to bring this case to the notice of Government for taking suitable action, if possible at this stage, against those responsible for the above violation and for issuing clear instructions to the Ministries|Divisions that any deliberate disregard of the Committee's directive will be deemed to be a serious act of indiscipline and visited with the severe punishment.

### **Realisation of dues**

31. It was brought to our notice that, when the possession of Hotel Shahrzad, as per the Government decision, was taken over by the Government from its lessee on 23rd July, 1970, a net amount of Rs. 15,07,826 was due to be recovered from the ex-lessee. The Collector, Rawalpindi was requested to proceed to recover the arrears from the ex-lessee as arrears of land revenue. The latter promptly obtained a stay order from the High Court and the realisation of the arrear is nowhere in sight. The outstanding amount being substantial, we recommend that the matter of its recovery be pursued more vigorously and the lessee should not be allowed to get away with it by resorting to delaying tactics.

### **Irregular appointment of an ex-official as Consultant**

32. The CDA concluded an agreement with a firm, whose representative was a former employee of the Authority, for preparing

Engineering study for a scheme of surface drainage, at a cost of Rs. 10 lakhs. The terms and conditions of the agreement between the CDA and the firm were settled through negotiation and not by calling for any tenders. The Authority argued that Engineering Consultants offered professional service, like a physician or surgeon, and the Authority had followed the procedure that was being followed by every agency in need of such service.

33. We found ourselves unable to fully subscribe to the views put forward by the Authority and would recommend that the CDA, as also all other Government Agencies, should be directed to be careful in selecting Consultants for their work. In all such cases, without resorting to tendering, full justification should be recorded for selecting a firm for a particular assignment.

### **Commercial enterprises**

#### *(1) DDT Factory*

34. The Factory was supposed to run on a "No profit-No Loss" basis. It appeared that it did not run to its full capacity of 600 tons, as sufficient demand did not exist for the product. DDT was still being used in certain countries like India, Indonesia etc., but the Factory had not been receiving orders from any foreign country either.

35. We recommend that the problems of this Factory be sorted out between the Ministries of Production and Health as early as possible. It should also be examined as to how the viability of the existing plant be improved and its capacity more profitably utilised.

#### *(2) Talpur Textile Mills, Tando Mohammad Khan*

36. The Committee was informed that the Mills had not been operating for the last one year and constantly incurring a loss. Not being a sound project, we recommend that its liquidation at the earliest possible should be considered seriously, so that further losses are avoided.

## Unproductive and unsound projects

37. The Committee found that, though several commercial projects under various Ministries|Divisions had ceased to be or were ceasing to be viable, status quo was being maintained in regard to them, because of lack of decision about their continuance or otherwise. As a result, losses continued to mount.

38. We recommend that all such projects be evaluated afresh, one by one, by the Ministries|Divisions concerned and the reasons for their being unproductive, unsound or unprofitable identified. If their maladies are found to be remediable, like conversion of 'Loans' into 'grants', the needed remedial measures should be taken without any more delay. Otherwise, it would be in the interest of public exchequer to wind up such projects promptly.

39. We also append to this report the following statements as Annexure II:—

- (1) *Statement No. 1.*—Summary of Results of the Appropriation Audit.
- (2) *Statement No. 2.*—Analysis of savings and excesses by main Departments.
- (3) *Statement No. 3.*—Analysis of savings and excesses under Revenue, Capital and Loans and Advances.
- (4) *Statement No. 4.*—Statement showing Excess over Grants, which require to be regularised.
- (5) *Statement No. 5.*—Statement showing Excesses over Charged Appropriations, which require to be regularised.

40. We would like to express our thanks to the Auditor-General, his officers and staff and the officers and staff of the National Assembly Secretariat for the help rendered by them to the *Ad-hoc* Public Accounts Committee in conducting its deliberations.

41. The Committee submit this Report to the President with the request that its recommendations and suggestions in paras 10—38 above and in Annexure I be accepted. We would also recommend that the excesses over Grants and Charged Appropriations, contained in the statements referred to in Para 39 (4) and (5) above, and appended to the Annexure II, be regularised.

M. A. HAQ,  
*Secretary.*  
*National Assembly Secretariat.*

A. G. N. KAZI,  
*Chairman.*

MASARRAT HUSSAIN ZUBERI,  
*Member.*

ABDUL QADIR,  
*Member.*

YUSUF BHAI MIAN,  
*Member.*

*Islamabad, the 31st May, 1979.*

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**ANNEXURE I**

**PROCEEDINGS**

**OF**

**PUBLIC ACCOUNTS COMMITTEE**

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(15-16)

**NATIONAL ASSEMBLY SECRETARIAT**

PROCEEDINGS OF THE *AD HOC* PUBLIC ACCOUNTS COMMITTEE

19TH NOVEMBER, 1978

**1st Meeting**

The *Ad hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.30 A.M. After completing the examination of 1970-71 accounts of the Federal Government it took up the examination of the Appropriation and other accounts of the Federal Government and Report of the Auditor-General thereon relating to the year 1971-72. The following were present :—

*Ad hoc PAC*

- |    |   |                  |
|----|---|------------------|
| 1. | Mr. A. G. N. Kazi, Governor, State Bank of Pakistan.                                | <i>Chairman.</i> |
| 2. | Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan .. .. . | <i>Member.</i>   |
| 3. | Mr. Abdul Qadir, former Chairman, Railway Board.                                    | <i>Member.</i>   |
| 4. | Mr. Yusuf Bhai Mian, Chartered Accountant ..  | <i>Member.</i>   |

*National Assembly Secretariat*

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Abdul Halim, Assistant Secretary.

*Audit*

1. Mr. Abdul Hamid, Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant General, Pakistan Revenues.

*Ministry of Finance*

1. Mr. Qamaruddin Siddiqi, Additional Secretary.
2. Qazi M. Alimullah, Joint Secretary.

**MINISTRY OF FOREIGN AFFAIRS**

2. The first item on the Agenda was examination of Appropriation and other accounts for the year 1971-72 pertaining to the Ministry of Foreign Affairs and the Report of the Auditor-General thereon.

3. The following departmental representatives were present:—

1. Mr. A. A. Farooq, Additional Secretary.
2. Mr. Hamid Ali Khan, Director.

4. This Ministry controlled the following grants:—

Sl. No.	Name of Grant.	Grant No.
1.	Ministry of Foreign Affairs .. .. .	58
2.	Foreign Affairs .. .. .	59
3.	Other expenditure of Ministry of Foreign Affairs .. .. .	60
4.	Capital Outlay on works of Ministry of Foreign Affairs .. .. .	61

#### APPROPRIATION ACCOUNTS 1971-72

5. The Committee was of the view that savings under various grants were not of such a magnitude as to require a detailed examination and comment of the Committee.

6. So far as the explanations in respect of savings of Rs. 14,40,662 (A-I-Embassies) under grant No. 59 were concerned, the Committee observed that they did not appear factually correct. The Ministry was asked to be more careful in future.

#### AUDIT REPORT 1971-72

7. *Irregular payments to officers—US \$ 2351.60 i.e. Rs. 23,280.84 [Para 23(i) & (ii), page 32].*—The Committee accepted the departmental explanation and directed that the matter regarding admissibility of exer-bike as a post operation treatment (\$ 60) may be got verified by Audit.

8. *Outstanding recovery of TL 11250 (Rs. 5,939) (Para 24, page 32).*—In view of departmental explanation, the Committee made no observation on this para.

#### MINISTRY OF LAW AND PARLIAMENTARY AFFAIRS

(a) Law Division (including Supreme Court)

9. The next item on the Agenda was examination of Grants controlled by the Law Division, including the Supreme Court of Pakistan.

10. The following accounts in respect of grants controlled by the Law Division, including the Supreme Court of Pakistan, were considered by the Committee.

- (i) Appropriation and other Accounts and Audit Report relating to 1971-72.
- (ii) Report about compliance on *specific* as well as *general* recommendations/rectives etc. contained in the PAC's Report for 1968-69 and 1969-70.

11. The following departmental representatives were present :—

1. Mr. Justice K. M. A. Samdani, Secretary.
2. Ch. Hasan Nawaz, Deputy Secretary.
3. Mr. Nur Said, Deputy Registrar, Supreme Court.

12. This Division controlled the following grants :—

Sl. No.	Name of Grant.	Grant No.
1.	Ministry of Law and Parliamentary Affairs .. .. .	97 (Excluding Group head 'B')
2.	Supreme Court (Page 196—AA) .. .. .	—
3.	Other expenditure of Ministry of Law & Parliamentary Affairs ..	98

#### APPROPRIATION AND OTHER ACCOUNTS AND REPORT RELATING TO 1971-72

13. The Committee did not find anything material for discussion in these grants' appropriation.

#### COMPLIANCE ON THE PAC'S REPORT FOR 1968-69 & 1969-70

14. The Committee made no observation on the compliance furnished by the Division.

#### (b) Parliamentary Affairs Division (including Election Commission of Pakistan)

15. The next item on the Agenda was examination of grants controlled by the Parliamentary Affairs Division and the Election Commission of Pakistan.

16. The following accounts in respect of grants controlled by the Parliamentary Affairs Division, including Election Commission of Pakistan, were considered by the Committee :

- (1) Appropriation and other Accounts and Audit Report relating to 1971-72.
- (2) Report about compliance on *specific* as well as *general* recommendations|directives etc., contained in the PAC's report for 1968-69 and 1969-70.

17. The following departmental representatives were present :—

1. Mr. Justice K. M. A. Samdani, Secretary.
2. Mr. A. Z. Farooqui, Secretary, Election Commission.
3. Mr. Ejaz Alam, Deputy Secretary.

18. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Law and Parliamentary Affairs .. .. .	97 (Group head 'B' only)
2.	Election Commission (Page 195—AA) — — —	—

#### APPROPRIATION ACCOUNTS 1971-72

19. The Committee did not find any material point in the accounts of the Parliamentary Affairs Division and the Election Commission for any observation by them.

#### COMPLIANCE ON THE PAC'S REPORT FOR 1968-69 & 1969-70

20. The Committee made no observation on the compliance furnished by the Division.

#### DISCUSSION ON THE WORKING PAPER SUBMITTED BY THE FINANCE DIVISION AUDITOR GENERAL

21. The Committee, in its meeting held on the 4th October, 1978, had desired that one or more working papers on the points set out in para 143 (i) to (vii) of the proceedings of that meeting be prepared by the Finance Division Auditor-General and presented to the Committee at its next session fixed for the 18th November, 1978.

22. Accordingly, a joint Working Paper was presented to the Committee. The Auditor-General and the Secretary, Ministry of Finance and Economic Affairs, were present when the Working Paper was discussed.

23. The Committee termed the Working Paper as only a Summary of the recommendations made by various Committees, set up by the Government during the past thirty years. In their opinion, the paper did not put forward definite solutions for two of the most important and urgent problems, namely, liquidation of the back-log of Appropriation Accounts, etc., and improvements in the presentation of accounts. What was needed was an all-out effort to improve the method of collection of information for a timely compilation of the accounts. To achieve this end, ways and means must be found to reduce the quantum of work and *simplify* the presentation of accounts, so that accounts could be brought up-to-date.

24. One of the members put forward the following suggestions :—

- (1) In the case of Commercial Accounts, the printed accounts, audited by the private firms of Chartered Accountants under the Statute, and their reports should be suitably put together. Preparation of separate voluminous books in respect of such Accounts may not be required, as the requisite information was generally incorporated in their report by the Board of the Company.

- (2) If the printing of accounts involved delay, they should be cyclostyled and put together with the reports, printed|cyclostyled, as the case may be.
- (3) Preparation of a Brief by the Auditor-General, as is being done at present, may also not be essential. The Committee could base their examination on the statement of replies furnished by the Ministries| Divisions on the points brought out in the Federal accounts and the Audit Reports thereon.

During discussion, the following further points were also made :—

- (4) The volume of Finance Accounts should be reduced by eliminating the information therein like advances|loans which are old enough and not recoverable. For this purpose, a small team of representatives from the Finance Division and the Auditor-General should sit together and simplify the present format to make it more intelligible. If they were satisfied that it would be no use keeping any smaller amounts in the "Suspense account", etc., they should be authorised to write them off.
- (5) The Auditor-General should pick up major items of suspense e.g. over rupees one crore, which should be followed up by his office for clearance. This would, it was hoped, reduce the 'suspense' account by 60% to 70%. For this purpose there should be separate parties for suspense, etc. clearance in each office of the Accountants General.
- (6) In case of inter-office accounts between the Civil and Defence, it may be useful to establish a proforma defence account fund in the books of State Bank of Pakistan.
- (7) Exchange accounts, such as, telephone bills which are responsible for fairly large portion of the "Suspense" need to be dealt with specifically for an effective solution.
- (8) Normally, savings should not be accountable before the PAC unless they involve the amounts obtained through a supplementary grant. However, to keep control of the Legislature over the sanctioned grants, notable savings of large amounts should continue to be explained particularly, if they pertained to some specified scheme or project.
- (9) According to rules in force, savings in a grant should be surrendered as soon as these are foreseen without waiting for the close of the year. Despite these rules and the instructions issued by the Finance Division, the Ministries|Divisions continue to surrender the savings on the last day of June each year. The surrenders thus made could not be utilised elsewhere. Instead these tended to vitiate the appropriation accounts of the grants, portion of which were surrendered. As this arrangement did not serve any useful purpose, the operation of the sub-head "Surrenders and Withdrawals within the Grant" in the appropriation accounts should in future be discontinued. This would mean that re-appropriations would only be ordered within the sub-heads of the same authorised grant or charged appropriation and no amounts will be surrendered or transferred to sub-head "Surrenders or withdrawals within the Grant|Appropriation".

- (10) The existing system by which the budgetary allocations are made under the different circles of accounts, involves dilatory and difficult process of final classification of transactions. To overcome this difficulty the AGPR should have its sub-offices in provinces and federal treasuries be established at Provincial Headquarters (and later on at other big towns like Faisalabad, Multan, Hyderabad, etc., depending on the size of work). This arrangement would enable compilation of all payments and receipts of Federal Government to final budget heads, which would not be difficult to consolidate by the AGPR.

#### **Examination of Accounts of Autonomous Bodies**

- (11) A decision in the matter should be taken and implemented, as early as possible. With the nationalisation of Banks and Industries, the number of autonomous bodies has considerably increased. It will, therefore, be difficult for the Auditor-General to have the accounts of all the Autonomous Bodies examined by his staff every year. The best thing would be that the Ministry of Finance and the Auditor-General may select, between them every year, such bodies whose accounts should be audited during that particular year.
- (12) Further under section 145 of the Companies Act, Commercial Auditors are required to satisfy themselves only about the regularity of accounts|expenditure. It will be desirable that their Charter is modified so as to include therein an examination about the propriety of expenditure as well.
- (13) A Committee, consisting of the Finance Secretary, Auditor-General and Secretary of the Administrative Ministry should select Auditors for the autonomous bodies for each year. They should not be left to be selected by the companies at their Annual General meetings. Their remuneration may be increased if called for, and their audit reports should be submitted through the Auditor-General.
- (14) The Ministry of Finance and the Auditor-General may be vested with the authority to direct the Auditors of Corporations|Companies to carry out additional work, as may be considered necessary by them.
- (15) Appropriation Accounts, Reports etc., may be got printed in private presses, if unavoidable, for speeding up the finalisation of accounts.
- (16) Additional staff|funds required by Audit to pull up the arrears of Federal Accounts and Reports, as early as possible, should be provided by the Finance Division.

25. While desiring that the points made above during the discussion should be duly examined by the Ministry of Finance and the Auditor-General for further necessary action, the Committee requested the Auditor-General to furnish in January, 1979 for their consideration, a timetable for bringing the accounts of the Federal Government up-to-date.

26. The Committee then adjourned to meet again at 10 a.m. on the 27th January, 1979.

27TH JANUARY, 1979

**2nd Meeting**

27. The *Ad-hoc* Public Accounts Committee resumed the examination of the 1971-72 Federal Accounts at its meeting held at 10 a.m. on the 27th January, 1979 in the State Bank Building, Islamabad. The following were present :—

**Ad-hoc P.A.C :**

- |    |   |                  |
|----|---|------------------|
| 1. | Mr. A. G. N. Kazi, Governor, State Bank of Pakistan.                                | <i>Chairman.</i> |
| 2. | Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan .. .. . | <i>Member.</i>   |
| 3. | Mr. Yusuf Bhai Mian, Chartered Accountant ..  | <i>Member.</i>   |

**National Assembly Secretariat :**

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

**Audit :**

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A & R).
3. Syed Shaukat Hussain, Accountant-General, Pakistan Revenues.
4. Mr. S. Jamil-ur-Rehman, Deputy Director, Commercial Audit.

**Ministry of Finance**

Mr. Inam-ul-Haq, Joint Secretary.

**MINISTRY OF INTERIOR**

28. The first item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Ministry of Interior and Report of the Auditor-General thereon.

29. The following departmental representatives were present :—

1. Mr. M. Z. A. Temuri, Additional Secretary.
2. Mr. Abdul Hameed, Joint Secretary.
3. Col. Muhammad Nawaz, DIG, Frontier Corpse, NWFP.
4. Mr. Obaidur Rehman Khan, Additional Director-General, F.I.A.

## 30. This Ministry controlled the following grants :—

Sl. No.	Name of Grant.	Grant No.
1.	Civil Armed Forces .. .. .	35-A
2.	Home Affairs Division .. .. .	69
3.	Passport Organisation .. .. .	70
4.	Civil Defence .. .. .	71
5.	Other Expenditure of Home Affairs Division .. .. .	72
6.	Frontier Regions (Account I) .. .. .	76
7.	Development Expenditure of Ministry of Defence (Group head I) .. .. .	115
8.	Development Expenditure of 'States & Frontier Regions Division' .. .. .	129

## APPROPRIATION ACCOUNTS 1971-72

## GRANT NO. 35-A—CIVIL ARMED FORCES—MAJOR HEAD “29—POLICE”

31. “*A-Lump-sum Provision for West Pakistan Coast Guards*” (—) Rs. 49,61,271.—It was explained that the actual saving was Rs. 39,41,502 and not Rs. 49,61,271. The variation was due to the wrong posting of an expenditure of Rs. 10,19,769 under Grant No. 72. The saving of Rs. 39,41,502 was ascribed to non-adjustment of book debits during the year, which included Rs. 34,00,000 representing L/Cs established for purchases of Launches|Boats|Vehicles|Signal Equipment, imported from abroad. However, due to delay in the shipment, debits on this account could not be adjusted before the closing of accounts for the year.

32. The Committee desired to know as to how much of Rs. 49,61,271 related to these L/Cs, whether the amount was still lying under ‘suspense’ and was there any excess in the accounts for the following year? The departmental representative could not furnish the information readily, upon which the Committee desired that the position be checked up again and the requisite information furnished to the National Assembly Secretariat, for being brought to the notice of the Committee.

33. “*B-Lump-sum Provision for West Pakistan Rangers*” (—) Rs. 18,54,120.—In explaining the saving it was stated that the Government of Sind had incurred during the period 11th April, 1972 to 30th June, 1972, from the provincial exchequer an expenditure to the extent of the saving mentioned above. On the dismemberment of One-Unit and transfer of Pakistan Rangers from 11th April, 1972 to the Ministry of Defence, that Ministry allotted funds to the Government of Sind for the re-imbusement of actual expenditure from the provincial exchequer. The necessary adjustment was not carried out by the Accountant General, Sind, during the financial year, which resulted in the saving.

34. The Committee directed Audit to verify the departmental explanation and adjust the amount of Rs. 18.54 lac (roundly).

## MAJOR HEAD "34-FRONTIER REGIONS ACCOUNT-I".

35. "A-Frontier Constabulary and Militia" (+) Rs. 1,52,35,240.—The excess was due to misclassification of the expenditure relating to Grant No. 76 "Frontier Regions" under this group head. The position was accepted by the Committee.

36. "B-Buildings and Communications" (+) Rs. 3,74,573.—The departmental representative explained that the excess was due to *prorata* adjustment of "Departmental Charges" on the original works paid to P.W.D., which were not specifically provided for in the budget but had necessarily to be paid during the year.

37. The explanation of the departmental representative was not considered by the Committee to be satisfactory. They observed that a supplementary grant should have, in any case, been obtained in time to cover the under-provision in the budget, which should have been foreseen at the time of preparation of the estimates.

38. "C-Miscellaneous" (+) Rs. 16,64,276.—The excess was due to a misclassification of expenditure relating to Demand No. 76 "Frontier Regions". The position was accepted by the Committee.

39. Recoveries from other Government Departments etc. (—) Rs. 7,33,000.—It was explained that, out of the total budgetted recoveries under grant No. "35-A-CAP" (Rs. 7,33,000) and Grant No. 76 "Frontier Regions" (Rs. 29,80,000) the following pertained to the Ministry of Interior:—

(i) 5. Platoons of Gulkatch Reservoir Scheme .. .. .	84,535
(ii) 5. Platoons of Gomal Zam Project 3 .. .. .	1,47,928
(iii) 8. Platoons Warsak Dam Project .. .. .	2,78,698
(iv) Kalat Scouts .. .. .	21,58,966
Total .. .. .	26,70,127

40. Against a total budgetted recovery of Rs. 37,13,000, Rs. 1,07,545 only was recovered during the year. The balance saving of Rs. 10,42,873 pertained to the States and Frontier Regions Division. The Government of NWFP and Baluchistan were requested to convey their concurrence to the above amount. The Government of Baluchistan informed *vide* their No. SO (TA) 16 (13)71, dated 8th October, 1974, that the Comptroller, Baluchistan, did not confirm the adjustment of the recovery, in reduction of expenditure on Kalat Scouts. Moreover, the financial position of the Provincial Government was not such that they could make the payment.

41. The Committee observed that, in such circumstances, there was no alternative but to suggest that the amount be charged against the Federal Government. The departmental representative stated that they had already made a reference to the Ministry of Finance in 1976, but nothing had been heard from that Ministry despite repeated reminders. Thereupon, the Committee directed that the Ministries of Interior and Finance should look into the matter and expedite its final settlement.

GRANT NO. 69—HOME AFFAIRS DIVISION, AND GRANT NO. 71—CIVIL DEFENCE.

(Note 2 below each grant)

42. The Committee directed that Audit should satisfy themselves that the figures had been accepted after a proper reconciliation as stated by the Division

## GRANT No. 76—OTHER EXPENDITURE OF HOME AFFAIRS DIVISION

43. The Committee noted the excess of Rs. 43,146 under group-head "B-Buildings and Communications". The explanation of the departmental representative was that the excess was due to a *pro rata* adjustment of Departmental Charges on original works, paid to the P.W.D. The explanation was not considered to be satisfactory and the Committee was of the view that a supplementary grant should have been obtained to cover the excess.

44. *Grant No. 76, 72, 115 and 129 (Pages 148, 150, 226 and 243—AA).*—There was no material point for consideration in respect of these grants.

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45. *Irregular expenditure of Rs. 30.71 lac on the purchase of vehicles, involving loss of about Rs. 4 lakh (Para 4, page 24).*—The Committee directed the departmental representative to produce evidence (quotations, documents, etc.) to satisfy Audit that the department acted properly in paying higher prices.

46. *Unnecessary purchase of ration resulting in blocking up of Rs. 2,44,328 (Para 6, page 26).*—As the Audit accepted the examination put forward by the Division, the para was dropped.

47. *Irregular purchase of furniture costing Rs. 11,844 without open tender (Para 16, page 29).*—The Committee accepted departmental explanation that the payment had since been regularised by the Ministry of Finance.

## MINISTRY OF STATES, FRONTIER REGIONS AND KASHMIR AFFAIRS

## (a) States &amp; Frontier Regions Division

48. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the States and Frontier Regions Division and the Report of the Auditor-General thereon.

49. The following departmental representatives were present:—

1. Mr. A. M. Baber, Joint Secretary.
2. Mr. M. Ramizul Haque, Deputy Secretary.

50. This Division controlled the following grants:—

Sl. No.	Name of Grant.	Grant No.
1.	States & Frontier Regions Division .. .. .	75
2.	Frontier Regions (Account I) .. .. .	76
3.	Centrally Administered Tribal Areas .. .. .	77
4.	Privy Purses (Page 165—AA) .. .. .	—
5.	Other Expenditure of States & Frontier Regions Division .. .. .	78
6.	Development Expenditure of Centrally Administered Tribal Areas .. .. .	130
7.	Capital Outlay on Development of Tribal Areas .. .. .	131

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51. *Grants No. 75 and 76 (Pages 156—162-AA).*—There was no material point for consideration under these grants.

GRANT NO. 77—CENTRALLY ADMINISTERED TRIBAL AREAS (PAGE 163-AA.)

52. Under group-head "B—Works, Buildings and Communications", a saving of Rs. 6,35,104 was exhibited in the accounts whereas, according to the departmental representative, there was, in fact, an excess of Rs. 2,25,442 over the final Grant, which amongst others, included an expenditure on 'Inescapable works'.

53. The Committee desired that the department should explain the reason as to why supplementary grant to cover the excess was not obtained in time and directed the departmental representative, who could not furnish the details of "Inescapable works", to supply the same to Audit, for verification.

54. Under sub-head "C—Education", the Committee noted an excess of Rs. 7,73,353 and directed the departmental representative to explain as to why supplementary grant was not asked for in time and who was responsible for this omission.

55. *Secret Service Expenditure (Page 164—AA).*—The Auditor-General pointed out that annual certificate of checks in respect of Secret Service Expenditure had not been received and admitted in Audit. The departmental representative informed the Committee that these certificates were not issued by the administrative Ministry but by the Chief Secretary of the Provincial Government, who furnished them directly to Accountant General. The Committee directed the departmental representative that, in future, submission of these certificates to the Audit Office concerned should be ensured and it may be seen whether these certificates were being obtained from the Chief Secretary at the prescribed regularity.

56. *Major Head "54—Privy Purses" (Page 165-AA).*—The saving of Rs. 2,10,000, shown in the Appropriation Accounts, was not acceptable to the departmental representative, who claimed that these were fixed charges as follows:—

	Rs.
1. Punjab Circle .. .. .	16,00,000
2. Sind Circle .. .. .	10,00,000
3. Baluchistan Circle .. .. .	11,00,000
Total:	37,00,000

The question of saving in this case, therefore, did not arise. Apparently, this seemed to be a case of misclassification of expenditure and the amount should be lying unadjusted under some 'suspense' head of account.

57. The Committee desired Audit to look into this explanation and have the misclassification reversed.

58. There was no material point for consideration in the remaining grants controlled by this Division.

(b) **Kashmir Affairs & Northern Affairs Division**

59. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Kashmir Affairs and Northern Affairs Division and the Report of the Auditor-General thereon.

60. The following departmental representatives were present:—

1. Mr. A. M. Chohan, Additional Secretary.
2. Mr. Muhammad Shafiq, Joint Secretary.

61. This Division controlled the following grants:—

Sl. No.	Name of Grant.	Grant No.
1.	Rehabilitation of Displaced persons and protection of evacuee property (Group Heads 'C' & 'E')	9
2.	Kashmir Affairs Division	73
3.	Other expenditure of Kashmir Affairs Division	74
4.	Frontier Regions (Account II)	76
5.	Capital Outlay on purchases by Kashmir Affairs Division	79
6.	Capital Outlay on Rehabilitation of Displaced Persons from Kashmir	197
7.	Development Expenditure of Kashmir Affairs Division	128

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62. *Incurrence of an expenditure of Rs. 4.86 lac on development schemes, without proper planning, resulting in a shortfall of more than Rs. 73,000 in the scheduled income (Para 28, pages 34-35 Audit Report).*—The Auditor-General pointed out that a sum of Rs. 4.86 lac was spent on development schemes relating to (a) Seed Production and Multiplication Farm, (b) Agriculture Extension Service, (c) Development of Fisheries, and (d) Development of Horticulture. However, the schemes were neither completed nor the anticipated results achieved. The entire expenditure thus became infructuous.

63. The departmental representative explained that the main Scheme, which had been implemented in part, consisted of several smaller promotion schemes and the results had not been very encouraging. He admitted that they had been taken up in a hurry and there was also faulty execution and planning. They were now trying to rectify the past errors. He, however, claimed that, as a result of these scheme, there had been some improvement in the Northern Areas.

64. He further stated that, in the other Northern Areas, there was previously political administration which had since changed. New Schemes were now being approved under the supervision of Martial Law authorities and the Resident Commissioner and better results are expected. Earlier, the funds had not been utilised as judiciously as they should have been.

65. The Committee after hearing the departmental representative, made no observation.

66 *Irregular expenditure of Rs. 2,73,719 on the execution of works (Para 29, page 35—Audit Report).*—The Auditor-General pointed out that, during the local audit of accounts of the office of an Assistant Political Agent in October, 1969, it was observed that expenditure, aggregating Rs. 2,73,719, was incurred, between July, 1966 and September 1969, on the execution of various works departmentally, but neither proper detailed estimates of works were prepared nor contract was executed with any contractor. Besides, no documents, such as Measurement Book, Muster Rolls, etc., required to be maintained for such works, seemed to have been kept. In the absence of relevant records, it could not be verified whether the expenditure in question was incurred in the best interests of the State and the works executed according to requirements and specifications.

67. The departmental representative explained that the case for according sanction to regularise the expenditure was under process. In reply to a query by the Committee whether disciplinary action was not called for against the persons concerned, the departmental representative replied that, in principle, disciplinary action should have been taken but, in view of the prevailing conditions in those areas at the time, it may be a fruitless exercise. A member of the Committee observed that the expenditure was incurred without estimates and contract, which meant that somebody had spent it without following the rules. The departmental representative explained that, during those days, there was no proper administrative set-up in the Northern Areas. Holding of inquiries into this matter will be a wholetime job, which is most likely to be non-productive, ultimately.

68. After hearing the departmental representative, the Committee observed that, if the person at fault was still in service, something (at least warning) should come on his service record.

69. *Loss of Rs. 2.48 lac due to improper planning of development scheme (Para 30, pages 35-36—Audit Report).*—The Auditor-General pointed out that a scheme, known as "Common Facility Centre for Small Tannery" was approved at a cost of Rs. 3.36 lac for making use of available raw materials (i.e. hides and skins) in Gilgit Agency and for establishing a small industry, which could cater to the needs of that area. The building was completed during 1964-65, at an estimated cost of Rs. 1.55 lac. However, machinery could not be installed till 1970 and, subsequently, the scheme was abandoned. Starting a scheme and then abandoning it showed that proper planning for the scheme was not done before undertaking its execution.

70. The departmental representative explained that the scheme was prepared by the Chief Planning Officer, Kashmir Affairs and Northern Affairs Division, in consultation with experts. However, machinery could not be obtained soon after the completion of the building owing to a controversy with the Department of Investment Promotion and Supplies over the price of the plant. Under the changed conditions, the scheme was re-examined in 1969-70 and, after discussion with the Development Board, it was decided to drop the scheme. In reply to a query, the departmental representative further stated that schemes up to Rs. 25 lac were sanctionable by the local administration.

71. After hearing the departmental representative, the Chairman observed that the Resident should be asked to be more careful in sanctioning such schemes.

72. *Loss of Rs. 45,902 due to unauthorised credit allowed to unknown persons and without obtaining proper receipts (Para 32, page 36—Audit Report).*—The Auditor-General had pointed out that, in an Industrial Supply Department under the over-all control of a Political Agent, raw material was sold on credit to the extent of Rs. 45,902 during 1971-72 but neither the prices for credit sales were fixed nor the credit arrangements had the approval of any authority.

73. The departmental representative explained that this irregularity had been committed by an Assistant Director, Industries, who was tried in a court of Law. He also went to jail for it. The officer had since retired, and it had been confirmed by the local administration that he did not possess any property. The amount has, therefore, been written off.

74. After hearing the departmental representative, the Committee made no observation.

75. *Irregular advance payment of Rs. 44,350 to a dealer and abnormal delay in making recovery of Rs. 11,214 still lying with him (Para 33, pages 36-37—Audit Report).*—The Auditor-General pointed out that, in an office of the Agriculture Department, an amount of Rs. 44,350 was drawn from the treasury in June, 1968 on account of cost of fertilizer and advanced to a dealer for supplying 1,734 bags of Urea-50. The dealer supplied only 1,102 bags of Urea-50 valuing Rs. 27,550. Later, the dealer after being pressed by the Department, supplied 588 bags of inferior quality fertilizer, i.e. super-phosphate valuing Rs. 5,586. The balance of Rs. 11,214 was still lying with the dealer in spite of a lapse of four years.

76. The departmental representative explained that the matter had already been referred to the Deputy Commissioner, Peshawar, whose reaction was still awaited.

77. The Committee directed the departmental representative to expedite the matter.

78. *Purchase of raw material costing Rs. 39,415 without sanction and without adopting open tender system (Para 34, page 37—Audit Report).*—The Auditor-General pointed out that this para was linked with para 32 of the Audit Report. In an office of a Political Agent, a sum of Rs. 39,415 was drawn from the treasury in November, 1970 for purchasing raw material for an industrial supply depot, but sanction of the competent authority for incurring the expenditure was not obtained nor were open tenders invited, as required. The amount was paid to the Assistant Director, Incharge of the Depot, who went to Lahore, without the permission of the competent authority, and made on-the-spot purchase on the basis of three quotations obtained locally by hand, which too did not bear any signatures of the representatives of the firm. Thus, the purchases, apart from being irregular, involved an extra expenditure of Rs. 773 on the T.A. of the Assistant Director.

79. The departmental representative explained that this irregularity was committed by an Assistant Director, Industry, who was tried in a court of

Law. The case for a write off of the amount and condonation of the irregularity was still under process.

80. After hearing the departmental representative, the Committee made no observation.

81. *Transit shortage of commodities (Para 35, pages 37-38—Audit Report).*—The Auditor-General pointed out that consignments of wheat, weighing about 1,528 maunds, were found short at destination in 1972. The loss thus sustained was required to be investigated into and made good by recovery from the contractor at penal rates, which worked out to Rs. 38,971.

82. The departmental representative explained that, out of a loss of 1,528 maunds of wheat valuing Rs. 38,971, Rs. 15,099 had already been recovered from the contractor. This had been verified by Audit. As regards the balance of Rs. 23,872, the case was said to be at present, in the court of Arbitrator and being pursued vigorously.

83. After hearing the departmental representative, the Committee desired the Audit to keep watch over the recovery of the remaining balance.

84. *Transit shortages of imported wheat and sugar weighing 29,870 and 1,203 maunds respectively (Para 36, page 38—Audit Report).*—The shortages mentioned above were pointed out to the Department by Audit in August, 1969, February, 1974, August, 1975 and April, 1976 but no action seemed to have been taken in the matter.

85. The departmental representative stated that the transit shortages in question occurred on account of non-standardisation of weight, loose stitching and use of poor quality Bardana at the Karachi Port. The shortages were to be got regularised by the competent authority, as Ministry of Food and Agriculture, Karachi was not arranging for compensation. The civil supply work, meant for Azad Kashmir, along with the dealing staff was transferred to the Azad Jammu and Kashmir Government with effect from 1st July, 1976 and dealing staff had left the Directorate without finalizing old cases and handing over the relevant records. However, a meeting is being arranged with them and the matter is expected to be sorted out within six months.

86. The Committee desired the Audit to keep pursuing the matter until it is finalised and to report back the case to the Committee, if necessary.

87. *Missing amount of Rs. 18,296 representing collection of fines and donations (Para 37, pages 38-39—Audit Report).*—The Auditor-General pointed out that, in an office of a Political Agent, a sum of Rs. 10,250 was received from the Commandant, Scouts in June, 1970 on account of collection of fines. This amount could not be accounted for in the Cash Book.

88. The departmental representative explained that the Inquiry officer appointed by the Deputy Commissioner, Gilgit had reported that there was no discrepancy in the accounts and the amount in question had been utilized in full. Only the non-completion of cash book had created this confusion.

89. The Committee directed the Audit to verify the position, carry out a check when the cash book was completed and then report back to the Committee.

90. *Abnormal delay in effecting recoveries aggregating to Rs. 17,630 (Para 38, page 39—Audit Report).*—After hearing the departmental explanation, the Committee made no observation.

91. *Embezzlement of Rs. 15,995 representing cost of fertilizer (Para 39, pages 39-40—Audit Report).*—In an office of the Agriculture Department, a sum of Rs. 15,995 was drawn from the Treasury (Rs. 9,020 in June, 1967 and Rs. 6,975 in June, 1968) as cost and transportation charges of fertilizer. During local audit, it was noticed that, whereas the cost of fertilizer was shown to have been paid to the Additional Deputy Commissioner, no expenditure appeared in the accounts on account of its transportation. This led to suspicion whether the fertilizer had been at all purchased.

92. At the instance of Audit, the matter was investigated by the Department when it transpired that the fertilizer had not been actually purchased and the amount in question had been mis-appropriated by the deceased Officer-Incharge.

93. The department was asked in June, 1972 to take action for the recovery of the loss and fixing responsibility. A case is reported to have been referred to the Anti-corruption Department in June, 1972 for investigation.

94. The departmental representative stated that the Store Keeper, Mr. Afayat Khan, and the Cashier, Mr. Mansoor Khan, were co-accused in this case. They were alleged to have made fictitious entries in the Stock Register and Cash Book. Accordingly, the Deputy Commissioner, Gilgit was requested to proceed against them under the rules and to have the embezzled amount recovered. The Deputy Commissioner, Gilgit had not yet responded to the request.

95. The departmental representative further stated that the relationship of Northern Areas *vis-a-vis* the Federal Government had been vague in the past and the role of the Federal Government used to be confined to doling out money and not overseeing the expenditure. It is only a few years back that a regular administration was set up in these Areas.

96. Though greatly dissatisfied with the position, the Committee felt that there was nothing that could be done in this matter at this stage.

97. *Godown shortage for 409-21-0 maunds of wheat, involving loss of Rs. 7,478 (Para 41, page 40—Audit Report).*—The departmental representative stated that a sum of Rs. 1,982 had, so far, been recovered and the remaining amount was under process of recovery by the Director, Food (A. K.).

98. The Committee desired the Audit to keep watch over the recovery of the balance amount.

99. *Loss of Rs. 6,113 in auction at reduced rates (Para 42, pages 40-41—Audit Report).*—The Committee made no observation since the loss had been regularised.

100. *Mis-appropriation loss of foodgrains (Paras 43-44, page 41—Audit Report).*—The Committee noted that these were matters for settlement between the Audit and the departments concerned. A joint exercise should, therefore, be carried out by them.

101. The departmental representative made out that, in the Northern Areas, conditions were different from those in the plains. As such, if Audit would agree, a Committee consisting of an official from the department and

one from Audit could be set up to examine all the pending paras, otherwise some cases may linger on for long without much result. In many cases, regularisations has to be done by the Ministry. The Auditor-General suggested that the Ministry should nominate an officer for the purpose and there should be a departmental representative also. They may then examine the audit report and take further action, as required. Audit would be glad to advise whenever so requested for.

102. The Committee agreed to this proposal.

#### APPROPRIATION ACCOUNTS 1971-72

103. *Grants No. 9, 73, 74 and 76.*—There was no material point for consideration under these grants.

104. *Grant No. 79—Capital Outlay on Purchases by Kashmir Affairs Division.*—The Committee observed that the form in which accounts had been presented was not easily intelligible and did not reflect the correct position either on the opening or closing date of the year. It directed the departmental representative to furnish to the National Assembly Secretariat by 31st March, 1979 revised statements for the period from 1st July, 1977 onwards, quantity-wise and value-wise, furnishing the following information :—

- “(a) O.B. of the stock as on 1st July, 1977 ;
- (b) stocks purchased during the year ;
- (c) closing balance as on 30th June, 1978, quantity as well as value-wise ; and
- (d) designation of the authority, which carried out the actual physical verification of the stocks as on 30th June, 1978.”

105. *Grants No. 107 and 128.*—There was no material point for consideration in respect of these grants.

#### MINISTRY OF SCIENCE AND TECHNOLOGY

106. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Ministry of Science and Technology and the Report of the Auditor-General thereon.

107. The following departmental representatives were present :—

1. Mr. Hasan Nawab, Joint Secretary.
2. Mr. Basit Hasan, Deputy Secretary.

108. This Ministry controlled the following grants :—

Sl. No.	Name of Grant.	Grant No.
1.	Zoological Survey Department .. .. .	3
2.	Scientific & Technological Research Division .. .. .	41
3.	Other Expenditure of Scientific & Technological Research Division .. .. .	42
4.	Capital Outlay on Scientific and Technological Research .. .. .	120
5.	Development Expenditure of Natural Resources Division (Group-head 'C') .. .. .	133
6.	Medical Services (Group-head 'C') .. .. .	63
7.	Civil Works (Group-head 'F') .. .. .	8

APPROPRIATION ACCOUNTS 1971-72

109. *Grants No. 3, 41 and 42.*—There was no material point for consideration under these grants.

110. *Grant No. 120 (Page 233-AA).*—The Committee noted an excess of Rs. 10,34,590 under group-head "A-Grants-in-Aid to Pakistan Council of Scientific and Industrial Research". The Auditor-General explained that this was due to misclassification. The Committee made no further observation in this behalf.

111. *Grants No. 133, 63 and 8.*—The Committee noted that there were savings in almost all the cases. The departmental representative explained that the savings were due to the fact that a number of posts of a technical nature remained vacant because, for a variety of fields, it was found difficult to find suitable candidates.

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*The Committee adjourned to meet again at 3 p.m.*

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**MINISTRY OF PRODUCTION**

112. The Committee resumed its sitting at 3.00 p.m. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Production and the Report of the Auditor-General thereon.

113. The following departmental representatives were present:—

1. Mr. Abdul Majid Mufti, Secretary.
2. Mr. Feroze S. Pasha, Section Officer.

114. This Ministry controlled the following grants:—

Sl. No.	Name of Grant.	Grant No.
1.	Capital Outlay on Steel Mills Corporation .. .. .	134
2.	Capital Outlay on Medical Stores (Other than charged) .. .. .	68

APPROPRIATION ACCOUNTS 1971-72

115. *Grant No. 134.*—There was no material point for consideration in regard to this grant.

116. *Grant No. 68—Capital Outlay on Medical Stores.*—The Committee noted that there was no recovery during the year against the sale proceeds of DDT. The departmental representative admitted this fact, but said that the

recovery of Rs. 26.96 lakhs, mentioned in the reply, had actually been made during the subsequent years.

117. Replaying to a question as to why was there so much short-fall in prices *vis-a-vis* the cost, as there was no free market and when the DDT factory was supposed to be running on "No Profit—No Loss" basis, the departmental representative explained that, during the year, they received orders for 230 tons only as against a capacity of 600 tons. On further enquiry whether the Ministry concerned was requested to put in more demand, the departmental representative stated that they did ask for it, but no demand was placed. He further stated that one of the reasons for the shortfall was that DDT as an insecticide was ceasing to be very effective. Thereupon, the Committee enquired whether they were in the circumstances, still going to run the factory and incur losses every year. The departmental representative said that this issue was proposed to be discussed with the Secretary, Ministry of Health shortly to see as to what was their advice and how could adjustments be made under the changed conditions. He mentioned that, according to the information collected by them, DDT was still being used in certain countries, *viz.*, India, Indonesia, Africa, etc., but they had got no orders for its supply from any foreign country so far.

118. After hearing the departmental representative, the Committee observed that this matter should be sorted out with the Ministry and the Health Division, at the earliest possible. It should also be examined as to how could the viability of the existing plant be increased and its capacity more profitably utilised.

## COMMERCIAL ACCOUNTS

### GYPSUM AND LIME STORE QUARRIES, DAUDKHEL

119. *Loss of Rs. 41,329 due to short receipt of spare parts and payment of demurrage charges (Para 34, page 23—CA).*—Audit has pointed out that, in August 1968, a Corporation placed an order on a foreign firm for the supply of spare parts of shovel engine for one of its projects. The vessel, carrying these stores, arrived at the sea port in February, 1969, but the consignment was cleared in May, 1970. Demurrage charges of Rs. 4,436 were, therefore, incurred due to delay in clearing the consignment. The material reached the project in June, 1970 where it was examined and it was found that 51 items, valuing Rs. 36,893, were short.

120. The departmental representative explained that the consignment was held up at Karachi Port for about one year, for meeting certain Customs objections with regard to some tariff classification in the import licence. The spare parts were checked by the project on receipt and necessary documents for shortages were prepared and sent to the Head Office for further action. It was found that, as premium for the insurance of the consignment would have been disproportionately high the same was not insured.

121. The Committee observed that such matters should be sorted out with the Customs promptly, so that such incidents do not recur in the future. Thereupon, the departmental representative informed the Committee that they were now paying the Customs duty under protest.

122. It was further stated that the WPIDC had, in the meantime, been bifurcated into several Corporations. With the lapse of time, it seemed no

longer possible to fix responsibility, as the relevant records were not traceable and the persons concerned were also no more in the service of PIDC.

123. *Infructuous expenditure amounting to Rs. 7,24,480 and blocking of funds amounting to Rs. 4,20,000 (Para 31, page 21—CA).*—After hearing the departmental representative, a Member of the Committee enquired what happened to the drawings for the PIDC Office in Lahore. The departmental representative thought that these were given to WAPDA. The Member asked him to find out where those drawings were.

#### WPIDC HEAD OFFICE

124. *Paras 487-488, page 375—CA.*—The Committee noted from the departmental explanation that the PIDC were paying much interest on development loan. The departmental representative stated that West Pakistan Government was not charging interest on Foreign Aid but since 1st July, 1970 the control of WPIDC was reverted to Federal Government and they charged interest on Foreign Aid. The Committee directed the departmental representative to study the whole situation and report back specific items requiring improvement in the affairs of the Head Office of the Corporation.

125. *Balance due to Government not reconciled (Para 489, page 375—CA).*—The Committee desired the departmental representative to carry out necessary reconciliation at an early date and finalise the matter.

126. *Sundry Debtors (Para 492, page 375—CA).*—The Committee was not satisfied with the position stated in the reply and desired the departmental representative to give a list of sundry debtors as on the 30th June, 1978 indicating against each name the latest position of balances outstanding on the above date.

#### QUAIDABAD WOOLLEN MILLS, LTD.

127. *Sundry Debtors (unsecured) (Para 508, page 398 CA).*—The yearwise analysis of sundry debtors (unsecured) amounting to Rs. 21,04,551 as on 30th June, 1972, given by the department did not appear to be correct. The Audit was, therefore, requested to verify the position.

128. *Institute of Management (Para 520, page 417—CA).*—The Committee appreciated the financial difficulties, which such institutions have to face, and agreed with the departmental representative that their genuine need should be catered for the Government.

129. *PIDC Timber Seasoning Project, Piranwala (Para 525, page 423—CA).*—The departmental representative confirmed, that in view of the heavy losses that the Project had to incur in the past, it had since been wound up.

130. *Teipur Textile Mills, Tando Mohammad Khan (Para 535, page 435—CA).* The departmental representative stated that the Mill had been closed for the last one year and constantly incurring losses. About 150 labour are still on the rolls. A loan of Rs. 30 lakh was secured from the National Bank of Pakistan which has, by now, risen to Rs. 43 lakh, as interest could not be paid to the Bank.

131. In reply to a further query by the Committee, the representative stated that the Mills has 10,000 spindles, to obviate labour trouble, they had been advised to continue payment of salary etc. to the workers. The Mills has, however, not so far gone into liquidation.

132. The Committee desired that the Taipur Textile Mills, not being a sound project, should be considered to be liquidated at the earliest possible, so that further losses may be avoided.

133. *Blocking of funds of Rs. 29,550 due to purchase of improper saw machine (Para 35, page 24—CA).*—The objection related to Timber Preservation and Treatment Project, Havelian. The departmental representative said that, due to poor market response for the kiln seasoned wood, the project was closed down in August, 1970 and later sold out by the Heavy Foundry and Forge Project, Taxila to the Small Industries Development Board, Government of NWFP on 19th September, 1974.

134. *WPIDC Dhariala Potash Fertilizer Project, (Para 555 and 556, page 458—CA).*—The Dhariala Potash Project, Phase I, was approved in June, 1966. An expenditure of Rs. 112.20 lac had been incurred on it upto 30th June, 1972. Rs. 25 lakh was sanctioned by the Government, against which actual releases amounted to Rs. 7.50 lac. The remaining funds were arranged by the WPIDC. Later, the scheme appeared to be uneconomical and operational activities on it were suspended from March, 1971.

135. The Committee desired to know whether there was any thinking about the revival of the Project.

136. The Committee further directed the departmental representative that all projects under his charge must be evaluated afresh, one by one, and the ones that had become unproductive or appeared to be unsound or unprofitable should be wound up promptly. The question of conversion of 'loans' into 'grants' in all such cases should also be given due consideration.

137. *WPIDC Forest Operation Project, Hyderabad (para 570, page 471—CA).*—The Committee noted with surprise that although an accumulated shortage of Rs. 13.28 lac in the closing stocks as on 30th June, 1972 was noticed, nothing material could come out so far to make up the same. In fact, the entire affairs should have been settled by now and what was not recoverable, written off.

138. The departmental representative stated that necessary action had already been initiated. The proposal for a write off is also under reference to the Ministry of Finance. The Committee, however, desired a fuller report, indicating the latest position of the case.

139. *Loss of Rs. 16,600 in the sale of firewood (Para 38, page 25—CA).*—After hearing the departmental representative, the Committee made no observation on this para.

140. *WPIDC General Refractories Ltd., Landhi (Para 575, page 480—CA).*—Explaining the position of the project, the departmental representative admitted that losses had risen to Rs. 35 lac upto 1976. He, however, assured the Committee that, by diversifying the product, addition of more technical people on the staff and aggressive marketing, they hoped to achieve better results.

141. The Committee was not satisfied with the above explanation and desired that the working of the project should be gone into closely to decide whether project should be continued or wound up.

#### MAPLE LEAF CEMENT FACTORY

142. (i) *Excessive purchases of stores and spares worth Rs. 40,21,062 (Para 29, page 20—CA); and (ii) Avoidable payment of penal duty amounting to Rs. 15,200 (Para 39, page 25—CA).*—After hearing the departmental representative, the Committee made no observation on these paras.

#### PAK AMERICAN FERTILIZERS LTD., DAUDKHAIL

143. *Payment of demurrage charges—Rs. 18,003 (Para 36 page 24—CA).*—After hearing the departmental representative, the Committee made no observations on this para.

#### NATURAL GAS FERTILISER FACTORY MULTAN

(i) *Payment of demurrage charges amounting to Rs. 10,780 (Para 30, page 21—CA),*

(ii) *Anticipated loss of Rs. 17,050 due to purchase of defective material (Para 37, page 24—CA); and*

(iii) *Shortage of Stores—Rs. 53,959 (Para 40, page 26—CA).*

144. The Committee directed the departmental representative to look into the above matters and furnish their replies.

145. *Unnecessary accumulation of surplus stores worth Rs. 10,33,848 (Para 32, page 22—CA).*—After hearing the departmental representative, the Committee made no observation on this para.

146. *Loss of Rs. 6,53,775 due to damaging of jute bags (Para 33, page 23—CA).*—After hearing the departmental representative, the Chairman of the Committee pointed out that PIDC should look into the case as the Ministry was the same. The departmental representative conceded to look into it.

#### FEDERAL CHEMICAL AND CERAMICS CORPORATION LTD.

#### ANTIBIOTICS (PRIVATE) LTD. ISKANDARABAD

147. *Balance Sheet (Para 681, page 582 CA).*—On enquiry by the Committee about the level of losses being presently sustained by the Corporation, the departmental representative stated that they had incurred a loss of about Rs. 1 crore.

148. Expressing their concern over the fact that the equity was being consumed by recurring losses, the Committee desired that the Ministry should evolve a long-term policy for retrieving the situation. The departmental representative stated that they had been asking for an increase of 10 to 20 paise per vial, which would still have kept the price lower than in India, but this had not yet been agreed to by the Health Division.

149. The Committee thereupon, desired that the pricing policy for the product should be reviewed and the price thereof rationalised.

150. *Scheme for Heavy Electrical Complex, Texila (Paras 688—690, pages 596—598—CA).*—The Committee observed that the figure of Rs. 109.01 million as infructuous expenditure mentioned in the reply, may be got verified by Audit.

151. From the reply of the departmental representative it transpired that, though the project was said to have been abandoned in 1977, it had not been, in fact, yet fully abandoned. The Committee were of the view that, in the circumstances it should be more advisable to disposed of the land.

152. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation and Commercial Accounts or the Audit Report. These will be deemed settled, subject to such regularising action as necessary under the rules.

153. The Committee then adjourned to meet again on the 28th January, 1979.

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28TH JANUARY, 1979

**3rd Meeting**

154. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.30 a.m. The following were present :—

**Ad-hoc P.A.C.**

1. Mr. A. G. N. Kazi, Governor, State Bank of Pakistan. *Chairman.*
2. Mr. Musarrat Hussain Zuberi, former Secretary to the Government of Pakistan. *Member.*
3. Mr. Yusuf Bhai Mian, Chartered Accountant. *Member.*

**National Assembly Secretariat :**

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

**Audit :**

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A & R).
3. Syed Shaukat Hussain, Accountant-General, Pakistan Revenues.
4. Mr. S. Jamil-ur-Rehman, Deputy Director, Commercial Audit.

**Ministry of Finance :**

Mr. Inam-ul-Haq, Joint Secretary.

**MINISTRY OF PETROLEUM AND NATURAL RESOURCES**

155. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Petroleum and Natural Resources and the Report of the Auditor-General thereon.

156. The following departmental representatives were present :—

1. Mr. M. Masihuddin, Additional Secretary.
2. Ch. Zia-ul-Qayyum, Deputy Secretary.

157. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Geological Survey .. .. .	86
2.	Other expenditure of Natural Resources Division .. .. .	87
3.	Capital Outlay on Mineral Development .. .. .	135
4.	Capital Outlay on Fuel & Power .. .. .	138

158. *Accounts of Oil and Gas Development Corporation.*—Before an examination of the accounts began, a member of the Committee pointed out that the Committee was expecting to receive the audited accounts for 1974-75 and 1975-76 and un-audited accounts for 1976-77 in respect of the Oil and Gas Development Corporation during/before this sitting, but the same had not been received.

159. The departmental representative stated that the accounts for 1975-76 had been audited and furnished to Audit and the Accounts for 1976-77 will be completed by mid-April, 1979.

(Note.—Copies of the above accounts were made available to the members).

#### AUDIT REPORT 1971-72

160. *Expenditure incurred in excess of Grants Appropriation (Para 3, Page 6—Audit Report).*—It was pointed out by Audit that a sum of Rs. 41,00,544 was incurred in excess of the Grant.

161. The departmental representative explained the excess being due to wrong booking of expenditure by the Audit Office against sub-head “A-3” account of POL, instead of booking the same against sub-head “B-OGDC”.

162. The para was dropped, subject to verification by Audit.

#### APPROPRIATION ACCOUNTS 1971-72

163. *Grants No. 86, 87 and 135.*—There was no material point for consideration by the Committee in regard to these grants.

164. *Grant No. 138.*—Against this Grant under Major head “89-Central Miscellaneous Investments-A-Investment in Oil Companies”, there was an excess of Rs. 62,54,335. According to the details furnished by the Ministry, there was no excess under this sub-head. The excess happened mainly due to misclassification of expenditure under this group head instead of group head “B-OGDC”. The Committee desired the Audit to verify the factual position.

## COMMERCIAL ACCOUNTS 1971-72

**Indus Gas Company**

165. *Collection from Consumers (Para 835, Page 729—CA).*—It was pointed out that Rs. 2,89,798 and Rs. 2,54,282, represented the collection from consumers, which had not yet been matched with the individual outstanding debts.

166. The departmental representative stated that the collection account was a clearance account and the amount realised from consumers was being continuously adjusted against the relevant bills. The balance, at the end of the year used to be cleared in normal routine in the subsequent year.

167. The Committee did not appreciate the maintenance of dual account, as explained by the representative and desired that the accounting procedure should be simplified and the amount realised from customers should be directly credited to their account, without being first posted in a clearance account and then adjustment being resorted to later.

168. *Coal Briquetting Plant, Quetta (Para 701—CA).*—According to the working results of the plant, there was a decrease of 6,415 tons in production and 6,412 tons in sales, as compared to 1970-71. The plant thereby suffered a net loss of Rs. 1,09,019 during the year. Explaining the reasons for this set-back, it was stated that the entire production from the plant was meant to meet the requirements of Defence, with whom there was a fixed price contract. Although there had been a rise in the cost of production, there had been no corresponding increase in the selling price. No doubt, a fresh contract for 1971-72 had been executed, but the Director, Defence Purchase, did not agree to revise the price despite the department's insistence.

169. The Committee appreciated that the department had no other customer and, therefore, they had no option but to continue the supplies at the old rates.

170. *PMDC Collieries Sharigh (Paras 692-693—CA).*—The Audit, after reviewing the position, had concluded that the working results of the project had been deteriorating, year after year, and immediate corrective measures were required to arrest the losses and make the project self-sustaining.

171. In reply, the departmental representative stated that corrective measures had since been taken by installing a plant for the manufacture of coke, which will wash out the ash element and make the coal fit for use in coke manufacture. It was expected that losses will ultimately be converted into profit. On a query by the Chairman whether it was a false hope, the departmental representative asserted that it was not so.

172. *Physical verification of Coal (Para 695—CA).*—Audit pointed out that a physical verification of coal carried out on 30th June, 1972 had revealed a shortage of about 3,499 tons at the Depot, amounting to Rs. 3,73,707 @ Rs. 106.80 per ton. The shortages had neither been investigated nor recorded in the accounts for the year 1971-72.

173. In reply it was explained that these figures did not tally with the departmental figures. However, they were being scrutinized and a reply would be furnished in due course.

174. The Committee directed the departmental representative to send the report to Audit, if the same may have been finalised. Thereafter, the Audit should verify the position.

175. *PMDC Collieries SOR Range (Quetta) (Paras 705-14—CA).*—The Committee noted that there was a loss of more than Rs. 30 lacs during the year under review. Reasons for the loss were almost the same which were submitted before the Committee during the examination of accounts for 1970-71. The Committee observed that, in the circumstances, nothing much can be done about these losses. The departmental representative stated that a Committee had been appointed to look into these losses.

176. *Makerwal Collieries Limited (Paras 732—736—CA).*—According to the information furnished by the departmental representative, the Collieries had shown a net profit of Rs. 1,28,46,664 in 1976-77. To assess whether this profit was due to price inflation or increase in production, the Committee directed the departmental representative to furnish the accounts for 1976-77 to Audit for verification and submission of a report to the Committee.

177. *PIDC Salt Mines and Quarries (Paras 756—764—CA).*—The financial review of the Quarries revealed a net loss of Rs. 28,946 in 1968-69 as against a net loss of Rs. 5,47,083 in the previous year. However, the departmental representative informed the Committee that, since 1975-76, when prices were revised, the salt mines had started earning profits as much as in that very year there was a net profit of Rs. 29,70,994, which increased to Rs. 59,25,647 in 1977-78. Production and sales had also registered increases touching during 1977-78, 1,17,95,330 maunds, valued at Rs. 3,70,54,500.

178. On enquiry by the Committee about the position of accounts, the representative stated that the accounts up to 1977-78 were ready. Chairman directed the departmental representative to send copies of these accounts to the National Assembly Secretariat.

179. *Investment in East Pakistan (Para 318—CA).*—On enquiry by the Committee, the departmental representative state that the current assets in erstwhile East Pakistan amounted to Rs. 1,51,10,878. Government had not yet issued any directive as how should the above assets be treated in the future years' accounts.

180. The Committee desired the representative of Finance Division to look into the matter.

181. *Balance Sheet (Para 320—CA).*—A "Deferred Revenue Expenditure" of Rs. 27,24,23,170 was shown in the balance sheet, as on 30th June, 1970. A member of the Committee desired to know, in the first instance, as to how much of the above expenditure was abortive and how much could be called "deferred expenditure".

182. The departmental representative explained that, according to prevailing practice, the entire pre-discovery expenditure is ultimately written off. The Committee expressed the view that, in cases where a pre-discovery expenditure resulted in the discovery of oil-wells, such expenditure is recovered by adding it to the cost of the project. Such an expenditure could rightly be termed as "Deferred Revenue Expenditure". Where, however, an exploration did not borne out, to be

fruitful, the entire expenditure on it was lost and should correctly be classified as 'abortive' expenditure and written off, to avoid its carry-over in the future accounts. There was no sense in showing a lost expenditure as Deferred Revenue Expenditure in the balance sheet.

183. The departmental representative assured the Committee that its above directive will be duly followed.

### MINISTRY OF HOUSING AND WORKS

#### (a) Works Division

184. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Works Division and the Report of the Auditor-General thereon.

185. The following departmental representatives were present:—

1. Major General Shafiq Ahmad, Secretary.
2. Mr. Mairaj Hussain, Joint Secretary.

186. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Rehabilitation & Works Division .. .. .	7
2.	Civil Works .. .. .	8
3.	Other Expenditure of Rehabilitation & Works Division .. .. .	10
4.	Development Expenditure of Rehabilitation & Works.. .. .	103
5.	Capital Outlay on Civil Works .. .. .	106

### APPROPRIATION ACCOUNTS 1971-72

187. *Grant No. 7 (Page 32—AA).*—The Committee noted that there was an excess of Rs. 41,544 under group head "C-Rest House", which had not been regularised. The departmental representative stated that the actual amount of excess was Rs. 24,444 and not Rs. 41,744, as pointed out by Audit. The Committee desired to know as to why a supplementary grant for the excess was not asked for in time?

188. The departmental representative stated that supplementary grant could not be asked for due to the special circumstances prevailing in the former East Pakistan at that time.

189. *Grant No. 8 (Page 33—AA).*—The Committee noted an excess of Rs. 17,15,897 under group head "D-Establishment". The departmental representative claimed that it was due to wrong booking by Audit. The Committee directed Audit to verify and report back, if necessary.

190. *Grant No. 8—Civil Works (Pages 33—36—AA).*—The Committee further noted an excess of Rs. 24,79,79,753 under group head "G-Suspense". The explanation given by the departmental representative was not considered satisfactory and he was directed to have the figures re-checked and the factual

position given to the Committee. He was further asked to supply full details of the provision of Rs. 1,35,68,300, sanctioned under this group head, to Audit for verification.

191. *Grants No. 10, 103 and 106.*—There was no material point for consideration under these grants.

#### AUDIT REPORT 1971-72

192. *Infructuous expenditure of Rs. 6,22,51,845, (ii) Loss of Rs. 2,50,146, and (iii) Wasteful expenditure of Rs. 1,12,522 (Paras 48—50, Pages 43-44—Audit Report).*—The explanation given by the departmental representative was accepted and it was decided to drop the paras, subject to regularisation action, if any.

193. *Excess payment of Rs. 88,177 (Para 51, page 44—Audit Report).*—The Auditor-General pointed out that an agreement for laying of pipe was executed with a contractor in September, 1966. He left the work incomplete, after receiving payment of Rs. 5,47,304 upto the 5th Running Account bill paid in January, 1968. The remaining portion of the work was got executed at his own risk and cost. Final measurements were taken on the 4th June, 1970 and the final bill prepared in July, 1971 ran into a minus figure of Rs. 1,42,907 resulting in an excess payment to the contractor to that extent. The excess was partly recovered by adjusting his security deposit, but the balance amount of Rs. 88,177 remained still unrecovered.

194. The Chairman remarked that the point here was as to why was excess payment made at all? As the departmental representative could not satisfy the Committee, he was directed to verify as to why this excess payment was made to the first contractor and then report to the Audit.

195. *Misappropriation of material worth Rs. 46,975 (Para 52, page 44—Audit Report).*—The departmental representative claimed that this was not a case of misappropriation, but adjustment of material. The Committee remarked that this should have been done long ago and desired Audit to check the position and report back to the Committee, if necessary.

196. *(i) Irregular expenditure of Rs. 29,107, (ii) Loss of Rs. 19,837 and (iii) Non-recovery of Rs. 18,101 (Paras 53—55, page 45—Audit Report).*—These paras were dropped subject to regularisation action, if any.

197. *Undue benefit of Rs. 11,364 to a contractor (Para 56, page 46—Audit Report).*—The Committee directed the departmental representative to complete the actions, soon after the receipt of records from the Court, and report the same to the Audit for verification. The latter will send a report to the National Assembly Secretariat if considered necessary for obtaining further directions of the Committee.

198. *(i) Short recovery of Rs. 10,791, (ii) Less recovery of Rs. 9,319 and (iii) Non-verification of furniture (Paras 57—59, pages 46-47—Audit Report).*—In view of the departmental explanation, the paras were dropped subject to regularisation action, if any.

199. *Expenditure incurred on deposit works in excess of deposits received (Para 60, page 47—Audit Report).*—There being difference of opinion between the departmental representative and the Audit in the matter, the Committee directed the departmental representative to reconcile the position with the Audit

and furnish the correct position in respect of 1971-72 as well as the current position, i.e., as on 31st December, 1978 at the next meeting of the Committee.

200. (i) *Outstanding Inspection Reports, Audit Notes, etc.*, (ii) *Outstanding periodical returns*, (iii) *Outstanding adjustment memos and (iv) Stock returns (Puras 61-64, page: 47-49—Audit Report)*.—The departmental representative was directed to reconcile the position with the Audit and also furnish a report indicating the position in this regard in respect of various years as on 31st December, 1978.

201. *Expenditure incurred on works in anticipation of technical sanction (Para 65, page 50—Audit Report)*.—Audit pointed out that Rs. 2,72,92,719, involving 500 works, was incurred in violation of rules, viz., without obtaining prior technical sanction to their estimates.

202. The departmental representative informed the Committee that, out of 500 works, 389 works had already been sanctioned. The Committee observed that this entailed a serious infringement of rules. These works should not have been started without prior technical sanction. They also expressed dissatisfaction that, even after a lapse of over 7 years, 111 completed works still required technical sanction.

203. A member of the Committee also asked Audit to select one big project out of these unsanctioned works, narrate its position and then bring it to the Committee.

204. *Review of expenditure on establishment and tools and plant charges (Para 66, page 51—Audit Report)*.—The Committee observed that the establishment charges were on the high side and the percentage rates for 'original' and 'maintenance' works had been fixed by the Government ages ago. It was time that they are now revised realistically.

#### (b) Environment & Urban Affairs Division

205. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Environment and Urban Affairs Division and the Report of the Auditor-General thereon.

206. The following departmental representatives were present:—

1. Maj. Gen. Shafiq Ahmad, Secretary.
2. Mr. M. A. Kazmi, Chairman, CDA.
3. Mr. Shamsul Haq, Deputy Secretary.

207. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Islamabad .. .. .	15
2.	Other Expenditure of Cabinet Division, (Group head-A)	16
3.	Ministry of Production & Presidential Affairs	98-B
4.	Other Expenditure of Ministry of Production and Presidential Affairs	98-C
5.	Capital Outlay on Second Capital .. .. .	105
6.	Capital Outlay on New Federal Capital .. .. .	109

## APPROPRIATION ACCOUNTS 1971-72

208 There being nothing material in the Appropriation Accounts, the Committee proceeded to examine the Audit Report.

### AUDIT REPORT 1971-72

209. *Loss of Rs. 20,18,039 on account of conservancy charges (Para 68, page 52—Audit Report).*—The Auditor-General pointed out that the Authority sustained a loss of Rs. 20,18,039 on account of conservancy services up to February, 1971, as the expenditure on the services up to February, 1971 amounted to Rs. 25,43,655, whereas the assessment for recovery was Rs. 5,25,616 only.

210. The departmental representative explained that the recovery of conservancy charges from the owners of private houses could mean the imposition of a tax, which could not be done without law on the subject.

211. The Committee was not satisfied with the explanation and endorsed the view of Audit that the conservancy charges cannot be termed as tax, as this expenditure was meant to provide dust bins, sweepers, severages etc. It should have thus been recovered from the owners of private houses from the dates of their construction, as private houses were exempted from property tax only and not from conservancy charges which are leviable for the services rendered.

212. The Committee directed the departmental representatives to make an earnest effort to collect the dues, for which a proper machinery should be set up.

213. *Outstanding liabilities of Rs. 16,52,752 (Para 59, pages 52-53—Audit Report).*—Audit pointed out that Hotel Shaharзад was leased out for Rs. 1.44 crore for a period of twenty years. As per terms of lease deed, the lessee was required to deposit Rs. one lac, two lac, three lac, four lac and five lac during the first five years, besides other charges. The lessee deposited a sum of Rs. 3,83,333 only during the years 1966 to 1969, and failed to pay the agreed lease money thereafter, besides defaulting on payments to the authority for various services and cost of shortages of furniture and rent. A total sum of Rs. 16,52,752 was still recoverable from him.

214. The departmental representative explained that the total amount recoverable from the *ex-lessee* worked out to Rs. 18,98,773 which also included the cost of shortage of furniture and rent, recovered in advance from the occupants, etc. The *ex-lessee* made payment of lease money @ Rs. 1 lac per annum with the contention that the Hotel was running at a loss and the recovery clause of the agreement was under revision by the Government as a result of representations made by him. The demand for dues was based on the terms of agreement and was regularly sent to the *ex-lessee* every month. The position of payment was also brought to the notice of the C.D.A. Board, who further informed the Government regularly. The terms of agreement did not, however, provide for any action for the recovery of dues except for charging interest on late payments or taking over the possession of the Hotel. Interest on arrears was also being charged. As per the Government decision, possession of the Hotel was taken over on 23rd July, 1970. The Bank Guarantee of Rs. 1.05 lac was

realised and cash securities worth Rs. 50,000 forfeited. The net amount recoverable from the *ex-lessee* worked out to Rs. 15,07,826. Collector, Rawalpindi was requested to recover the arrears from the *ex-lessee* as arrears of land revenue. The *ex-lessee* obtained stay orders from the High Court against the recovery action by the Collector.

215. After hearing the departmental representative, the Chairman observed that, as the outstanding amount was large, the matter should be pursued vigorously and the result reported to the Committee in due course.

216. *Undue financial aid of Rs. 13,34,021 to a contractor (Para 70, page 53—Audit Report).*—The Auditor-General stated that the Authority awarded a contract for a completed item of work. Payment to the contractor was required to be made on the basis of measurement of work, actually done by him. It was noticed that an advance payment of Rs. 13,34,021 was made to the contractor on account of cost of material which was not brought to the site. It was neither a secured advance, as the material had not yet been brought to the site of the work, nor an "advance payment", as no work had been executed at site. Thus the contractor was given an undue financial aid of Rs. 13,34,021.

217. The departmental representative claimed that payments had been made according to the agreement with the contractor and the Authority had got full powers to sanction advance payments of such nature.

218. The Committee felt that it would be better if the Authority exercised more care and did not incur such avoidable expenditure in future.

219. *Loss of Rs. 11,52,229 in running a hotel (Para 71, page 53—Audit Report).*—After hearing the departmental representative, the Chairman remarked that there was nothing much to be said because they had to run the hotel any way and the para was dropped.

220. *Ailment of work costing Rs. 10,40,000 to a firm without calling tenders (Para 72, pages 53-54—Audit Report).*—The Auditor-General stated that an agreement regarding the preparation of engineering study for a scheme of surface drainage at a cost of Rs. 10 lac was signed with a firm. The terms and conditions between the representatives of the firm and the Engineer-in-Chief were settled through negotiation. Thus, the possibility of getting more economical rate through open competition, as required under the rules, was not explored. The irregularity was brought to the notice of the Authority during local audit in May, 1967. In reply, it was stated that the consultants offered a professional service like a physician or a surgeon, whose services could not be acquired on the basis of sealed tenders, and that there was an international code of conduct regarding engineering consultants and the Authority followed the procedure that was being followed by every agency in need of such service.

221. On enquiry by the Committee, the departmental representative confirmed that the firm's representative was formerly an employee of the Authority. As such, the argument advanced by the representative regarding speciality was not conceded by the Committee, as there were other consultants as well. The Committee considered that, even if the Audit objection may not be valid, the reasoning and the logic of the department was also not acceptable.

222. The Chairman finally observed that the Authority should in future select the right firms of consultancy for their work.

223. *Irregular advance payment of Rs. 9,83,419 (Para 73, page 54—Audit Report).*—Messers Hydari Construction Co. laid down an additional condition in their tender for the execution of the remaining portion of a work, left incomplete by its predecessor, to the effect that, in case an advance of 10% of the tendered amount was allowed, they would give a discount of 1½% of the tendered amount. This condition was admitted, the tender was accepted in February, 1971 and the firm was paid Rs. 9,83,419 in advance. The advance payment made was irregular, as neither any work had been executed at site nor was any material brought to the site of work. The speculated benefit also did not actually accrue, as the contractor backed out, after leaving his part of the work incomplete. The matter was brought to the notice of the Authority during local audit in May, 1971 and the Administrative Secretary in October, 1972.

224. In reply, it was stated that this was not the kind of advance, which was given for "the work done but not measured". It was, in fact, covered by one of the conditions of the accepted contract and the advance released to the contractor having been considered beneficial for the Authority.

225. The departmental representative stated that they had taken action against the firm and had proceeded against it, to get the work completed at his cost and risk. The contractor went to the Court, but the Court's injunction had since been vacated. The Bank guarantee obtained by the C.D.A. before the payment of the advance was still in force and the amount will be recovered from the contractor.

226. In another case before the Sind High Court, the Authority had been informed that no property of the plaintiff shall be attached or action taken against him. Their legal adviser was pursuing the case.

227. The departmental representative conceded that, administratively, some one had to be blamed for not having negotiated the guarantee in time and this required investigation. Chairman, CDA, was asked to conduct the necessary enquiry and take disciplinary action against the defaulters.

228. The Committee desired the Audit to watch the recovery of the amounts involved and report back the matter to the Committee, if necessary.

229. (i) *Loss of Rs. 7,05,780 (Para 74, pages 54-55—Audit Report; and* (ii) *Loss of Rs. 3,09,055 on account of non-recovery of rent of plots (Para 75, page 55—Audit Report).*—After hearing the departmental explanation, the Committee made no observation and the paras were dropped.

230. *Overpayment of Rs. 2,98,127 for allowing higher rates on items with altered specifications (Para 76, page 55—Audit Report).*—It was stated by Audit that, as per terms of an agreement, the rates of item, the specification of which was altered during the course of execution of a work, was to be paid for at rates derived from the rates and prices contained in the agreement. A contractor was asked to add "Pudlo" a water proofing agent, in the items "reinforced cement concrete 1:2:4" and "Cement concrete 1:2:4", for which the contractor had quoted Rs. 480 and Rs. 200 per hundred cft. respectively. Only "Pudlo" was to be included in these items of work and the approved rates of "Pudlo", according to the schedule of the Authority, was Rs. 1'75 per lb. Hence the rates for these altered items worked out to Rs. 628'48

and Rs. 370.50 per cft., instead of Rs. 800 and Rs. 700 per cft. respectively, allowed by the Authority. This resulted in an overpayment of Rs. 2,98,127.

231. The irregularity was brought to the notice of the Authority during local audit in March, 1968 and the Administrative Secretary in November, 1972.

232. The Auditor-General further pointed out that, in reply, the Authority stated that the rates for the altered items, as worked out, were based on their analysis, which was observed, on verification, to have included a percentage of wastage of cement due to mechanical vibration, wastage of "Pudlo" due to mixing, labour charges for mixing "Pudlo" and 10% profit of the contractor. This was, not found acceptable, as these items had been already included in the original specified items of R.C.C. and C.C. Besides the rate of Pudlo was Rs. 1.77 per lb. at the time of actual execution of the work in 1963-64 whereas, in the analysis of rates, the same had been provided at Rs. 4 per lb.

233. The Chairman observed that the actual price as on the date on which the 'Pudlo' was used, was material in this case. He enquired whether the contract indicated that, for extra items, the schedule will prevail. The reply was in the negative. In reply to another query about the mixing of 'Pudlo', the departmental representative stated that it was mixed separately.

234. The Committee was not convinced with the reply of the departmental representative, but felt that nothing could be done about it at this late stage. In view of the Committee, this was one of those cases which left one with dissatisfaction. They emphasised that there should be no recurrence of such cases.

235. *Extra expenditure of Rs. 2,30,666 owing to unjudicious award of work to highest bidder (Para 77, page 55—Audit Report).*—A work was distributed between several contractors at 9.50 per cent above the schedule of rate, instead of 2 per cent above the price tendered by the lowest bidder. This resulted in an excess payment of Rs. 2,30,666. The irregularity was pointed out in February, 1969, but no action was taken to recover the extra expenditure from the persons responsible for the irregularity.

236. The departmental representative explained that, at the time of award of work, it had transpired that the rates of M/s. Fabrican & Co. @ 2% above the scheduled rates though the lowest, were apparently not workable in view of the prevailing market conditions. The estimate was, therefore, sanctioned at 10% above the estimated cost, with due regard to high cost of material and labour. Moreover, the financial position of the contractor, who quoted the lowest rate, was not found to be sound. He got himself registered as 'A' class contractor in an unconstitutional manner and the CDA Board, subsequently, decided to remove his name from the list of 'A' class contractors. As regards the second lowest tender of M/s. General Construction & Co. @ 5% above, it was conditional. The Contractor had asked for 15% Sales Tax on wood works which, while taking the extra claims of 15%, worked out to 19.2%. Thus it became the sixteenth at the list and the next lowest tender was considered for acceptance.

237. Replying to a query by the Chairman about the Sales Tax, the departmental representative explained that the other contractors had not made any mention about Sales Tax in their tenders and it was not to his knowledge whether they were paying it or not.

238. In reply to another query as to how did the contractor was placed on the list of 'A' class contractors, the departmental representative informed the Committee that he might have brought some official pressure or used foul means to get himself kept in the list. As to the requirements which the contractor did not fulfil, the Committee was informed that a number of years of experience was required at the time of enlistment and, among other things, good financial backing was also essential.

239. After hearing the departmental representative, the Committee observed that, *prima facie*, the enlistment of the contractor was not unconstitutional, unless the department had got something else against him. The Committee directed the departmental representative that he should see as to why was the name of the contractor removed from the list of 'A' class contractors and report back his findings to the National Assembly Secretariat for the information of the Committee.

240. (i) *Incorrect payment of Rs. 72,466 on account of allowing premium on non-schedule items of work*; (ii) *Loss of Rs. 52,536*; (iii) *Infructuous expenditure of Rs. 50,000*; (iv) *Non-recovery of Rs. 24,518*; and (v) *Wasteful expenditure of Rs. 21,932 (Paras 78—82—Audit Report)*.—After hearing the departmental representative, the paras were dropped subject to regularisation action, if any.

241. *Loss of Rs. 19,553 due to execution of an item of work at exorbitant rates Para 83, page 58—Audit Report*.—144 manholes were needed, whereas order was placed for 250. Out of these, 106 were purchased @ Rs. 185 each against the store cost of Rs. 98 each. This resulted in a wastage of 106 manholes.

242. Justifying the purchase of 250 manhole covers, the departmental representative stated that the contractor was asked to supply the total number of covers which was provided in the original work. Subsequently, due to reduced scope of work, he might not have utilised 106 covers on that work. They must have been utilised elsewhere. He also confirmed that this item was not available in the store.

243. The Committee directed the departmental representative to check up the position and then submit a report to the National Assembly Secretariat for the information of the Committee.

244. (i) *Irregular local purchase of material worth Rs. 19,202*; (ii) *Loss of Rs. 17,155 on account of recovery of cost of stores at lesser rates*; and (iii) *Short recovery of Rs. 14,157 from a contractor (Paras 84—86—Audit Report)*.—After hearing the explanation, the paras were dropped subject to such regularising actions as were necessary under the rules.

245. *Irregular payment of Rs. 14,004 (Para 87, page 59—Audit Report)*.—Audit pointed out that a contractor, under the terms of an agreement, was required to precast and supply Kerb stones at Rs. 4.50 per rft. for use in a work. The contractor supplied 3,850 rft. but, before the same could be tested in a laboratory, part payment was made to the contractor @ Rs. 3.75 per rft. less 3%, which amounted to Rs. 14,004. On the receipt of the laboratory test report, the Kerb stone manufactured and supplied by the contractor was found to be below the prescribed specifications and was consequently rejected. This irregularity was pointed out during local audit in September, 1967.

246. The departmental representative explained that part payment on the reduced rate of Rs. 3.75 per rft. for 3850 rft. of Kerb stone was released against the full rate of Rs. 4.50 per rft. provided in the agreement. The Kerb stones laid in position were rejected by the Deputy Director on 27th November, 1966 on the orders of the Director. Since the contractor did not attend to the balance work as per agreement thereafter, the balance work was got executed through another contractor at the risk and cost of the former, wherein the execution of the item of Kerb stone was altogether deleted.

247. On a query as to whether the contract provided for payment in anticipation of the test, it was stated that testing was not included in the agreement. Thereupon, the departmental representative was directed to get it checked as to why payment was made without test and submit a report.

248. (i) *Excess payments of Rs. 13,725.* (ii) *Overpayment of Rs. 12,817.* (iii) *Loss of Rs. 11,365.* (iv) *Non-recovery of Rs. 7,970.* (v) *Shortage of material of Rs. 5,956.* (vi) *Non-recovery of Rs. 7,577.* (vii) *Local Audit Inspection Reports (Paras 59-61—Audit Report).*—After hearing the explanation of the departmental representative, the paras were dropped subject to regularisation action, if any.

249. Thereafter, the Committee adjourned to meet at 9.30 A.M. on 29th January, 1979.

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29TH JANUARY, 1979

**4th Meeting**

250. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.30 A.M. The following were present :—

*Ad-hoc P.A.C.*

1. Mr. A. G. N. Kazi, Governor, State Bank of Pakistan *Chairman*.
2. Mr. Abdul Qadir, former Chairman, Sailyway Board *Member*.
3. Mr. Yusuf Bhai Mian, Chartered Accountant .. *Member*.

*National Assembly Secretariat*

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

**Audit**

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant-General, Pakistan Revenues.
4. Mr. S. I. Shabbir, Director, Railway Audit.

*Ministry of Finance*

1. Mr. Inam-ul-Haq, Joint Secretary.

**MINISTRY OF RAILWAYS**

251. The item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Railways and the Report of the Auditor-General thereon.

252. The following departmental representatives were present :—

1. Mr. Hasan Zaheer, Secretary.
2. Mr. K. Shafqat Ali, Finance Member, Railway Board.
3. Mr. R. A. Qureshi, Financial Adviser and Chief Accounts Officer, Railway Board.

253. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
<b>Railway Board</b>		
1.	Ordinary working expenses—General Administration (Other than charged)	1
2.	Ordinary working expenses—Repairs and maintenance (Other than charged)	2
3.	Ordinary working expenses—Operating expenses (Other than charged)	3
4.	Improvement and Welfare (Other than charged)	4
5.	Appropriation to funds and payment of return on Central/Provincial Government Capital Investment and miscellaneous other expenditure	5
6.	Expenditure not met from Revenue (Other than charged)	6
7.	Contingency Item/War emergency expenditure (Other than charged)	7

#### APPROPRIATION ACCOUNTS 1971-72

254. *Grant No. 5—Appropriation to Funds and payment of return on Central/Provincial Government investments and Miscellaneous other expenditure.*—The Committee noted the excess of over Rs. 1 crore under the above Grant. The Chairman observed that this was probably due to devaluation, which occurred in May. But supplementary demand is usually made at the end of June. This should have been foreseen and the excess amount provided for in the demand for supplementary. This was, therefore, an administrative lapse.

255. The departmental representative explained that it was too late to put in a request for supplementary grant by that time. Actually, the revised estimates were finalised in early May and the Railway Budget was passed in the first week of June.

256. Disagreeing with the explanation, Chairman remarked that there were excesses under other heads of accounts also. Revenues had been more than the original estimates. 12% of those revenues had to be transferred to the Depreciation and 5½% to Improvement Fund. This could also have been foreseen. The Ministry should have known at least at the end of the year, that their revenues were going up.

257. Another member of the Committee remarked that, till 1973, foreign exchange liability continued to be shown at the old exchange rates. Chairman observed that, after the devaluation, all outstanding loans were to be written up and he was doubtful if this was done. The departmental representative stated that it was done during the following year.

258. The Chairman observed that the fact was that there had been delay in reconstructing the accounts after the devaluation. Secondly, there should be a re-calculation of the credits to the Depreciation Reserve Fund. There should also be a realistic assessment of the receipts, at least two months before the close of the year.

259. The departmental representative explained that the basis of calculations had been changed the following year and this will be done according to the period to which the accounts related. There will thus be no effect on the earnings account. Of course, 5% of the passenger earnings may be affected.

260. Chairman then remarked that there would be need for a review of the revenues also before supplementary grant is formally asked for. The departmental representative stated that, from 1968-69 to 1972-73, the variations between the revised estimates and actual receipts had been only between 0.27% to 1.90%. Chairman said that this made the position worse, as the Depreciation fund does not seem to have been charged on the basis of revised estimates. The net position was that revenues were under-estimated.

261. Another member of the Committee remarked that he had always maintained that, as far as the Railways are concerned, all these items appeared to be un-realistic. As far as he (member) was concerned the whole accounting seemed to be wrong.

262. Replying to the above observations, the departmental representative stated that the revised estimates of receipts were Rs. 92.50 crore as against the actual receipts of Rs. 94.34 crore. Revised estimates are prepared in January, when there are still six months left in the financial year. So far as traffic is concerned, it is difficult to foresee what was going to happen and what would be the exact position during the coming months.

263. *Grant No. 2—Repairs and Maintenance.*—A member of the Committee remarked that the additional expenditure of Rs. 1,28,64,982 on rolling stocks, etc., because of war, seemed to be rather unusual. Another member of the Committee pointed out that an expenditure of Rs. 40.23 lac on electric services, in addition to the original allocation appeared to be too high. The departmental representative explained that the excess was partly due to non-receipt of debits.

264. Chairman asked as to why was supplementary grant then not asked for the excess. The departmental representative explained that accounts for this year remained open for a long time, i.e., upto 1976. Thereupon, Chairman remarked that supplementary grants are not asked for on the basis of accounts but on the basis of revised estimates. The position was that supplementary grant should have been asked for in time on the basis of revised estimates, but the revised estimates of the Railways were perhaps not realistic.

265. In reply, the departmental representative stated that, although supplementary grant was asked for, the same did not represent the actual requirement. He admitted that the excesses in question should have been foreseen and taken care of in the revised estimates.

266. A member of the Committee pointed out excess of Rs. 30.69 lac due to the receipt of unanticipated debits for hire of telegraph wires and instruments. These related to the Railway organisation and not the T&T department. The explanation, therefore, did not appear to be correct. The Audit was requested to check and report about it to the Committee.

267. The same member raised the point as to why should the Defence personnel not also be charged the usual tariff. The departmental representative informed the Committee that the actual difference was now being paid to the Railways in the form of subsidy.

#### AUDIT REPORT (PAKISTAN RAILWAYS)

268. *Loss on account of shortage in imported sleepers during transit valuing Rs. 2.5 lac (Para 1, page 11—Audit Report).*—The departmental representative stated that the quantity of sleepers paid for had been actually received. Audit had reported that the Railways received more than 8,000 sleepers in excess, while actually only 643 sleepers were received in excess. In fact, when the shipment arrived at Karachi, Railway took a direct delivery of the material and sent the same to the depot. Actual counting was done there. Audit had expressed the view that whatever quantity the Railway tele-clerks were taking out from the ships should have been taken as the material received. But the departmental representative averred, that, June, 1967 to June, 1968 was an unprecedented year. 37 ship-loads of Malaysia and four of Russia arrived simultaneously and due to shortage of staff the Railway Clerks did as best as they could. Since then the Railway had reorganised a new section and material is now taken directly from the ship to Railway wagons. Additional tele-clerks have also been provided, so that actual quantities could be counted while the ship was being unloaded.

269. The explanation of the departmental representative was not considered by the Committee to be satisfactory. However, they felt that, after the lapse of such a long period, there was hardly much that could be done about the matter. The Committee, therefore, reluctantly agreed to drop the para.

270. *Non-recovery of siding charges at a station (Para 2, page 11—Audit Report—Railways).*—Replying to a question, the departmental representative stated that there were Railway instructions that, if military siding was made use of by private parties, a charge should be levied for such use. The Committee, thereupon, observed that, when the Accounts Department had raised this question in 1968, action should have been initiated promptly, with retrospective effect. There was no justification in delaying the action by two years. Those who delayed the action were responsible for the loss.

271. The departmental representative said that the Accounts Department had raised an objection and sent it to the Chief Commercial Manager, at which the siding charges were recovered from the private parties. He was of the opinion that, as it was not a military siding, such charges were not leviable.

272. The Chairman, finally observed that the delay should be investigated into and responsibility for the loss must be fixed. There seemed to be no cogent justification for having initiated action after a delay of two years.

273. *Irregular expenditure of Rs. 82.626 on lead charges (Para 3, page 11—Audit Report—Railways).*—It was stated that an agreement for the execution of

certain works was entered into by the Railway Administration with a contractor in February, 1968. As per terms of the agreement, lead charges were not admissible on the carriage of material. The relevant clause of the agreement was subsequently modified in June, 1968 allowing lead charges for the material brought for road making. A payment of Rs. 82,626 on this account was made to the contractor in March, 1970. The orders issued in June, 1968, amending the terms of the agreement, were treated as superseded in May, 1972 and it was held by the Railway Administration that, in view of the terms of the agreement, no lead charges were payable to the contractor. The irregular payment of Rs. 82,626, made to the contractor, had not yet been recovered.

274. The departmental representative explained that this case originated from an objection, taken by Divisional Accounts Officer, Rawalpindi, to the payment of lead charges for stone material for road work, transported by the contractor to the site of construction for remodelling of the yard at Chaklala. On examination, the Chief Engineer and the F.A. & C.A.O. came to the conclusion that, while some clauses permitted the payment of lead charges, others prohibited the same. As the position was not free from doubt and there was confusion, it was decided to amend certain clauses to ward off any litigation by the contractor on that account. The work was completed in March, 1969, and payment for lead charges was made to the contractor accordingly.

275. The Committee directed the departmental representative to look into the matter thoroughly and find out whether there were any real compelling circumstances, justifying the amendment of the agreement during its currency and whether any prior legal opinion for doing so had been obtained by the authority, which approved the amendment of the clause. The representative was asked to submit his report to the Audit for verifying the facts from the records and then forward it to the National Assembly Secretariat for bringing the same to the notice of the Committee.

276. *Paras not discussed to be treated settled.*—The committee did not make any observation on the other paras in the Appropriation Accounts or the Audit Report. They will be deemed settled, subject to such regularising action as necessary under the rules.

277. The *Ad-hoc* Public Accounts Committee had decided to examine concurrently the accounts for 1972-73 in respect of those Ministries/Divisions whose replies were ready. Since replies to the Appropriation Accounts, etc., from the Railways had been received, the Committee examined the Railways accounts for 1972-73 in this meeting. The minutes pertaining to discussions in respect of the accounts have been linked with the Committees' Report on the accounts for 1972-73.

278. Thereafter, the Committee adjourned to meet again at 9.30 a.m. on the 31st January, 1979.

31ST JANUARY, 1979

**5th Meeting**

279. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.30 a.m. The following were present :—

*Ad-hoc P.A.C :*

- |  |                  |
|--|------------------|
| 1. Mr. A. G. N. Kazi, Governor, State Bank of Pakistan                         | <i>Chairman.</i> |
| 2. Mr. Maserrat Hussain Zuberi, former Secretary to the Government of Pakistan | <i>Member.</i>   |
| 3. Mr. Abdul Qadir, former Chairman, Raliway Board                             | <i>Member.</i>   |
| 4. Mr. Yusuf Bhai Mian, Chartered Accountant                                   | <i>Member.</i>   |

*National Assembly Secretariat :*

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

*Audit :*

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Refique, Deputy Auditor-General (A & R).
3. Syed Shaukat Hussain, Accountant-General, Pakistan Revenues.
4. Mr. A. Majid Khan, Director, WAPDA, Audit.

*Ministry of Finance :*

1. Mr. Asad Ahmad, Additional Secretary.
2. Mr. Inam-ul-Haq, Joint Secretary.

**MINISTRY OF WATER AND POWER**

280. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Water and Power and the Report of the Auditor-General thereon.

281. The following departmental representatives were present :—

1. Mr. Tajammul H. Hashmi, Secretary.
2. Ch. Zia-ul-Qayum, Deputy Secretary (F & A).

282. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Natural Resources Division .. .. .	85
2.	Development Expenditure of Natural Resources Division ..	133
3.	Capital Outlay on Irrigation and Electricity. .. .. .	135
4.	Capital Outlay on Flood Control. .. .. .	137

#### APPROPRIATION ACCOUNTS 1971-72

283. *Grant No. 85—Natural Resources Division.*—An excess of Rs. 7,73,614 under the Major Head “25—General Administration” group-head “A—Secretariat” was exhibited in the accounts. The departmental representative explained that this was due to wrong booking of an expenditure of Rs. 8,23,281 under this Head by the A.G.P.R., Karachi. The Audit representative accepted the position.

284. *Grant No. 133—Development Expenditure of Natural Resources Division and Grant No. 137—Capital Outlay on Flood Control.*—There was no material point for consideration under these grants.

285. *Grant No. 136—Capital Outlay on Irrigation and Electricity.*—A saving of Rs. 1,27,28,859 under the Major Head “68—Construction of Irrigation, Navigation Embankment and Drainage Works”, sub-head “A-3—Expenditure against Foreign Loans”, was reflected in the accounts. It was stated that it was due to less withdrawals by the World Bank than originally expected.

286. On a point of information regarding the authority which was supposed to be keeping account of foreign loans, the representative of Finance Division informed the Committee that the full accounts of foreign loans were being maintained by the Economic Affairs Division.

#### AUDIT REPORT (WAPDA) 1971-72

287. *Introduction of Preparation of Appropriation Accounts (Para 6 page 3—Audit Report).*—The Government directed the Authority in August, 1971 to prepare Appropriation Accounts for the year 1970-71 onwards in respect of all the expenditure met from Government resources and WAPDA's own resources. Detailed instructions were issued to the Authority in January, 1973 for preparing the Appropriation Accounts in respect of capital and revenue expenditure, etc., in the form in which they are prepared by other Government Departments. The Authority, however, did not prepare the Appropriation Accounts for the years 1970-71 and 1971-72 in the light of Government instructions.

288. The departmental representative explained that they were required to submit Appropriation Accounts in respect of each project in the manner and form agreed to between them and the Director, WAPDA, Audit Appropriation Accounts of each project, which were signed by the Project Director and the Chief Accountant, were sent to the Director, WAPDA for audit and scrutiny.

289. In reply to a query by a member of the Committee, the departmental representative replied that Appropriation Accounts used to be prepared on the same lines on which Budgets were prepared, but now Audit wants them to be consolidated. The Auditor-General remarked that Audit only wanted that these should be printed in a Consolidated form, as in the Civil Appropriation Accounts. Thereupon, the departmental representative informed the Committee that, if it was only a question of printing and not "Consolidation", they will get the same printed, as desired.

290. The Chairman observed that there was no point in taking into account individual variations. The Committee would in fact be mostly concerned with the explanation on 'performance'. If there was a project, it should normally be completed within the scheduled time and sanctioned expenditure. But, if it had not been completed and more money was required, the reasons for both should be explained. He further remarked that this exercise should be carried out by Audit, who should, in their report, evaluate each project carefully keeping in view the original proposal, the money initially asked for, the period fixed for its completion, the amount spent and the up-to-date progress achieved in each case.

291. *Overpayment of Rs. 3,84,885 in the compensation paid for the built-up property (Para 2, page 5—Audit Report—WAPDA).*—It was pointed out that, in a Resettlement Organization, a sum of Rs. 3,84,885 had been overpaid up to April, 1972 on account of compensation for the acquired build-up property due to wrong calculation in the estimates of the said property.

292. The departmental representative stated that WAPDA had made mistakes both ways—plus and minus. As a result of re-checking, it had transpired that overpayment worked out to Rs. 3,03,192 only, which was accepted by Audit. Further, there had been an under-estimation in determining the value of built-up property which, as jointly worked out between WAPDA and Audit; came to Rs. 3,18,416, being more by Rs. 15,224 than the actual figure of overpayment of Rs. 3,03,192.

293. The Committee observed that this showed lack of control by the people, who were supposed to supervise and asked the departmental representative to ensure that all those concerned are more accurate and careful in the future.

294. *Irregular payment of Rs. 68,647 (Para 3, pages 5-6—Audit Report—WAPDA).*—The departmental representative stated that the objection raised by Audit was covered by para 3 on page 50 of the Interim Audit Report for 1978, in respect of which the *Ad-hoc* PAC at their meeting held on 11th October, 1978 had observed:—

"The departmental representative stated that the spoilage was ordinary earth. The Committee observed that the issue was technical and legal in nature. Once the engineer has allowed the use of a material and it ceased to be spoil, it would not qualify for payment

for its removal as spoil. It would be advisable if the advice of the Law Division is also obtained.”

In accordance with the PAC's directive, the matter had been already referred to the Law Division for advice.

295. The Committee desired the departmental representative to keep track of the case and report back the result to the Committee.

296. *Overpayment of Rs. 53,013 (Para 4, page 6—Audit Report—WAPDA).*—After hearing the departmental representative, the Committee was satisfied that no overpayment was involved. However, they observed that more care should have been exercised originally, as it appeared that the supervisory staff was slack. Greater care should also be taken in such cases in future.

297. *Irregular payment of Rs. 52,892 on account of removal of wind blown sand (Para 5, page 6—Audit Report—WAPDA).*—The departmental representative stated that the matter had been referred to the Engineer, and his decision was expected by the 15th February, 1979. The departmental representative was asked to keep track of the case and report back to the Committee.

298. *Sundry Debtors, deposits and advances—Rs. 1,05,10,488 [Para 8 (i), page 9—Audit Report—WAPDA].*—The Auditor-General pointed out that, against the above balance, the amount under sundry debtors of Links and Barrages was Rs. 3,91,837, which included the amounts of Rs. 2,03,077 and Rs. 1,04,000 recoverable from the Senior Station Officer, Kot Abdul Hakim and Deputy Commissioner, Mianwali, since December, 1969 and June, 1972, respectively. These required expeditious clearance.

299. The departmental representative stated that the WAPDA colonies including the cost of utilities, at Kot Abdul Hakim and Mailsi Siphon were sold to the Pak Army for Rs. 92,78,000. Army had agreed to pay the amount in two instalments, of which the first instalment of Rs. 35 lac had been received on 9th July, 1978. They have promised to pay the balance in the current financial year.

300. In reply to a query by a member of the Committee as to when was Abdul Hakim Colony, handed over to the Army and whether 15 years, rent or interest had been taken on this amount, the departmental representative said that, it was in 1973 that the Army decided to buy it and the price included the rent. Chairman, WAPDA and Defence Secretary had then agreed on the amount, which included the rental. A member of the Committee observed whether WAPDA would ask the Army to pay interest on the balance amount, the departmental representative stated that the agreement between WAPDA and Defence Secretary was reached in 1977 when it was agreed that the first instalment will be payable in one year. Now, as per direction of the PAC, they would be asked to pay interest.

301. The Committee observed that since, it would be a legal claim, WAPDA could ask the Army for the payment of interest.

302. As regards the outstanding balances of Rs. 8,65,497 against Messers Impregilo Limited [Para 8 (ii)] on account of demurrage charges, it was stated by the departmental representative that the matter had been referred to the Adjuster.

303. The Audit was requested to watch the progress of the case and report back to the Committee, if necessary.

304. *Liabilities—Grants received from Central Government for non-reimbursable expenditure Rs. 46,74,81,138 (Page 9—Audit Report—WAPDA).*—The Committee observed that it was not clear as to why the cost had not been included in the case of Indus Basin Accounts and what was the use of carrying the same forward indefinitely when most of the Indus Basin Projects, except Tarbela, were already completed. These expenses should be adjusted against allocations for various projects. The departmental representative was advised to have this sorted out at the level of the Ministry, at the earliest possible.

305. *Shortage of Stores worth Rs. 32 lac (Para 9, page 10—Audit Report—WAPDA).*—During the course of local audit of the accounts of a WAPDA formation for the year 1969-70, it was noticed in July, 1971 on physical verification that there was a difference of Rs. 32 lac in the value of stores shown in the trial balance and those actually existing at sites. The difference was pointed out to the concerned authorities in August, 1971, and was taken up with the Authority and when discussed in May, 1973, it was stated that the Chief Engineer concerned had been asked to reconcile the discrepancy and a report, indicating the details of the value of stores, as per the journal and the store ledgers, would be submitted to the Authority, but nothing had been heard in the matter so far.

306. The departmental representative stated that the store had been transferred to WAPDA in 1960, and scrutiny of records from 1st July, 1968 to 30th June, 1969 had revealed that the balance of stock on 30th June, 1969 had been overstated by Rs. 9,96,008 in the ledger. As against the actual stock worth Rs. 28,27,039, a balance of Rs. 38,25,047 had been shown in the ledgers. As each user had got to have a reserve stock limit up to which he could have the stores, the Chief Engineer was approached in 1970 to sanction stock limit of Rs. 45 lac. Previous to that, a reserve stock limit had been asked for by the Superintending Engineer for Rs. 40 lac. The then Chief Engineer asked the Superintending Engineer to investigate as to why stores had increased so much in his Division. The then Superintending Engineer reported that, though the Central ledger contained entries of stores and stocks, they had not been received to the extent of Rs. 40 lac. Stock registers in the Sub-Divisions contained entries of stocks as available in the stores to the extent of only Rs. 32 lac. The difference between the two sets of figures, i.e., the Central stores ledger and the stocks maintained in the Sub-Division, was explained as being due to difference in the value of stores shown in the Trial Balance and those actually existing at sites. The discrepancy had been got investigated through a number of Committees who could not come to any definite conclusion, because the original records could not be produced before them. Then, a Special Committee was appointed and a Special Cell set up to dig out the old records. They found out that an entry had been made in the ledger of stores indicating stores worth Rs. 4.5 lac having been received. This entry was in pencil and was not supported by any railway receipt. It was also noticed by going through the records that, in June, 1969, the total value of stores should have been Rs. 28 lac but when this value was carried over to the next year, a mistake was committed in the opening balance on the 1st July. It was then shown to be only Rs. 38 lac and this accounted for the difference of about Rs. 10 lac.

307. The accounts had been checked upto April, 1970 and the final position was that the unreconciled balance remained at Rs. 4.53 lac.

308. Asked about the nature of the items of stores, it was stated that these consisted of generators, compressors, etc.

309. The Committee directed the Audit to find out, before checking the accounts, whether the material had been used or not.

310. It was further requested to follow up the case and, if found necessary, report back to the Committee.

311. *Shortage of stores worth Rs. 14,20,851 (Para 10, page 10—Audit Report—WAPDA).*—It was stated that shortages of stores were noted while conducting local audit of the accounts of a Power Formation of WAPDA. These shortages were spot-lighted either at the time of transfers of charges or on physical verification of stores. Audit pointed them out to the concerned formation, from time to time, as well as to the Authority, but action to make good the shortages or to write off the losses on this account, after instituting investigations and fixing responsibility, was still awaited.

312. The departmental representative stated that the shortages of stores, pointed out in the para, related to 13 formations in the Power Wing of WAPDA. This was based on the stock verification reports, conducted by various stock verifiers of the Authority during the period from 1968 to 1973. The Department had since devised measures to prevent the recurrence of shortages and had revised the "Stores Accounting Manual" to tighten up control over the stores. He further stated that recoveries had been made from the S.D.Os., Executive Engineers and Line Superintendents and a number of cases had been taken to courts with criminal proceedings against them.

313. A member of the Committee observed that his impression about this affair is that there appeared to be a need for more extensive current-check of the stores and action taken on that basis.

314. Since the several cases dealt with in this para were of the same type, the Committee desired that Audit should go and see the actions that had so far been taken in each case. Wherever they felt that the action was inadequate, they should come up to the Committee, for further direction.

315. *Extra expenditure of Rs. 7,81,560 due to defective agreement (Para 11 pages 11-12—Audit Report—WAPDA).*—Audit pointed out that an agreement was executed with a foreign firm for the delivery, erection and making ready, for commercial use, of Gas Turbines at a site. The guarantee clause of the agreement stipulated that the firm guaranteed all equipment against defects in design, workmanship and materials for a period of 365 days, subsequent to the date of acceptance but in any case not more than 18 months from the date of shipment. The firm failed to bring the requisite equipment in Pakistan and to complete the erection work in time, due to the closure of Suez Canal. It lodged a claim of Rs. 8,61,560 for additional erection charges and fixed monthly expenses on the prolonged stay of its staff (for 21 months against the original 7 months) due to the closure of Suez Canal. The firm, later, agreed to reduce its claim by Rs. 80,000. The Authority imposed liquidated damages of Rs. 4,80,000 for delay of 543 days on the part of the firm and agreed to pay Rs. 7,81,560, in return for extension in the guarantee period to be allowed by the firm, to ensure the rectification of defects during the initial operation period.

316. The guarantee period normally commence after the machinery become operative but, in this case, the guarantee period of 18 months was reckoned from the date of shipment, which expired before the machinery could be put to test. The matter was brought to the notice of the Authority in September, 1969.

317. The departmental representative stated that the guarantee clause was provided according to the normal practice of the Authority and the same was examined by the Legal Adviser, WAPDA and approved by the Economic Affairs Division. The closure of Suez Canal could not be foreseen at the time of signing the contract and, consequently, the schedule could not be kept. The contractor had to over-stay. During the extended period, in addition to providing the services of one expert, the contractor had to incur expenditure from his own sources to the extent of Rs. 6,43,920, which would have been otherwise borne by WAPDA.

318. The above explanation was not considered to be satisfactory because the closure of Suez Canal was no excuse for delay in shipment. It did not mean that there was no traffic. Since Rs. 4.80 lac was recovered by the Authority as liqu dated damages from the contractor in spite of the guarantee period having expired, it meant that there was defect in the agreement and the Authority failed to discover that the delay was on the part of the contractor.

319. The Chairman observed that the moral of it all was that we should have a guarantee period which should start from the date of erection and not earlier. The departmental representative undertook to make provision accordingly in all future agreements.

320. *Non-recovery of energy charges amounting to Rs. 5,94,172 from big Commercial Consumers—(Para 12, page 12—Audit Report—WAPDA).*—The Auditor General pointed out that, during the course of local audit of the accounts of a WAPDA formation for 1968-69, it was noticed in May, 1970 that a large number of cases of arrears of energy charges against big commercial consumers had been set aside either by the departmental authorities or by the court of law, but the period upto which recoveries had been deferred was not specified. On verification by Audit in May, 1974, it was found that a sum of Rs. 5,94,172 was still outstanding against the consumers.

321. The departmental representative stated that, out of Rs. 5,94,172, Rs. 5,36,775 had been recovered|withdrawn as a result of Court decision|reconsideration of the concerned cases.

322. The Committee requested the Audit to verify as to how much had been received in cash and adjusted and the up-to-date outstanding against the consumers under consideration.

323. *Uneconomical expenditure of Rs. 4,55,390 due to acceptance of second lowest tender (Para 13, page 13—Audit Report—WAPDA).*—The explanation submitted by the departmental representative was not considered by the Committee to be satisfactory as, in their view, the circumstances of the case led one to believe that the entire affairs was pre-arranged.

324. *Non-accounting of stores worth Rs. 60,718 (Para 18, pages 18—Audit Report—WAPDA).*—The Auditor-General pointed out that, during the audit of accounts of a WAPDA formation for the year 1958-59, it was observed in February, 1961 that stores worth Rs. 60,718, transferred from one work to another in June, 1959, were not accounted for in the material-at-site accounts of the works to which they had been transferred. The *bona fide* consumption of these stores could not, therefore, be established.

325. The departmental representative stated that all the records had been located since and were available for verification. The Audit was requested to have the records duly checked.

326. *Non-recovery of Rs. 31,743 from a consumer (Para 21, page 17—Audit Report—WAPDA).*—The Auditor-General pointed out that, during the local audit of the accounts of a WAPDA formation for the year 1968-69, it was noticed in December, 1970 that an amount of Rs. 31,743, relating to the period from July, 1964 to October, 1970, was outstanding against a consumer on account of energy charges.

327. The departmental representative stated that an Inquiry Committee was constituted to investigate the accumulation of arrears. The findings of the Committee were not accepted and re-investigation was ordered. As a result of re-investigation, the MCG was revised to be proportionately recoverable from the consumers. Of the two cases referred to, one consumer, namely, Sardar Khan, had since died and a balance of Rs. 20,547.41 was still outstanding against him. Because of his death, it was now irrecoverable.

328. The Chairman asked as to why could the money not be recovered. Even if the concerned person may have died, his land was still there. The departmental representative was directed to check this up and suggest to the department the possible actions for the recovery of the balance.

329. *Over-payment of Rs. 13,266 (Para 24, pages 18-19—Audit Report—WAPDA).*—The circumstances under which the amount of over-payment was written off did not, in the opinion of the Committee, justify the departmental action. They held that, had timely action been taken by the department, the amount in question could have been recovered and Government saved of the loss.

330. *Non-accounting of material worth Rs. 10,564 (Para 26, page 19—Audit Report—WAPDA).*—The Auditor-General pointed out that, during the audit of accounts of a formation for the year 1967-68 in November, 1969, it was noticed that electric stores worth Rs. 21,556 were debited to the accounts of certain works, but their consumption on these works could not be established from the relevant records.

331. The departmental representative stated that material had been withdrawn and installed at site. It was only the non-production of the concerned record, which was the point of objection. Necessary recoveries had since been made from the officials for the non-maintenance of records as a disciplinary measure.

332. A member of the Committee remarked that drastic action should have been taken and at least some of the officials should have been dismissed. The departmental representative stated that, in all such cases, regular inquirers are held and, if the Inquiry Officer recommends that an official was guilty of misappropriation or pilferage, disciplinary proceedings are drawn and court action

is also initiated, where called for. If the Inquiry Officer gave the finding that the accused was negligent in the performance of his duties|maintenance of record, then recoveries are made as a measure of disciplinary action.

333. Another member of the Committee remarked that, to recover an amount from an official without first determining whether that amount was recoverable from him and then to say that he had not committed any theft, was contradictory. The departmental representative stated that the Authority had now issued strict orders to the effect that wherever it got proved that there had been pilferage on the part of any employee, he should not only be removed from service, but a case should also be instituted against him. Actually, a number of cases had already been instituted. It should be appreciated that it is during the last two years or so that these disciplinary cases had been finalised and Magistrates appointed as Inquiry Officers.

334. Still another member remarked that it was to his knowledge that no court case had been finalised. However, they had amended their rule, by the famous clause 17-A under which any suspected corrupt official could be dismissed without assigning any cause.

335. *Non-transfer of value of completed projects—Rs. 21,22,16,078 [Para 29 (i), page 21—Audit Report—WAPDA].*—The Chairman observed that, during 1969, WAPDA had received two or three completion reports. He desired to know from the departmental representative about the number of completion reports received during the last ten years in respect of the projects covered by the Audit Report. The departmental representative stated that no further report had been received.

336. Thereupon, the Committee observed that this was something which the Ministry should insist upon and ensure. They should see as to what finally happened to the Projects and completion reports should be got duly prepared in each case.

337. The departmental representative undertook to take action, as desired by the Committee.

338. *Debtors advances and deposits for Rs. 6,21,09,074 [Para 30 (4), page 24—Audit Report—WAPDA].*—It was stated by the Auditor-General that the above figure also included an amount of Rs. 5,90,23,699 as "Miscellaneous Advances", year-wise break-up of which as well as other items were not forthcoming.

339. The departmental representative stated that these were the figures, transferred to WAPDA by the Provincial Government in 1959, but their details had not been supplied by the latter. The advances represented recoveries outstanding against the individuals concerned or advances given to overseers, etc. The Accounts Officers of the Provincial Governments were requested to supply the details of these advances, but they had expressed their inability to do so. Similarly neither the deposits by the consumers nor cash was transferred to the WAPDA. The depreciation reserve fund was also not transferred.

340. In reply to a query from the Chairman, the departmental representative confirmed that the matter had been referred to the Apportionment, Committee. The Audit was requested to watch the progress in the matter.

341. *Local audit and inspections (Para 32, pages 26-27—Audit Report—WAPDA).*—The Auditor-General pointed out that replies to audit observations were not being furnished, due to which the number of unfinalized observations and outstanding inspection reports was piling up. The departmental representative stated that, to eliminate delays and expedite settlement of audit objections, Inspection Teams had been formed by the Authority. The teams go round various Projects/Divisions and help the officers concerned in framing replies to audit objections. As a result replies to 117 Inspection Reports had since been furnished to Audit and the remaining ones were also being attended to.

342. The Committee observed that, next time, Audit should bring up an up-to-date consolidated list of the outstanding reports etc., for consideration of the Committee.

343. *Expenditure of works of power project incurred without sanction of estimates (Para 33, page 28—Audit Report—WAPDA).*—The departmental representative stated that these works had since been sanctioned. The Auditor-General explained that, out of 22 cases 17 had been verified and, in five cases, expenditure still exceeded the revised estimates.

344. The Committee directed the departmental representative either to take disciplinary action against the officials responsible for incurring expenditure over and above the sanctioned estimates without prior approval of the competent authority or regularise them under intimation to the Audit for verification, who shall then verify the same.

345. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation Accounts or the Audit Report. They will be deemed settled, subject to such regularising action as necessary under the rules.

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## MINISTRY OF FINANCE, PLANNING AND PROVINCIAL COORDINATION

### (a) Finance Division

346. The second item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Finance Division and the Report of the Auditor-General thereon.

347. The following departmental representatives were present:—

1. Mr. Asad Ahmad, Additional Finance Secretary.
2. Mr. Inam-ul-Haq, Joint Secretary, Finance.
3. Mr. K. M. Talpur, General Manager, House Building Finance Corporation.
4. Mr. A. Jamil Nishtar, Chairman, A.D.B.P.

348. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Rehabilitation of Displaced persons and protection of Evacuee Property (Group-Head-E and Recovery)	9
2.	Other Expenditure of Ministry of Commerce (Group heads 'A' & 'B')	20
3.	Ministry of Finance	43
4.	Appropriation Debt Services (Pages 72—74—A. A.)	—
5.	Audit (Pages 94—95—A. A.)	—
6.	Currency	44
7.	Pakistan Mint	45
8.	Superannuation Allowance and Pensions	46
9.	Other expenditure of Ministry of Finance	47
10.	Grants-in-aid and Miscellaneous adjustments between Central and Provincial Governments	48
11.	National Savings	54
12.	Capital Outlay on Currency	54-A.
13.	Capital Outlay on Pensions	54-B
14.	Central Miscellaneous Investments	55
15.	Repayment of Debt (Page 122—AA)	—
16.	Other loans and advances by the Central Government	56
17.	Contingency Item	57
18.	Capital Outlay on Mint	122
19.	Miscellaneous Capital Investments	123
20.	Development Loans and Advances by the Central Government	124

## COMMERCIAL ACCOUNTS 1971-72

### Agricultural Development Bank of Pakistan

349. *Audit Comments (Para 272, page 186—CA).*—It was stated that the net profit of the Bank for the year ending 30th June, 1972 amounted to Rs. 9,16,300 against an amount of Rs. 1,21,96,600 in the preceding year. This abnormal decrease in profit was due to the fact that, while the Bank met all its obligations in respect of borrowed funds utilized in East Pakistan, it did not receive any income on its investments there.

350. A member of the Committee observed that, in case the IDA had not agreed to transfer the loan to Bangla Desh, this question should be taken up with the Economic Affairs Division. The departmental representative agreed to follow the advice.

351. (i) *Loss due to fraudulent drawal of loan (Rs. 82,200), (ii) Irregular writing off of loans—Rs. 34,379 (Paras 24-25, pages 17-18—CA).*—The departmental representative stated that both these cases were under police investigation. The Committee directed that they should be pursued.

### House Building Finance Corporation

352. *Audit Comments (Para 293, page 201—CA).*—It was pointed out that overdue instalment of the loans increased from Rs. 1,73,21,705 as on 30th June, 1971 to Rs. 2,10,06,949 on 30th June, 1972, in spite of the fact that the Corporation had its own recovery staff and could utilise the services of Revenue Department for this purpose.

353. The departmental representative explained that the Corporation had been making constant efforts to improve the recovery of its outstanding loans by regular follow-up. The sharp rise in the outstandings since June, 1971 was due to increase in the size of loaning operation and not the result of accumulation of recoverables. Recoveries had, however, been stepped up during the last three years.

### Pakistan Refugees Rehabilitation Finance Corporation

354. *Loss of Rs. 16,338 (Para 23, page 17—CA).*—After hearing the departmental representative, the position of the Corporation was discussed in general. The Committee was told that the Corporation was being wound up. The Chairman observed that it was time to go into the details of assets/liabilities and the position closed.

### Pakistan Mint (General)

355. In reply to a query, the departmental representative stated that some land was obtained from Railways, which the latter wanted back, along with structure, for auction. This had since been postponed. The Committee directed the departmental representative to follow it up.

356. In reply to a query, the departmental representative stated that, as the Mint's activity was not of a commercial nature, no commercial account had been maintained. The Accountant General, Punjab, audits the Mint's account which had already been audited up to 1976-77.

## FINANCE DIVISION

### APPROPRIATION ACCOUNTS 1971-72

357. Before the Committee began to examine the accounts of the Finance Division, the Auditor-General submitted that in 1971-72 major part of accounting work of the Federal accounts was being done at Jauharabad while the accounting transactions took place at Karachi and Islamabad. These transactions passed through various channels before these were classified and consolidated in the final accounts. The period of consolidating accounts for 1971-72 coincided with the fall of East Pakistan when most of the East Pakistani staff working in the AGPR left all at once. As a result, the records could not be put in proper order and many adjustments remained from being made.

358. In the circumstances, the question of taking disciplinary action against the officials responsible for the mess in the accounts, did not arise. Now, the consolidation of accounts had been centralised at Islamabad and machines of the Statistical Division were being used to bring the same up-to-date. The Auditor-General, therefore, desired that the above position to be kept in view, while considering explanations of the Ministries/Divisions on the Appropriation Accounts.

359. *Appropriation Debt Services (Page 92—AA).*—The Committee noted an excess of Rs. 2,89,60,594 under group-head "A—Internal Debt" and enquired as to why a supplementary grant was not asked for in time. The departmental representative stated that the requirement of this amount could not be foreseen and a separate appropriation was not called for. A supplementary grant is usually asked for at the end of the year.

360. The Committee further noted an excess of Rs. 88,91,213 under group-head "F—Interest on other obligations". A member of the Committee observed that this should have come in the supplementary grant. The departmental representative should see the revised estimates for that year and compare it to find out as to where did it go wrong, because it formed almost 70% of the original grant. The Committee directed the departmental representative to furnish the information to Audit, for verification and placing the same before the Committee, if necessary.

361. *Grant No. 47—Other Expenditure of Ministry of Finance Note 1.*—Under the Major Head "57-Miscellaneous" the original grant of Rs. 1,46,30,000 under New Expenditure was increased to Rs. 1,87,52,000 by a supplementary grant of Rs. 41,22,000, authorised in June, 1972. The total grant closed with a saving of Rs. 55,44,093. A sum of Rs. 34,08,000 was however surrendered.

362. The Committee observed that, in view of the above position the supplementary grant was unnecessary and displayed lack of budget foresight, which should be avoided in future.

363. *Grant No. 54-A Capital Outlay on Currency.*—The Committee noted a saving of Rs. 1,99,33,59,672 under this grant. The departmental representative explained that it represented payment to IMF which could not be accounted for by the AGPR. The Committee directed the Audit to locate and adjust the amount in the accounts.

364. *Grant No. 55—Central Miscellaneous Investment, Grant No. 123—Miscellaneous Capital Investment.*—The Committee observed that there were two different grants under the same caption and the same head of account. They,

therefore, desired the Audit and the departmental representative to examine the wisdom of operating the two grants in the above manner and report back to the Committee.

365. The Committee further desired that Audit should prepare a list of the Accounts (closed to balance) particularly under heads 'Loans and Advances by the Federal Government', 'Public Debt' and 'Central Miscellaneous Investments' for carrying out adjustments where necessary.

366. *Paras not discussed to be treated settled.*—The Committee did not make any observation on other grants and paras in the Appropriation/Commercial Accounts or the Audit Report. These will be deemed settled subject to such regularising action as necessary under the rules.

367. *Discussion on the Working Paper prepared by the Finance Division, in consultation with the Auditor-General.*—The Ad-hoc PAC had, in its meeting held on 19th November, 1978, discussed various proposals for updating Federal Accounts and Reports thereon and had desired that a paper should be submitted by the Finance Division for this purpose in the next meeting. Accordingly, the above Division submitted a Working Paper, making the following recommendations :—

1. *Time-table for clearance of arrears of Accounts and Audit Reports.*—Auditor-General has prepared the following time-table for coming abreast with the compilation of various Accounts and Audit Reports :—

Year of Account and Report thereon	Target date for printing
1973-74	28-2-1979.
1974-75	30-6-1979.
1975-76	
1976-77	3-10-1979.
1977-78	

For this purpose, sanction of some additional staff and permission to print the compilation at private presses, if necessary, has been issued by the Finance Division on 10-1-1979. The requisite funds will be arranged from within the existing budget of the Audit Department, as far as possible. The work for the compilation of 1973-74 has already started in full swing.

2. *Simplification of Finance Appropriation Accounts.*—A simplified version of these Accounts, as developed by Audit, has been examined by a Committee consisting of representatives of the Finance Division, Auditor-General and AGPR. The new format will be used for the Accounts and Reports for 1974-75, when these are taken up for printing. As regards the old items of loans, advances, etc., shown in the Finance Accounts, the Committee will be examining these details for elimination. The question of writing off suspense balances will be taken up, after clearance parties, to be formed for this purpose, have completed their action.

3. *Reduction of volume of Commercial Accounts.*—The bulk of the Commercial Accounts is proposed to be reduced as under:—
- (a) The External Auditors' Report will not be printed in the compilation of 1973-74 and onwards till the back-log is cleared. A few copies will, however, be kept handy for consultation by the PAC.
  - (b) The Financial Review of the Management will be reduced in the compilation by eliminating routine and un-important portions.
  - (c) The outstanding accounts of the previous periods, which were being included in the latest compilation will be excluded. A few copies will be kept handy for consultation by the PAC.
4. *Principles for explaining savings/excesses in Appropriation Accounts.*—In pursuance of the discussion on the subject in the Committee's meeting on 19th November, 1973, the following proposals are submitted:—
- (a) Explanations for savings/excesses will not be printed in the Appropriation Accounts. These will, however, appear in the Ministries' Replies to the PAC, where necessary.
  - (b) Ministries/Divisions need not explain savings unless (1) these are substantial (say 30% of the grant/appropriation) or (2) they pertain to some specified scheme/project, etc., the explanations for savings may, however, be furnished to Finance Division, if required by them.
  - (c) The excess up to 5% of the Grant/Appropriation need not be explained by the Ministries/Division.
5. *Audit Reports.*—As a result of the directive given in the PAC's meeting held on 9th December, 1975, the Ministries/Divisions and the departments concerned are being given 6 months (instead of traditional 6 weeks) time to furnish full and complete replies to the audit observations on financial irregularities. The audit observations on irregularities (which would appear in the Audit Reports, if not properly explained) are being intimated by name to the Liaison Officer appointed in each Ministry. The PAC had stated that if no reply was received during the stipulated period or replies received were vague or incomplete, it would be assumed that there was no more information or explanation for the Ministry/Division to furnish. In case any additional explanation or information was made available subsequently or at the meeting, the PAC, unless satisfied with the timing of submission, would be obliged to take a serious view of lack of attention in furnishing full replies. The Audit Reports are proposed to be finalised on the above lines. It would, however, be desirable to bring again the above directive to the notice of all the Ministries/Divisions.
6. *Establishment of Sub-offices of the AGPR and Federal Treasuries.*—Preliminary steps for bifurcation of Federal accounts work in the offices of the Provincial Accountants-General, have been taken and the sub-offices/Federal treasuries are expected to start functioning from the next financial year.

7. *Examination of Accounts of Autonomous Bodies.*—This question was last discussed in a meeting between Secretary, Finance and Auditor-General on the 7th January, 1979. It was felt that the Pakistan (Audit and Accounts) Order, 1973 will need amendment to vest in the Auditor-General necessary powers to undertake the audit of autonomous bodies, etc., on the lines recommended by the Committee."

368. Considering item No. 1 above, the Committee approved the proposed time-table for the presentation of Accounts by the Auditor-General for various years with the modification that preparation of the Accounts relating to 1973-74 should be completed by 15-2-1979 and that for 1974-75 by 31-3-1979.

369. The Committee did not make any specific observations on the other items, leaving it to the Finance Division and the Auditor-General to take decisions or action, in the light of known views of the Committee, where they had to do so, and to bring any remaining points to their notice in their next meeting.

#### (b) Economic Affairs Division

370. The next items on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Economic Affairs Division and the Report of the Auditor-General thereon.

371. The following departmental representatives were present:—

1. Mr. S. Ghulam Ahmad, Joint Secretary.
2. Mr. Imtiaz Ahmad Khan, Section Officer.

372. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Economic Coordination and External Assistance Division (excluding Group head-B).	99
2.	Technical Assistance Scheme	100

#### APPROPRIATION ACCOUNTS 1971-72

373. *Grants No. 99 & 100.*—There was no material point for consideration under these grants.

374. *General—Foreign Aid.*—In reply to a query, the departmental representative stated that the accounts of the foreign aid were being maintained by his Division. These accounts are based on the disbursement figures received from donor agencies and their designated banks. The system of communication of these figures could differ from aid to aid. On a further query whether a summary of the position at a given date, e.g., 30th of June, 1978 would be available in the Division, the departmental representative replied in the affirmative. In reply to another query, he further stated that they also receive figures from various projects and user departments but the figures, which are received from the designated banks, are the most reliable figures and these have been reconciled.

375. After some discussion, it was decided that a statement should be prepared for all the India Basin/Pakistan Railways disbursements and loans, indicating the amounts received from each source and how these were spent. It should also show (i) the liability on account of these loans; (ii) when are the same to be repaid; (iii) what interest is to be paid on them and (iv) where was it to be charged. This exercise should be conducted jointly by the Ministries of Finance, Economic Affairs, Water and Power and Railways.

### (c) Planning and Development Division

376. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Planning and Development Division and the Report of the Auditor-General thereon.

377. The following departmental representatives were present:—

1. Mr. M. Z. Rehman, Additional Secretary.
2. Mr. S. Zaheer Hussain Gilani, Section Officer.

378. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Planning Division .. .. .	111
2.	Development Expenditure of Planning Division .. .. .	143

### APPROPRIATION ACCOUNTS 1971-72

379. *Grants No. 101 and 143.*—There was no material point for consideration under these grants.

### AUDIT REPORT 1971-72

380. *Irregular payment of pay and allowances amounting to Rs. 22,129 to two telephone operators (Para 21, page 31).*—The explanation of the departmental representative was accepted and the para was dropped.

### (d) Statistics Division

381. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Statistics Division and the Report of the Auditor-General thereon.

382. The following departmental representatives were present:—

1. Mr. S. Sohail Ahmad, Joint Secretary.
2. Mr. Qamar Ahmad, Section Officer.

383. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Economic Coordination and External Assistance Division (Group-head-B).	99
2.	Development Expenditure of Economic Coordination and External Assistance Division.	42

#### APPROPRIATION ACCOUNTS 1971-72

384. *Grants No. 99 (Group head ' B ' ) and 142.*—There was no material point for consideration under these grants.

#### (e) Central Board of Revenue

385. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Central Board of Revenue and the Report of the Auditor-General thereon.

386. The following departmental representatives were present :—

1. Mr. N. M. Qureshi, Chairman, C.B.R.
2. Mr. S. A. Nawab, Member, C.B.R.
3. Mr. H. N. Akhtar, Member (Customs).

387. This Board controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Central Board of Revenue	49
2.	Sea Customs	50
3.	Land Customs and Central Excise	51
4.	Taxes on Income, Corporation Tax and Sales Tax	52
5.	Estate Duty	53

#### APPROPRIATION ACCOUNTS 1971-72

388. *Grants No. 49 to 53.*—There was no material point for consideration under these grants.

#### AUDIT REPORT 1971-72

389. *Extra expenditure on telephone calls (Para 22, page 31—Audit Report).*—It was pointed out that telephone calls were made during the period from November, 1971 to May, 1974 from a telephone installed at the residence of a Commissioner of Income Tax in excess of the ceiling fixed by the Central Board

of Revenue, resulting in a loss of Rs. 12,401. The irregularity was brought to the notice of the Department in 1974.

390. The departmental representative explained that, although ceiling on residential telephones was fixed to maintain economy in expenditure on this item, this limit could not be strictly adhered to in the case of Heads of the Departments subordinate to the Board, because their offices were located all over the country and required specific directions from the respective Heads every now and then. Under the circumstances, the Board were of the view that the telephone calls in question had been made in public interest and were reasonable and genuine. Accordingly, approval of the competent authority was being obtained to regularise the expenditure.

391. After hearing the departmental representative, the Committee observed that this may not be an isolated case. There may be other cases of a similar nature. The department should find out the position and have the whole thing regularised, rather than taking up isolated cases one by one.

392. *Non-recovery of customs duty amounting to Rs. 1,14,400 (Para 4 (i), page 64—Audit Report).*—The departmental representative stated that the demand had been reduced to Rs. 33,373, with the acceptance of C.R.A., and the Deputy Commissioner, Karachi had been approached for recovery action. The firm, a nationalised unit, had approached the Commissioner, Karachi through the Production Division that the recovery proceedings be withheld till a decision is taken by the E.C.C. Committee of the Cabinet. In reply to a query, the departmental representative stated that reference to Deputy Commissioner was made in 1976. The Audit was requested to watch the recovery.

393. *Loss of revenue (Rs. 49,543) due to excess refund [Para 4 (ii), page 64—Audit Report].*—The departmental representative informed the Committee that out of Rs. 49,543, an amount of Rs. 36,796 had since been recovered from party's refund claim and the balance of Rs. 12,747 had been written off as being irrecoverable. In reply to a query whether any action was taken against the person who was responsible for the excess refund, the departmental representative stated that it was not to their knowledge. They will look into the matter and report back.

394. *Paras not discussed to be treated settled.*—The Committee did not make any observation on any other para in the Appropriation Accounts or the Audit Report. These will be deemed settled, subject to such regularising action as necessary under the rules.

395. The Committee then adjourned to meet again at 9.30 a.m. on February 1, 1979.

1ST FEBRUARY, 1979

**6th Meeting**

396. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.30 a.m. The following were present :—

*Ad-Hoc P. A. C.*

1. Mr. A. G. N. Kazi, Governor, State Bank of Pakistan . . . . . *Chairman.*
2. Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan . . . . . *Member.*
3. Mr. Abdul Qadir, former Chairman, Railway Board . . . . . *Member.*
4. Mr. Yusuf Bhai Mian, Chartered Accountant . . . . . *Member.*

*National Assembly Secretariat*

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

*Audit*

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Refique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant-General, Pakistan Revenues.
4. Mr. A. S. Ansari, Director of Audit, Defence Services.
5. Mr. S. A. K. Rehmani, Director of Audit & Accounts (Works).

*Ministry of Finance*

Mr. Inam-ul-Haq, Joint Secretary.

**MINISTRY OF DEFENCE****(a) Defence Division**

397. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Defence Division and the Report of the Auditor-General thereon.

398. The following departmental representatives were present :—

1. Mr. Sajjad-ul-Hassan, Joint Secretary.
2. Mr. Islamuddin, Deputy Secretary.
3. Mr. M. Y. Qureshi, Financial Adviser, Defence.
4. Mr. Ghazanfurallah Khan, M. A. G.

399. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Survey of Pakistan	2
2.	Ministry of Defence (Excluding Group heads " B " and " D ")	29
3.	Development Expenditure of Food & Agriculture Division (Group head " K ")	102

#### APPROPRIATION ACCOUNTS (CIVIL) 1971-72

400. *Grants No. 2, 29 and 102.*—There was no material point in these grants.

#### APPROPRIATION ACCOUNTS (DEFENCE SERVICES) 1971-72

401. *Military Accountant General's Certificate (Page 4—AA).*—It was pointed out that cases continued to occur in which consignees of Defence Department Stores had not linked the accounts of goods received by them against particular consignments despatched to them. It was thus not possible for the internal audit to satisfy itself that such consignments had actually been brought to account by the consignees.

402. The departmental representative stated that this irregularity had not occurred due to negligence on the part of the units/formations concerned. The reasons for it were mainly (i) smaller quantity of stores received from the consignor abroad ; (ii) late receipt of invoices ; (iii) non-existence of packing accounts number on the invoices, thereby causing delay in timely accounting of the vouchers. Every effort was, however, being made to settle the outstanding items.

403. In reply to a query by the Chairman, the departmental representative stated that invoices are received much after actual receipt of the goods. Thereupon, the Chairman observed that this is the real problem. If invoices are received after the goods, their linkage becomes a problem. If invoices are received first and the goods later, then they can be linked more easily.

404. On a query from a member as to why should it be like that, because the general practice was otherwise, the departmental representative stated that, in actual practice, they first received the goods from the units and then their vouchers. Those vouchers are then linked on the registers on which the stores have been taken on charge. That is why Audit has an objection when no voucher has been received. The linkage goes on in this manner.

405. In reply to a further query as to how are the shortages recovered if they are linked, the departmental representative stated that these are actually the receipts from abroad. There are always stores which have been linked and there are stores which cannot be linked. Some stores are also received in damaged condition. Until the whole thing is cleared, they cannot be linked.

406. The Committee observed that the department should make all possible efforts to improve upon the existing method of linkage, so that tallying of stores with the records is more practicable.

407. *Collapse of Bailey Bridge, Kamila (Item II—4, page 9—AA).*—On 18th February, 1971, when a dozer coming from the Dassu side reached about the Centre of the Bailey Bridge at Kamila over the Indus River, the bridge collapsed and plunged into the river along with the dozer.

408. The departmental representative stated that the loss to the bridge amounted to Rs. 48,389. A court of inquiry was held. Nobody was blamed by the court. The loss was regularised by the Project Board.

409. In reply to a query by the Committee, the departmental representative replied that there is always a maintenance party on each bridge. A member of the Committee pointed out that, normally, in other departments the Chief Engineer has to get a certificate that all the bridges were being maintained in perfect order. The Army should also follow the same procedure. In reply, the departmental representative stated that there is always a maintenance party on each bridge. A separate certificate for the purpose is not required as the bridges are being inspected regularly.

410. The Committee was not satisfied with the explanation because nobody was held responsible in this case. The departmental representative was directed that a copy of the report of Court of Inquiry may be supplied for examination by the Audit, who should report back the matter to the Committee, if necessary.

411. *Damage to Army Vehicles (Item II (5) (a) to (e), page 9—AA).*—From the instances of accidents of vehicles cited at Items II—5 (a), (d) and (e), the Committee concluded that army vehicles were not being maintained properly.

412. The departmental representative was requested to ensure better control in this sphere.

413. *General Delegation of powers to Chief of Staff.*—In a large number of cases, involving expenditure of Rs. 5,000 or Rs. 6,000, the Committee noticed that the cases were being referred to the Ministry of Defence for approval. They felt surprised that the Chief of Staff had not been delegated financial powers to dispose of such cases and regularise them.

414. The departmental representative confirmed that there was no bar to such a delegation.

415. *Construction of causeway on link road (Item 2, page 11—AA).*—A causeway constructed on a link road was washed away in September, 1953, due to abnormal heavy rains. The expenditure increased on the construction of the causeway and demolition of its remains was regularised in 1971. The Committee expressed their dissatisfaction over this abnormal delay and Audit was requested to find out when the irregularity was pointed out to verify the justification of regularising it in 1971.

#### AUDIT REPORT (DEFENCE SERVICES) 1971-72

416. *Review of Expenditure of Military Engineer Services for the year 1971-72 (Para 3, page 2, Audit Report).*—In reply to a query, the departmental representative explained that the latest review prepared in respect of expenditure of Military Engineering Services related to the year 1973-74. A member of

the Committee observed that the Auditor-General was now collecting material for the year 1976-77. It would be better if the accounts for 1977-78 are also started and completed. The departmental representative was asked to have this done before the end of the current financial year, so that the information becomes up-to-date.

417. *Short recovery of the cost of water supplied to Contractors (Rs. 21,768)*—(Para 4, page 4, *Audit Report*).—At a station, an MES formation recovered the cost of water supplied to the contractor by another M.E.S. formation at the rates fixed for metered supply, instead of at a flat rate, which resulted in a short recovery of Rs. 21,768. Although the supply was shown as metered, yet almost in all the cases, no meter existed e.g. a nominal quantity of 13 lac gallons against a minimum quantity of 86 lac gallons of water, required for the execution of work, was charged to the contractor.

418. When pointed out by Audit in April, 1969, the MES authorities agreed to effect recovery, but this had not been made so far.

419. The departmental representative explained that Rs. 2,636.55 had been adjusted from one Contractor through an arbitration award, given by the official Arbitrator. The formation concerned were making every possible effort for the realization of the remaining amount from the other contractors concerned. The outstanding recoveries of Rs. 19,131.75 had been noted in the contractors' ledgers by the UA's concerned, which will be further watched by the internal audit.

420. One of the members expressed the view that mere recovery was not enough in this case. Apparently, it was a case of fraud, because even though there was no meter, the demand on the contractors was metered. This is something serious, which required proper investigation.

421. The departmental representative promised to do the needful.

422. *Regularisation of Rs. 23,888 on account of excess issue of Drill khaki and black (Para 15, page 10—Audit Report)*.—After hearing the departmental representative, the Committee observed that the matter should be pursued. The Auditor-General was also directed to keep a track of the case.

423. *Outstanding against contractors (Para 7, page 20—Chapter III—Audit Report)*.—Audit pointed out that a sum of Rs. 87,29,258 was outstanding against contractors on 30th June, 1968 on various accounts. A member of the Committee remarked that this is the tenth year and, since then, there might have been addition of another crore. The Chairman observed that there is no use discussing individual items. A list should be drawn up and, any amount which cannot be recovered, should be written off. Another member suggested that it will not be wise for the department to go to the court for the recovery of small amounts. The departmental representative agreed to look into these cases with a view to finalise them early.

424. *Outstanding on account of Rent, Water, Electricity and Allied Charges, (Para 8, page 21 Chapter III—Audit Report)*.—Audit stated that a sum of Rs. 17,14,439 was outstanding on 30th June, 1968 against Government servants and private individuals on account of rent, water, electricity and allied charges. The Committee directed the departmental representative to furnish the latest position as on 30th June, 1978.

425. *Paras not discussed to be treated settled.*—The Committee did not make any observation on other paras in the Appropriation Accounts, Commercial Appendix (D.S.) or the Audit Report (D.S.). These will be deemed settled, subject to such regularising action as necessary under the rules.

#### (b) Aviation Division

426. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Aviation Division and the Report of the Auditor-General thereon.

427. The following departmental representatives were present:—

- (1) Mr. Mohsin Kamal, Joint Secretary.
- (2) Mr. Z. A. Shah, Deputy Secretary.

428. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Defence (Group head ' A ')	29
2.	Meteorology	33
3.	Aviation	34
4.	Development Expenditure of Ministry of Defence (Group heads ' K ' and ' S ')	115
5.	Capital Outlay on Civil Aviation and other Works	116

#### APPROPRIATION ACCOUNTS (1971-72)

429. There was no material point in respect of above grants.

#### AUDIT REPORT (CIVIL) 1971-72

430. *Loss of Rs. 3,09,640 as a result of failure to fulfil the terms of the agreement (Para 7, page 26—Audit Report).*—The Auditor-General stated that, in connection with the execution of a work by a firm, a dispute between the ADA and the contractor had to be resolved through arbitration. A loss of Rs. 3,09,640 occurred as a result of failure on the part of the officers concerned to fulfil the terms of the agreement. The amount of award should have been met by the ADA instead of charging the same from the Government funds. Neither any recovery had been made from nor action taken against the defaulting officers. The Arbitrator's award had also not been challenged in a court of law.

431. The departmental representative stated that the work of construction of the runway at the International Airpor, Islamabad was awarded to a firm in 1967. The firm had claimed certain payments which were not accepted by the Agency, and a dispute arose between the Agency and the firm. The contractor invoked Arbitration and lodged a claim of Rs. 48,51,817 against the Agency. After a detailed examination of the case and hearing of both the parties, the

Arbitrators, who were retired judges of Supreme High Courts, ordered the ADA to pay to the firm a sum of Rs. 3,91,987.

432. After discussing various aspects of the matter, the Committee observed that, assuming the correctness of the award which the three learned Judges had given, the Government should see whether the responsibility for this loss can be fixed on any individuals. The departmental representative was directed to go into this aspect, without going behind the findings, because the findings were given by high Judicial officers after hearing both the sides. Therefore, their judgement cannot be questioned.

433. *Non-recovery of Rs. 1,85,818 from a contractor (Para 9, page 27—Audit Report).*—This para was treated as settled, subject to verification by Audit, as to whether any machinery of the Agency was used by the contractor or the contractor used his own machinery.

434. *Non-accountal of Government money amounting to Rs. 20,264 (Para 14, page 29—Audit Report).*—The Auditor-General pointed out that an advance payment of Rs. 20,264 was made to the Honorary Secretary, Golf Club for the execution of a work. Despite a lapse of 4 years, neither the amount had been recovered nor a detailed account of the expenditure obtained. The possibility of misappropriation of the amount or its use on unauthorised work could, in the circumstances, be not ruled out.

435. The Committee desired to know the precise nature of the work and whether the amount in question was a donation to the Club. As the departmental representative could not furnish the information to the Committee, he was directed to look into the matter and report back to the Committee.

## COMMERCIAL ACCOUNTS (CIVIL) 1971-72

### **Pakistan International Airlines**

436. *Appointment of Auditors in Corporations (Para-20, page 15—Audit Report).*—The Auditor-General stated that the PIAC, whose Act provides for the appointment of its Auditors in consultation with the Auditor-General, engaged a firm of Auditors for the first time for auditing their accounts for 1963-64. The normal five years tenure for the audit by this firm expired in 1967-68, but they were appointed auditors for the sixth consecutive year viz, 1968-69 also, which was agreed to by the Auditor-General as a special case. But in disregard of the advice of the Auditor-General, the same firm was appointed not only for the seventh year but for the eighth year as well.

437. The departmental representative stated that, in pursuance of section 16 (1) of PIAC Act, the Auditors are required to be appointed by the Central Government, in consultation with the Comptroller and Auditor-General of Pakistan. He further stated that, since one of the two auditing firms was representing the then Eastern Province of Pakistan, due to abnormal conditions in that province at that time, there was no alternative but to continue auditing of accounts by the same firm for the 8th year also, to avoid delay in the finalization of annual accounts.

438. The Committee directed the departmental representative to produce a copy of the order under which the auditors were appointed, for verifying that they were appointed by Government for that particular year.

439. *Paras not discussed to be treated settled.*—The Committee did not make any observation on other paras in the Appropriation [Commercial Accounts or the Audit Report. These will be deemed settled subject to such regularising action as may be necessary under the rules.

**(c) Defence Production Division**

440. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Defence Production Division and the Report of the Auditor-General thereon.

441. The following departmental representatives were present :—

- (1) Mr. Muhammad Masud, Joint Secretary.
- (2) Mr. M. M. Saeed, Member, POF Board.
- (3) Mr. M. Sharif, Managing Director, Wah Industries Ltd.

**APPROPRIATION ACCOUNTS (DEFENCE SERVICES) 1971-72**

**MAG's Certificate**

442. *Delay in linking of goods (Para 3, page 4—AA).*—It was pointed out that cases continued to occur in which consignees of the defence Department Stores had not linked the goods received by them against the consignments, notified as having been despatched to them, and it was not possible for internal audit to satisfy itself that such consignments had actually been brought to account by the consignees.

443. The departmental representative said that there is generally a gap of 3 to 4 months between the actual receipt of invoices and the receipt of consignment. Piecemeal receipt of consignments also results in delaying the clearance of invoices for the full consignment. In such cases, it takes time to link up the consignment with the shipping documents. Efforts were made to speed up the clearance of all outstanding packing accounts. As a result, there were now no outstanding packing accounts pertaining to the year 1971-72.

444. In reply to a query from the Chairman, the departmental representative stated that invoices come first and the goods were received later. The goods were, sometimes, inspected if they were local, and were not brought on charge quickly, because only after being inspected and cleared they were brought on charge on the documents and linked with the invoices. There was thus some delay, but if there be any extra delay, the same had to be looked into.

445. After hearing the departmental representative, the Committee observed that Government would be well advised to revise and improve the procedure, after a study of the case, so that it did not recur in the future. The departmental representative promised to take action accordingly.

**AUDIT REPORT (DEFENCE SERVICES) 1971-72**

446. *Loss of Rs. 15,807 due to acceptance of a tender other than the lowest (Para 17, page 11).*—The Auditor-General submitted that a purchase agency invited tenders for the supply of four air-conditioners on a demand placed by a certain Military Engineering Services formation. In response, ten quotations

were received, which were sent to the indenter for technical scrutiny and acceptance. They informed that the stores offered by the second lowest tenders were preferable. In view of the implied acceptance of all the quotations and having found that the stores offered by the second lowest tender differed from the indent, the Purchase Agency proposed to obtain the stores from the firm, quoting the lowest rate. The proposal was sent to the Finance authorities for concurrence although it was not necessary since the stores were being purchased from the lowest tenderer and the value of the contract was less than Rs. 1 lac. The Finance authorities, returned the proposal stating that their concurrence was not required. Instead of finalising the deal with the lowest tender, the case was again referred to the indentors who intimated their approval to five quotations in order of priority. The lowest tenderer was given the second priority on the apprehension that spares might not be easily available. Accordingly, a contract agreement was concluded with the tenderer, whose quotation was the 8th lowest. This resulted in an extra expenditure of Rs. 15,504 in foreign exchange plus Rs. 753 in Pakistani rupees.

447. The departmental representative explained that the offers of 10 firms received in this case, were forwarded to the Director of Works and Civil Engineer (Navy)—the indenter—for technical scrutiny. They indicated preference to the 2nd lowest tenderer, but did not reject the other offers. The purchase agency ignored the preference and prepared purchase proposal in favour of the lowest firm and forwarded it to DFA (DP), who returned the proposal on the plea that it was within the financial powers of the purchase office. Since the Director of Works and Civil Engineer (Navy) had not rejected other offers and the stores offered by the 2nd lowest, preferred by them, were of uncommon make, the case was again referred to the Director of Works and Civil Engineer (Navy) for re-scrutiny. It was, after a long and protracted discussion, that the DW&CE (Navy) selected M/s. Jaleel Brothers (the 8th lowest)—with whom finally the order was placed. The fact was that, although M/s. Jaleel Brothers were the 8th lowest on the comparative statement of tenders, they were technically acceptable by the indenter and, as such, their offer became technically the lowest offer.

448. After hearing the departmental representative, the Committee observed that this explanation was not acceptable to them. It was a bad case and fit for being brought to the notice of the Government, for further probe into the matter. The Committee further desired that the action taken in the matter by the Ministry of Finance be reported back to the Committee, for their information.

449. *Extra expenditure due to acceptance of higher rates (Rs. 5,025) (Para 21, page 12 Audit Report—Defence).*—A purchase agency concluded a contract with a firm for Rs. 99,314 for 3 items of stores. The third item in the contract, numbering 1,38,800, was originally offered by the firm at a rate of Rs. 24.93 per 100 items including taxes. The above rate was, however, considered exorbitant by the purchase agency and the firm was asked to reduce it to Rs. 24.24 per 100, excluding taxes, which was agreed to by the firm. The above deal resulted into a loss of Rs. 5,691 to the State due to the acceptance of the tax element in rate on an exempted item.

450. The departmental representative explained that three offers were received in this case. The lowest offer of Rs. 24.24 per 100 items, including taxes, was ignored, because the firm was not considered financially sound for supplying of the contracted quantity of 1,38,800 Nos. The second bidder was also ignored, as the offer was uncalled for. Therefore, the third bidder M/s. Sh. Mohammad Sadiq Mohammad Afzal, Lahore who had offered the rate of Rs. 24.93 per 100

items, including taxes, were asked to intimate their acceptance of the rate of Rs. 24.24 per 100 Nos. The firm accepted this rate, for exclusive of taxes. Therefore, the contract was placed on the firm accordingly.

451. He further stated that on the advice of Audit authorities, Rs. 5,025 recoverable on account of tax element had since been recovered. This was in addition to the amount already recovered on account of taxes paid to the firm. Obviously, no loss to the State was involved and, therefore, no regularization action was needed.

452. After hearing the departmental representative, the Chairman observed that it was not clear as to how the payment under dispute was made and on whose authority when it was not on the bill. The departmental representative stated that the paying authority in this case was the CMA, Karachi. The departmental representative was, therefore, directed by the Committee to get from the CMA, Karachi full information as to how and why was it paid when it was not on the bill and to fix the responsibility for the irregular payment.

453. *Outstanding against contractors (Para 7, page 20—Chapter-III—Audit Report—Defence).*—After hearing the departmental representative, the Committee directed him to look into these cases and, if the amounts cannot be recovered, these may be written off.

454. *Outstanding on account of rent, water, electricity and allied charges (Para 8, page 21, Chapter-III—Audit Report—Defence).*—It was pointed out that a sum of Rs. 17,14,439 was outstanding on the 30th June, 1968 against Government servants and private individuals on accounts of rent, water, electricity and allied charges.

455. The departmental representative stated that out of the above balance the amount pertaining to the POFs was Rs. 9,84,923.36 only against which Rs. 9,75,646.68 had already been recovered. Efforts were continuing to recover the balance of Rs. 9,276.68.

456. The Committee observed that a better procedure for the recovery of service charges may be evolved, details of the remaining balance may be worked out and all those cases where the recoveries may not appear practicable be written off.

## COMMERCIAL APPENDIX TO APPROPRIATION ACCOUNTS

### (DEFENCE SERVICES)

457. *Extra expenditure of Rs. 57,750 due to violation of purchase procedure (Para 17, page 9—Commercial Appendix).*—In January, 1969 a formation purchased 250 tons of Pig Iron, Grade III @ Rs. 880 per ton on a single tender basis, depriving itself of the benefit of competitive rates and also ignoring the fact that the same material had been purchased earlier in June, 1968 from another firm @ Rs. 649 per ton. The whole deal indicated that some of the extra expenditure of Rs. 57,750 (Rs. 231 × 250), sustained by the formation, could have been avoided.

458. The departmental representative said that an order for the supply of 1100 tons of Pig Iron from abroad was not likely to materialize before 12th

July, 1968 due to foreign exchange budget constraints. In the meantime, pound sterling got devalued and, on this pretext the firm started demanding 14.3 per cent increase in the cost of the contract, which was not agreed to. A stalemate and loss of valuable time resulted and the stocks got depleted to an extent that it remained hardly sufficient for two weeks. Besides, delivery against another order dated 25th January, 1969 for 500 tons, ex-stock, placed on M/s. Bengal Engineering Corporation, Dacca, FOB Chittagong basis, also could not be arranged due to non-availability of a vessel and political turmoil.

459. As the stock of Pig Iron (64 tons), sufficient for only a fortnight, was left and supplies against other orders were not forthcoming, the department was left with no choice but to procure at least 250 tons of Pig Iron on an urgent basis, to avoid hold-up in production. Normally 250 tons of Pig Iron was sufficient for less than two months. Enquiries were made from all the prospective suppliers, but none had the store in stock, according to our specifications. As such, a contract dated 31st January, 1969 on single tender basis was placed on M/s. Olympus Corporation, Karachi, who were in a position to make supplies, ex-stock.

460. The explanation of the departmental representative was not acceptable to the Committee, who observed that Pakistan rupee was not devalued and Pound devaluation did not change the rupee amount. They further desired to know as to why short notice tenders were not invited. The departmental representative was directed to look into the matter again to find out as to who was responsible for the irregularity and take suitable action. A report may then be submitted to the National Assembly Secretariat for the information of the Committee.

461. *Avoidable expenditure on the local purchase of Ferro Silicon (Rs. 24,480) (Para 12, page 9—Commercial Appendix).*—The Auditor-General pointed out that, on 3rd May, 1969, a certain formation invited tenders for the purchase of 48,000 lbs. of Ferro Silicon from seven firms. Only three firms submitted quotations, of which Rs. 2.33 per lb. was the lowest. Instead of placing order with the lowest bidder, the formation asked the other firm, which had offered the highest rate of Rs. 2.98 per lb. to agree to the supply of the stores in question at the last purchase rate of Rs. 1.95 per lb. The latter firm declined to accept this rate. Therefore, fresh quotations were telegraphically invited on 12th June, 1969, ignoring the lowest bidder, on the plea that, since the lowest rate of the firm was available with the formation, no fresh tender was required to be issued to them. The lowest offer received this time was Rs. 2.84 per lb. from the firm which had quoted the highest rate of Rs. 2.98 on the previous occasion. In the meantime, the validity of the lowest tender had expired on 30th May, 1969. Thus, purchase was made @ Rs. 2.84 per lb., resulting in an extra expenditure of Rs. 24,480, which would have been avoided if purchases were made from the lowest bidder of the previous tender in May, 1969.

462. The explanation of the departmental representative failed to impress the Committee. The Chairman observed that negotiations with one of the parties, quoting highest, were uncalled for. The firm, which had quoted the lowest, was ignored and was also not asked for to bid when tenders were called for the second time. Two fold, technical irregularities were involved in this case, firstly, negotiation was done with only one of the tenderers, secondly, the firm, which had quoted the lowest, was not given an opportunity to quote for the second time. As such, responsibility for these irregularities should be fixed and those found guilty warned to be careful in future and to follow the rules strictly.

463. *Recovery of outstanding bills on account of rent of buildings, etc. (Para 52, page 29—Commercial Appendix).*—It was pointed out by the Auditor-General that the progress of recovery of rent for buildings etc., which have remained outstanding since 1964-65, had been very unsatisfactory.

464. The departmental representative stated that concerted efforts had been made to recover the outstanding bills on account of rent and the POFs Board had been largely successful in its efforts. Out of Rs. 3,97,037, a sum of Rs. 3,80,773.46 had to date been recovered, leaving a balance of Rs. 16,263.54 only. Efforts were continuing to recover the balance.

465. A member of the Committee desired to know accumulated arrears from 1970-71 to date. The departmental representative stated that, since 1967, they had not carried out the exercise. He was directed to produce the information next time.

466. *Adjustment of outstanding amounts (Para 53, page 30—Commercial Appendix).*—Audit had stated that amounts due to the POFs, as on 30th June, 1972, for "Work done for private bodies" and for "Stores and Machinery" had also remained unadjusted since 1958-59. Effective steps need be taken for early realisation/adjustment of the dues.

467. The departmental representative stated that the latest recovery position of the dues was as under :—

(a) *Stores.*—Out of Rs. 4,89,43,850 a sum of Rs. 4,68,42,432.90 has to date been cleared, leaving a balance of Rs. 21,01,417.10 including a sum of Rs. 3,20,685 relating to POFs, Dacca.

(b) *Machinery.*—Out of Rs. 4,45,51,681 a sum of Rs. 3,17,49,040 has been cleared leaving a balance of Rs. 1,28,02,641 including a sum of Rs. 55,89,174 relating to POFs, Dacca.

(c) *Work done for private bodies.*—Out of Rs. 54,11,159.51 (and not Rs. 54,11,170 as shown in the Commercial Appendix 1971-72) a sum of Rs. 53,79,139.48 has to date been cleared leaving a balance of Rs. 32,020.03 including a sum of Rs. 6,184 relating to POFs, Dacca.

468. Efforts are continuing to recover the outstanding amounts shown at (a) (b) and (c) above.

469. Attention of the departmental representative was invited to the discrepancy in the statements made in the report and the remarks against item 3 (d) and (e) on page 41 of the Commercial Appendix to Appropriation Accounts of the Defence Services for the year 1971-72. According to the report machinery had not been received but the position stated against item 3(d) and (e) was otherwise.

470. The departmental representative stated that, in 1958, machinery was received, but the same had not yet been adjusted as receipt vouchers have not been prepared and linking of invoices had not been carried out.

471. A member of the Committee remarked that, in fact, the machinery may have been used, but it remained unadjusted in the books. If used, the position of depreciation on these would be different. The departmental representative said

that, normally, machinery is shown in the depreciation account. Invoices are received and, under the rules, are linked with receipt vouchers. In all cases, where receipt vouchers are not available, the invoices are shown as outstanding and they continue to be outstanding till receipt vouchers are prepared and linking is carried out. In this case, the amount represented the value of invoices, which had not been linked in the receipt voucher. It is the receipt voucher which had not been prepared.

472. The Chairman remarked that the machinery must be there, but the receipt vouchers had not been prepared. The departmental representative informed the Committee that, since the civil works had not been completed, the machinery could not be installed. In this case, some kind of a receipt vouchers had been prepared but the transaction could not be cleared until proper receipt voucher was prepared.

473. A member of the Committee observed that it was being said since 1958-59 that the machinery and invoices had been received. The question was as to where was the machinery in use? If not, then why was it installed? The departmental representative explained that, as far depreciation is concerned, there is a proper procedure for it. After intimation is received that the machinery is ready, depreciation begins to be charged thereon. In reply to a query, the departmental representative stated that, unless the documentation is completed, depreciation cannot be charged.

474. The departmental representative was directed to look into the whole matter again indentifying the machinery and report back the correct position to the Committee through the National Assembly Secretariat.

475. *Non-reappraisal of value of imported machinery (Para 64, page, 45--Commercial Appendix).*—Audit pointed out that the value of the imported plant and machinery was not re-appraised on devaluation during May, 1972. As a result, the value of assets was understated considerably on 30th June, 1972, while depreciation for the last two months of 1971-72 was also under-charged.

476. The departmental representative stated that, so far, no orders for re-valuation for the imported material/machinery had been issued by the Government.

477. The Chairman observed that Government instructions were issued at the time of devaluation for revalue of assets to the extent of outstanding credit. The departmental representative was directed to look into the matter and find out if the equipment was revalued.

478. *Production accounts.*—A member of the Committee remarked that it appeared from the production account at pages 36-37 that, an amount of Rs. 79,53,000 was transferred at the end of June, 1972 to preliminary expenses.

479. The Committee directed the departmental representative to look into it and, find out as to what were these expenses about and what portion thereof could be capitalised or written off and then report back the position to the Committee next time.

480. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation Accounts (Defence Services), Commercial Appendix to Appropriation Accounts (DS). They will be deemed settled, subject to such regularising action as necessary under the rule.

481. The *Ad-hoc* Public Accounts Committee had decided to examine, concurrently, the Appropriation Accounts etc. for 1972-73 of the Ministries|Divisions whose replies were ready. Since replies pertaining to these Accounts had been received from the Defence Division and Defence Production Division, the Committee examined the accounts of these Divisions for 1972-73 in this meeting. The minutes of the discussions in respect thereof have been linked with the Committee's Report on the accounts for 1972-73.

482. The Committee then adjourned to meet at 9.30 A.M., on the 14th February, 1979.

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14TH FEBRUARY, 1979

**7th Meeting**

483. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.30 A.M. The following were present :—

*Ad-hoc P.A.C.*

1. Mr. A. G. N. Kazi, Governor, State Bank of Pakistan. *Chairman.*
2. Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan. *Member.*
3. Mr. M. Yusuf Bhai Mian, Chartered Accountant .. *Member.*

*National Assembly Secretariat*

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

*Audit*

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant-General Pakistan Revenues.

*Ministry of Finance*

Mr. Inam-ul-Haq, Joint Secretary.

**MINISTRY OF HEALTH, SOCIAL WELFARE AND POPULATION****(a) Health and Social Welfare Division**

484. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Health and Social Welfare Division and the Report of the Auditor-General thereon.

485. The following departmental representatives were present :—

1. Lt. Gen. C. K. Hasan, Secretary.

2. Maj. Gen. I. H. Burney, Director, National Health Laboratories, Islamabad.
3. Mr. A. O. Butt, Deputy Secretary.

486. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Health Division .. .. .	62
2.	Medical Services .. .. .	63
3.	Public Health .. .. .	64
4.	Other expenditure of Labour and Social Welfare Division (Group Head 'B') and Recoveries thereunder. .. .. .	66
5.	Development Expenditure of Health Division .. .. .	125
6.	Development Expenditure of Labour and Social Welfare Division (Group Head Y-Misc.) .. .. .	126

#### AUDIT REPORT 1971-72

487. *Infructuous expenditure (Para 25, page 32).*—After hearing the explanation of the departmental representative, the para was dropped.

#### APPROPRIATION ACCOUNTS 1971-72

488. *Grant No. 62 (Page 135—AA).*—The Committee noted an excess of Rs. 55,999 under the Major Head "25-General Administration". Of this a sum of Rs. 37,459 (A—4 other charges) was due to book adjustment of expenditure on telephones. A member of the Committee desired to know if any provision was at all made in the budget estimates for telephones. If so, what was the actual provision in the budget? The Committee further desired to know the actual total of expenditure incurred on telephones (including this debit of Rs. 37,459) during the year.

489. As the departmental representative could not furnish the requisite information readily, the Committee requested the Audit to check the position to be furnished by the Health Division and report back.

490. *Grants No. 63, 64, 66 and 125.*—There was no material point for consideration by the Committee under these grants.

491. *Grant No. 126 (Page 240—AA).*—The Committee noted an excess of Rs. 1,00,431 under Major Head "63—A—Development—Misc.". The departmental representative explained that, according to their records, the actual expenditure stood at Rs. 12,38,000, *i.e.* equal to final appropriation. Thus there was neither any saving nor excess.

492. The Auditor-General stated that, in this case, reconciliation was not done and the position would be checked as had already been mentioned in note 2 below the Appropriation Account of this grant. The expenditure had

been booked in two different offices, at Rawalpindi and Karachi. There was discrepancy in the Audit and departmental figures perhaps because of this factor.

493. The Committee observed that the details of figures should be found out as an excess over the sanctioned grant would need regularisation. Audit promised to look into the figures to know the factual position about the excess.

#### (b) Population Division

494. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Population Division and the Report of the Auditor-General thereon.

495. The following departmental representatives were present:—

1. Mr. A. S. Qureshi, Joint Secretary (P).
2. Mr. S. H. Haqqi, Director (B&C).

496. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Family Planning Division	67
2.	Development Expenditure of Family Planning Division	127

497. *General.*—A member of the Committee remarked that, in view of the failure of the Division in controlling population, for which the Division was specifically created, there seemed no justification for its continued existence. The departmental representative explained that they were now reorganising the set-up and, during this Plan, it was proposed to de-federalise the programme and hand over the functions to the Provincial Governments.

498. In reply to a query regarding the present organisational set up, the departmental representative said that there were four Directors-General in the Provinces and an Additional Secretary incharge of the Division at the Centre.

#### APPROPRIATION ACCOUNTS 1971-72

499. *Grant No. 67 (Page 145—AA).*—There was no material point for consideration by the Committee under this grant.

500. *Grant No. 127 (Page 241—AA).*—The Committee noted an excess of Rs. 36,53,888 under the Major Head "63—A—Development". The departmental representative stated that this was due to the aid which was received in the form of commodity aid, without involving any expenditure. It was not a case of purchase. What happened was that there were some savings but, by the time that intimation was received from the Economic Affairs Division, those savings had already been surrendered, otherwise the necessary adjustments could have been made. In reply to a query, the departmental representative stated that intimation from the Economic Affairs Division was received on the 18th December, 1972 after they had already surrendered the savings.

501. After some discussion, the Committee observed that, when any goods were received and debit therefor accepted, a supplementary demand should be made on the basis of such data as might be available, without waiting for a formal notification about the exact amount of aid. Secondly, the Economic Affairs Division should try to raise the debit, as early as possible during the course of the year. The Population Division should also maintain a close contact with the Economic Affairs Division and bring about improvement in the methods of their accounting, with a view to exercise a better budgetary control.

### MINISTRY OF INDUSTRIES

502. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Industries and the Report of the Auditor-General thereon.

503. The following departmental representatives were present :—

1. Mr. Allauddin Ahmad, Secretary.
2. Mr. Akhtar Mahmood, Additional Secretary.
3. Mr. Abdul Qaiyum, Deputy Secretary.

504. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Industries Division .. .. .	80
2.	Industries .. .. .	81
3.	Department of Investment Promotion and Supplies .. .. .	82
4.	Other Expenditure of Industries Division .. .. .	84
5.	Capital Outlay on Miscellaneous Stores .. .. .	88
6.	Development Expenditure of Industries Division .. .. .	132

### APPROPRIATION ACCOUNTS 1971-72

505. *Grant No. 80 (Page 168—AA).*—The Committee noted a saving of Rs. 1,29,512 under the Major Head “25—General Administration”. The departmental representative stated that, actually, there was no saving. It was due to non-receipt of debits relating to former East Pakistan (Rs. 1.25 lac) and non-adjustment of expenditure relating to the Films and Publication Department (Rs. 0.29 lacs) counter balanced by excess expenditure on telephones, (Rs. 0.25 lac) which could not be regularised before the close of the financial year. The Committee accepted the departmental explanation.

506. *Grant No. 81 (Page 169 AA).*—The Committee noted some savings under the group Head “B—Grants-in-aid”, relating to the Pakistan Industrial

Technical Assistance Centre, Lahore. The departmental representative explained that, in fact, there was no saving. The money was placed at the disposal of the headquarters in East Pakistan and no debit was raised.

507. *Grants No. 82, 84 and 132.*—There was no material point for consideration by the Committee under these grants.

508. *Grant No. 88—Capital Outlay on Miscellaneous Stores Schemes for the Purchase of Reserve Stores.*—A member of the Committee desired to know as to what was there in the scheme of "Pre-Independence Reserve Stores". The departmental representative stated that, at the time of Independence, there was the partitioning of stores as well and it had been reflected in the accounts. In reply to a further query, the departmental representative stated that they wanted to close these accounts which had since been done in respect of certain schemes, with the concurrence of Finance Division. A member of the Committee suggested that all these pre-Independence stores should be cleared from the accounts by the Audit. The Audit Representative said that they would need the Department's assistance to identify the balances, etc. However, on the direction of the Chairman, the departmental representative showed a list of balances which had been referred to the Audit.

509. The Chairman observed that it meant that the Ministry of Finance had agreed that the surplus balances of the closed schemes should be shown in the receipt and enquired about the year in which they will be shown. The departmental representative said that it would be 1978-79.

510. *Running Account of the Scheme for the Purchase and Sale of Diplomatic Cars (Page 364—AA).*—The Auditor-General pointed out that no stock accounts, as prescribed under the rules had been submitted to Audit by the controlling officer.

511. The departmental representative stated that the proforma, as approved by the Ministry of Finance, had been adopted for accounting purposes. The stock position on the revised proforma up to April, 1974 will be shortly submitted to Audit. He further stated that the accounts up to October, 1978 were ready. In reply to a query, the departmental representative stated that the scheme had not been closed yet. It was still continuing and they got one or two cars per month.

512. The Committee directed the departmental representative to submit, in the prescribed proforma, accounts for the year 1977-78 to the Audit for submission, after verification, to the Committee at its next meeting.

513. *Audit Comments on the State Trading Scheme for production and supply of coal (Page 366—AA).*—The Auditor-General stated that the department had not submitted 23,434 cost bills and 904 stock accounts, in respect of imported coal, to the Audit for adjustment. In reply, the departmental representative informed the Committee that the position in this regard, as on 30th June, 1978, was as follows :—

	Balance on 30-6-1978.
(i) Cost bills .. .. .	2,711
(ii) Stock Accounts .. .. .	Nil

514. Asked about the difference between a cost bill and stock account, the representative explained that cost bill was not actually a bill in its literal sense. Pending determination of the final amount payable by a purchaser, he has to deposit some money, provisionally, in the State Bank|Treasury to take delivery of the goods. Thereafter, clearance of this amount, is arranged by preparation of cost bills.

514-A. The departmental representative further stated that only adjustment and not recovery was involved in these cases. The Committee directed that these adjustments be cleared early.

515. *Recovery of an amount of Rs. 63,44,000 from the former Government of West Pakistan (Page 366—AA).*—The Auditor-General stated that an amount of Rs. 63,44,000, representing the value of stock of coal taken over by the former Government of West Pakistan, had not been recovered from that Government.

516. The Chairman observed that this was a matter for settlement by the Apportionment Committee. A member of the Committee suggested that it should either be written off or adjusted before being taken to the Apportionment Committee. The Committee agreed with the suggestion.

#### COMMERCIAL ACCOUNTS 1971-72

517. *Scope of the Compilation (Paras 16—18, pages 7—9—CA.*—The Committee noted that the accounts of the following organisations had not been incorporated in the compilation, as these were not submitted by the Department in time :—

- (1) Government Sales and Display Centre and Show Rooms 1971-72 (Ministry of Production, Industries and Town Planning).
- (2) Pakistan Industrial Technical Assistance Centre, Lahore 1968-69 to 1971-72 (Ministry of Production, Industries and Town Planning).

518. Explaining the reasons for non-submission of accounts by the Government Sales and Display Centre and Show Rooms, it was stated that the Department of IP&S (now Department of Supplies) discontinued the preparation of Proforma Accounts in respect of Sales and Display Centres from the year 1971-72, as there had been no transaction, whatsoever, after 30th June, 1967. In the proforma Accounts for the year 1967-68 to 1970-71, the figures for the year 1966-67 were repeated. The Department was, however, meeting the audit observations raised on the Proforma Accounts for the year 1970-71, by obtaining sanction for the write off of assets, valuing Rs. 1,51,093, which did not physically exist. This fact was duly brought to the notice of Accountant General, Sind, by the Department of IP&S in their No. DG<sup>1</sup>SC<sup>1</sup>I|69-Part-III dt. 1-10-1974, which also confirmed the discontinuance of the preparation and submission of Proforma Accounts for 1971-72 and subsequent years. But no reply had been received from the Accountant General, Sind so far, despite regular pursuit of the case. The Audit of the accounts of Sales and Display Centres was transferred from the Directorate of Commercial Audit to the Accountant General, Sind, by the Auditor-General of Pakistan *w.e.f.* 11th October, 1973.

519. A member of the Committee observed that the Ministry of Finance should look into it and get it finalised.

## Investment Advisory Centre of Pakistan

AUDIT COMMENTS BY THE DIRECTOR OF COMMERCIAL AUDIT,  
1964-65 TO 1971-72 (PARA 398, PAGE 291)

520. The Auditor-General stated that the Accounts of the Centre for the years 1962-63 and 1963-64 were included in the Commercial Accounts 1967-68, while those for the years 1964-65 onwards could not be included in the subsequent compilations, as the approval of the Board of Directors to those Accounts was awaited. The position had been duly pointed out in the Commercial Accounts 1970-71. The requisite approval was received in December, 1974; hence the Accounts for 1964-65 to 1971-72 had been included in the Compilation of Commercial Accounts 1971-72.

521. It was added that the earnings on account of fee charged by the Centre fell down to Rs. 1,65,177 as against Rs. 7,43,613 during the year 1969-70. The abnormal decrease in the earnings of fee was attributed to lesser jobs received during those years.

522. Explaining this, the departmental representative stated that the investment opportunities were scanty during the financial year 1970-71, because of uncertain industrial development in the country. The year, therefore, was a year of slump. Thereafter, the economy received a greater set-back as a result of conflict in the sub-continent, causing adverse effects on industrial activities. Due to abnormal conditions of investments in those years, the IACP could not secure more work from the Government or the private sectors.

523. *Pakistan Industrial Technical Assistance Centre, Lahore.*—The Auditor-General said that the PAC had desired to see the accounts of the Centre in any form, whatsoever, but the same had not been received by Audit so far. A member of the Committee remarked that, actually, they had kept some accounts. Figures were there, but the same were not in proper commercial proforma. What remains to be done is only to put them in the proper form. This should not take much time

524. The departmental representative undertook to comply with the direction and produce accounts in the required form.

525. *Coal Briquetting Plant, Quetta (Para 441, Page 339—Commercial Accounts) (ii) Government Mines Sharigh, Paras 449-450 (page 346—Commercial Accounts).*—There was no material point for consideration by the Committee relating to these accounts.

## MINISTRY OF INFORMATION AND BROADCASTING

526. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Information and Broadcasting Division and the Report of the Auditor-General thereon.

527. The following departmental representatives were present:—

1. Mr. Mascodur Rauf, Additional Secretary.
2. Mr. Mohammad Tufail, Joint Secretary.

3. Mr. Q. A. Saeed, Director General, P.B.C.
4. Mr. Ahmad Bashir, Director General, A.P.P.
5. Mr. Abdul Latif, Deputy Secretary (F&A).

528. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Information and National Affairs (Excluding Group-heads 'B', 'D' and 'H')	89
2.	Department of Films and Publications	90
3.	Press Information Department	91
4.	Information Services Abroad	92
5.	Directorate and other Broadcasting Services	93
6.	Broadcasting Stations	94
7.	Pakistan Television Service	95
8.	Other Expenditure of Ministry of Information and National Affairs (Excluding Group-head 'B')	96
9.	Development Expenditure of Ministry of Information and National Affairs	139
10.	Capital Outlay on Broadcasting Service	140
11.	Capital Outlay on Television Service	141

#### APPROPRIATION ACCOUNTS 1971-72

529. *Grant No. 89 (Page-182—AA).*—The Committee noted an excess of Rs. 3,81,440 under the Major Head "25—General Administration" and desired to know as to why supplementary grant was not asked for, in time. They also noted that this excess included a sum of Rs. 2,68,918, incurred on charges for telephones. They enquired whether this telephone charge was not foreseeable and could not be provided for? The departmental representative said that this was a troublesome year when the Ministry of Information had to be in constant communication with the other Wing. Therefore, the excess.

530. A member of the Committee remarked that, on the basis of the actuals for the first six months, the Ministry could have asked for a supplementary grant. The departmental representative stated that they had prepared an estimate but the expenditure had gone up. Moreover, debits were received late. The same member again remarked that, in that case, there should be some compensation for the previous year's debits as it could happen only in one year, the same explanation could not hold good every year. The departmental representative replied that there was some discrepancy and further reconciliation is required in all these cases.

531. The Committee directed the departmental representative to furnish more details to the Committee about the telephone debits.

532. *Grants No. 90 to 96 and 139.*—There was no material point for consideration under these grants, except for minor clarifications sought from the departmental representative and which were furnished.

533. *Grant No. 140—Capital Outlay on Broadcasting (Page 257—AA).*—The Committee noted savings of Rs. 23,41,124 and Rs. 21,44,585 under Major Head “72—Capital Outlay on Broadcasting”, group-heads “A—Works” and “B—Equipments”, respectively. The departmental representative stated that one of the reasons of the savings in question was non-adjustment of debits by the Audit (Rs. 11,23,465 and Rs. 15,44,508, respectively).

534. The Committee requested the Audit to verify the departmental explanation.

535. *Grant No. 141 (Page 258—AA).*—There was no material point for consideration by the Committee in respect of this grant.

#### AUDIT REPORT 1971-72

536. *Failure to effect recovery of advance irregularly paid to an organisation [Para 26(I), pages 32-33—Audit Report].*—The Auditor-General stated that a sum, aggregating Rs. 3,04,880, was paid in advance to an organisation in 1965-56 for the production of certain films, but it neither produced any film nor refunded the amount of advance. Out of this amount, a sum of Rs. 1,58,750 was paid to the organisation without sanction of the Government and any Bank guarantee. The total amount of Rs. 3,04,880 remained unrecovered, inspite of a lapse of more than six years. It was further stated that certain stores and equipment, costing Rs. 2,29,757 (including departmental and installation charges), were also supplied to the organization without the approval of the competent authority and a formal agreement, setting out the terms and conditions on which the equipments were supplied to it.

537. A member of the Committee desired to know whether it was an organisation or an individual. The departmental representative said that it was a firm which was being run by an individual, named, Iqbal Shah. He was trained in London and had specialised in the technique of animation, which was introduced for the first time in the country. He made a couple of good films. The Department was interested in more films, but his terms and conditions were not agreed to by the Television Corporation. He was no longer in the business and the equipment was lying sealed now.

538. He further stated that the case was pending before the Sind High Court. There had already been fourteen “Peshees”, but things did not appear moving.

539. As regards administrative action, it was clarified that the same could not be taken, as both the officials responsible for issuing orders had since died.

540. The Committee remarked that, so far as the party was concerned, that is a matter for litigation. So far the departmental action is concerned, the same is not possible as the officials concerned are reportedly dead. The Audit was requested to follow up the Court’s decision.

## COMMERCIAL ACCOUNTS 1971-72

541. *Blocking of Capital worth Rs. 1,45,940 and loss of Rs. 40,261 as a result of unplanned introduction of Urdu Teleprinter Service (Para 26, Page 19—Commercial Accounts—Chapter III).*—The departmental representative stated that Urdu Teleprinter Service was started on an experimental basis in Lahore in 1968. The scheme was duly approved by the Government. The failure of the scheme was not due to lack of planning, but because of lack of response from the Press. A member of the Committee remarked that, before launching this project, newspapers should have been consulted whether they were going to accept Urdu service or not. The departmental reply was, therefore, not convincing. The departmental representative admitted lack of planning.

542. Another member desired to know the reasons due to which the facility was not acceptable to the Urdu newspapers. The departmental representative stated that the *Katibs* could not read it, and services of Translators would have to be terminated. Besides, the script of 'Naskh' was not easily readable. In reply to another query the departmental representative informed the Committee that instead of disposing of the machines their types had since been changed from Urdu into English.

543. The Committee requested the Audit to verify it.

544. *Audit comments on accounts of APP for the year 1971-72 (Paras 391-392, page 278—Commercial Accounts).*—The Auditor-General pointed out that the Press suffered a loss of Rs. 13,14,803 during the year under review as against Rs. 9,95,373 in the preceding year. The increase in the deficit was mainly due to fall of income and partly due to increase in expenditure. The Press had been suffering heavy losses continuously since its inception and the accumulated losses were Rs. 50,33,431 at the end of the year under review.

545. In reply to a query by the Chairman, the departmental representative stated that, considered from the financial point of view, the position of APP was pretty bad. The Chairman further enquired whether it is a Joint Stock Company. The departmental representative stated that it is an anomalous position. APP was previously owned by a Trust, viz, the Eastern News Trust, and the Government had to take it over under its benevolent control. The appointment of General Manager was also made by the Government. The Eastern News Trust is still functioning. APP are thus neither an autonomous body, a Statutory Corporation, a Trust nor a Government department. They are news agency, control of which is with the Government who have been footing its bill. The legal position is that it is a private organization, business of which is controlled by the Government under the APP (Taking Over Control) Order. Thereupon, the Chairman remarked that, if the APP was a private Company, how could the PAC be concerned with their accounts. The departmental representative submitted that, as public funds are involved in it, its accounts should be controlled by the Government.

546. The Chairman then asked for a detailed report to the Committee about the affairs of the APP. The departmental representative informed the Committee that a Martial Law Enquiry Commission had already submitted their report in July, 1978 and action had been initiated, which might culminate in some prosecutions.

547. On a further enquiry, the departmental representative confirmed that the accounts of APP up to the 30th June, 1976 had been audited. He further

stated that a Special audit was in progress. At the same time, commercial audit was also in hand.

548. The Committee directed the departmental representative to have a thorough check made of the accounts and other affairs of the APP.

#### **Radio Pakistan, Commercial Services, Karachi**

549. *Para 339, page 237—C.A.*—it was pointed out by Audit that the figures of the withdrawals from the Treasury, amounting to Rs. 3,81,362, were not reconciled and authenticated by the Treasury Officer. As such, the accuracy of figures in the Balance Sheet could not be verified in audit. The departmental representative, stated that this was being done. The Chairman remarked that "being done" was a very vague term. The time actually required for the purpose must be specified. Thereupon, the departmental representative requested for two months' time to finalise this matter.

550. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation or Commercial Accounts and the Audit Reports thereon. They will, therefore, be deemed settled, subject to such regularising action as necessary under the rules.

### **MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

551. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Ministry of Local Government and Rural Development and the Report of the Auditor-General thereon.

552. The following departmental representatives were present :—

1. Malik Muhammad Siddiq, Joint Secretary.
2. Mr. Hab b-ur-Rehman Malik, Director (L.G.)

553. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Information and National Affairs (Group-head 'B')	89
2.	Other Expenditure of Ministry of Information and National Affairs (Group-head 'B')	96

### **APPROPRIATION ACCOUNTS 1971-72**

554. *Grant No. 39 (Page 181—AA).*—There was no material point for consideration by the Committee.

555. *Grant No. 96—Grant-in-Aid etc. (Page 192—AA).* An excess of Rs. 2,01,13,306 was shown under the Major Head "57—Miscellaneous". The departmental representative stated that as per the Ministry's records, there was no excess expenditure, because the actual expenditure amounted to Rs. 1,05,25,860

against the Final Grant of the same amount. In spite of best efforts, the A.G.P.R. could not produce the details of expenditure of Rs. 3,06,44,166, booked by them. Hence the excess, shown in the Appropriation Accounts, was not acceptable.

556. The Chairman observed that Audit could not find out as to what happened to the figures. The Auditor-General stated that the figures were not reconciled in time. Perhaps, the excess related to transactions in the past year.

557. The Committee directed the departmental representative to ensure timely reconciliation of the figures in case of variations between the Audit and departmental figures and desired the Audit to look into the discrepancy in these Accounts and report back to the Committee, if necessary.

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### PRESIDENT'S SECRETARIAT (PERSONAL)

558. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the President's Secretariat (Personal) and the Report of the Auditor-General thereon.

559. The following departmental representatives were present :—

1. Mr. M. A. Shah, Assistant Secretary.
2. Mr. Amanat Ali, Section Officer.
3. Mr. Abdul Haq, Deputy Director (Admn.), Intelligence Bureau.

560. This Secretariat controlled group-heads "A" to "G" of the appropriation "Staff Household and Allowances of the President".

### APPROPRIATION ACCOUNTS 1971-72

561. *Staff Household and Allowances of the President.*—There was no material point for consideration by the Committee under this appropriation.

562. *Compliance report in respect of General|Specific Observations|Recommendations contained in the PAC's Report for 1968-69 and 1969-70.*—There was no material point for consideration by the Committee in the compliance report furnished by the Secretariat.

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### C.M.L.A.'s SECRETARIAT (PUBLIC)

563. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the C.M.L.A.'s Secretariat (Public) (including Pakistan Atomic Energy Commission) and the Report of the Auditor-General thereon.

564. The following departmental representatives were present :—

1. Mr. Reazur Rahman, Joint Secretary.
2. Mr. F. A. Zuberi, Deputy Secretary.

3. Mr. Munir Ahmad Khan, Chairman, P.A.E.C.
4. Mr. Anwar-ul-Haq Raazi, Member Finance.

565. This Secretariat controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Staff Household and Allowances of the President (Group-heads 'H', 'I', 'J', and 'M')	—
2.	Other Expenditure of Scientific and Technological Research Division (Group-heads 'A' and 'B')	42
3.	Capital Outlay on Scientific and Technological Research (Group-head 'B')	120

### APPROPRIATION ACCOUNTS 1971-72

566. There was no material point for consideration by the Committee in these grants appropriation.

567. *Compliance report in respect of General/Specific Observations/recommendations contained in the PAC's Report for 1968-69 and 1969-70 [Prime Minister's Secretariat (Public and Pakistan Atomic Energy Commission)].—There was no material point for consideration by the Committee in the compliance report furnished by the Secretariat.*

568. Thereafter, the Committee adjourned to meet at 3.00 PM the same day.

569. The Committee met at 3 P.M., as scheduled.

### MINISTRY OF COMMERCE

570. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Commerce and the Report of the Auditor-General thereon.

571. The following departmental representatives were present :—

1. Mr. K. N. Cheema, Joint Secretary.
2. Mr. M. Ishaq Satti, C.C.I. & E.
3. Mr. M. Yakub, Chairman P.I.C.
4. Mr. Ahmad Hussain, D. G., E.P.B.
5. Mr. Barkat Ullah, Deputy Secretary (F&A).

## 572. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Commerce .. .. .	18
2.	Export Promotion .. .. .	19
3.	Other Expenditure of Ministry of Commerce .. .. .	20
4.	Capital outlay on other works and purchase of Jute .. .. .	21
5.	Capital outlay on Export Promotion .. .. .	22
6.	Development Expenditure of Ministry of Commerce .. .. .	110

## AUDIT REPORT 1971-72

573. *Non-realization of registration and renewal fee (Para 1, page 22—Audit Report).*—The Auditor-General said that the para be deemed settled, as the department had since improved the procedure, proper registers for subsequent periods were being maintained and necessary entries of treasury chalans were being made by the Controllers in those registers.

574. *Mis-appropriation of Government money amounting to Rs. 62,132 (Para 2, page 22—Audit Report).*—The Auditor-General said that, during the local audit of an organization in 1971, it was noticed that funds aggregating to Rs. 30,687 were drawn in October, 1964 for the International Fair. The amount was neither entered in the Cash Book nor disbursed. Further, an amount, aggregating to Rs. 31,445, was drawn in June, 1969 for payment to various parties in order to settle their claims pertaining to the period from April, 1959 to October, 1965. Although the amounts in question had been found to have been already drawn through various contingent bills from September 1961 to March 1966, they were neither entered in the Cash Book nor paid to the claimants. The Department intimated in December, 1975 that, as a result of a departmental enquiry, the Cashier concerned was awarded the major penalty of reduction of his pay to one lower stage in the time-scale for one year without cumulative effect and the action against the D.D.O. was in progress.

575. The Chairman observed that the penalty seemed to have been imposed only for misappropriation. The persons involved should have been removed from service and/or prosecuted. The departmental representative stated that, since the records were missing, it had not been found possible to determine correctly the actual extent of misappropriation or the nature of transactions. However, the amount had been estimated to be Rs. 62,132. Thereupon, the Chairman observed whether, in the absence of records the man had been penalised on mere speculation? Moreover, according to Audit the amount had neither been entered in the cash book nor disbursed. Another member enquired as to how was this figure arrived at?

576. The departmental representative replied that there was no entry in the Cash Book and, similarly, payment receipts were also not traceable. The Enquiry Officer had, therefore, concluded that there were three possibilities. There may be a double entry made or double payment made or an embezzlement

committed. The Cashier was careless not to have maintained the records. This punishment was awarded only after a proper inquiry.

577. After hearing the departmental representative, the Committee made no further observation.

#### APPROPRIATION ACCOUNTS 1971-72

578. *Grant No. 18 (Page 53—AA).*—The Committee noted an excess of Rs. 58,325 under the Major Head “25—General Administration”, group-head “A—Secretariat”. The departmental representative stated that the excess was mainly due to less estimation of the final grant under the sub-heads “Pay of Officers”, “Allowances, Honoraria” and “Other Charges”. The Chairman observed that this was hardly an explanation. The departmental representative said that this was due to the introduction of National Pay Scales. The Chairman, thereupon, remarked that the question is as to when were the pay scales revised and when was the supplementary demand asked for. Every other department had adjusted its extra requirement in the supplementary demand. Why was this not done in this case? Obviously, the requirement of additional funds was not assessed properly in time.

579. The Committee noted another excess of Rs. 73,625 under the group-head “B—Foreign Trade Control”. The departmental representative stated that this excess in the Central Circle comprised of more expenditure incurred than that anticipated on (a) Pay of Officers, (b) Payment of allowances to officers on account of arrears, and (c) advertisement charges. Thereafter, the Chairman referred to excess of Rs. 1,81,917 under the group-head “C—Trade and Commercial Officers in Foreign Countries”, under the same grant and remarked that the same reasons had been put forward there also. It seemed that calculations were not properly made at the appropriate time.

580. After some further discussion the Committee came to the conclusion that, as the departmental explanation was not satisfactory, they should check the position again and submit a fresh explanation for the information of the Committee.

581. *Grant No. 19 (Page 55—AA).*—The Committee noted an excess of Rs. 50,359 under the Major Head “47—Miscellaneous Departments”, group-head “B—Export Promotor Bureau” which was explained by the departmental representative as having been due to more expenditure on Medical Charges which was unavoidable. The Committee did not agree that it was an inevitable expenditure. In their view this should have at least been anticipated earlier and the necessary supplementary grant asked for in time.

582. The Committee observed that the position of control of accounts in this case seemed to have been pretty bad. In other Ministries also the same thing may have happened. But in this case, adjustment has not been made even for small items.

583. *Grant No. 20 (Page 56—AA).*—The Committee noted an excess of Rs. 3,65,820 under Major Head “63—Extraordinary Charges”. The departmental representative explained that the actual expenditure was Rs. 7,00,000. Hence, there was no excess. The Auditor-General confirmed the position.

584. *Grant No. 21 (Page 58—AA).*—There was no material point for consideration by the Committee under this grant.

585. *Grant No. 22 Capital outlay on Export Promotion (Page 59—AA).*—The Committee noted a saving of Rs. 54,75,000 under the Major Head “89—Central Miscellaneous Investments”. The departmental representative explained that, so far as the original grant of Rs. 4,75,000 is concerned, there was neither excess nor saving, as the amount representing investment in the Export Credit Guarantee Scheme was paid to the Pakistan Insurance Corporation. As regards the supplementary grant of Rs. 50,00,000, it was obtained to make payment of the share capital of the Jute Price Stabilization Corporation. However, no expenditure was incurred in view of the political unrest in erstwhile East Pakistan.

586. *Grant No. 110 (Page 223—AA).*—There was no material point for consideration by the Committee under this grant.

#### COMMERCIAL ACCOUNTS 1971-72

587. *Pakistan Tobacco Board—Research (Para 47, page 31—CA).*—It was stated that, prior to the establishment of the Board, the yield per acre was about 800 lbs. Old varieties became highly susceptible to pests and yield drastically went down. Due to the introduction of new high yielding and disease resistant varieties by the Board in 1970-71 and in 1971-72, yield per acre had considerably improved, i.e., from 800 lbs. per acre to 1,000 lbs. per acre. In reply to a query, the departmental representative stated that, in 1977-78, yield per acre had increased to 1,250 lbs. per acre. The Committee appreciated the improvement achieved in the field.

588. *Income Expenditure Account (Para 53, Page 36—CA).*—The Committee noted that research expenses during 1971-72 amounted to Rs. 94,471. They desired to know as to how much was spent on research during the year 1977-78. As the departmental representative could not supply the information readily, he was directed to furnish the same during the next meeting.

#### Export Exhibition Cell

589. *Profit and Loss Realisation Accounts (Para 56, page 39—CA).*—The Chairman observed that it appeared that no interest on Government's Capital Fund was being charged. The departmental representative stated that there was no such head in the Accounts. The Committee was of the view that, if interest on the loans obtained from the Government was recoverable, interest on Government Capital Fund could also be charged.

590. *Realisation Account for the period 1-7-1971—30-6-1972 (Para 61, page 44—CA).*—Upon an enquiry from the Chairman as to what happened to the assets, the departmental representative stated that the assets were put to auction, wherein the representative of the Finance Division was also present, but since the auction price was lower than the expectation of the representative of the Ministry of Finance, it was agreed to cancel the auction. Immediately, thereafter, the matter was again taken up with the Department of Investment Promotion and Supplies. It had since been agreed to hold another auction. The Committee was satisfied with the explanation and directed the departmental representative to expedite the finalisation of this matter, under advice to the Audit.

#### FINANCE ACCOUNTS 1971-72

591. *Investment in the Share Capital of Jute Trading Corporation (Item 17, page 15 and item 5, page 94).*—The Committee noted that the “Statement

of Capital Expenditure outside the Revenue Account" (Statement No. 7) was a duplication of the "Statement showing the amounts invested in Commercial and Semi-Commercial Enterprises". They felt that both the statements could be amalgamated, with suitable modification in the heading. The Auditor-General informed the Committee that necessary action had already been taken by him in this behalf in the new format of the accounts for the year 1973-74 and onwards.

592. *Paras not discussed to be treated settled.*—There was no material point for discussion in other paras in the Appropriation, Commercial and Finance Accounts of the Division and the Reports of the Auditor-General thereon. These will be deemed settled subject to such regularisation action as necessary under the rules.

### MINISTRY OF FOOD AND AGRICULTURE AND CO-OPERATIVES

593. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Food and Agriculture and Co-operatives and the Report of the Auditor-General thereon.

594. The following departmental representatives were present :—

1. Mr. A. Sami Qureshi, Secretary.
2. Mr. Marzoor Ahmad, Additional Secretary.
3. Mr. S. A. Raza, Joint Secretary.
4. Mr. Riazul Haq Siddiqi, Deputy Secretary (F&A).
5. Mr. S. A. S. Rezavi, O.S.D. (F&A).

595. This Ministry controlled the following grants :—

S <sup>l</sup> . No.	Name of Grant	Grant No.
1.	Food and Agriculture Division .. .. .	1
2.	Plant Protection Measures .. .. .	4
3.	Other Agricultural Services .. .. .	5
4.	Fisheries .. .. .	6
5.	Capital Outlay on Purchase of Fertilizers .. .. .	11
6.	Capital Outlay on Purchases by Food and Agriculture Division .. .. .	12
7.	Development Expenditure of Food and Agriculture Division .. .. .	102
8.	Capital Outlay on Fisheries .. .. .	103-A
9.	Capital Outlay on Food Storage and other Works .. .. .	104

### APPROPRIATION ACCOUNTS 1971-72

596. *Grants No. 1, 4 and 6.*—There was no material point for consideration by the Committee under these grants.

597. *Grant No. 5—Other Agricultural Services (Page 29).*—It was stated that the U.S.A. authority had provided funds to the tune of Rs. one crore for Agricultural Research Council, out of which Rs. 66,00,000 were meant for the former East Pakistan. The Committee was informed on a query, that it was a cash grant. On a further enquiry by a member of the Committee from the representative of the Ministry of Finance as to how was Rs. 66 lakh, meant for East Pakistan, utilised, the representative promised to check up the position and report back to the Committee.

598. *Grant No. 11 (Para 3, page 293—AA).*—The Committee took note of the outstanding recoveries from Service Co-operatives (Rs. 6,96,561). The Audit representative said that these accounts will be adjusted after Audit is provided with necessary particulars of the credits received by the Department. The Committee was informed that the Scheme was a Central Government scheme up to 1960-61, but now it was that of the Provincial Government.

599. The departmental representative said that recoveries were being made through the Provincial Registrars of Co-operatives, but the response was very poor. There were some other genuine difficulties. In some cases, documents are not complete. However, the Provincial Registrars of Co-operatives were being pressed to effect recoveries.

600. The Committee observed that something must be done to wind up the affair. Either the dues must be cleared or they should be written off, if they cannot be recovered.

601. *Running account of Scheme for the purchase of Fertilizers (Page 295—AA).*—A member of the Committee enquired whether this scheme had been closed. The Audit representative said that it had not been closed and was an active scheme. The same member remarked that, up to 1972, there had been no transactions. The Audit representative said that there were very small transactions.

602. The Committee observed that all the transactions be accounted for and the old scheme closed, except for the recoveries due being shown. As and when any recovery is made, it may be credited to the Government. If no recovery is found possible, the accounts may be adjusted accordingly.

603. The Committee directed the departmental representative to make extra efforts to close the accounts.

604. *Grant No. 12—Capital Outlay on purchases of foodstuffs (Pages 41-42 and 296—320—AA).*—A member of the Committee remarked that there was a net expenditure of Rs. 32.80 crore on the purchase of agricultural commodities and enquired if stocks of that value were actually available and how did the stocks agree with the balance in the Finance Accounts. Replying to the question, the departmental representative stated that, previously, Audit had raised an objection about non-production of certificate of physical verification of stocks of wheat, rice and sugar. It was considered that physical verification of stocks of wheat, rice and sugar, at the Karachi port at the time of their unloading from the ships was not practicable as, in view of congestion at the port, there was a constant pressure for expeditious unloading of cargo from the ships and their prompt despatch up-country to keep the docks clear. It was, therefore, decided to only verify the damaged stocks, gunny bags, dunnage and tarpauline. Accordingly, physical verification, as agreed upon, was last conducted by the Department in October, 1977 and was again in hand presently.

605. The member of the Committee remarked that this was not a relevant reply to his query. The departmental representative stated that, in practice a representative each of the Provincial Governments remains available at the Port. They supervise the loading of the cargo, whether it is through wagons or trucks, and they certify the quantity actually despatched to different Provinces. Thereafter, the accounts are prepared on the basis of the information furnished by these representatives.

606. Thereupon, the Committee observed that the ships at the Port were not congested throughout the year. There were slack seasons as well and the stocks received were of limited quantities. Besides, unloading is done at the Port of Pipri also. Therefore, the explanation offered was not plausible. The Chairman added that some procedure should, in any case, be evolved to know the running position of stocks correctly. Another member of the Committee remarked that even when the ships with stocks were on the sea, they could get the figure from the KPT. Congestion could not, therefore, be made an excuse for not carrying out physical verification of the stocks actually received by the representative of the Food Division at the port.

607. After some further discussion, the Committee directed the departmental representative that attempts should be made to find out the number of places where the stocks are, and then, balances may be brought to the notice of the Committee. In the meantime, Audit should tell the Department as to what are the pitfalls, as far as their accounts are concerned, so that this question can be gone into thoroughly and some workable procedure evolved for physical verification of the stocks.

608. *Grant No. 102 (Page No. 209—AA).*—The Committee noted a saving of Rs. 47,19,155 under the group-head "O—Agriculture". The departmental representative stated that the saving was due to non-receipt of A.Ts from the Audit Office. The Audit representative stated that the position was slightly different. Debit is booked only when payment is made. Non-receipt of debits in this case was because payments had not been made.

609. *Grants No 103-A and 104.*—There was no material point for consideration by the Committee under these grants.

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## MINISTRY OF CULTURE AND TOURISM

### (a) Culture and Youth Affairs Division

610. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Culture and Youth Affairs Division and the Report of the Auditor-General thereon.

611. The following departmental representatives were present :—

1. Mr. A. Z. Zafar Alam, Joint Secretary.
2. Mr. S.C. Jilane, Deputy Secretary.

612. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Education Division (Group-head 'C')	37
2.	Archaeology and Museums	38
3.	Ministry of Information and National Affairs (Group-head 'D' Central Board of Film Censors)	89
4.	Development Expenditure of Education Division (Group-head 'K' Scientific Department)	119

613. *General.*—The Committee briefly discussed the activities of the Ministry and progress on the building, which was lying incomplete in Lahore. They observed that the Ministry should try to devise means so that the building is completed soon. In reply to a query, the departmental representative stated that they were also concerned with Mohenjodaro. Necessary steps were being taken to save it from sinking.

#### APPROPRIATION ACCOUNTS 1971-72

614. *Grant No. 38 (Page 83—AA).*—The Committee noted an excess of Rs. 24,843 under the group-head "A—Directorate". The departmental representative stated that actual expenditure, as a result of reconciliation statement, came to Rs. 4,47,168 and not Rs. 4,70,443, as shown in the Appropriation Accounts; leaving an excess of Rs. 1,567, which was nominal. The Auditor-General stated that an adjustment of Rs. 23,274 had been carried out in the supplementary accounts.

615. *Grant Nos. 37, 89 and 119.*—There was no material point for consideration by the Committee under these grants.

#### (b) Tourism Division

616. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Tourism Division and the Report of the Auditor-General thereon.

617. The following departmental representatives were present :—

1. Mr. M. J. R. Khan, Joint Secretary.
2. Mr. A. S. Huda, Deputy Secretary.

618. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Other expenditure of Ministry of Defence (Group head 'C')	35
2.	Development Expenditure of Ministry of Defence (Group-head 'V' Misc. Department)	115
3.	Capital Outlay on investment in Tourism Development Corporation	118

#### APPROPRIATION ACCOUNTS 1971-72

619. *Grants No. 35, 115 and 118.*—There was no material point for consideration by the Committee under these grants.

#### MINISTRY OF LABOUR AND MANPOWER

##### (a) Labour Division

620. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Labour Division and the Report of the Auditor-General thereon.

621. The following departmental representatives were present:—

1. Mr. Imtiaz Ahmad Chowdhry, Joint Secretary.
2. Mr. S. H. Tirmzey, Deputy Secretary.

622. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Labour and Social Welfare Division (Group-heads 'A', 'C' and 'D')	65
2.	Development expenditure of Labour and Social Welfare Division (Group-head 'Z')	126

#### APPROPRIATION ACCOUNTS 1971-72

623. *Grants No. 65 and 126.* There was no material point for consideration by the Committee under these grants.

##### (b) Manpower Division

624. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Manpower Division and the Report of the Auditor-General thereon.

625. The following departmental representatives were present:—

1. Mr. Imtiaz Ahmad Chowdhry, Joint Secretary.
2. Mr. Khaliq Ahmad Khan, Deputy Secretary.
3. Mr. Akhlaq M. Khan, Director Bureau of Emigration.

626. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Labour and Social Welfare Division (Group-heads ' B ', ' E ' ' F ' and recoveries thereunder)	65
2.	Other expenditure of Labour and Social Welfare Division (Group-head ' A ')	66

#### AUDIT REPORT 1971-72

627. *Misappropriation owing to the un-authorized retention of public money (Para 67, page 52—Audit Report).*—The departmental representative informed the Committee that the service of the official, responsible for the misappropriation, had been terminated since and the amount involved recovered from him.

#### APPROPRIATION ACCOUNTS 1971-72

628. *Grant No. 66 (Page 143-AA).*—The Committee noted an excess of Rs. 2,48,807 under group-head "A-Labour and Emmigration" and desired to know as to why additional funds were not obtained through the supplementary demand. The departmental representative stated that, actually, it was a case of under-estimation at the time of final grant. They could not correctly estimate the expenditure and this was a fault, which is admitted.

629. *Grant No. 65 (Page 141-AA).*—There was no material point for consideration by the Committee under this grant.

630. The Committee then adjourned to met again at 9.30 A.M. on the 15th February, 1979.

15TH FEBRUARY, 1979

**Eighth Meeting**

631. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.30 A.M. The following were present :—

*Ad Hoc P.A.C.*

1. Mr. A. G. N. Kazi, Governor, State Bank of Pakistan .. .. . *Chairman.*
2. Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan .. .. . *Member.*
3. Mr. Yusuf Bhai Mian, Chartered Accountant .. .. . *Member.*

*National Assembly Secretariat*

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. Inayat Ali, Assistant Secretary.

*Audit*

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant-General, Pakistan Revenues.
4. Mr. S. Jamilur Rehman, Deputy Director, Commercial Audit.
5. Mr. Ziaul Haq Khan, Accountant-General, P. T&T.

*Ministry of Finance*

Mr. Inam-ul-Haq, Joint Secretary.

**MINISTRY OF COMMUNICATIONS**

632. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Communications including National Shipping Corporation and Post Office, Telegraph and Telephone Departments and the Report of the Auditor-General thereon.

633. The following departmental representatives were present :—

1. Maj. Gen. Shafqat Ahmad Syed, Secretary.
2. Capt. I. Jackson, Joint Secretary (Ports & Shipping).
3. Mr. S. A. Siddiqi, Director General, T&T.
4. Mr. S. Akhtar Mahmud, Director General, Post Office.

5. Mr. G. K. Dakhan, Deputy Secretary.
6. Mr. Ghulam Mustafa, Deputy Secretary.

634. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Communications .. .. .	23
2.	Central Road Fund .. .. .	26
3.	Other Expenditure of Ministry of Communications .. .. .	27
4.	Capital Outlay on investment in Railways (Other than Charged) .. .. .	28
5.	Ministry of Defence (Group head ' D ' ) .. .. .	29
6.	Management of Chalna Port .. .. .	30
7.	Department of Shipping Control and Mercantile Marine .. .. .	31
8.	Lighthouses and Lightships .. .. .	32
9.	Other Expenditure of Ministry of Defence (Major head 30-Ports and Pilotage) (Excluding Group-heads ' C ' , ' D ' and ' E ' ) .. .. .	35
10.	Development Expenditure of Ministry of Communications .. .. .	111
11.	Capital Outlay on Communications Works .. .. .	114
12.	Development Expenditure of Ministry of Defence (Group head ' H ' ) .. .. .	115
13.	Capital Outlay on Port and Shipping .. .. .	117
14.	Development Expenditure of Planning Division (Group head ' Y ' Miscellaneous) .. .. .	143

### COMMUNICATIONS DIVISION

635. *Telephone charges, payment in cash.*—Before initiating examination of the accounts of Communications Division, the Chairman drew the attention of the departmental representative to the general complaint about the system of billing for telephone charges and receipt of belated debits for such charges by the Ministries/Divisions, etc.

636. The departmental representative said that the real problem was in delay, because the bills are prepared one month after, e.g., the bills for January will be prepared in February. Then they will be presented to the subscriber, whoever it be, and, by the time that the bills are realised, it, may, be one or two months because grace period is also allowed. The same is also with the electricity bills.

637. Asked whether there would be any objection if the Ministries/Divisions make payment in cash instead of through book adjustment, the departmental representative confirmed that the T&T Department will be too glad to receive payment in cash.

638. The Committee recommended that the Government should consider substituting the existing system of incurring expenditure on telephone through book adjustment with cash payment, as in all other transactions for services rendered

639. *Introduction of tinkling sound in STD telephones.*—A member of the Committee told the departmental representative that, in the telephonic system obtaining in Germany, the speaker would receive a tinkling sound signal after a talk of three minutes and, after another three minutes, the talk is automatically cut off. He wondered whether such a system could not be introduced in the STD telephones in Pakistan. This system, if introduced, will keep the speaker reminded of the time already consumed by him in his talk and may, ultimately, reduce the period of calls in most cases, thus reducing expenditure on telephone charges.

640. The departmental representative expressed the view that this seemed to be technically feasible. However, he will look into various aspects of the matter further and report back the conclusions of his Division to the Committee in due course.

#### APPROPRIATION ACCOUNTS 1971-72

641. *Grant No. 26—Central Road Fund (Page 62-AA).*—The Committee was informed that the Central Road Fund account had been closed in October, 1973. On a further enquiry, the departmental representative disclosed that the statements relating to the transactions of the Central Road Fund for 1971-72 had been submitted to the AGPR, Rawalpindi on 14th November, 1974, but those for 1972-73 had not been sent as yet.

642. The Committee directed the departmental representative to have the Fund Accounts prepared and ensure that the statements in question are submitted to the Audit by the end of March, 1979, positively.

643. *Grant No. 29—D.G. Ports and Shipping (+) Rs. 16,979 (Pages 67-68-AA).*—The Auditor-General was requested to verify the position of expenditure in the light of explanation furnished by the departmental representative and settle the same.

#### AUDIT REPORT 1971-72

644. *Heavy outstanding dues (Para 5, pages 25-26—Audit Report).*—It was contended by the departmental representative that they were not concerned with this para. The actual creditor in this case being the Customs Department, the concerned Ministry was the Ministry of Finance and not Communications Division.

645. According to later investigation, the para relates to the Directorate of Procurement (Special)—Ministry of Defence who may send reply to this para for consideration by the Committee.

#### COMMERCIAL ACCOUNTS 1971-72

##### **National Shipping Corporation**

646. The Committee made no observation on the Commercial Accounts of this organisation.

647. *Karachi Shipyard and Engineering Works Ltd. (Page 105-para 162-Working Results).*—It was confirmed by the departmental representative that the

Karachi Shipyard and Engineering Works Limited had cleared their accumulated losses during the preceding year and had now been earning profit, as follows :—

								Rs.
1975-76	..	..	..	..	..	..	..	1,34,44,793
1976-77	..	..	..	..	..	..	..	2,10,27,083
1977-78	..	..	..	..	..	..	..	2,19,43,190

648. The Committee appreciated the above turn of the tide and hoped that improvement will be maintained in the future as well.

#### APPROPRIATION ACCOUNTS AND AUDIT REPORT (P, T AND T)

649. *Financial results of Pakistan Post Office Department (Paras 1-2, Chap. IV, page 39).*—A member of the Committee desired that details of ordinary working expenses and income in respect of the erstwhile East Pakistan and West Pakistan be furnished to the Committee, separately, to enable them to scrutinise the financial results.

650. *Renewal Reserve Fund (Para 3, Chap. IV, Page 39).*—The Committee noted that the entire expenditure on Renewals and Replacement of assets like by like as well as abandoned or sold assets was debited to the Renewals Reserve Fund.

651. The Committee observed that all the expenditure should not go to the Renewal Reserve Fund and part of it should also go to the Replacement Fund.

652. *Financial Results of Pakistan Telegraph and Telephone Department-Working Expenses (Paras 1 to 6 page 40 (Chapter-IV).*—A member of the Committee noted a large variation between the revised estimates (Rs. 70.81 lacs) and Actual expenditure (Rs. 2.13 crore) and asked the departmental representative to check it and explain the factual position to the Committee next time.

653. *Grant No. 25, Pakistan Telegraph and Telephone Department-Expenditure from Revenue (Charged) (+) Rs. 6,47,92,699 (Para 3 page 31).*—The excess was explained as being due to wrong booking by Audit. The Audit promised to check the position and report back the result to the Committee, if necessary.

654. *Non-recovery of insurance claims of Rs. 1,35,061 plus \$ 29,605 (Para 3, Chap. III, page 37).*—The departmental representative informed the Committee that now the unrecovered amount was only Rs. 86,623. It was also stated that legal action was being taken. The Audit was requested to watch the recovery of the outstanding balance.

655. *Loss of Rs. 26,838 on manufacturing of Cable Ducts (Para 4, Chap. III, page 37).*—The departmental representative said that, according to their calculation, the shortfall was of only 73 tons. The individuals responsible for the irregularity had already been removed from service in another case.

656. The Committee directed that the loss may be got written off now.

657. *Grant No. 28, Major Head "89—Capital Outlay on Investment in Railways" (—) Rs. 50,06,430 (Page 66—AA).*—The departmental representative explained this saving as having been due to transfer (at the advice of the Ministry of Finance) of a sum of Rs. 52,43,620 to 'East Pakistan Suspense', partly counterbalanced by a minor saving of Rs. 2,37,190. A member of the Committee could not appreciate the explanation and the departmental representative was, accordingly, directed to explain the position to the Audit, who should, after verification, report back the position to the Committee.

658. *Compliance on PAC's Report for 1968-69 and 1969-70 [relating to Grant No. III. Ministry of Defence (Frontier Works Organisation) page 516-AA].*—There was no material point for consideration by the Committee under this compliance.

659. *Paras not discussed to be treated settled.*—There was no other material point for discussion under other paras. Grants controlled by the Ministry of Communications. Accordingly, all other paras in the Appropriation Accounts and Audit Report (relating to civil as well as P, T and T) and Commercial Accounts shall be deemed settled, subject to such regularisation actions as may be necessary under the rules.

### MINISTRY OF EDUCATION

660. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Ministry of Education and the Report of the Auditor-General thereon.

661. The following departmental representatives were present:—

1. Dr. M. A. Kazi, Secretary.
2. Mr. Ashraf Qureshi, Joint Secretary.
3. Mr. Khumar Khan, Deputy Secretary.

662. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1	Cabinet Division (Group Head-G-President's Welfare Fund for living Writers etc.)	13
2	Education Division (excluding Group Head 'C') .. .. .	37
3	Educ' on .. .. .	39
4	Government Colleges and Schools .. .. .	40
5	Stationery and Printing .. .. .	83
6	Development expenditure of Education Division (excluding Group Head 'K') ..	119
7	Capital Outlay on Printing Corporation. .. .. .	121

### APPROPRIATION ACCOUNTS 1971-72

663. *Grant No. 39—Education (Page 85—AA).*—The departmental representative disputed the figures of actual recovery (Rs. 40,000) under the above grant, as no expenditure was incurred under the sub-head 'Pride of Performance'. The Committee directed Audit to check it.

664. *Grant No. 119—Development expenditure of Education Division (Page 231-AA).*—The excesses under Grant No. 119 were not acceptable to the departmental representative.

665. The Audit was requested to verify the figures and settle the issue, in consultation with the Education Division.

### COMMERCIAL ACCOUNTS 1971-72

#### Printing Corporation of Pakistan (Page 8, para 17(5))

666. The Committee noted that the Printing Corporation of Pakistan is an autonomous body, owned 100% by Government. The accounts of the Corporation are now required to be audited by the Auditor-General as per the directive given by the Public Accounts Committee in its meeting held on 9-12-1975.

667. A member of the Committee remarked that mere audit of accounts in the case of commercial enterprises was not enough. In fact, the Auditor-General should develop the technique of 'reviewing the account' rather than "auditing" it, as the former was likely to prove more beneficial and fruitful. It will provide an opportunity to find out the shortcomings and drawbacks, and may thus keep in taking the corrective action, improving the functioning of the organisation and reducing inaccuracies, etc.

668. The Auditor-General informed the Committee that the relevant para of the Audit and Accounts Order was proposed to be amended. A necessary draft in this behalf had already been prepared, in consultation with the Finance and Law Divisions and will be processed further after taking over by the Auditor-General (designate). The Committee desired the action to be expedited.

#### Central Publication Branch, Karachi—(Para 223, Page 149—CA)

669. Explaining the measures adopted to reduce losses, the departmental representative stated that they had increased printing charges from 62 to 80 per cent. With this increase, it was hoped that, from 1978 onwards, there will be no loss.

670. On an enquiry by the Committee about the elements constituting 'over-head charges', the departmental representative could not give the details readily. He was asked to ascertain the correct position and intimate the same to the National Assembly Secretariat, for the information of the Committee.

671. *Paras not discussed to be treated settled.*—There was no other material point for consideration by the Committee. All other paras etc., in the Appropriation and Commercial Accounts etc. will, therefore, be deemed settled, subject to such regularisation action as may be necessary under the rules.

**MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS**

672. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Ministry of Religious Affairs and Minorities Affairs and the Report of the Auditor-General thereon.

673. The following departmental representatives were present :—

1. Mr. Kamal Raza, Joint Secretary.
2. Mr. F. R. Khan, Assistant Accounts Officer.

674. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Rehabilitation of Displaced persons and protection of Evacuee property (Group Heads A and B)	9
2.	Other expenditure of Ministry of Defence (Group Head 'E')	35
3.	Other expenditure of Ministry of Law and Parliamentary Affairs (sub-head 'D-1' of Group Head 'D')	98
4.	Ministry of Minorities Affairs and Tourism	98-A
5.	Staff, House-hold and Allowances of the President (Group head 'K')	—

**APPROPRIATION ACCOUNTS 1971-72**

675. *Grant No. 9, Major Head "57-Misc.—Settlement Organization (Pages 37-38) Group head 'A' (Other than Charged).*—The accounts reflected an excess of Rs. 46,809 under this group-head whereas, according to departmental representative, there was in fact a saving of Rs. 59,915. Audit contended that the departmental figures were based on 6 months, expenditure. The departmental representative was, therefore, directed to check the factual position. The departmental representative promised to do so.

676. *"25-General Administration—"K" West Pakistan Autonomous Bodies Cell (—) Rs. 2,09,200 (Page 204—AA).*—The departmental representative contended that the amount, reflected as saving in the accounts, actually represented the figure of actual expenditure of the A. B. Cell (not booked by Audit) which equalled the final appropriation. Therefore, the question of any saving under this sub-head did not arise.

677. The Audit was requested to verify the position explained by the departmental representative.

678. *Paras not discussed to be treated settled.*—The other paras in the Appropriation Accounts were to be deemed settled subject to such regularisation action as may be necessary under the rules.

**COMPLIANCE ON PAC'S REPORT FOR 1968-69 AND 1969-70**

679. The Committee did not make any further observation in this behalf.

## CABINET SECRETARIAT

## (a) Cabinet Division

680. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1971-72 pertaining to the Cabinet Division and the Report of the Auditor-General thereon.

681. The following departmental representatives were present :—

1. Mr. S. M. Niazi, Secretary.
2. Mr. Inamul Haq, Deputy Secretary.
3. Mr. Abdul Haq, Deputy Director, Intelligence Bureau.

682. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Cabinet Division .. .. .	13
2.	Other Expenditure of Cabinet Division excluding (Group Head 'A')	16
3.	Ministry of Defence (Department of Cyphers) (Sub-head "B") .. .. .	29
4.	Other expenditure of the Ministry of Defence in connection with "D" - Government Presses Major Head 56 - Cypher Printing Press .. .. .	35
5.	Cabinet (Charged) — (Page 48—'AA') .. .. .	—

## APPROPRIATION ACCOUNTS 1971-72

## Grant No. 13

(i) "A—Secretariat" O and M Wing (+) Rs. 1,73,177 (page 43):

683. The excess included a sum of Rs. 1,33,900 relating to provision for the former East Pakistan. It was stated that the provision was surrendered by the O&M Wing, but it was debited by the Audit twice. Hence the excess.

684. The Audit was asked to verify the position and, if necessary, report back the position to the Committee.

(ii) "G—President's Welfare Fund for Living Writers etc. (+) Rs. 11,479

685. According to the explanation of the departmental representative, there was no excess but, in fact, a saving of the amount mentioned above. He could not, however, convince the Committee.

686. The Audit was requested to look into the explanation and verify the position with the records.

(iii) *Group-head "D—S.S. Expenditure (+) Rs. 40,000 (Page 43).*

687. The Committee observed that the actual excess was of Rs. 22,837 (and not of Rs. 40,000), for which explanation should have come. The way in which the re-appropriated amount of Rs. 40,000 was explained by the Department was not correct.

688. The departmental representative stated that the grant was, later, transferred to the Prime Minister's House.

689. The Committee did not find the explanation to be satisfactory and desired the Division to be more careful in future.

**COMPLIANCE ON PAC'S REPORT FOR 1968-69 AND 1969-70 (PARA 16, PAGE 14)**

690. While discussing the performance and functions of the Computer Bureau, the Finance Minister, during the meeting of the Public Accounts Committee on the 24th January, 1974, had directed that the post of OSD (Mechanization) in the Cabinet Division should be abolished with effect from the next financial year. The Committee noted that this was not done until 1-7-1978, which amounted to flouting the directive of the Public Accounts Committee.

691. The departmental representative, explaining the position, stated that the background of the Mechanization Unit was that, on the President's directive to simplify Financial Procedures and mechanize Government accounts, the Cabinet decided on 26-4-1967, to set up three Committees under the Cabinet Secretary, namely, Committees on Simplification of Accounting Procedures, Delegation and Decentralization of Financial Powers and Mechanization of Government Offices. The first and second Committees were later, merged. To assist the two Committees in carrying out studies and preparing papers, to serve as their Secretariat and to follow up their decisions, a Mechanization Wing under a Joint Secretary was set up in the Cabinet Division in 1967-68. As the abolition of Mechanization Unit involved a re-organization of the Cabinet Division, it was decided on 28-5-1974 that the matter will need consideration by the Cabinet Committee on Organization and Procedures, which was one of the standing Committees of the Cabinet. The matter remained under consideration till the Mechanization Unit was merged with the Special Cell and transferred to the O&M Wing on 1-8-1977, which was subsequently abolished.

692. Not being satisfied with the departmental explanation the Committee directed the representative of Finance Division to have the position checked from records and ascertain the circumstances under which, in disregard of the recommendations of the Public Accounts Committee, the post of OSD (Mechanization) was allowed to continue and whether the recommendation of the Public Accounts Committee was brought by the Cabinet Division to the notice of the Finance Division at any stage and their specific concurrence obtained for the continuance of the said post.

693. The representative was further asked to submit a report in this behalf to the National Assembly Secretariat for the information of the Committee.

694. *Paras not discussed to be treated settled.*—There was no other material point for consideration by the Committee. All other paras etc., in the Appropriation Accounts, Audit Report (1971-72) and compliance on PAC's Report (1968-69 and 1969-70) will, therefore, be deemed settled subject to such regularisation action as may be necessary under the rules.

**(b) Establishment Division**

695. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the Establishment Division and the Report of the Auditor-General thereon.

696. The following departmental representatives were present :—

1. Mr. N. H. Jaffery, Secretary.
2. Ch. Muhammad Aslam, Deputy Secretary.

697. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Establishment Division	14
2.	Other Expenditure of Establishment Division	17
3.	Ministry of Information and National Affairs (Group head 'H')	8
4.	Development Expenditure of Establishment Division	108
5.	Federal Public Service Commission (Charged)— (Page 49-AA)	

### APPROPRIATION ACCOUNTS 1971-72

#### GRANT NO. 14—ESTABLISHMENT DIVISION GROUP HEAD 'F'—NIPA (PAGE 45-AA)

698. While considering excess of expenditure under above group head the Committee desired to know the status of NIPA, Karachi and Lahore. In reply, it was stated that NIPA, Karachi worked under the Federal while NIPA, Lahore under the Provincial Government. These organisations were not corporate bodies but registered bodies.

699. After some discussion about the submission of their accounts by such bodies to Audit being placed before the Public Accounts Committee for examination, the Committee desired that this matter should be gone into by the Auditor-General, in consultation with the Finance Division, and the decision of the Finance Division conveyed for the information of the Committee. They further desired that a list of all bodies should be prepared by Audit and submitted for the Committee's information.

#### GRANT NO. 17—OTHER EXPENDITURE OF ESTABLISHMENT DIVISION (PAGE 52-AA).—

#### GRANT NO. 108—DEVELOPMENT EXPENDITURE OF ESTABLISHMENT DIVISION (PAGE 220-AA).

700. Actual recoveries of Rs. 4,09,198 and Rs. 1,66,667 were shown under these grants respectively against 'NIL' provision in the budget. The Committee wanted to know the reasons for the booking of these recoveries by Audit.

**COMPLIANCE ON PAC'S REPORT FOR 1968-69 AND 1969-70  
(PARAS 5 AND 6, PAGE 10)**

701. The departmental representative stated that increase in expenditure on telephone was largely due to the introduction of facility of direct dialing. This has led to increased misuse of telephones. The only remedy lay either in getting the telephones converted into non-STD or a telephone exchange installed. The Telephone Department had expressed its inability in so far as conversion of telephones to non-STD is concerned. The other alternative was being pursued vigorously.

702. During the course of discussion, one of the members of the Committee pointed out that the draw-back in the present system of direct dialing was that the speaker was not reminded about the time that he had consumed in his talk or was not automatically cut off, as in the case of trunk calls. He further stated that, in Germany, after the first three minutes, there is tinkle and, after another three minutes, the call is broken. The same system can be adopted here. This will reduce expenditure on telephone calls considerably.

703. *Paras not discussed to be treated settled.*—There was no other material point for consideration by the Committee. All other paras, etc., in the Appropriation Accounts and the compliance to PAC's report (1968-69 and 1969-70) will, therefore, be deemed settled subject to such regularisation action as may be necessary under the rules.

**NATIONAL ASSEMBLY SECRETARIAT**

704. The next item on the Agenda was examination of Appropriation Accounts for the year 1971-72 pertaining to the National Assembly Secretariat and the Report of the Auditor-General thereon.

705. There was no material point for discussion by the Committee, relating to this Secretariat.

706. The Committee adjourned thereafter to meet on the 28th March, 1979 to continue their examination of the Federal Accounts relating to the year 1972-73.

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**ANNEXURE—II**

**Statements No. 1—5**

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(123—124)

**STATEMENT No. 1**  
**Summary of results of Appropriation Audit**  
**APPROPRIATION ACCOUNTS 1971-72**

(See para 39 of Report)

(In Lacs of Rupees) —

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expendi- ture	Variation Excess (+) Saving (—)	Percentage
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
<b>Other than Charged :</b>					
<i>Expenditure met from Revenue :</i>					
Civil :					
New .. .. .	76.86	1,36.66	17.33	1,19.33	87.32
Other .. .. .	1,45.90	1,49.87	1,02.21	47.66	31.80
Defence :					
New .. .. .	9.86	73.86	73.86		
Other .. .. .	3,31.71	3,53.71	3,53.71		
Posts, T & T .. .. .	36.98	36.98	28.86*	—8.12	21.96
Pak. Railways .. .. .	72.25	73.30	69.91*	—3.39	4.63
Total .. .. .	6,73.56	8,24.38	6,45.88	—1,78.50	21.65
<i>Expenditure met from Capital :</i>					
Civil :					
New .. .. .	1,38.61	3,82.69	1,28.81	—2,53.88	66.34
Other .. .. .	1,42.03	1,43.31	93.58	—49.73	34.70
Defence .. .. .					
Posts, T & T .. .. .	12.62	18.62	17.03*	—1.59	8.54
Pak. Railways .. .. .	12.60	13.86	12.23*	—1.63	11.76
Total .. .. .	3,05.86	5,58.48	2,51.65	—3,06.83	54.94
<i>Disbursement of Loans &amp; Advances .</i>					
New .. .. .	41.07	49.58	17.33	—32.25	65.05
Other .. .. .	2.42	2.42	14.18	+11.76	485.95
Total .. .. .	43.49	52.00	31.51	—20.49	39.41
Total—(Other than Charged) ..	10,22.91	14,34.86	9,29.04	5,05.82	35.25

1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
<i>Charged :</i>					
<i>Expenditure met from Revenue :</i>					
Civil .. .. .	1,40,92	1,69,84	1,59,56	-10,28	6.05
Posts T & T .. .. .	4,85	5,04	11,36	+ 6,32	125,40
Pak. Railways .. .. .	7,83	7,83	10,41	+ 2,58	32.95
<b>Total</b> ..	<b>1,53,60</b>	<b>1,82,71</b>	<b>1,81,33</b>	<b>-1,38</b>	<b>0.76</b>
Expenditure met from Capital (Civil) ..		7	8	+1	14.29
Disbursement of Loans & Advances ..	7,10,79	7,28,36	1,12,29	-6,16,07	84.58
<b>Total (Charged)</b> .. .. .	<b>8,64,39</b>	<b>9,11,14</b>	<b>2,93,70</b>	<b>-6,17,44</b>	<b>67.77</b>
Repayment of Debt (Charged) ..	17,01,15	17,01,15	17,38,52	+ 37,37	2.20
<b>Total Expenditure met from Revenue</b> ..	<b>8,27,16</b>	<b>10,07,09</b>	<b>8,27,21</b>	<b>-1,79,88</b>	<b>17.86</b>
<b>Total Expenditure met from Capital</b> ..	<b>3,05,86</b>	<b>5,58,55</b>	<b>2,51,73</b>	<b>-3,06,82</b>	<b>54.93</b>
<b>Total disbursement Loans &amp; Advances.</b>	<b>7,54,79</b>	<b>7,80,36</b>	<b>1,43,80</b>	<b>-6,36,56</b>	<b>81.57</b>
<b>Total Repayment of Debt</b> .. .. .	<b>17,01,15</b>	<b>17,01,15</b>	<b>17,38,52</b>	<b>+ 37,37</b>	<b>2.20</b>
<b>GRAND TOTAL</b> ..	<b>35,88,45</b>	<b>40,47,15</b>	<b>29,61,26</b>	<b>-10,85,89</b>	<b>26.83</b>

\*This expenditure was not classified by ' New ' and ' Other than New ' by the Department.

## STATEMENT No. 2

1971-72

*Analysis of savings and excesses by main Departments.*

(In Lacs of Rupees)

	Final Grant	Expenditure	Excess(+) Saving(---)	Percentage
1	2	3	4	5
	Rs.	Rs.	Rs.	
<i>(a) As compared with Gross Grants including surrenders within the Grants :</i>				
Civil .. .. .	34,63,95	23,83,89	—10,80,06	31.18
Defence .. .. .	4,27,57	4,27,57	..	..
Posts, T & T .. .. .	60,64	57,25	—3,39	5.59
Railways .. .. .	94,99	92,55	—2,44	2.57
<b>Total ..</b>	<b>40,47,15</b>	<b>29,61,26</b>	<b>—10,85,89</b>	<b>26.83</b>
<i>(b) As compared with Net Grants excluding surrenders within the Grants :</i>				
Civil .. .. .	25,85,23	23,83,89	—2,01,34	7.79
Defence .. .. .	4,27,57	4,27,57	..	..
Posts, T&T .. .. .	46,13	57,25	+11,12	24.11
Railways .. .. .	93,11	92,55	—56	0.60
<b>Total ..</b>	<b>31,52,04</b>	<b>29,61,26</b>	<b>—1,90,78</b>	<b>6.05</b>

## STATEMENT NO. 3

F. 71-72

*Analysis of the savings and excesses under Revenue, Capital and Loans and Advances.*

(In lacs of rupees)

1	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess (-) Saving (-)	Percentage
	Rs.	Rs.	Rs.	Rs.	
<b>Civil</b>					
<i>Expenditure met from Revenue :</i>					
Other than Charged :					
New ..	76.86	1,36.66	17.33	- 1,19.33	87.32
Other ..	1,45.90	1,49.87	1,02.21	-47.66	31.80
<b>Charged ..</b>	<b>1,49.92</b>	<b>1,69.84</b>	<b>1,59.56</b>	<b>-10.28</b>	<b>6.05</b>
Total ..	3,63.68	4,56.37	2,79.10	- 1,77.27	38.84
<i>Expenditure met from Capital</i>					
Other than Charged ..					
New ..	1,38.61	3,82.69	1,28.81	2,53.88	66.34
Other ..	1,42.03	1,43.31	93.58	-49.73	34.70
<b>Charged ..</b>	<b>..</b>	<b>7</b>	<b>8</b>	<b>+1</b>	<b>14.29</b>
Total ..	2,80.64	5,26.07	2,22.47	-3,03.60	57.71
<i>Disbursement of Loans and Advances :</i>					
Other than Charged :					
New ..	41.07	49.58	17.33	32.25	65.05
Other ..	2.42	2.42	14.18	- 11.76	485.95
<b>Charged ..</b>	<b>7,10.79</b>	<b>7,28.36</b>	<b>1,12.29</b>	<b>-6,16.07</b>	<b>84.58</b>
Total ..	7,54.28	7,80.36	1,43.80	-6,36.56	81.57
<i>Repayment of Debt :</i>					
<b>Charged ..</b>	<b>17,91.15</b>	<b>17,91.15</b>	<b>17,83.62</b>	<b>- 37.37</b>	<b>2.20</b>
<b>Total—Civil ..</b>	<b>30,14.75</b>	<b>34,63.95</b>	<b>23,83.89</b>	<b>-10,80.06</b>	<b>31.18</b>

	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	
<b>DEFENCE</b>						
<i>Expenditure met from Revenue</i>						
Other than Charged						
New .. ..	9.86	73.86	73.86	..	..	..
Other .. ..	3,31,71	3,53,71	3,53,71	..	..	..
Expenditure met from Capital	..	..	..	..	..	..
Total—(Defence) ..	3,41,57	4,27,57	4,27,57	..	..	..
<b>PAKISTAN POSTS, TELEGRAPH AND TELEPHONE :</b>						
<i>Expenditure met from Revenue :</i>						
Other than Charged.	36,98	36,98	28,86*	—8,12	21.96	
Charged .. ..	4 85	5,04	11,36	+6.32	125.40	
Total .. ..	41,83	42,02	40,22	—1,80	4.28	
<i>Expenditure met from Capital :</i>						
Other than Charged ..	12,62	18,62	17,03*	—1,59	8.54	
Total (Posts, T&T) ..	54,45	60,64	57,25	—3,39	5.59	
<b>RAILWAYS</b>						
<i>Expenditure met from Revenue :</i>						
Other than Charged						
Other ... ..	72,25	73,30	69,91*	—3,39	4.63	
Charged .. ..	7,83	7,83	10,41	—2,58	32.95	
Total .. ..	80,08	81,13	80,32	—81	1	
<i>Expenditure met from Capital :</i>						
Other than Charged ..	12,60	13,86	12,23*	—1,63	11.76	
Total—(Railways) ..	92,68	94,99	92,55	—2,44	2.57	
GRAND TOTAL .. ..	35,88,45	40,47,15	29,61,26	—10,85,89	26.83	

\*This expenditure was not classified by 'New' and 'Other than New' by the Department.

## STATEMENT No. 4

1971-72

*Statement showing excesses over authorised grants which require to be regularised.**(See paragraph . . . . . on page . . . . . of the Report)*

Sl. No.	No. and Name of the Grant	Final Grant	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
<b>Civil :</b>				
1.	5—Other Agricultural Services :			
	Other .. .. .	57,71,000	67,10,911	9,39,911
2.	7—Rehabilitation and Works Division :			
	Other .. .. .	13,37,000	14,13,640	76,640
3.	15—Is amabad :			
	Other .. .. .	..	57,00,000	57,00,000
4.	27—Other Expenditure of Ministry of Communications :			
	Other .. .. .	..	25,166	25,166
5.	28—Capital Outlay on Investment in Railways :			
	New .. .. .	89,50,000	1,93,04,698	1,03,54,698
6.	29—Ministry of Defence :			
	Other .. .. .	45,00,250	62,07,320	17,07,070
7.	34—Aviation :			
	Other .. .. .	2,75,32,800	10,21,98,751	7,46,65,951
8.	35-A—Civil Armed Forces :			
	Other .. .. .	..	22,62,473	22,62,473
9.	43—Ministry of Finance :			
	Other .. .. .	1,00,53,400	1,05,92,430	5,39,030
10.	45—Pakistan Mint :			
	New .. .. .	17,17,500	17,52,240	4,740
11.	46—Superannuation Allowances and Pensions :			
	Other .. .. .	2,81,36,000	3,44,66,971	63,30,971
12.	47—Other Expenditure of Ministry of Finance :			
	Other .. .. .	5,58,000	24,99,192	19,41,192

1	2	3	4	5
13.	48—Grants-in-Aid and Miscellaneous adjustment between the Central and Provincial Governments :	Rs.	Rs.	Rs.
	Other .. .. .	3,48,31,000	3,72,78,836	24,47,836
14.	54-A—Capital Outlay on Currency :			
	Other .. . . .	—	11,59,62,328	11,59,62,328
15.	54—B—Capital Outlay on Pensions ..			
	New .. . . .	—	51,132	51,132
16.	56—Other Loans and Advances by Central Government :			
	Other .. . . .	2,42,08,000	13,10,04,621	10,67,96,621
17.	58—Ministry of Foreign Affairs :			
	Other .. . . .	66,63,800	76,94,575	10,30,775
18.	60—Other Expenditure of Ministry of Foreign Affairs :			
	New .. . . .	1,13,04,000	1,19,89,008	6,85,008
	Other .. . . .	94,10,000	95,00,083	90,083
19.	61—Capital Outlay on Works of Ministry of Foreign Affairs .. .. .			
	New .. . . .	22,50,000	38,36,282	15,86,282
20.	63—Medical Services ..			
	Other .. . . .	2,41,13,000	2,69,02,645	27,89,645
21.	66—Other Expenditure of Labour and Social Welfare Division :			
	New .. . . .	4,30,000	4,72,194	42,194
22.	73—Kashmir Affairs Division :			
	Other .. . . .	12,18,000	15,59,154	3,41,154
23.	74—Other Expenditure of Kashmir Affairs Division .. . . .			
	Other .. . . .	59,96,000	71,08,564	11,12,564
24.	78—Other Expenditure of States and Frontier Regions Division :			
	Other .. . . .	58,000	1,05,519	47,519
25.	81—Industries :			
	Other .. . . .	8,49,900	14,36,666	5,86,766
26.	84—Other Expenditure of Industries Division :			
	Other .. . . .	9,51,000	19,86,724	10,35,724

1	2	3	4	5
27.	89—Ministry of Information and National Affairs :	Rs.	Rs.	Rs.
	Other .. .. .	61,56,000	61,98,697	42,697
28.	96—Other Expenditure of Ministry of Information and National Affairs :			
	New .. .. .	2,92,49,000	3,06,62,360	77,13,360
	Other .. .. .	50,30,000	1,86,92,973	1,36,62,973
29.	98-A—Ministry of Minorities Affairs and Tourism :			
	Other .. .. .	..	1,92,188	1,92,188
30.	103—Development Expenditure of Rehabilitation and Works Division :			
	New .. .. .	31,000	1,51,252	1,20,252
31.	103-A—Capital Outlay on Fisheries :			
	Other .. .. .	..	58,693	58,693
32.	104—Capital Outlay on Food Storage and other Works .. .. .			
	Other .. .. .	..	15,32,450	15,32,450
33.	106—Capital Outlay on Civil Works .. .. .			
	Other .. .. .	1,33,25,000	1,48,48,684	15,23,684
34.	107—Capital Outlay on Rehabilitation of Displaced persons from Kashmir :			
	Other .. .. .	..	1,41,718	1,41,718
35.	115—Development expenditure of Ministry of Defence .. .. .			
	Defence .. .. .	..	13,65,921	13,65,921
36.	116—Capital Outlay on Civil Aviation and other Works :			
	New .. .. .	..	1,00,50,386	1,00,50,386
37.	124—Development Loans and Advances by the Central Government :			
	Other .. .. .	..	1,08,36,000	1,08,36,000
38.	125—Development Expenditure of Health Division :			
	New .. .. .	1,11,000	1,45,121	34,121
39.	126—Development Expenditure of Labour and Social Welfare Division :			
	New .. .. .	..	10,82,904	10,82,904

1	2	3	4	5
		Rs.	Rs.	Rs.
40. 127—Development Expenditure of Family Planning Division :				
	Other .. .. .	..	42,96,008	42,96,008
41. 129—Development Expenditure of States and Frontier Regions Division :				
	Other .. .. .	..	3,93,216	3,93,216
42. 130—Development Expenditure of Centrally Administered Tribal Areas ..				
	Other .. .. .	..	8,89,031	8,89,031
43. 136—Capital Outlay on Irrigation and Electricity :				
	Other .. .. .	..	2,16,996	2,16,996
44. 138—Capital Outlay on Fuel and Power :				
	New .. .. .	61,19,000	1,02,19,544	41,00,544
45. 140—Capital Outlay on Broadcasting Service :				
	New .. .. .	9,97,000	17,25,703	7,28,703
46. 141—Capital Outlay on Television Service :				
	New .. .. .	10,00,000	10,00,311	311
<b>Railways</b>				
47. 2—Repairs and Maintenance .. .. .		21,02,59,000	22,31,23,982	1,28,64,982

## STATEMENT No. 5

1971-72

Statement showing excesses over Charged appropriations which require to be regularised

(See paragraph . . . . . 11 . . . . . on page . . . . . 14 . . . . . of the Report)

Sl. No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
<b>Civil :</b>				
1.	46—Superannuation Allowances and Pensions.	22,50,000	28,42,407	5,92,407
2.	103—Development Expenditure of Rehabilitation and Works Division ..	2,00,000	2,33,019	33,019
3.	106—Capital Outlay on Civil Works ..	7,46,000	8,18,803	72,803
4.	Repayment of Debt .. .. .	17,01,15,00,000	17,38,52,34,230	87,37,34,230
<b>Pakistan Posts, Telegraphs and Telephone :</b>				
5.	25—Telegraph and Telephone Department Expenditure from Revenue ..	4,01,58,000	10,49,50,699	6,47,92,699
<b>Railways :</b>				
6.	5—Appropriation to Funds, Payment of Return on Central/Provincial Government Investments and Miscellaneous other Expenditure .. .. .	7,82,82,000	10,41,12,579	2,58,30,579

C O R R I G E N D A

to the Report of the Public Accounts  
Committee for the year 1971-72.

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- Page 12, in last line of para 33, for "form" read "firm"
- Page 13, in 1st line of sub-para(4) of para 38, for "Excess" read "Excesses"
- Page 14, in 1st line of para 41, for "submit" read "submits"
- Page 26, in para 49, S.No.1, for "Mr" read "Lt.Col."
- Page 36, in last line of para 128, for "for the" read "for by the"
- Page 39, in last line of para 151, for "disposed" read "dispose"
- Page 43, in 2nd line of para 179, for "state" read "stated".
- Page 45, in " " " " 194, for "satisfy" read "satisfy"
- Page 60, in " " from bottom in para 291, for "build" read "built"
- Page 66, in 1st " of para 340, for "from" read "from".
- Page 74, in 1st line of para 378, in column 3, for the figure "111" read "101"
- Page 75, in 3rd line of para 383, in column 3, for the figure "42" read "142"
- Page 81, in 2nd line of para 431, for "Airpor" read "Airport"
- Page 90, in S.No.3 of para 483, the letter "M" may be omitted.
- Page 96, in S.No.1 of para 527, for "Rauf" read "Raguf"
- Page 91, in S.No.2 of para 485, for "Maj.Gen.I.H.Burney" read "Maj.Gen. M.I.Burney".
- Page 107, in the fifth line from the bottom of para 604 for "expenditious" read "expeditious".
- Page 128, in the 2nd line from the bottom in column 4 for the figure " 17,83,62" read " 17,38,52".
- Page 128, in the last line, in column 2, for the figure "30,75" read "30,99,75".
- Page 130, S.No.1, column 4, for the figure 67,10,11 read "67,10,911"
- Page 130, S.No.10, Column 3, for the figure "17,17,500" read "17,47,500".
- Page 132, S.No.28, Column 3, for the figure " 2,92,49,000" read " 2,29,49,000".