



**REPORT**

OF THE

**PUBLIC ACCOUNTS COMMITTEE**

ON THE

**ACCOUNTS OF THE**

**GOVERNMENT OF PAKISTAN**

FOR THE YEAR

**1976-77**



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## PUBLIC ACCOUNTS COMMITTEE

The recommendations of the Committee, summarised in para 52(i)(ii) of the Report, were approved by the President on the 16th July, 1980.

### ACCOUNTS OF THE

### GOVERNMENT OF PAKISTAN

FOR THE YEAR

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Divisions in respect of general or specific directions given by the Committee during the examination of their accounts for the previous years. It is proposed to continue with this work ceaselessly, so as to keep up-to-date the examination of the Appropriation and other accounts for the succeeding years and, at the same time, oversee the position of compliance with the directions of the Committee on the previous accounts.

### **Proceedings of the Committee**

3. The minutes of the ninth Session of the Committee, held in January, 1980 are appended as Annexure I. The recommendations| observations made by the Committee and the directions given by it during the Session are incorporated in the minutes and may be deemed to form part of this Report.

### **Scope of the Report**

4. Like the earlier ones, this Report also seeks to highlight the notable issues raised and the irregularities observed by the Committee, while examining the accounts for 1976-77 and which, in its view, merit to be brought to the Government's notice. The said issues and irregularities have, therefore, been set out in the succeeding paragraphs, under specified headings, for suitable action by the agencies concerned, so that greater discipline and propriety is infused in expenditure on Government account and loss of public funds is minimised.

#### **(1) NON-RECONCILIATION OF ACCOUNTS**

5. One of the notable features of the 1976-77 accounts, and to some degree that of the accounts of previous years, was that the accounts had not been properly reconciled in a large number of cases. Time and again, therefore, the Committee came across the self-same problem of figures of un-reconciled Appropriation accounts pertaining to Ministries|Divisions, leaving the Committee with hardly

## NATIONAL ASSEMBLY SECRETARIAT

### REPORT OF THE *AD-HOC* PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEAR 1976-77.

#### **Meetings of the Committee**

1. The *Ad-hoc* Public Accounts Committee held its ninth session from January 12 to 17, 1980 in the National Assembly Secretariat, Islamabad, to examine the Appropriation and other accounts of the Federal Government for the year 1976-77. Except for Mr. Mushtaq Ahmed, former Auditor General and member, who could not participate in the session because of his indisposition, the Chairman and other three members of the Committee attended all its meetings.

#### **Backlog cleared**

2. Starting with its Report dated March 28, 1979 on the accounts for 1970-71, this Report on the Appropriation and other accounts of the Federal Government for the year 1976-77 is the seventh one, submitted by the Committee. The Committee, the Auditor General, the National Assembly Secretariat and, indeed, the Ministries|Divisions had all to put in an enormous amount of work to bring about this desired result. It could be stated with some equanimity that the huge backlog of Federal accounts from 1970-71 to 1976-77, which had accumulated by 1978 when this Committee was set up, has been almost totally wiped out and the Committee is, presently, scheduled to examine the Appropriation and other accounts of various Ministries|Divisions for 1977-78 in the last week of May, 1980. In addition, it will be scrutinising, more closely, the reports of compliance, received from the Ministries|

any choice but to defer the finalisation thereof till they were reconciled between the Ministries/Divisions concerned and the Audit. Occasionally, cases of misposting of accounts by the Accounts Officer, resulting in wide discrepancies, *vis-a-vis* the departmental figures, also came to the Committee's notice. Audit had already laid down a certain procedure for the periodical reconciliation of accounts, but it did not appear to have been properly understood by the Ministries/Divisions or followed by those concerned in all cases. The Auditor-General was, therefore, requested and has undertaken to further streamline the procedure, so that it can be observed by all concerned more closely in the future. A meticulous adherence to this procedure shall henceforth have to be insisted upon. The Accounts Officers also, on their part, will have to be more circumspect in posting the accounts, to obviate any glaring discrepancies *vis-a-vis* the departmental figures.

6. In addition, steps will also need to be taken to remove the following bottle-necks in order to make a speedier reconciliation possible :—

- (1) The debits in respect of funds authorised to be released by the Provincial Accountants General are not always received in good time, thereby causing a bottle-neck in the process of reconciliation (Paras 348-349 of Annexure I). The Committee was informed by the Auditor-General that they were shortly evolving a procedure by which the department concerned would be able to know, from the Audit, the position of these accounts more accurately.
- (2) Many subordinate field offices of some Ministries/Divisions are located in distant and remote parts of the country. Receipt of complete accounts from them at the headquarters sometimes got delayed, thereby causing delay in reconciliation (Para 610 of Annexure I). A procedure would, therefore, have to be evolved by the Ministries/Divisions, taking into consideration the constraints of each such subordinate or field office, to curtail delay on this score also.

- (3) Though the accounts had been departmentalised in the case of Pak. P.W.D., the change-over has not been without its teething troubles and it was made out by the department that their accounts could not be maintained and reconciled properly, so far, because of the shortage of accounting staff. The T & T Department were also said to be facing the same problem of shortage of personnel to man their accounting branches. Steps will have to be taken by the departments concerned quickly to remove this deficiency, with the Audit department assisting them as best they can.
- (4) In some cases, the budgetary procedure was not properly understood by the concerned officials, who even failed to make a distinction between the original demand made by the department and the actual grant of funds in the budget (Para 372 of Annexure I).

7. In the Committee's view, it is the responsibility of each department to know and understand their budget and of the officers concerned to keep continuously an eye on the expenditure of allotted funds under their charge. The expenditure in each department should, therefore, be reviewed periodically and the Divisions concerned must ensure a timely reconciliation of their accounts (Para 393 of Annexure I). The Financial Advisers attached to the Ministries can be of help in this respect.

8. The Committee would, finally, like to reiterate, what it has been stating earlier also, that it has been greatly handicapped in examining and finalising unreconciled accounts because, in that case, it was confronted with two sets of figures, leading to different conclusions, thus rendering the finalisation of such accounts almost impossible. It must, consequently, be enjoined upon the Ministries/ Divisions to get their accounts duly reconciled with the Audit before the same come up for examination by the Committee. Those found taking such instructions lightly and defaulting should be held liable for dereliction of duty.

## (2) EXCESS EXPENDITURE NOT COVERED BY BUDGETARY GRANT

9. The Committee noted several instances where Ministries, Divisions incurred expenditure in excess of the budgetary grant. Those committing this serious irregularity have been mostly getting away with it. This could be said to be one of the root causes of financial indiscipline *vis-a-vis* Government funds. There were several dimensions to this problem. In some cases, sizeable orders were placed for the purchase of articles or commodities shortly before the close of the year, without matching funds being available therefor (Para 357 of Annexure I). In others, excess expenditure was incurred in anticipation of supplementary grant which, even when obtained, was not properly exhibited in the book of supplementary demands. There were also instances where excess expenditure was made in anticipation of a supplementary grant, which was neither asked for nor sanctioned. One Division made a firm financial commitment in the hope of getting a concomitant grant, which was not later approved (Para 246 of Annexure I).

10. Sometimes, the excess expenditure was attempted to be covered by irregularly appropriating funds (Para 249 of Annexure I). In yet other cases, liabilities for past years were adjusted in the current one, involving excess expenditure, which was not matched by the budgetary grant (Paras 356 and 390 of Annexure I). The Committee also noted that expenditure was not being properly reviewed regularly by responsible officers, periodically, so that excess in spending could be detected and prevented in time (Para 393 of Annexure I).

11. Two notable excesses came to the notice of the Committee in Grant Nos. 134 and 14 under the Ministry of Defence (Paras 490 and 491 of Annexure I). These called for further explanation which has been asked for by the Committee.

12. Similarly, the Works Division had made an unauthorised excess expenditure under Grant No. 69, for which the explanation

offered by them was not found to be satisfactory. The Committee has directed the Division to locate the responsibility for this expenditure and take suitable action against the defaulters (Para 43 of Annexure I). Under the same Division, the Pak P.W.D., had spent Rs. 8.7 millions in excess of Grant No. 70. It was neither clear to Audit nor to the Committee as to wherefrom did this money come. This seemed to be a case of not only unauthorised expenditure but also of inefficient accounting and wrong booking (Para 44 of Annexure I). The accounts shown under the same Grant in group-heads 'B' and 'G' also showed an unauthorised excess expenditure, for which the explanation furnished by the Department was not satisfactory (Paras 48—52 of Annexure I).

13. In the Appropriation accounts of the Pakistan Railways (Grant No. 1), there was an excess expenditure of more than Rs. 24.7 million, for which the department could not offer a satisfactory explanation. It was noted that they had failed to estimate correctly the expenditure on such known item as general administration and expended a substantially large amount in excess of the budgetary grant. The department was directed to fix the responsibility for this excess take the required action and furnish a revised explanation for the unauthorised expenditure (Paras 101—103 of Annexure I).

### (3) LOSS TO PUBLIC FUNDS

14. The Audit paras on Appropriation and other accounts of the Federal Government brought to the Committee's notice a number of instances where expenditure was incurred irregularly or without due care or recoveries were delayed, to the loss of public funds. Some of these instances are discussed below :—

- (i) An Audit report showed a loss of about Rs. 2.9 millions due to the award of contract at a rate higher than the lowest tender. As the department concerned under the Works Division was unable to furnish a satisfactory explanation for the award, the Committee has directed the

concerned Division to submit a revised explanation, keeping in view the questions raised by it (Para 62 of Annexure I).

- (ii) In a case pertaining to the Pakistan Railways, payments were made to the suppliers for local purchase of medicines at rates higher than those quoted by them in the tenders or even mentioned in the purchase orders. These over-charges escaped the notice of the hospital authorities at the time of verification of bills. Then, fraudulent payments were also reportedly made to the same suppliers, who claimed charges for quantities in excess of actual supplies. Fictitious certificates of receipts of these supplies were registered in the hospital records. After discussion, the Committee concluded that sufficient action had not been taken against those responsible for these irregularities, particularly the supervising staff. The Committee has requested the departmental representative (Chairman, Railway Board) to personally look into these cases for furnishing fuller facts to the Committee and confirm that due action has been taken against all those found to have been involved in these irregularities (Para 113 of Annexure I).
- (iii) Rules provide that all materials declared as scrap should be sold by public auction or through open tenders, except sale to Government departments and petty sales to private parties, valuing upto Rs. 500. In deviation of the rules, 1,000 tons of iron scrap of the Pakistan Railways was sold to a private party through direct sale at a rate much lower than the market rate, while a Government department had offered to purchase the same at a price closer to the latter rate. This resulted in a loss of about Rs. 1.6 million to the department. In another case, 1,560 tons of scrap was directly sold to a private party which, if openly auctioned, might have fetched about

40% higher than the actual sale price. As the department could not furnish satisfactory explanations regarding these transactions, readily, Audit has been asked to check the relevant records and report back to the Committee, if necessary (Para 118 of Annexure I).

- (iv) The Audit observed that in a Railways Workshop in Lahore, some staff, absent from duty, was treated as on leave on full pay and, where such leave was not due, it was sanctioned on the basis of fictitious certificates of admissibility or by converting leave on half average pay without the production of medical certificates. A percentage check made by Audit disclosed an unentitled payment of more than Rs. 47,000 on this score (Para 121 of Annexure I). The Committee was not satisfied with the departmental explanation about either the fictitious payments or the withholding of increments of one or two junior clerks as punishment therefor. It has, therefore, asked the department to study the case again with a view to imposing appropriate punishments on the defaulters and furnish a report to the Committee.
- (v) An institution under the Ministry of Culture and Sports paid to its employees allowances on account of house rent, conveyance, entertainment and medical charges at rates higher than admissible to the same categories of employees in government departments, without obtaining government approval, thus incurring an irregular expenditure of Rs. 125,484. In the same department, the Executive Director in Grade 19 started drawing his pay in Grade 20, while the upgradation of the post and his appointment thereto had yet to be approved and notified by the Government. The departmental representative has been requested to furnish a full report to the Committee on all these irregularities at an early date.

- (vi) The WAPDA incurred an un-approved and un-authorised expenditure on a Project, involving removal of silt. The manner of implementation of the Project was also found to be not free from blemish as the department gave away 7 contracts without inviting tenders. The department has taken some action against those responsible for the above irregularities, but the Committee has asked the department to furnish a fuller information regarding the instructions given to the implementing staff by the higher authorities, to see whether any more action is called for (Para 172 of Annexure I).
- (vii) A substantial percentage of energy, produced by WAPDA, still remains un-accounted for. The Audit had calculated an annual loss of Rs. 309.9 million on this account. The WAPDA informed the Committee that the line losses had been reduced from 38% to 33%. The Committee has directed the department to continue with its efforts in this direction relentlessly, for showing more significant results in the future (Para 194 of Annexure I).
- (viii) An extra expenditure of more than Rs. 1 million was incurred by the Defence Services on purchase of stores at higher rates. The Committee was informed that the matter was under investigation and the department will take necessary action in due course. The Committee has requested Audit to follow-up the case (Para 523 of Annexure I). In the same department an un-necessary purchase of an item of furniture, costing about Rs. 62,880, was made, for which the department could not offer a satisfactory explanation. The Committee has requested the departmental representative to submit an explanation in the next meeting of the Committee.
- (ix) Audit had pointed out that, in violation of the relevant regulations to the effect that all-Pakistan flat water rates will be prepared by the E-in-C every year and a periodical review of such rates will be carried out, the water flat

rates determined in 1948 at 62 paisas per thousand gallons had been allowed to remain unchanged all through, although the cost of production and procurement of water supplies had gone up manifold. This has been resulting in heavy short recoveries from the domestic consumers. The volume of loss of income to the government can be gauged from the fact that, for the period July, 1966 to June, 1977, in only 8 Cantonments in the Karachi area, Rs. 7,729,851 was short recovered as compared to the amounts paid to the supplying agencies. After hearing the departmental explanation, the Committee observed that this case had been dragging on for years. The department should examine it speedily, in consultation with the Financial Adviser, so as to arrive at a final decision within a month or two (Para 528 of Annexure I).

- (x) The Committee also noted with concern that the Pak. P.W.D. took three years to effect the recovery of Rs. 986,200 from a contractor. The departmental representative has, therefore, been requested to locate the deficiencies in the present accounting system and procedure, which could admit of such long delays in recoveries, and modify the system suitably. In the ordinary course, the amount should have been recovered about 3 years back (Para 63 of Annexure I).

15. Some more irregularities of the above natures may be seen in Paras 84, 179, 282 and 515 of Annexure I.

#### (4) SAVINGS NOT SURRENDERED

16. As in previous years also, a number of Ministries|Divisions failed to surrender their savings by the last day of the financial year, in clear violation of the existing rules. In some cases, this may not have been done because orders placed for the purchase of certain commodities did not materialise in time or debits in respect of certain accounts were not received till the expiry of the financial

years. However, some notable examples of this irregularity are cited below:—

- (i) A substantial amount was not surrendered by the Ministry of Health and Social Welfare because debits in respect of insecticides, ordered for in connection with the Malaria Control Programme, were not received in time (Paras 468-469 of Annexure I).
- (ii) The Ministry of Food and Agriculture failed to surrender more than Rs. 2 million, because they had placed an order for the purchase of some spares, which were not received in time, and they continued waiting therefor (Para 339 of Annexure I).
- (iii) Rs. 5 million was released to the Pak. P.W.D. from the budget of the Frontier Constabulary. They expended about Rs. 2.9 million, but failed to surrender the balance (Paras 375-76 of Annexure I).
- (iv) A saving of more than Rs. 22 million was shown by the Pak. P.W.D., due to non-clearance of adjustment memos and balances under miscellaneous P.W.D. advances. The Committee was not satisfied with the department's explanation for the non-surrender of savings (Para 56 of Annexure I).
- (v) The Defence Division did not surrender a saving of more than Rs. 27 million, waiting to pay for certain stores and equipments required by them on the re-organization of Scouts, but which were not immediately available. The Committee has directed that the concerned Division should examine this omission more closely, for corrective action (Para 479 of Annexure I).

17. Some more instances where the Ministries/Divisions simply failed to follow the instructions about surrender of savings may be seen in Paras 148, 210 and 211 of Annexure I. For as long as rules enjoining the surrender of savings by the last day of the financial year, it is absolutely necessary, in the interest of financial discipline, that

this requirement is strictly enforced. Consequently, flagrant violations of this rule must be visited by suitable action against the defaulters.

### (5) PROBLEMS OF ACCOUNTING

18. The accounting system in several Ministries|Divisions|Departments still remained un-satisfactory. In several cases, expenditure was inadvertently incurred, while available funds were surrendered at the same time, thereby causing an excess (Para 25 of Annexure I). In some cases, grants were not fully accounted for. Funds allotted for one purpose were spent on other purposes, unauthorisedly. Public funds were allowed to go into wrong accounts or were not properly accounted for (Paras 29-30 of Annexure I). Funds were even expended without knowing their source and proper accounts were not maintained for the same. Occasionally, excess expenditure was incurred, because the actual availability of allotted funds was not known at the time.

19. The cases where, for one reason or the other, the Committee noted a special accounting problem or scope for accounting improvement, are discussed below.

#### (i) Federal Miscellaneous Investments

20. The accounts shown under the above head by the Ministry of Finance were not intelligible at a glance (Para 628 of Annexure I). The Committee has suggested that the Ministry may consider the feasibility of grouping investments, currently exhibited under various grants, by showing at one place various classes under separate headings like international investments and loans, advances to industry, financial institutions, companies etc. It can then be seen that the figures given under these heads tallied with those shown in the balance sheets of the respective institutions. If necessary, separate heads may be created for industrial investments, financial investments and Government Corporations, and investment

and loans in these institutions be also shown together or under separate sub-heads. It would then be possible to know, at a glance, the total of Government investments as well as the individual financial position of Government assisted Companies. A separate head can also be created for loans to the Provincial Governments. The Auditor-General has agreed to study the above-mentioned proposition in detail, together with the Ministry of Finance.

**(ii) Loans and Advances to Provincial Governments**

21. The accounts shown under this group head were also not very clear and most of the loans were shown as "Charged" rather than "Voted". (Para 641 of Annexure I). The Committee has pointed out that a more rational procedure also needs to be evolved for estimating, realistically the revised estimates of disbursements of foreign loans for each year, as the existing procedure does not seem to be working out well. This may be taken up by the Finance Division with the Audit and the other agencies concerned.

**(iii) Need to simplify Accounting System of Pakistan Railways**

22. The Railways should simplify their accounting system. By adopting a simpler procedure, they may be able to show their running balances, liabilities and assets more easily. A simpler procedure could save a lot of time and energy of all concerned, to be utilised in other field of work (Para 126 of Annexure I).

**(iv) Estimates of foreign loans and interest thereon in the Railways Budget**

23. It was seen that there was little coordination between the estimates of foreign loans and interest thereon, prepared by the Railways, and the debit notes prepared for the same by the AGPR at the instance of EAD, resulting in avoidable deviations in the budget figures. The Committee suggests that the estimates of foreign loans and interest thereon, prepared by the Ministry of Railways, should first be cleared with the EAD, so that adjustments, as necessary, could be effected in the Railways budget (Paras 90-91 of Annexure I).

**(v) Budgeting of capital investment in Railways**

24. Capital investment in the Railways is, presently, treated under two major heads (Grants). The Committee considers that the possibility of combining capital investments, financed, by foreign loans and internal resources, under one main head (Grant) should be jointly studied by the Ministry of Railways and Finance Division, in consultation with the Audit (Para 92 of Annexure I).

**(vi) WAPDA—Waiving of requirement for separate Revenue Budget**

25. After going through the audit notes on the estimates, receipts, and expenditure of the WAPDA, the Committee desired examination of the issue whether it should be necessary for the Authority to be required, under the law, to present a separate revenue budget.

**(vii) Accounting problem of Pak. P.W.D.**

26. The department attributed their main accounting problem, after the departmentalisation of their accounts, to under-staffing of accounts personnel. They were said to be short of 26 Auditors, 3 Accountants and 3 Assistant Accounts Officers. After discussing this problem with the departmental representatives and the Auditor General, the Committee directed that details for resolving it should be suitably settled between the department and the Auditor-General. The Department was also asked to carefully study whether the huge staff, sanctioned in connection with the departmentalisation of accounts, was really needed. (Paras 45—47 of Annexure I).

**(viii) Accounts of T&T Department**

27. The accounts of the T&T Department showed large amounts of excess expenditure under different grants. A number of variations in the figures under the Appropriation accounts were also brought to the notice of the Committee. The more notable was the excess expenditure shown under 'pensionary charges' (Para 274 of Annexure I). The department contended that they could not

control these excesses due to the present procedures of accounting in the Department (Para 279 of Annexure I). The Committee would recommend that the Department be speedily provided with the staff, which they need, to streamline their accounts system and accounting, the Committee was informed that the Government were already making arrangements to meet the requirement of personnel.

#### (ix) Survey of Pakistan

28. Audit had pointed out that the following subsidiary accounts, which were due from the Controlling Officer, were not made available to them :—

- (a) Accounts of stores of the Survey of Pakistan for the years 1969-70 to 1976-77.
- (b) Map stores accounts of Map Record and Issue Office of the Director Map Publication, Survey of Pakistan, Rawalpindi for the years 1972-73 to 1976-77.
- (c) Combined comparative statement showing sale of maps, Survey of Pakistan, for the years 1972-73 to 1976-77.
- (d) Consolidated stores account of Lithographic Printing Office, Survey of Pakistan, for the year 1976-77.

The Auditor-General suggested that the department should compile the accounts which had been held up for want of completion of audit, and the departmental representative undertook to do so. The latter was also directed by the Committee to proceed with the compilation of Map store Accounts and Combined Comparative statements for the years 1977-78 and 1978-79, so that they are brought up-to-date (Paras 486-87 of Annexure I).

#### (x) Accounting and disbursement of Grants-in-aid

29. Monetary grants by the Federal Government to Social Welfare or educational institutions, disbursed through the Provincial

AGs., were not being properly booked or disbursed in time. The Committee noted that several similar grants, involving large amounts, had been earlier found to be unaccounted for, as the advice to disburse them was first sent to the Provincial Accountants General by the AGPR, and the former were then supposed to send back the advice regarding their disbursement to the latter. However, the disbursement of some of these funds|grants seems to have got badly delayed and their accounts were also said to be missing. In another case, the Ministry of Health and Social Welfare was seen to have failed to disburse a grant to a Medical College throughout the year (Para 465 of Annexure I). The Committee has suggested that a procedure be evolved by which the AGPR should directly disburse these grants, so that proper accounting and timely disbursement thereof can be ensured (Para 27 of Annexure I).

## (6) COMPILATION OF COMMERCIAL ACCOUNTS

30. The commercial accounts of a number of establishments were found to be still incomplete. The stages of compilation of some of them are discussed below.

### (i) Port Qasim

31. Although good progress had been made by the Port Qasim Authority, their accounts for 1976-77 were still to be compiled, (January, 1980). The Authority informed the Committee that their accounts for 1976-77 will be compiled by February, 1980, while those for 1977-78 were also under preparation. They, however, requested the Auditor-General to appoint the firm of Commercial auditors to help them compile the accounts for 1978-79 (Para 268 of Annexure I).

### (ii) Lighthouses and Lightships Departments

32. It was pointed out by Audit that the accounts of the above Department had not been compiled as yet. The Committee was

informed that the said accounts, compiled on a simple system, had since been commercialised. This matter was also discussed in the last meeting of the Committee. Since the compilation of the accounts for the last 10 years were pending, the department have started to build up the same from 1967-68. The matter obviously needs to be followed up vigorously by the concerned Ministry. The Committee directed the departmental representative to have the accounts of the previous years completed on simple system and get them audited. When they come to 1978-79, the department should work out a balance sheet of its assets and liabilities as on 30th June, 1978 and start preparing a commercial account as from 1978-79 (Paras 271-72 of Annexure I).

### **(iii) Central Publication Branch**

33. The accounts in respect of the Central (now Federal) Publications Branch from 1972-73 to 1976-77 had not been compiled as yet. The departmental representative informed the Committee that the accounts for the years 1972-73 and 1973-74 had since been compiled and audited by the Director, Commercial Audit. The accounts for 1974-75 and onwards were under compilation, while those for 1976-77 were expected to be completed by March, 1980 and for 1977-78 by June, 1980 (Para 294 of Annexure I).

### **(iv) Printing Corporation of Pakistan**

34. The departmental representative informed the Committee that the accounts in respect of the Printing Corporation of Pakistan for 1976-77 had been presented to and accepted by their Board of Directors. Action was now being taken on the observations made by the Auditors. The accounts for 1977-78 were under compilation. The Committee requested the departmental representative to try to have the same completed within the financial year 1979-80 (Para 295 of Annexure I).

**(v) FATA Tochi Valley Match Factory, Miranshah**

35. The Committee was informed that, in accordance with the rules of FATA, only the format of the accounts was required to be approved by the Board. The actual accounts were, however, not required to be submitted to the Board. The Committee observed that, nevertheless, the Board must be shown the accounts (Para 381 of Annexure I).

**(vi) National Book Foundation**

36. It was pointed out that audit of the accounts of the National Book Foundation for the years 1972-73 to 1974-75 was in progress. The Accounts for 1975-76 to 1976-77 had not been compiled as yet. The Committee directed that all the outstanding accounts should be produced before Audit by 30th June, 1980 (Para 614 of Annexure I).

**(vii) Pakistan Broadcasting Corporation**

37. Audit had pointed out that the accounts for 1974-75 and 1976-77 had not been finalised by the Corporation as yet. The department explained that the accounts for 1974-75 had been audited by the Commercial Auditors, while those for the subsequent two years were being checked by them now. It was further stated that Auditors will be appointed after completing the accounts for 1977-78. The Committee has directed that Auditors should be appointed without any loss of time and the outstanding accounts got audited before the 30th June, 1980. The departmental representative was asked to get the Accounts for 1977-78 and 1978-79 also duly compiled and audited soon (Paras 683-84 of Annexure I).

**(viii) Associated Press of Pakistan**

38. The accounts of the APP were still pending completion. The Committee has, therefore, directed that all the accounts of the APP must be brought up-to-date without any undue delay (Para 685 of Annexure I).

## (7) DELAY IN DISPOSAL OF AUDIT NOTES AND INSPECTION REPORTS

39. As in their reports in respect of accounts for the previous years, Audit had pointed out a number of cases where the Divisions|Departments had delayed the disposal of Audit Notes and Inspection Reports inordinately (Paras 127 and 498-99 of Annexure I). In one Division, out of 348 outstanding Inspection Reports, only 84 were said to have been finally settled (Para 543 of Annexure I). In some other cases, subordinate offices|lower formations were held responsible for not having submitted periodical returns in time. The defaulting Ministries|Divisions were directed by the Committee to pay a greater attention to the pending audit notes and Inspection Reports and ensure their disposal without inordinate delay.

40. A number of Ministries|Divisions|Departments complained that they had not received certain adjustment memos|communications sent to them by Audit. The Committee has directed all concerned to devise a procedure whereby the receipt of such memos|communications is immediately recorded and the same are not, in any case, allowed to disappear or be misplaced (Para 73 of Annexure I).

## (8) MISCELLANEOUS

41. Some more points worth a mention, but which did not fall under the above headings, are dealt with below.

### (i) Establishment charges recoverable from other departments

42. The Committee noted that an involved and cumbersome system was being followed in respect of recovery of establishment charges from the other departments (Paras 646-47 of Annexure I). It has, therefore, been suggested that multifarious account entries should be reduced and modified and recoveries should be shown under receipts, which may also be brought under one form.

**(ii) Contributions to International Organizations**

43. It was found that some Ministries were not remitting their contributions due from them to international organisations in time. The Committee has directed that international obligations must be discharged on the due date and, if a consultation with or concurrence of other Ministries/Divisions be necessary, the processing of the case must be initiated well in time.

**(iii) Scheme for production and supply of Coal**

44. An expenditure of Rs. 1.65 lakh was being incurred on the scheme against a recovery of Rs. 29,000 during the year under review. The Committee has recommended that the scheme should be wound up by the 30th June 1980 (Para 409 of Annexure I).

**(iv) Maintenance Budget of the T&T**

45. The Committee was informed that the Finance Division was following a rule, formulated in 1966, under which a sum, amounting to only 3 per cent of the total value of assets, was granted to the T&T Department as their maintenance budget. The department seemed to be facing difficulty in maintaining its assets within this ceiling, as the cost of maintenance was increasing yearly. The Committee, therefore, found itself in agreement with the departments' plea that, in view of increase in the value of assets, resulting from devaluation of Pak Rupee and higher cost of maintenance, there should be an additional allocation towards their maintenance budget. The Ministry of Communications may take up the matter, separately, with the Finance Division.

**(v) Settlement of claims by Pakistan Insurance Corporation (PIC)**

46. A general complaint was brought to the Committee's notice that the PIC were not settling some claims on the plea that the PIC

accounts in the former East Pakistan had not been adjusted as yet. The need for the PIC to settle the claims of insurers against it, promptly, is indisputable. Whether these claims should be financed by the Government or the PIC is a matter that should be decided upon between the Government and the PIC soon, so that the settlement of outstanding claims is not delayed inordinately.

**(vi) Limit for saving**

47. It was noted that there was some misunderstanding about the limit of savings for the purposes of furnishing explanation to the Committee. The Committee has, therefore, requested the Auditor-General to make it known to all concerned that the permissible limit for savings was a straight 5 per cent of the allocation with no monetary limit and that the Committee will like to see the explanation of the Ministry|Division for any savings beyond that percentage.

**(vii) Increasing interest on loans to House Building Finance Corporation**

48. Interest on loans, advanced by the Government to the House Building Finance Corporation, and which were invested by the Corporation in the former East Pakistan, was even now being charged by the Government yearly. The Corporation, on the other hand, could not make or hope to make any recoveries of such investments in the foreseeable future. The Committee thinks that ways and means should be found to freeze the incidence of interest on these loans, so that the liabilities of the Corporation remain realistic and do not get inflated yearly due to unrecoverable loans advanced by them in the former East Pakistan.

**Summary of Financial Accounts for 1976-77**

49. The picture of the Federal Accounts that emerged from the Reports of the Auditor-General on the APPROPRIATIONS for

Civil, Defence, Railways, Post Office and Telegraph and Telephone Departments, is summarised below :—

### Final Grants, Appropriations and Actual expenditure

Appropriation Accounts	Final Grants/ Appropriations	Expenditure	Variation over Final Grants (+) Excess (-) Saving
1	2	3	4
(i) Civil ..	85,877,205,000	79,645,468,047	(—)6,231,736,953
(ii) Defence Services	8,010,000,000	8,241,723,311	(+)231,723,311
(iii) Pak. Railways.	2,710,541,000	2,656,915,731	(—)53,625,269
(iv) Post Office ..	262,734,700	258,424,489	(—)4,310,211
(v) Telegraph and Telephone ..	1,034,950,000	835,372,887	(—)199,577,113
Total ..	97,895,430,700	91,637,904,465	(—)6,257,526,235

(Pages 13, 3, 6, 23 and 64 of respective Appropriation Accounts).

### Final Recommendations of the Committee

50. The following statements are appended to the Report as Annexure II :—

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

51. The Committee would like to record their 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 Committee in conducting their deliberations.

52. While submitting this Report to the President, the Committee recommends that—

- (i) the suggestions and recommendations made by it in the foregoing paragraphs and in Annexure I be accepted, and
- (ii) the excess in expenditure, contained in the statements referred to in para 50 (4) and (5) above and appended to the Report as Annexure II, be regularised, in accordance with the provisions of the Constitution.

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 29th May, 1980.

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**ANNEXURE I**  
**PROCEEDINGS**  
**OF**  
**PUBLIC ACCOUNTS COMMITTEE**

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(25-26)

PROCEEDINGS OF THE MEETINGS OF THE *AD-HOC* PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEAR 1976-77.

*Saturday, the 12th January, 1980*

**1st Meeting**

The 8th Session of the *Ad-hoc* Public Accounts Committee started in the State Bank Building, Islamabad, at 10.00 a.m. on Saturday, the 12th January, 1980, to examine the Appropriation and other Accounts of the Federal Government and reports of the Auditor-General thereon relating to the year 1976-77. 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. 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. M. A. Javed, Deputy Secretary.
3. Mr. Akhtar Sharif, Director, Public Relations.
4. Mr. Inayat Ali, Assistant Secretary.

*Audit :*

1. Mr. Abdur Raouf, Auditor-General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Senior).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenue.
5. Syed Jamil Ahmad Zaidi, Director, Audit and Accounts (Works).
6. Mr. Abdul Majid Khan, Director, Railway Audit.

*Ministry of Finance :*

1. Mr. Adnan Ahmad Ali, Joint Secretary (Budget).
2. Mr. S. Irtaza Zaidi, Financial Adviser.
3. Mr. Ainuddin, Deputy Financial Adviser.

2. *Accounts examined.*—Accounts of the following Ministries/Divisions were examined during the course of the day :—

1. Ministry of Labour and Manpower :
  - (a) Labour Division.
  - (b) Manpower Division.
2. Ministry of Local Government and Rural Development.
3. Ministry of Science and Technology.
4. Ministry of Housing and Works :
  - (a) Works Division.
  - (b) Environment and Urban Affairs Division.
5. Ministry of Railways (incomplete).

### LABOUR DIVISION

3. The Committee first took up the examination of the Appropriation Accounts for the year 1976-77 pertaining to the Labour Division and the Auditor-General's Report thereon. The following, representing the Labour Division, were present :—

1. Mr. M. A. Kazmi, Additional Secretary Incharge.
2. Mr. Imtiaz Ahmad Chaudhry, Joint Secretary.
3. Mr. S. M. H. Tirmizi, Deputy Secretary.

4. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Labour Division	94
2.	Other Expenditure of Labour Division	95
3.	Development Expenditure of Labour Division	145

### APPROPRIATION ACCOUNTS

5. *Grant No. 94 (Page 112—AA).*—Audit had pointed out a saving of Rs. 1,655,703 under the group head "A-Secretariat". The Committee was informed that, according to the departmental figures, the actual expenditure came to Rs. 3,719,997 and not Rs. 2,504,997, as shown in the Appropriation Accounts, resulting in a saving of Rs. 440,703 mainly due to non-adjustment of debit of telephone charges. The difference between the departmental and Audit figures was attributed to non-booking of expenditure relating to a sanction for

Rs. 1,215,000 issued by the Division on 28-12-1976 for the payment of Pakistan Annual Contribution to the I.L.O. by the Chief Accounts Officer, Ministry of Foreign Affairs, as intimated by him *vide* his letter dated 18-10-1979.

6. The Audit representative invited the Committee's attention to the CAO's contention in the above mentioned letter that the sanction reportedly issued by the department on 28-12-1976 was not received in his (CAO's) office during 1976-77. In view of this, the question of payment of the amount or its non-booking did not arise. The Committee took a serious view of this lapse and enquired as to when did the department come to know that the payment against the sanction issued by them had not been made. The departmental representative informed the Committee that the amount was paid on the 8th August, 1977. Thereupon, the Committee desired to know if two payments for Pakistan's annual contribution to ILO for the years 1976-77 and 1977-78 were made during 1977-78. The departmental representative promised to furnish this information to the Committee. He was also directed to intimate to Audit the amount billed for by the Telephone Department and the extent of actual adjustment made on this account to enable them to verify departmental explanation.

7. *Group Head "C-Central Inspectorate of Mines" (Page 112—AA).*—A saving of Rs. 18,535 against this group head was stated to have occurred mainly due to non-receipt adjustment of debit on account of telephone charges, because the bills sent to the AGPR by the Telephone Department were not received there. The Committee was not satisfied with the reply and the explanation as it was of the view that the Department only pointed out variation between their and Audit figures. It could not be considered re-conciliation as it obviously should have stated the reasons for difference.

8. *Grant No. 95 (Page 113—AA).*—Audit had pointed out a saving of Rs. 8,427,914 against the group head "C-Block Grant for Transfer to Workers' Welfare Fund". The departmental representative informed the Committee that sanction for the transfer of the entire budgeted amount of Rs. 37,100,000 was issued to the AGPR *vide* their letter No. SS-12 (9)/75, dated 30-6-1977, but they (Audit) had shown Rs. 28,672,086 as actual expenditure, which might be based on the actual receipts in the Fund.

9. The Chairman observed that this has totally exactly with actual receipts and the issue was dealt with in the last meeting also. Again, the question was of procedure and reconciliation of accounts with Audit. The Audit representative stated that necessary procedure had already been laid down but the same was not being implemented faithfully. The Committee directed that the correct procedure should again be conveyed to the Ministry.

10. *Group head "D-Grants-in-Aid to Provincial Government" (Page 113—AA).*—The saving of Rs. 11,142,977 under this group head was attributed to non-receipt adjustment of details from various Provincial Accountants General. Replying to a question, the Audit representative informed the Committee that payments were made to the Provinces on the authorities issued by the AGPR, in whose Circle the provision was made, but corresponding debits were not received back from them. Thereupon, a member remarked that since the amount was transferred, from the Centre to the Provincial Governments, it were the Centre which should have the debit. Actually, debits should originate from the Centre. The Committee observed that the procedure in this behalf should be reviewed, so that such accounts are maintained more efficiently.

11. *Grant No. 145 (Page 168—AA).*—There was no material point for consideration by the Committee on this grant.

12. *Delay in replies to Appropriation Accounts prepared by Audit etc.*—The Committee observed that Ministries/Divisions were not sticking to the date fixed for the supply of replies to the Appropriation Accounts etc., prepared by Audit. The Labour Division had also defaulted in it by about two weeks. The departmental representative was requested to see that, in future, the requisite replies were furnished well in time.

13. *Points not considered to be treated as settled.*—The Committee did not make any observation on other points in the Appropriation Accounts or Audit Report. These would be deemed settled, subject to regularising action, if any, under the rules.

## MANPOWER DIVISION

### APPROPRIATION ACCOUNTS

14. After the examination of Accounts of Labour Division, that the Appropriation Accounts of the Manpower Division for 1976-77 and Report of the Auditor-General thereon were taken up. The following, representing the Manpower Division, were present :—

1. Mr. M. A. Kazmi, Additional Secretary Incharge.
2. Mr. S. Wasiq Shah, Joint Secretary.
3. Mr. S. N. Rehman, OSD (F&A).

15. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Manpower Division .. .. .	96
2.	Development Expenditure of Industries Division (Group head 'D')	139
3.	Development Expenditure of Manpower Division .. .. .	146

16. *Grant No. 96 (Page 114—AA).*—Audit had pointed out an excess of Rs. 747,550 against the group head "D-Lump Provision for New Measures". The departmental representative explained that, the actual expenditure against the final grant of Rs. 3,465,700, was Rs. 3,253,405 leaving a saving of Rs. 212,295 which was due to late setting up of National Training Centres, etc. The difference between departmental and audit figures viz Rs. 959,845 was due to wrong booking by Audit against this group head, instead of Grant No. 146. Audit accepted the position.

17. *Grant No. 139 (Page 162—AA).*—In reply to a query regarding nil variation between final grant and actual expenditure, the Committee was informed that the entire amount provided against the group head "D-General Administration" was placed at the disposal of the NDVP. The Committee

desired to know as to what was the status of the NDVP and what happened to the funds placed at their disposal? The Audit representative said that (according to the 'Paper' submitted by the Division in the meeting dated 13th October, 1979) the Organisation had been converted from an autonomous set up to an Attached Department. He, however, requested that the Department should provide them with the details to enable them to check the same and then report back to the Committee.

18. *Grant No. 146 (Page 169—AA).*—There was no material point for consideration by the Committee, but for minor clarifications, which were provided by the departmental representative.

19. *Note on the Pakistan Manpower Institute.*—As desired in its last meeting on 13th October, 1979, a brief note on the activities of the Pakistan Manpower Institute was submitted to the Committee (Appendix I).

20. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points in the Appropriation Accounts or Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

**MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT**

21. Thereafter, the Committee took up the consideration of Appropriation and other Accounts of the Ministry of Local Government and Rural Development for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Muzaffar Hussain, Secretary.
2. Mr. Abdur Rehman, Joint Secretary.
3. Mr. Nazim Hussain Rana, Joint Secretary.
4. Mr. S. A. Hamid, Deputy Secretary.
5. Mr. A. S. Bokhari, Director

22. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Other Expenditure of Local Government Division .. .. .	18-A
2.	Food and Agriculture and Livestock Divisions (Group head ' B ' only) ..	53
3.	Ministry of Social Welfare, Local Government and Rural Development ..	109
4.	Other Expenditure of Ministry of Social Welfare, Local Government and Rural Development .. .. .	110
5.	Development expenditure of Ministry of Social Welfare, Local Government and Rural Development .. .. .	150

## APPROPRIATION ACCOUNTS

23. *Grants No. 18-A and 53 (Pages 33 and 68—AA).*—There was no material point for consideration by the Committee under these grants.

24. *Grant No. 109 (Page 127—AA).*—A saving of Rs. 646,967 was shown in the Accounts under the group head "A-Secretariat". The departmental representative contested that, according to their record, there was neither excess nor saving in this group head. The Audit representative pointed out that the Department had neither reconciled the accounts with them nor responded to the skeleton Appropriation Accounts, issued to them. Thereupon, the Chairman enquired as to why reconciliation was not carried out? The departmental representative informed the Committee that letters addressed by the AGPR in respect of Grant No. 109 were not received by them. The Auditor-General said that, even if no letter was received by the Department, it was the responsibility of the department to reconcile the figures, as laid down in the rules. The Committee requested the departmental representative to ensure that, in future, reconciliation was carried out in time.

25. *Grant head "C-Discretionary Grant by Minister" (Page 127—AA).*—An excess of Rs. 10,000 was shown in this group head. The Committee was informed that this amount was surrendered inadvertently at the close of the year. The Chairman remarked that this was unfortunate. The departmental representative regretted the mistake which was through an oversight.

26. *Grant No. 110 (Page 128—AA).*—The departmental representative contested the saving of Rs. 100,000 shown in group head "B-Miscellaneous", and stated that this amount was transferred as Grant-in-Aid to the APWA, Karachi *vide* letter No F. 8-5/76-SW-II, dated 23rd May, 1977. A member remarked that the AGPR, Rawalpindi had given authority to Karachi but the Karachi office might not have either paid the money or booked it in final head of account. The Audit representative submitted that it must have been lying in suspense head, and they would check it.

27. *General.*—The Chairman observed that, as several similar grants, amounting to crores of rupees, had been found unaccounted for, the matter has to be looked into. On the Auditor-General stressing that they had made some organisational changes in the AGPR, to streamline such accounts, the Chairman added that, in these cases, the advice to disburse grants is first sent to the Provincial Accountant General, who should send back the advice regarding actual disbursements. The result was invariably delay in disbursements of grants and also missing accounts. He suggested that a procedure may be preferably evolved by which the AGPR would directly disburse these grants. This will ensure proper accounting and efficient disbursement.

28. *Grant No. 150 (Page 173—AA).*—A saving of Rs. 31,842,285 had been pointed out by the Audit against group head "Y-Miscellaneous". It was explained that, according to departmental figures, there was neither any saving nor excess. However, details of one sub-head "People's Works Programme" were yet to be reconciled because the AGPR were not able to show the details of the expenditure booked by them.

29. In reply to a query the departmental representative also informed the Committee that the Dutch grant of Rs. 20 lakh for the Institute for Integrated Rural Development Programme was received during 1976-77, but the actual

authority from the AGPR to the District Accounts Officer, Rawalpindi, was issued on the 26th June, 1977. Consequently, this figure was not included in the accounts. A member remarked that, in that case, a recovery should have been shown under this Grant.

30. The Chairman observed that the matter should be looked into, because the figures given by the departmental representative and the Audit did not reconcile. The money in question had either gone into wrong accounts or was lying in suspense. Audit undertook to look into the matter.

31. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points in the Appropriation Accounts or Audit Report. These would be deemed settled subject to regularising action, if any, under the rules.

### MINISTRY OF SCIENCE AND TECHNOLOGY

32. The Committee then took up the examination of Appropriation and other Accounts pertaining to the Ministry of Science and Technology for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present:—

1. Maj. Gen. Shafiq Ahmad, Secretary.
2. Mr. Hasan Nawab, Joint Secretary.
3. Mr. S. B. Hasan, Secretary, IBC.
4. Mr. Basit Hasan, Deputy Secretary.

33. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Scientific and Technological Research Division .. .. .	12
2.	Other expenditure of Scientific and Technological Research Division .. .. .	15
3.	Development expenditure of Scientific and Technological Research Division (excluding sub-head 'K-1') .. .. .	126
4.	Development expenditure of Planning and Development Division [sub-heads D-1(3) and D-4] .. .. .	134
5.	Capital Outlay on Scientific and Technological Research .. .. .	153

### APPROPRIATION ACCOUNTS

34. *Grant No. 12 (Page 26—AA).*—There was no material point for consideration by the Committee under this grant.

35. *Grant No. 15 (Page 29—AA).*—Audit had pointed out an excess of Rs. 685,000 under group head "E.Grants-in-Aid to Council for Works and Housing Research". The departmental representative informed the Committee that, according to the reconciled departmental figure, there was a difference of Rs. 700 only, which had been adjusted by Audit. Audit accepted the position.

36. *Group head "F-Grants-in-Aid to Medical Research Council" (Page 29—AA).*—A saving of Rs. 381,300 was shown under this group head. The departmental representative explained that there was no saving under this group head. This amount, which was released by the AGPR, Islamabad, had not been accounted for by Audit, perhaps for want of debit from the District Accounts Office, Rawalpindi. Audit was requested to verify and correct their figures.

37. *Deduct amount met from Foreign Aid Deposit Account PL-480 (Page 29—AA).*—Less recovery to the extent of Rs. 326,000 was shown under this head. It was explained that neither such amount was allowed by the FA's organisation nor was it shown in the NIS issued by the Ministry, duly verified by the DFA. The Audit representative informed the Committee that the department had made certain statements which required to be verified. Audit was requested to check up all the items.

38. *Grant No. 126 (Page 148—AA).*—Audit had pointed out a saving of Rs. 3,217,800 under "C-Irrigation, Navigation, Embankment and Drainage". The departmental representative contested the Audit figures and explained the position in detail, after which the Committee requested audit to check their figures. Audit accepted the Departmental explanation in respect of group heads "K-Scientific Departments" and "M-Medical".

39. *Grants No. 134 and 153 (Pages 157 and 176—AA).*—There was no material point for consideration by the Committee under these grants.

40. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points in the Appropriation Accounts or Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

## WORKS DIVISION

41. The examination of Appropriation and other Accounts pertaining to the Works Division for the year 1976-77 and the Report of the Auditor-General thereon was taken up next. The following departmental representatives were present :—

1. Maj. Gen. Shafiq Ahmad, Secretary.
2. Hafiz S.D. Jamy, Joint Secretary (Works).
3. Mr. Rehmatullah Khan, Deputy Secretary (Works).
4. Mr. C. A. Qavi, Chief Engineer (P.P.W.D.)
5. Mr. A. W. K. Sherwani, A. C. E. (P. P. W. D.).

42. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Works Division .. .. .	69
2.	Civil Works .. .. .	70
3.	Other expenditure of Works Division .. .. .	71
4.	Development expenditure of Works Division .. .. .	138
5.	Capital Outlay on Civil Works .. .. .	168

## APPROPRIATION ACCOUNTS

43. *Grant No. 69 (Page 85—AA).*—The excess of Rs. 26,581 under group head “C-Rest House” was explained as being due to (i) more expenditure on regular allowances, for which funds were not provided as per actual requirements and (ii) more expenditure on the articles of daily use and telephones. The Chairman remarked that, although the amount of excess expenditure was small, it nevertheless violated the principle that a Ministry should not incur any unauthorised expenditure. Moreover, the Ministry’s explanation that this excess expenditure was necessary or desirable could not be accepted. The question, therefore, was as to why unauthorised expenditure was incurred. The departmental representative conceded that the point raised was very valid. He was thereupon requested to locate the responsibility for incurring the excess expenditure, for taking suitable action.

44. *Grant No. 70 (Page 86—AA).*—An overall excess of Rs. 9,080,188 (voted) was shown under this grant. It was explained by the Department that the actual excess under the grant was only Rs. 8,752,326 and the differences of Rs. 327,862 was due to booking of expenditure relating to “A-Original Works (Charged)” under “A-Original Works (Voted)” Audit pointed out that one of the objects of the scheme of departmentalisation of Pak. P.W.D. accounts (*w.e.f.* 1st January, 1976) was to avoid excess expenditure. A member pointed out that it was not clear as to wherefrom the department got this money to spend. The Chairman added that there was obviously some loop-hole. Both the Audit and the department were asked to look into the matter and reconcile the accounts.

45. *Group head “A-Original Works—Building (Charged)”.*—A saving of Rs. 437,334 (Charged) was depicted under this group head. It was explained that, according to departmental figures, the actual expenditure was Rs. 470,528, resulting in a saving of Rs. 109,477 due to execution of less works as per the sanctions accorded by the Presidency. The difference between the departmental and Audit figures was due to wrong booking of expenditure under “Voted” instead of “Charged”. The Audit representative said that these were not their figures but those of the Department, because the accounts had been departmentalised.

46. The departmental representative submitted that they were very badly under-staffed being short of 3 AAOs, 3 Accountants and 26 Auditors. The Committee discussed the problem and observed that—

- (a) It should be settled between the Audit and the Department as to who should make recruitment and who should train the recruits.
- (b) It should be studied by the Department whether the total staff sanctioned in connection with this scheme was really needed.

47. As regards the wrong booking of expenditure, the Chairman remarked that the department had the option of correcting the wrong postings, before sending the figures for printing. The departmental representative submitted that, after accepting their mistake, they could have rectified the same, but they did not have the staff. A member remarked that it would not have taken more than two hours to rectify the figures.

48. *Group head “B-Repairs-Buildings” (Page 86—AA).*—An excess of Rs. 588,953 (voted) was shown under this group head. It was explained that

the actual expenditure being Rs. 77,157,169, the excess amounted to Rs. 2,103,169 only, which was due to (i) payment of arrear amounting to Rs. 1,082,029 on account of electric and gas consumption charges in respect of Ministers' residences, Secretariat Building, Rawalpindi, etc., (ii) payment of Rs. 45,685 to the work charged staff on account of increase in pay and other allowances allowed *w.c.f.* 1st May, 1977, and (iii) payment of Rs. 975,455 by the Estate Offices on account of rent of hired/requisitioned Houses. It was further stated that supplementary grant for the excess amount was demanded but not agreed to.

49. In reply to the query as to how much was demanded through supplementary grant, the departmental representative submitted that Rs. 3 crores was asked for in February, 1977, which was turned down by the Finance Division. The excess, as already explained, was due to payment of arrears of electric, sui-gas charges etc. The Audit representative said that the department should have known it and they should not have made a commitment unless the supplementary demand was sanctioned. A member added that, from February up to May/June, barely any work was done in the country due to the then prevailing circumstances. The departmental representative submitted that they had to pay salaries of work-charged staff, which could not be postponed, and also electricity, water and conservancy charges, which all amounted to Rs. 3 crores and 44 lakhs.

50. A member remarked that the department should take the figure of Rs. 75,054,000 under the group head "B-Repairs-Buildings" and say that this expenditure was unavoidable. The explanations given as above were otherwise not very convincing. The department should come out with the facts and prove that the 3 per cent reduction was not possible.

51. The Chairman finally observed that either the department should do so or the alternative before the Committee would be to refer the matter again to the Ministry of Finance to reconsider the matter. But the departmental representative should first satisfy himself that 3% reduction was just not possible.

52. *Group head "G-Suspense"*.—Explaining the excess of Rs. 6,487,956, against this group head, the departmental representative stated that, under orders of the Government, stock-piling of stores, namely, cement and steel, was stopped. Before charging the material to works, costs of these items were inter-charged to miscellaneous PWD Advances, to watch recovery and final adjustment. This resulted in excess under this head of account. A member remarked that, unfortunately, the explanation was not satisfactory. If the suspense increased, how was stock-piling given up? The departmental representative replied that suspense consisted of three main items, *i.e.*, purchase, stock and miscellaneous PWD advances. So far as the miscellaneous PWD advances were concerned, the Government orders were for the purchase of cement and steel from the Government regulated industries, who wanted advances, which were paid to them in lump-sum. These advances were placed under different miscellaneous PWD advances and subsequently cleared. All these materials were issued to specific works and recoveries made therefrom.

53. A member remarked that the explanation was not correct. Against the opening balance of Rs. 20,875,435 as on 1st July, 1976 the stock was seen to have increased to Rs. 24,021,974 on the 30th June, 1977. The fact that the department was giving advances to taken-over industries may be correct, but the explanation regarding stock-piling was incorrect. A proper explanation should be submitted to the Committee.

54. The Chairman pointed out that increase in the advances during the year was only of Rs. 3 million, while the department was trying to make it out to be Rs. 6,487,956. The suspense increased by about Rs. 6.5 million and could not be justified on the basis of advances only. While the stocks had also gone up under the head of advances, they were also charging old ones, which were still to be cleared. A member added that the department had tried to explain as to why advances had gone up but not as to why the stocks had gone up when Government had banned stock-piling.

55. The Chairman observed that the department had incurred excess expenditure on stocks. The only reason given was that stock-piling was prohibited, which was hardly an explanation. Though increase in advances had been partly explained, the department could not explain increase in the stocks despite the fact that cement and steel were charged directly to the works thereafter. A member referred to the 'purchases' and expressed his concern that, as against Rs. 1,795,109, the debits were only amounting to Rs. 452,812. There were no imports during the year and there was material worth a total of Rs. 24,021,974. This should be got reconciled. A statement should be prepared showing the opening balance, additions and subtractions and the difference between the Audit's opening balances and departmental balances. Adjustments should be effected separately. The statement should indicate the dates of issues to various offices and additions, if any, accruing during the year.

56. *Recoveries—Suspense (ii) Other Suspense Accounts.*—The less recovery of Rs. 22,796,993 against this item was explained as having been due to non-clearance of adjustment of Memos and balances under Miscellaneous PWD Advances. In reply to the query whether this was distinct from the other PWD advances, the Committee was informed that this was recovery of advances. Thereupon, a member remarked that restrictions, if any, on stock-piling did not prohibit the department from clearing suspense. If the department were using the material, then there should have been a larger clearance of the stocks. The Chairman added that here the department had already got a lesser adjustment of stocks and they should have reduced stocks when the works were under the Central store. The Chairman finally observed that the explanations did not appear to be satisfactory in that it was not fully explained as to why did the stocks go up, despite Government ban on stock-piling and there was a lesser adjustment of stocks.

57. *Grant No. 71 (Page 89—AA).*—Savings to the tune of Rs. 105,000 and Rs. 115,000 were shown by Audit under sub-heads 'A.1' and 'A.2' of the group head "A-Rents, Rates and Taxes". According to departmental figures, the savings amounted to Rs. 37,591 and Rs. 8,712, due to transfer of buildings situated in the American Bakery Compound to the Coast Guards, resulting in less expenditure on taxes and electric charges. The Chairman enquired as to why were the savings not surrendered and the department neither corrected their appropriations nor reflected the expenditure? The department had not given any explanations for these omissions. The departmental representative said that the only submission that he could make was that, unless they were briefed by the Accounts Department, they did not know what had happened. The Chairman observed that, whatever expenditure was incurred had not been accounted for and there was a saving.

58. *Grant No. 138 (Page 161—AA).*—There was no material point for consideration by the Committee under this grant.

59. *Grant No. 168 (Page 198—AA).*—The saving of Rs. 13,035,832 under group head "A-Original Works Buildings (Voted)" was attributed to the following :—

- (i) Non-drawal of allocation in full by the CDA in respect of the work "Construction of Islamabad Hospital" (Rs. 5,514,200).
- (ii) Non-availability of site/purchase of land for various buildings (Rs. 4,183,584).
- (iii) Short supply of cement on certain works (Rs. 1,320,225), etc.
- (iv) Non-execution of electrical and building works due to disturbances in March, 1977 (Rs. 1,704,763).
- (v) Non-sinking of Tube-wells (Rs. 217,600) and
- (vi) Works in Northern Regions, Dir and Chitral could not be taken up due to snow fall and closure of communications (Rs. 95,421).

that certain funds had been allocated for the original works, in the case of item

started that work as yet and the amount was lying in suspense.

60. *General.*—A member remarked that this was a sort of misappropriation, as the funds given for a particular purpose were being used for something else. The departmental representative was finally requested to prepare a summary, showing the amounts provided to the department in the beginning in respect of all Grants, the amount spent during the year and the balance at hand.

61. On the Audit representative's pointing out that the process of departmentalisation had slowed down, the Chairman remarked that the crux of the matter was that the Department was short of Accountants. Not only were the procedures difficult, but the required men were also neither available nor the department was taking steps to recruit them.

## AUDIT REPORT

62. *Loss of Rs. 2,954,665 due to award of a contract at a rate higher than the lowest tendered rate (Para 25, page 33—AR).*—The written explanation of the Department was considered to be unsatisfactory, as also the information given by the departmental representative, in reply to queries put to him by the Committee. The departmental representative (Security Works) was, therefore, requested to look into the case again and submit a revised explanation, keeping in view the questions raised by the Committee. The departmental representative undertook to do the needful.

63. *Non-recovery of Rs. 986,200 as cost of cement issued to a contractor (Para 26, page 33—AA).*—The Committee was informed that the entire amount had since been recovered and adjusted. The relevant records had also been shown to Audit and got verified. The Committee, however, noted with concern that the department took three years to effect this recovery. The departmental representative was, therefore, requested to find out the lacunae in their accounting system and procedure, which permitted such a long delay. In the ordinary course, the amount should have been recovered in 1976.

64. *Loss of Rs. 219,820 due to purchase of defective air-conditioners (Para 27, pages 33-34—AR).*—The departmental explanation was found to be satisfactory and the para treated as settled.

65. *Non-recovery of Rs. 95,200 as penalty from contractors (Para 28, page 34—AR).*—After hearing the explanation of the departmental representative, the Audit representative submitted that, in May, 1977, the department had agreed that they would make the recovery and some labour reports were also produced, which the Audit did not consider to be genuine. Now, the department had gone back on their contention. The Chairman remarked that everybody wanted to become rich quickly. However, the para may be treated as settled.

66. *Non-recovery of freight charges for cement from contractors (Rs. 62,560) (Para 30, page 35—AR).*—The Committee was informed that, out of Rs. 62,560, an amount of Rs. 55,556 had been already recovered. Action was being taken to recover the balance amount of Rs. 7,004. A member remarked that this should be done automatically. As the bills were being passed, recoveries should be effected from the contractors and it should not be left for this to be done after being pointed out by Audit.

67. *Wasteful expenditure of Rs. 60,765 (Para 31, page 35—AR).*—The explanation of the departmental representative was treated as satisfactory and the para treated as settled.

68. *Unauthorised payment of Rs. 50,933 for overlaps (Para 32, page 35—AR).*—The departmental explanation was not considered to be satisfactory. Audit was, therefore, requested to look into the case again and report back to the Committee, if necessary.

69. *Non-recovery of advance of Rs. 32,851 from a contractor (Para 53, pages 35-36—AR).*—The Committee was informed that the case was sub-judice in the court of law. A member enquired as to why the final bill was allowed to go into minus figures and who was responsible for it. This appeared to him due mainly to awarding clear advance to the contractor and after that further payment was made without deducting the amount of advance. The departmental representative replied that they had not refunded the security till decision of the Court. The para was deferred.

70. *Shortage of T&T Articles worth Rs. 36,035 (Para 34, page 36—AR).*—The para was treated as settled subject to verification of the Inquiry Report by Audit.

71. *Non-recovery of repair charges of Rs. 16,127 incurred on behalf of owners of hired houses (Para 35, page 36—AR).*—The departmental explanation was accepted by the Committee and the para treated as settled subject to departmental action against those who delayed in recovering the amount.

72. *Loss of Rs. 5,354 (Para 36, page 36—AR).*—The Committee was informed that the amount paid to the contractor for the removal of rust from steel was Rs. 3,184 and not Rs. 5,354 and the same had since been recovered and got verified by Audit. A member remarked that, although the amount was small, it was not recovered unless pointed out by Audit. Another member added that action seemed to be called for against those who had not recovered it in time. The Auditor-General further added that, if this had been delayed and nothing had been done after four years, action should be taken against the official, who failed to detect it in the department itself.

73. *Outstanding adjustment memos (Para 37, pages 36-37—AR).*—It was, *inter alia*, stated that 18 memos were not received in the Division. The Chairman remarked that he was worried about this state of affairs because, earlier another Division had pointed out that certain communications sent to them by Audit had not been received by them. A procedure must be devised whereby the receipt of the memos comes on record immediately. The Audit representative informed the Committee that the Memos were sent by Registered post and they had got the record. Thereupon, the Chairman observed that Audit should then tell the Department as to who had received these Memos at the other end. In his opinion, the matter should not be allowed to rest like this. Memos should not be allowed to disappear and someone must be held responsible for it.

74. *Outstanding Inspection Reports, Audit Notes, etc. (Para 38, page 37—AR).*—After hearing the explanation of the departmental representative, the Committee observed that replies to Inspection Reports, Audit Notes, etc., should be expedited.

75. *Stock Return for the year 1976-77 (Central) Subsidiary accounts, Stock accounts for 1976-77 (Para 39, pages 37-38—AR).*—Audit was requested to verify the position in the light of the departmental reply.

76. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or the Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

## ENVIRONMENT AND URBAN AFFAIRS DIVISION

77. The Committee then took up the Appropriation and other Accounts pertaining to the Environment and Urban Affairs Division for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Maj. Gen. Shafiq Ahmad, Secretary.
2. Mr. S.A.N. Gardezi, Chairman, CDA.
3. Mr. Mohammad Saeed Qureshi, Member (Finance), CDA.
4. Mr. Manan Khan, Member (Technical).
5. Sheikh Faiz Ahmad, Director General (Works).
6. Mr. R.A. Zuberi, Deputy Secretary.

78. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Environment and Urban Affairs Division	66
2.	Islamabad	67
3.	Other expenditure of Environment and Urban Affairs Division	68
4.	Development expenditure of Environment and Urban Affairs Division	137
5.	Capital Outlay on New Federal Capital	169

## APPROPRIATION ACCOUNTS

79. *Grants No. 66, 67 and 169 (Pages 82, 83 and 200—AA).*—There was no material point for consideration by the Committee under these grants.

80. *Grant No. 68 (Page 84—AA).*—The Committee noted that departmental figures supplied by Budget and Accounts Directorate of PWD were incorrect and that reconciliation had not been carried out.

81. *Grant No. 137 (Page 160—AA).*—There was no material point under this grant except that a saving of Rs. 200,000 was not surrendered by the department, which should have been done.

## AUDIT REPORT

82. *Non-accountal of stores worth Rs. 2,893,882 (Para 13, page 27—A.R.).*—After hearing the departmental explanation and seeking some further clarifications as to why it took 12 years to record these stores, the Committee requested Audit to verify the explanation given by the department and also to see if any failure of procedure was involved in it and report back to the Committee.

83. *Outstanding Inspection Reports, Audit Notes, etc. (Para 14, pages 27-28—AR).*—After hearing the departmental explanation, no further comments were made by the Committee.

84. *Expenditure incurred on deposit works in excess of deposits received (Para 15, page 28—AR).*—It was explained that there were 24 works, where reconciliation had to be done. Out of these, 15 had been cleared. A member remarked that the main point at issue was that the department was not competent to incur the expenditure in question.

85. *Payment of Rs. 75.236 for a defective work (Para 29, page 34—AR).*—It was explained that the relevant records, namely, Contract Agreement and Measurement Books were under the custody of F.I.A. since 1975 in connection with an inquiry. Efforts were being made to retrieve the same from the FIA.

86. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or Audit Report. These would be deemed settled subject to regularising action, if any, under the rules.

## MINISTRY OF RAILWAYS

87. The last item to be taken up on 12th January, 1980 was the examination of Appropriation and other Accounts of the Ministry of Railways for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Hasan Zaheer, Secretary.
2. Mr. Gulzar Ahmad, Chairman, Railway Board.
3. Mr. M. A. Siddique, M.C.E.
4. Mr. Z. I. Puri, M.M.E.
5. Mr. K. Shafqat Ali, Member (Finance).

88. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
(Civil)		
1.	Ministry of Railways .. .. .	106
2.	Capital Outlay on Investment in Railways .. .. .	123
3.	Capital Outlay on Railways .. .. .	174
(Pakistan Railways)		
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 Federal Government Capital Investment and Miscellaneous Other Expenditures .. .. .	5
6.	Expenditure not met from Revenue (Other than Charged) .. .. .	6

#### APPROPRIATION ACCOUNTS (CIVIL)

89. *Grant No. 106 (Page 124—AA).*—There was no material point for consideration by the Committee on this grant except that a reconciliation was required in respect of the expenditure on telephone charges.

90. *Grant No. 123 (Page 144—AA).*—The saving of Rs. 5,785,879 under this grant was stated to be attributable to re-scheduling of certain loans and recoveries not having been affected on re-lending terms. The Chairman remarked that the department should have been aware of the re-scheduling of loans and, if there was a mistake in the schedule, it should have been corrected. The departmental representative submitted that there was little co-ordination between the estimates for payments of foreign loans and interest thereon, prepared by the Railways and as they came through the debit notes of the AGPR. The Ministry had suggested to the Economic Affairs Division that, from the next year, the Ministry's estimates should have the clearance of the EAD.

91. The Chairman observed that the difference was possibly because of the fluctuation in the exchange rates, but not in re-scheduling. In any case, it should be laid down that the department get figures from the EAD towards the end of the year and, if necessary, the department should then make adjustment in the budget.

92. *Keeping of two grants (Nos. 123 and 174).*—A member drew the attention of the departmental representative towards Grants No. 123 and 174 because there was essentially no difference between these two, the main head in both was "Investment in Railways". These could perhaps be combined. The Audit representative added that there could be more than one major head under one grant. The Chairman observed that the department and Finance Division should examine in consultation with Audit whether the total Capital Investment, financed from foreign loans or internal resources could be put under one grant/major head in the case of Railways.

93. *Grant No. 174 (Page 205—AA).*—Audit was requested to verify the figures given by the department.

## APPROPRIATION ACCOUNTS (RAILWAYS)

94. *Grant No. 1—General Administration (Pages 2-3—AA—Railways).*—An overall excess of Rs. 24,715,986 was depicted under this grant. The departmental representative attributed this to the following factors:—

- (a) *Administration.*—More payment of pay and allowances due to introduction of Revised National Scales of Pay 1977 and contingent expenses due to market fluctuations (Rs. 44,80,000).
- (b) *Executive Departments.*—More payment of arrears of telephone bills, pay and allowances due to introduction of Revised National Scales of Pay 1977 and EID advances (Rs. 45,90,000).
- (c) *General Departments.*—More payment to the staff of stores Department on account of pay and allowances as a result of introduction of Revised National Scales of Pay, 1977 (Rs. 46,58,000).
- (d) *Miscellaneous Advance.*—More items having been placed under suspense than anticipated during the later part of the year (Rs. 11,272,000).

The Chairman remarked that the department had only explained the items on which the excess expenditure was incurred. But, if the revised estimates showed this excess, why was supplementary grant not asked for? The departmental representative explained that, while reviewing the revised estimates, they had demanded additional funds of Rs. 4.83 crores but due to resources gap, only Rs. 2.47 crores were provided to them. As Rs. 2.36 crore less could be obtained, reduction had to be enforced in various sub-heads to that extent. Then the Government revised the National Pay Scales in May, 1977 and Recreation Allowance and TA were also liberalised, the exact magnitude of which could not be assessed at that time.

95. Replying to questions regarding head "Miscellaneous Advance" the departmental representative stated that it was a suspense Head. There had been a practice that the remittances received as earnings were sent to the Bank. But some of them were not realised by them, as they came through the National Bank of Pakistan. Normally, it took two to three days for the receipts to be collected. The difference, if any, was rightly or wrongly—according to the present practice, put under this Head. The Department had got Rs. 47 lakhs of this nature, which had been wrongly booked as expenditure. The Chairman enquired if the department then transferred the remittances to Miscellaneous advance. The departmental representative replied that was what should be done and they hoped to rectify the mistake.

96. During a long discussion on this grant, the Committee pointed out instances of wrong budgeting and irrelevant or unsatisfactory explanations given by the department. The Audit representative added that the document placed by the department before the Committee carried inaccurate statements. The departmental representative contended that it was only a case of bad budgeting. A member of the Committee said that the Committee expected a more convincing explanation. The Committee directed the department to furnish a revised statement of these accounts, verified by Audit, along with a proper explanation.

97. The examination of the appropriation accounts of the Railways was not yet completed, when the Committee adjourned to meet again at 9.00 a.m. on Sunday, the 13th January, 1980.

M. A. HAQ,  
Secretary.

Islamabad, the 26th May, 1980.

## NATIONAL ASSEMBLY SECRETARIAT

*Sunday, the 13th January, 1980*

### Second Meeting

98. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.00 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. M. A. Javed, Deputy Secretary.
3. Mr. Akhtar Sharif, Director, Public Relations.
4. Mr. Inayat Ali, Assistant Secretary.

#### *Audit*

1. Mr. Abdur Raouf, Auditor-General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Senior).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenue.
5. Syed Jamil Ahmad Zaidi, Director, Audit and Accounts (Works).
6. Mr. Abdul Majid Khan, Director, Railway Audit.
7. Mr. Alley Imam Malik, Joint Director, Commercial Audit.
8. Mr. Najam Hosain Syed, Director, WAPDA Audit.

#### *Ministry of Finance*

1. Mr. Adnan Ahmad Ali, Joint Secretary (Budget).
2. Mr. S. Irtaza Zaidi, F. A. (Railways).
3. Mr. M. Said, F. A. (Law, Parliamentary Affairs, Election Commission, Supreme Court and Culture and Tourism).
4. Malik Asrar Ahmad, F. A. (Religious Affairs).
5. Mr. Azizur Rehman, F. A. (Interior).
6. Mr. Vakil Ahmad, D.F.A. (Interior, States and Frontier Regions).

99. *Accounts examined.*—The Accounts of the following Ministries/Divisions were examined on this date:—

1. *Ministry of Railways.*
2. *Ministry of Law and Parliamentary Affairs :*
  - (a) Law Division.
  - (b) Parliamentary Affairs Division.
  - (c) Supreme Court of Pakistan.
  - (d) Election Commission of Pakistan.
3. *Ministry of Religious Affairs and Minority Affairs.*
4. *Ministry of Culture and Tourism :*
  - (a) Culture, Sports and Youth Affairs Division.
  - (b) Tourism Division.
5. *Ministry of Interior.*
6. *Ministry of Water and Power.*

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#### MINISTRY OF RAILWAYS

100. The Committee resumed the examination of the Appropriation and other Accounts of the Ministry of Railways for the year 1976-77 and the Report of the Auditor-General thereon, which could not be completed on the 12th January, 1980. The following departmental representatives were present:—

1. Mr. Hasan Zaheer, Secretary.
2. Mr. Gulzar Ahmad, Chairman, Railway Board.
3. Mr. M. Siddique, M.E.
4. Mr. Z. I. Puri, M.M.E.
5. Mr. K. Shafqat Ali, Member (Finance).

#### APPROPRIATION ACCOUNTS (RAILWAYS)

101. *Grant No. 1—General Administration (Page 11—AA—Railways).*—An excess of Rs. 24,715,986 was pointed out under this grant, which had been also discussed on the previous day (12th January, 1980). Referring to the Committee's directive, the departmental representative said that they had again examined the accounts under this head and were able to identify that, out of an excess of Rs. 24.7 million, Rs. 7.7 million pertained to expenditure on account of annual increments and revision of National Pay Scales and approximately Rs. 2.9 million to fees and allowances. He admitted that there was a misclassification about Rs. 10.5 million, for which he did not have a complete information.

102. The Chairman observed that the basic point was that the actual expenditure exceeded the budget estimates. The department had revised these estimates, but more funds were not agreed to and even if the asked for funds

had been provided, there would have been an excess. The crux of the matter was that, at the end of the year, the Railways were not clear about their expenditure on general administration. Moreover, at the time that they asked for supplementary grant, they were completely unaware that the expenditure would go as high as it actually went. The Chairman added that the department must have given certain sanctions to the subordinate authorities on the basis of the revised estimates. Yet they exceeded the limits of the sanctioned amounts.

103. The Committee requested the departmental representative to furnish a detailed explanation, fix the responsibility for exceeding the limits of sanctioned grant and make sure that such unauthorised expenditure was not incurred in the future. The Audit also pointed out that the Finance Division would not have declined to provide enough funds to cover the additional expenditure on increments, unless the department might have miscalculated its demand. Thereupon, the Committee requested the Finance Division to examine whether, during the year in question, they had refused to grant sufficient funds to cover the expenditure on increments.

104. *Grant No. 2—Ordinary Working Expenses—Reports and Maintenance (Page 12—AA—Railways).*—The department stated that the excess expenditure of Rs. 53,797,877 under the item: "B-Rolling Stock", was due to the adjustment of more debits of under-charges and over-charges relating to earlier years. In the previous years, there was a saving of Rs. 70 million which was transferred to the final head. They, unfortunately, did not keep their bookings up-to-date. Thereupon, the Chairman remarked that that made the position even worse.

#### **Consolidated Balance Sheet of Pakistan Railways**

105. *Re-payment of Foreign Loans (Page 3—AA—Railways, Please also see grant No. 5 Page 17—AA—Railways).*—Going through the summary submitted by the department, the Chairman noticed that there were large variations, even on charged items which should be susceptible to exact estimation. The main variation was on account of re-payment of foreign loans. The Railways had shown a saving of about Rs. 37 million, which needed to be examined. The departmental representative stated that the loan agreements were entered into by the Government of Pakistan being the primary borrower and then re-lent to the agency on different terms. Therefore the repayment of the amount borrowed and re-lent would differ. Moreover it also involved variation caused by change in exchange rates. The Audit representative stated that instructions issued in this matter were clear that the responsibility for any such variation would be that of the user.

106. The Chairman remarked that the matter should be looked into further to ascertain what would be the amount shown as Government's investment in the Railways in such cases. It seemed that the interest payable during the implementation of the project plus the increase due to change in exchange rate between borrowing and repayment particularly due to re-valuations, if any, would also be taken into account.

107. *Suspense (Page 45—AA—Railways).*—The Chairman remarked that, so far as suspense was concerned, there were additions to the tune of Rs. 10 million (roundly). It should be examined as to how this increase had actually taken place. A member suggested that it would be simpler if the opening balance for the year was shown, instead of the cumulative figure. The Chairman remarked that the statement was misleading.

108. The departmental representative submitted that they were having a lot of difficulty in preparing these accounts because there was a time-schedule laid down by the Auditor-General. He proposed that in future, they would present the Appropriation Accounts without incorporating explanations for variations. After that, they would provide explanations, as was being done by the other civil departments. This would give them a little more time to finalise their explanations. The Auditor-General agreed to the proposal. A member of the Committee also suggested that, instead of repeating the same thing at different places in the Railway Audit Report, Audit should try to consolidate them at one place. The Audit Report should be simplified. The Audit representative promised to comply with the directive of the Committee.

### AUDIT REPORT

109. *Control over expenditure—Grant No. 6—Expenditure not met from revenue—Manufacture Suspense [Para 17 (b) (xii), pages 56—AR—Railways.—* Audit had pointed out that there was an expenditure of Rs. (—) 78,628,000 under this suspense head, which meant a clearance of the debit balances, while no such provision was made in the estimates. The departmental representative explained that heavy adjustments, leading to minus expenditure under the head “W.M.S. Accounts”, which could not be anticipated, were carried out in the Accounts for 1976-77 after the submission of Final Modification Statement for the year 1976-77. Hence no provision of funds could possibly be made under the said head. A member said that this “Suspense” formed part of the department’s normal account for appropriation purpose. The departmental representative said that, if the department made a provision therefor in the suspense, then it would balance. The Chairman remarked that this was the whole problem. The departmental representative was requested to look into it. Audit representative stated that they had also noted it for verification.

110. *Efficiency of Budgeting (Chapter II—A.R.—Railways).—*It was pointed out that the actual revenue receipts during the earlier three years (1972-73 to 1974-75) had exceeded the budget estimates respectively by 5.11% 6.20% and 6.60%, whereas during the latter two years (1975-76 and 1976-77), the revenue receipts fell short of the estimates by 4.95% and 7.12%. The need for more efficient budgeting was obvious.

111. The departmental representative explained that a comparison between the Budget Estimates of revenue receipts and actual receipts did not depict the true state of affairs. The comparison should, in reality, be made between actual receipts and Revised Estimates, which were framed in the light of the special features or abnormal conditions affecting the trend of revenue receipts. A comparison of the Revised Estimates (Rs. 1,72,36 lacs) with the actual receipts (Rs. 1,72,84 lacs) showed an excess of Rs. 48 lacs or a minor deviation of 0.27%. The Auditor-General remarked that the department should not ignore the fact that original estimates have a sanctity and importance which cannot be ignored.

112. *Review of Capital and Development Expenditure—(Chapter II—AR—Railways).—*A member pointed out that no explanation was given in respect of this Chapter, although a substantial amount was involved. The departmental representative was requested to furnish an explanation in the next meeting of the Committee.

113. *Financial irregularities in the purchase of medicines involving heavy amounts (Chapter VI—Paras 6.1, 6.2 and 6.3, pages 14—16—AR—Railways).*—The Committee examined these irregularities at length. After a considerable discussion, during which the Chairman and members raised many questions, the Committee concluded that sufficient action had not been taken against those responsible for these irregularities and particularly the senior officers. The Chairmen requested the departmental representative (Chairman, Railway Board) to personally look into these irregularities, and confirm to the Committee that action would be taken against all the senior officers involved in these irregularities. The departmental representative undertook to do the needful and furnish full facts to the Committee.

114. *Injudicious purchase of stores (Chapter VI, para 6.4, pages 16-17—AR—Railways).*—A member observed that it was a bad purchase, as no specifications were laid down and the brand name was not insisted upon. The Chairman added that, in his view, the Audit had been very generous in describing it as an “injudicious purchase”. The Committee accepted the Audit objection and requested the Government to take due action against those responsible for this purchase.

115. *Injudicious purchase of 52 Axle Pulleys involving extra expenditure of Rs. 344,000 (Chapter VI—para 6.5, pages 17-18—AR—Railways).*—The Chairman observed that, since the tender was negotiated on a technical point, negotiations should have been held with both the parties. However, it was an error of judgment. Subject to this observation, the para was treated as settled.

116. *Injudicious purchase of Soda Caustic (Chapter VI, para 6.6, page 18—AR—Railways).*—The departmental explanation was not accepted on the ground that, since the commodity was not required, its purchase could not be justified. This was a bad case and Government should take action against the person(s) responsible.

117. *Modification in a contract to suit the supplying firm resulting in extra expenditure of approximately Rs. 10,000 on freight (Chapter VI, para 6.7, pages 18—20—AR—Railways).*—The departmental explanation was considered satisfactory and the para treated as settled.

118. *Sale of scrap to private parties against rules resulting in a minimum loss of Rs. 1.6 million (Chapter VI, para 6.8, page 20—AR—Railways).*—The departmental explanation was not considered to be satisfactory. Audit was requested to check the records and report back, if necessary.

119. *Purchase of defective material costing Rs. 18,525 (Chapter VI, para 6.9, pages 20-21—AR—Railways).*—The departmental representative explained that the material was supplied by a local firm, who had actually obtained it from their principal in Yugoslavia. The local firm had been black listed. The Committee thought that, if the department had pursued the matter, they might have recovered the money. The Audit representative remarked that it should be looked into as to how such order was placed and who did it? The departmental representative agreed that responsibility should be fixed in this case.

120. *Suspected mis-appropriation of wood valuing Rs. 41,000 (Chapter VI, para 6.11, page 22—AR—Railways).*—After hearing the departmental explanation, the Chairman remarked that the whole lot of this wood could not be treated as scrap. Subject to the above observation, the para was treated as settled.

121. *Suspected mis-appropriation of Rs. 67,000 by an Engineering official (Chapter VI, para 6.12, pages 22-23—AR—Railways).*—After hearing the departmental explanation, a member remarked that this was very unsatisfactory. This department had got its own accounting system and it should not have taken three years to disburse the vouchers. Audit was requested to verify it.

122. *Loss of material worth Rs. 27,483 (Chapter VI, para 6.13, page 23—AR—Railways).*—After going through the departmental explanation, a member observed that Audit should verify the stock records.

123. *Irregular payment of pay/leave-salary amounting to Rs. 47,537 (Chapter VI, para 6.14, pages 23-24—AR—Railways).*—The Committee was not satisfied with the departmental explanation. It sought clarification about the persons with whom the responsibility for this irregularity rested. A member observed that, in this case, fictitious payments were made. As such, withholding of increments of one or two junior clerks would not be enough, and a more drastic punishment was needed. Another member requested the departmental representative to study the case further and inform the Committee as to what was being done about it. The departmental representative undertook to furnish a report to the Committee.

124. *Transfer Transaction (Chapter VII, para 7.5, pages 26-27—AR—Railways).*—After hearing the departmental representative, the Committee observed that the department should try to adjust these transactions more speedily, as the unadjusted amount had gone up from Rs. 2.15 crores in 1976-77 to Rs. 3.81 crore in 1977-78. The departmental representative submitted that they had already started to clear it.

125. *Bills Receivable (Chapter VII, para 7.6 page 27—AR—Railways).*—The Committee was informed that there was a debit balance of Rs. 90,760,314 at the close of 1976-77. Out of this, an amount of Rs. 46,923,000 had been realised from different Oil Companies. The Balance of Rs. 43,837,000 was mainly due to various Provincial/Federal Government departments. Efforts were being made to clear these dues through the Government Adjuster. A member desired to know as to why freight charges, amounting to more than Rs. 4 crore, were allowed to accumulate. The departmental representative informed the Committee that the credit was mutual. Oil companies left a credit on the department, while the department also allowed them credit. Nevertheless, a Committee was looking into this matter.

126. *Improvement Fund (Chapter VII, para 7—9, page 29—AR—Railways).*—Noticing the minus balance under "Improvement Fund" during the year, a member observed that, if the accounts of the department were not simplified, they would have negative balances, negative assets and negative liabilities. If a simple procedure was adopted, a lot of energy, which was now being wasted, could be utilised for some better purpose.

127. *Delay in the disposal of Audit Notes, Inspection Reports and Specific Reports (Chapter VII, para 7.10, page 30—AR—Railways).*—It was noted that,

out of 624 Inspection Reports (Part-I), 359 were still outstanding, whereas in Part II, 413 Reports out of 714 were pending disposal. The departmental representative was requested to get the outstanding Inspection Reports cleared expeditiously.

128. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points in the Appropriation Accounts (Civil/Railways) or the Audit Report (Railways). These would be deemed settled subject to the regularising action, if any, under the rules.

### LAW DIVISION

129. The Committee then examined the Appropriation Accounts pertaining to the Law Division for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Justice K. M. A. Samdani, Secretary.
2. Mr. G. S. Ghanghro, Joint Secretary.

130. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Law and Parliamentary Affairs (excluding Group head—' B ')	101
2.	Other expenditure of Ministry of Law and Parliamentary Affairs	102

### APPROPRIATION ACCOUNTS

131. *Grants No. 101 and 102 (Pages 119-120—AA).*—There was no material point for consideration by the Committee under these grants.

### PARLIAMENTARY AFFAIRS DIVISION

132. Thereafter, the Appropriation Accounts pertaining to the Parliamentary Affairs Division for the year 1976-77 and the Report of the Auditor-General thereon were taken up for consideration. The following departmental representatives were present :—

1. Mr. Justice K.M.A. Samdani, Secretary.
2. Mr. G. S. Ghanghro, Joint Secretary.

133. This Division controlled Grant No. 101—“Ministry of Law and Parliamentary Affairs” (Group head ' B ' ) only.

## ELECTION COMMISSION OF PAKISTAN

## APPROPRIATION ACCOUNTS

134. *Grant No. 101 (Page 119—AA).*—The departmental representative explained that the saving of Rs. 59,196 against Group head "B" was due to:—

- (i) Some vouchers not having been received in the office of the A.G.P.R., Rawalpindi from the A.G.P.R., Islamabad.
- (ii) The debit relating to telephone charges not having been received during the year in question from the T&T Department, and
- (iii) The debit relating to payment to Parliamentary Secretaries not having been received by the Audit from the respective treasuries during the year 1976-77.

135. The Audit representative undertook to look into the above explanation.

## SUPREME COURT OF PAKISTAN

136. The Appropriation Accounts of the Supreme Court of Pakistan for the year 1976-77 and the Report of the Auditor-General thereon was taken up next for examination. The department was represented by Mr. M. A. Zaidi, Assistant Registrar, Supreme Court.

137. The Supreme Court controlled the Appropriation "Supreme Court" (Page 212—AA).

## APPROPRIATION ACCOUNTS

138. There was no material point for consideration by the Committee under this appropriation. However, in reply to a query which pertained to savings due to vacant posts of Research and Reference Officers, the departmental representative informed the Committee that they were not able to find suitable persons to fill the vacant posts in their section. They had advertised the posts, which were in grade 18, but could not find suitable candidates. One post of Librarian also remained vacant due to the same reason.

## ELECTION COMMISSION OF PAKISTAN

139. The Committee then examined the Appropriation Accounts pertaining to the Election Commission of Pakistan for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present:—

1. Mr. A. Z. Farooqi, Secretary.
2. Mr. S. A. Wahab, Deputy Secretary.

140. The Commission controlled the appropriation "Election Commission" (Page 213—AA).

## APPROPRIATION ACCOUNTS

141. There was no material point for consideration by the Committee under this appropriation.

**MINISTRY OF RELIGIOUS AFFAIRS AND MINORITY AFFAIRS**

142. Thereafter, the Committee took up the examination of Appropriation Accounts of the Ministry of Religious Affairs and Minority Affairs for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Fazlur Rehman Khan, Additional Secretary Incharge.
2. Col. Muhammad Mohsin Khan, Joint Secretary (Admn.).

143. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Religious Affairs, Minority Affairs and Overseas Pakistanis ..	107
2.	Other expenditure of Ministry of Religious Affairs, Minority Affairs and Overseas Pakistanis .. .. .	108

**APPROPRIATION ACCOUNTS**

144. *Grant No. 107 (Page 125—AA).*—There was no material point under this grant except that complete reconciliation had not been effected. Audit was requested to carry out the verification.

145. *Grant No. 108 (Page 126—AA).*—An overall saving of Rs. 545,768 shown under this grant, was duly surrendered. Audit accepted the position.

**CULTURE, SPORTS AND YOUTH AFFAIRS DIVISION**

146. The Committee then examined the Appropriation and other Accounts pertaining to the Culture, Sports and Youth Affairs Division for the year 1976-77 and the report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Asghar Butt, Joint Secretary.
2. Mr. M. A. Beg, Joint Secretary.

147. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Other expenditure of Cabinet Division (Group head 'D' only) .. .. .	4
2.	Education Division (Group heads 'C' and 'J') .. .. .	31
3.	Archaeology and Museums .. .. .	32
4.	Development Expenditure of Education Division (Group head 'K' only) ..	130

## APPROPRIATION ACCOUNTS

148. *Grants No. 4, 31, 32 and 130 (Pages 18, 43, 44 and 152—AA).*—There was no material point for consideration by the Committee under the first two grants. Regarding Grant No. 32, Audit accepted the department's submission that, according to the reconciled figures, there was an excess of Rs. 101 under the grant rather than a saving. In the case of grant No. 130 the Committee noted that instructions regarding the surrender of savings were not followed by the department.

## AUDIT REPORT

149. *Wasteful expenditure by a State owned authority (Para 5 (i) page 23—AR).*—After hearing the departmental explanation, the Audit representative submitted that they would like to see the Minister's Orders. Moreover, the department should recover the money from Mr. Jamil Dehalvi. The Chairman observed that Audit should satisfy themselves whether the Minister's orders were so categorical that the officers, who executed them, had no option or they had a discretion in the matter, which they did not use. The Chairman also observed that the equipments received from Mr. Dehalvi were valuable items, and directed that the rest of the equipments should also be recovered.

150. *Wasteful expenditure by State owned Authority [Para 5(ii), page 23—Audit Report].*—After hearing the departmental explanation, the Committee requested the Audit to examine whether, in this case, sanction had been correctly given by the Ministry of Education, after consulting the Finance Division.

151. *Wasteful expenditure by a State owned Authority (Para 5(iii), page 23—Audit Report).*—The Committee was informed that this was a small film for children, which was ready for exhibition. The only way in which it could be exhibited was to show it on the television. The department would try to make necessary arrangements for this subject to official permission. The para was treated as settled.

152. *Wasteful expenditure by a State owned Authority, (Para 5(iv), page 23—Audit Report).*—After hearing the explanation of the departmental representative, the Committee observed that the department should write off the amount.

153. *Wasteful expenditure by a State owned Authority [Para 5(v), page 23—Audit Report].*—The Committee was informed that action was being taken on this and a report would be submitted in its next meeting.

154. *Excessive payment of allowances and incorrect appointment of a Director (Para 6, pages 23-24—Audit Report).*—After hearing the explanation of the departmental representative, the Committee requested him to inform it about the action taken against the Officer who had himself up-graded his post. The Audit pointed out that Rs. 125,484 had to be recovered from the officer on account of house rent, conveyance, entertainment and medical allowances paid to him at a rate higher than that allowed by the Government to identical category of officers. The departmental representative was requested to submit a report on all these items by February, 1980.

## COMMERCIAL ACCOUNTS

155. *Figure of loss understated [Para 285 (i), page 490—CA].*—After going through the departmental explanation, the Chairman observed that, in his view, the Audit was right in assuming that the amount of royalties paid to non-resident persons for the import of foreign films was taxable in Pakistan under Income-tax Act.

156. *Investment in Shalimar Recording Company (Para 286, page 490—CA).*—After hearing the departmental explanation, a member observed, that, having a Director on Board of the Company and as a share-holder, the department should ask the company to produce the accounts. The departmental representative promised to submit the necessary information.

157. *Irregularities in producing a film resulting in an expected loss of Rs. 18.73 lakhs (Para 17, page 18—CA).*—The Committee was informed that the case was being pursued in a court of law whose decision was awaited.

158. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation/Commercial Accounts or Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

## TOURISM DIVISION

159. The next item on the agenda was the examination of Appropriation and other Accounts pertaining to the Tourism Division for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present:—

1. Mr. A. S. Huda, Deputy Secretary.
2. Mr. Moinuddin Ahmad, OSD (F&A).
3. Mr. Minoor Patel, Ad. FD. PTDC.

160. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Tourism Division .. .. .	19
2.	Other expenditure of Tourism Division .. .. .	20
3.	Development expenditure of Tourism Division .. .. .	127

## APPROPRIATION ACCOUNTS

161. *Grants No. 19, 20 and 127 (Pages 34, 35 and 149—AA).*—There was no material point for consideration by the Committee under these grants.

## COMMERCIAL ACCOUNTS

**Pakistan Tourism Development Corporation**

162. *Balance Sheet as on June, 1977 (Para 282, page 471—CA).*—An amount of Rs. 2,19,46,738 was shown against "Cash and Bank Balance". A member remarked that this amount was lying with the Corporation in 1977 and enquired if they had made use of it subsequently. The departmental representative replied that it had been invested in a bank at an interest rate of 11½%. The money was provided to the Corporation for investment in certain projects, viz., construction of 50-room hostels in Hunza and Chitral and a Hotel in upper Swat. Contracts therefore had not been awarded, so far, because the rates quoted in the tenders had exceeded the approved cost. The department was considering to submit a revised scheme. The departmental representative, however, did not have full information available with him. Thereupon, the Auditor-General observed that the departmental representative who came before the Committee, should come fully prepared and with complete information about the items that were to be examined by the Committee.

163. *Irregular undertaking of a project and loss of Rs. 75,000 (Para 16, page 17—CA).*—After hearing the explanation of the departmental representative and seeking clarification, the Committee observed that the department should show to the Audit the copy of the resolution under which the Managing Director of the Tourism Development Corporation was empowered to sign the agreement.

164. *Points paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation/Commercial Accounts or Audit Report. These would be deemed settled subject to regularising action, if any, under the rules.

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**MINISTRY OF INTERIOR**

165. Thereafter the Committee took up the examination of Appropriation Accounts pertaining to the Ministry of Interior for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present:—

1. Mr. Abdul Hamid, Joint Secretary.
2. Mr. Abdul Wahab, Joint Secretary.
3. Mr. Faiz Muhammad, Deputy Secretary.
4. Col. Amir Nawaz Khan, DIG, Frontier Corps, N.W.F.P.
5. Mr. Abdur Rashid, Director, Registration.
6. Mr. Mahmud Ahmed, Director, P.N.C.B.
7. Mr. Ghulam Hassan, D.G., C.D.
8. Lt. Col. Hasar Jafar, H.O., Pakistan Rangers.

166. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Interior Division .. .. .	83
2.	Passport Organisation .. .. .	84
3.	Civil Armed Forces .. .. .	85
4.	Census and Registration Organisation .. .. .	86
5.	Civil Defence .. .. .	87
6.	Other expenditure of Interior Division .. .. .	88
7.	Frontier Regions (Group head ' A ' only) .. .. .	90
8.	Development expenditure of Interior Division .. .. .	142
9.	Development expenditure of States and Frontier Regions Division (Group head ' I ' partly) .. .. .	143

APPROPRIATION ACCOUNTS

167. The departmental representative was directed to submit a revised explanation in respect of grant No. 143, because the explanation furnished by the Ministry was not considered to be satisfactory.

168. In the case of other grants, the Committee noted that it was mainly a problem of reconciliation. The Audit was requested to verify the figures and report to the Committee, if necessary.

MINISTRY OF WATER AND POWER

169. The last item on the agenda was the examination of Appropriation and other Accounts pertaining to the Ministry of Water and Power for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Tajamul H. Hashmi, Secretary.
2. Maj. Gen. Fazli-Razziq, Chairman, WAPDA.
3. Mr. Nuzhat Hussain, Member Finance (WAPDA).
4. Mr. Ziaul Qayyum, Deputy Secretary (F&A).

170. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Fuel, Power and Natural Resources (excluding group heads ' D ' and ' F ' ) .. .. .	63
2.	Other expenditure of Ministry of Fuel, Power and Natural Resources .. .. .	65
3.	Development expenditure of Ministry of Fuel, Power and Natural Resources (Group head ' Y ' only) .. .. .	136
4.	Capital Outlay on Fuel and Power (group heads ' J , and ' K ' ) .. .. .	165
5.	Capital Outlay on Irrigation and Electricity .. .. .	166

## AUDIT REPORT (WAPDA)

171. *Estimated Receipts and Expenditure (Para 4, pages 1-2—AR—WAPDA).*—The Committee recommended that the Government may consider amending the law to remove the need for the presentation of a separate revenue budget by the Authority.

**Water and Power Projects/Formations**

172. *Irregular and wasteful expenditure of Rs. 625,548 on removal of silt (Para 1, page 3—AR—WAPDA).*—The Chairman observed that, firstly, this project was unapproved and expenditure had been incurred on it unauthorisedly. Secondly, its implementation was also irregular, because the department gave away seven contracts without inviting tenders. So far as the second point was concerned, the department had taken some action, by stopping some increments and giving some warnings. But the Committee would like to know as to what instructions had been given to these officers.

173. The departmental representative described at length the nature of the project and the circumstances under which it was implemented. The Departmental Representative concluded that, due to project, the adjoining villages were saved from the ravages of floods. Whatever had been spent by WAPDA on the project had not gone waste, as the expenditure had paid its dividend in the shape of relief to the inhabitants of the area. Their properties and lives had been saved from the havoc of floods. For the procedural irregularities in the award and administration of the contract, the punishment awarded to the officials concerned were considered to be adequate.

174. The Chairman directed that the department should get the approval of the Government to the implementation of the project. The Audit representative drew attention of the Committee to two points. Firstly, the rate paid was higher and secondly, the amount paid was greater than the quantum of work. The Committee asked the Authority to find out the amount of overpayment involved.

175. *Non-billing of the electricity consumers resulting in non-recovery of minimum charges (Rs. 1,120,724) and energy charges (Not assessed) (Para 2, page 4—AR—WAPDA).*—It was explained that remedial measures had been adopted by WAPDA towards timely recovery from the consumers and new commercial procedure had been introduced for this purpose. Directives had also been issued for taking disciplinary action against the Line Superintendents and SDOs for non-recovery of lump-sum costs, exceeding the subsidy allowed by the Government, and for showing undue favour to the consumers by not effecting recoveries, etc.

176. The Chairman observed that Audit should find out the actual amount involved in this case. The departmental representative said that every year they were giving connections to about 2 lakh consumers. If it was 1%, there might be irregularity in 2,000 cases. There was an internal audit of each and every regional office quarterly. The Chairman added that it was not the question of Rs. 2 lakh, the issue of industrial and tube-well connections was involved in it. Now the procedure should be that, whenever a new connection was given, billing should be done in the same year. A member suggested that the department should make use of a computer.

177. The departmental representative submitted that, with the introduction of the new billing procedure, they had carried out re-routification of all the connections of a feeder. The feeder went through an area and, because of this re-routification, they had been able to detect a number of cases of pilferage. Secondly, they had taken up, on priority basis, the industrial consumers. Firstly, there were the 380 industrial consumers who yielded 20% of their revenue. To detect any pilferage by these industrial consumer, they had checked their apparatus in front of the consumers themselves with a team consisting of the Executive Engineer of the area and the Executive Engineer of S & T Division and had sealed three meters. Instructions were also given that none except the Executive Engineer of the area would carry out any more checking. After that, they had carried out a thorough check of the tube-wells, accompanied by a team of military personnel.

178. He further stated that a new accounting procedure was being laid down. Checking was conducted by different persons and ledgers were being written daily. They had now installed MDI Meters. The results were very encouraging, and the WAPDA were recovering a lot more. They were pursuing this matter and hoped to succeed in their efforts. But this job could not be completed in a short span of time. It might take about five years to clear the mess.

179. *Non-accountal of electrical material worth Rs. 2,285,285 (Para 3, page 6—AR—WAPDA).*—It was explained that disciplinary action had been taken against the persons responsible for non-accountal of stores|non-Production of record, under intimation to Audit. Remedial measures had also been taken, by introducing a new accounting procedure, to prevent the recurrence of such irregularities.

180. The Committee requested the Audit to check whether the action taken against the defaulters was sufficient and bring back any thing they considered necessary.

181. *Non-recovery of Capital cost from agricultural tube-well consumers—Rs. 1,641,879 (Para 4, page 9—AR—WAPDA).*—After hearing the explanation of the departmental representative, the Committee directed that intimation of the action taken in all the cases should be made available to Audit, for verification.

182. *Shortages of stores worth Rs. 2,760,861 (Para 5, page 12—AR—WAPDA).*—After hearing the departmental explanation, the Committee observed that quick action should be taken in such cases.

183. *Shortages|Surplus of stores valuing Rs. 182,226 and Rs. 24,015 (Para 6, page 15—AR—WAPDA).*—The Committee was informed that inquiry had since been finalised, action was being taken against the persons concerned and recoveries being effected. The departmental representative was directed to supply to the Audit a copy of the inquiry report, for verification.

184. *Shortage of T&P articles worth Rs. 68,634 (Para 7, page 15—AR—WAPDA).*—The explanation of the departmental representative was not considered to be satisfactory. The Audit was requested to check up the records|enquiry reports and report to the Committee, if necessary. The Auditor-General remarked that the Authority should make a standing arrangement to send copies of enquiry reports in all cases.

185. *Missing steel bars valuing Rs. 26,000 (Para 8, page 16—AR—WAPDA).*—After hearing the departmental explanation and seeking clarifications, the Committee requested the Audit to check up whether the loss occurred in transit. Audit requested the departmental representative to supply to them a copy of the judgment.

186. *Injunctuous expenditure of Rs. 82,500 on drilling a test bore hole (Para 9, page 16—AR—WAPDA).*—The Committee requested the Audit to see the Report mentioned in the departmental explanation and bring to the Committee's notice any point, needing its attention.

187. *Loss of Rs. 65,567 due to theft of spare parts from tube-wells (Para 10, page 17—AR—WAPDA).*—The Committee was informed that the cases were under Police investigation.

188. *Loss of Rs. 47,259 due to the receipt of short, broken or Defective Material, (Para 11, page 17—AR—WAPDA).*—It was explained that, with the exception of two items, they had settled the claim. They were pursuing the case with the Insurance Corporation regarding those two items. But the National Insurance Corporation had the assets of the former East Pakistan also and, till the question of apportionment of assets and liabilities of the Insurance Corporation between Pakistan and Bangladesh was decided, the Corporation would not entertain the claim.

189. The Auditor-General suggested that the Secretary, Water and Power should write to the Secretary, Ministry of Commerce to find out Government's thinking in the matter.

190. *Outstanding financial irregularities involving amount of Rs. 1,164,391 relating to a completed project (Para 12, page 18—AR—WAPDA).*—After hearing the explanation of the departmental representative and seeking clarifications, the Chairman remarked that nothing more could be done about this para. The amount of Rs. 40,000 accepted by Railways be adjusted against the Railways Account by the Adjuster. Subject to these remarks, the para was treated as settled.

191. *Loss of Rs. 20,000 due to unauthorised issue of angle iron from a regional store (Para 13, page 20—AR—WAPDA).*—After hearing the departmental explanation, no further observation was made by the Committee.

192. *Non-recovery of Rs. 10,821 as rest house charges (Para 14, page 20—21—AR—WAPDA).*—The Committee accepted the explanation given by the department.

193. *Overpayment of Rs. 17,663 as house rent allowance (Para 15, page 21—AR—WAPDA).*—It was explained that they had started recoveries @ 1/3rd of pay of the individuals. The Committee requested the Audit to follow up.

194. *Loss of revenue amounting to Rs. 309,918,000 due to energy unaccounted for (Para 17, page 22—AR—WAPDA).*—The departmental representative explained that the situation was improving. The loss had already been reduced from 38% to 33%. They would, however, continue their efforts to reduce the losses. The Committee asked the department to continue its efforts in that direction.

195. *Review of revenues for the year 1976-77 (Para 18, page 23—AR—WAPDA).*—The departmental representative stated that there had been an improvement in respect of recovery of arrears. In the Tribal Area, unfortunately, they could not make much headway so far.

196. *Local Audit Inspection (Para 19, page 23—AR—WAPDA).*—The departmental representative submitted that they were pursuing the matter. The Committee did not make any observation on this para.

197. *Comments on the balance sheet of Water Wing as stood on 30 June, 1977 (Para 20, page 25—AR—WAPDA).*—The department explained that deficiencies had been rectified in the subsequent balance sheet and the position had been intimated to Audit. The Audit representative confirmed the position and stated that they had verified some cases and would verify the remaining, in due course. A member requested the department to check that old debits were not lying with the Resident Representative in Karachi.

198. *Comments on the balance sheet of Power Wing including Electricity Operation Branch (Para 21, page 29-30—AR—WAPDA).*—The departmental representative was requested to supply details of the adjustments in respect of these projects to the Audit, for verification.

#### Indus Basin Projects

199. *Payment of Rs. 5,584,435 in excess of the actual value of work done (Para 22, page 31—AR—WAPDA).*—After discussing various aspects of the matter in detail, the Committee thought that the Contractor had mopped up an amount which should have been WAPDA's had the latter not agreed to a method other than the specified one.

200. *Excess payment of Rs. 3,93,406 to the main contractor in connection with the execution of a New Work (Para 23, page 32—AR WAPDA).*—After hearing the departmental explanation, the Chairman observed that the department could not change the rate after it had been fixed. It was a question of fact whether the contractor misled the Authority about the rate. The department should have negotiated a little harder.

201. *Irregular payments of Rs. 657,348 as demerage charges (Para 24, page 33—AR—WAPDA).*—After going through the departmental reply, the Auditor-General submitted that the department had quoted a number of clauses in their defence. He proposed that consideration of this para may be postponed. In the meantime, they would have to get the opinion of the Law Division also, because shelter was being taken under the said clauses. The Committee agreed to the proposal.

202. *Irregular payment of Rs. 519,182 to a Contractor on account of wharfage charges (Para 25, page 33—AR—WAPDA).*—After hearing the explanation of the departmental representative, the Committee requested the Audit to check up the case and report back to the Committee, if necessary. The Audit representative added they would obtain the advice of the Law Division also.

203. *Suspected loss of Rs. 1,763,181 due to non-accountal of built up property (Para 27, page 35—AR—WAPDA).*—Audit was requested to check and reconcile the figures. Audit representative told the Committee that they would look into it and report back, if necessary.

204. *Non-recovery of Rs. 21,109 from an Insurance Company as repair charges of a damaged equipment (Para 28, page 30—AR—WAPDA).*—After bearing the explanation of departmental representative, a member remarked that no action had been taken by the department during 1973 to 1977. It was clear that the case was not being pursued properly. The departmental representative agreed with the member and promised to do the needful.

205. *Irregular re-imbusement of Rs. 17,277 on account of demurrage charges (Para 29, page 36—AR—WAPDA).*—After going through the written reply and seeking some clarifications, the Committee accepted the explanation given by the department.

206. *Avoidable expenditure of Rs. 9,000 on account of payment of bonus to a local contractor (Para 30, page 37—AR—WAPDA).*—The explanation of the departmental representative was considered to be satisfactory and the para was treated as settled.

207. *Non-production of record in respect of re-imbusement of Rs. 48,100 (Para 31, page 28—AR—WAPDA).*—After hearing the departmental representative, no further observation was made by the Committee, and the para was treated as settled.

208. *Comments on the Balance Sheet of Indus Basin Projects as it stood on 30th June, 1977 (Para 32, page 39—AR—WAPDA).*—The Committee observed that the position given about 'Receivable from IBDF' was not clear. Audit was requested to verify it.

#### APPROPRIATION ACCOUNTS

209. *Grants No. 63 and 65 (Pages 78—80—AA).*—There was no material point for consideration under these grants.

210. *Grant No. 136 (Page 159—AA).*—A saving of Rs. 2,110,323 was shown against the group head "Y-Miscellaneous". The department explained that an amount of Rs. 1,045,000 was authorised under the AGPR's authority No. TA-IV/ NRD-Auth. 707 in favour of Rural Electrification Scheme. The remaining saving of Rs. 1,065,000 was due to funds in foreign exchange not having been made available by the National Science Foundation. A member pointed out that the amount made available from PL-480, to the National Science Foundation was Rs. 3.4 million, which was to be recovered. The department had neither surrendered anything nor recovered the amount. The department had, therefore, yet to recover Rs. 3.4 million. The Chairman remarked that, in technical sense, there was saving which should have been surrendered.

211. *Grant No. 165 (Page 190—AA).*—A saving of Rs. 487,388 was shown against group head "K-Investment in National Engineering Services". It was explained that the expenditure of Rs. 12,612 shown by Audit was not correct, because no such sanction was issued during the financial year. Hence, the saving amounted to Rs. 500,000. The Chairman observed that the department failed to surrender the saving.

212. *Grant No. 166 (Page 194—AA)—General—Keeping account of Foreign Loans.*—A member said that WAPDA had used the Indus Basin Project Fund, which was a re-imbursable expenditure and it was in the form of loans. To the extent that it was in the form of loan, it had nothing to do with WAPDA, as they were only the custodian of the fund. This liability had to be met by Pakistan.

213. After some discussion, the departmental representative was directed to consider this point for the purposes of maintaining the Accounts of the fund. He undertook to do so.

214. A saving of Rs. 183,921,000 was shown by Audit against the group head "A 1-Non reimbursable Expenditure" under this grant. It was explained that the actual expenditure against this group head, as finally audited by the Director, WAPDA Audit, was Rs. 173,508,342, resulting in a saving of Rs. 10,412,658.

215. Again, under the group head "A-3-Expenditure against Foreign Loans", a 'nil' expenditure was shown whereas, according to the departmental explanation, the actual expenditure against this head amounted to Rs. 239.580 million.

216. The Chairman remarked that either the expenditure had not been booked or it had been booked wrongly. The Auditor-General observed that the position was not very clear and the responsibility needed to be clearly fixed. The Chairman added that a large amount of foreign loan was involved, but a 'nil' expenditure had been shown, whereas the actual expenditure was about Rs. 24 crores. Now, therefore, there was something basically wrong with the system of accounting. If the department knew that they had spent Rs. 24 crores, they could have asked for a supplementary grant. This was a matter which should be examined by the Ministry to lay down as to how this was to be reflected in the budget.

217. The Auditor-General added that the Ministry of Finance should also go into this question. The department should, in consultation with the Ministry of Finance, prepare a note and furnish it to the Audit.

218. *Points/paras not discussed to be treated as settled.*—The Committee did not make any comment on other points/paras in the Appropriation Accounts or Audit Report (WAPDA). These would be deemed to have been settled, subject to such regularising action as might be necessary under the rules.

219. The Committee then adjourned to meet at 9.30 A.M. on Monday, the 14th January, 1980.

M. A. HAQ.  
*Secretary.*

*Islamabad, the 26th May, 1980.*

## NATIONAL ASSEMBLY SECRETARIAT

*Monday, the 14th January, 1980*

### Third Meeting

220. 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. 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. M. A. Javed, Deputy Secretary.
3. Mr. Akhtar Sharif, Director, Public Relations.
4. Mr. Inayat Ali, Assistant Secretary.

#### *Audit*

1. Mr. Abdur Raouf, Auditor General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Senior).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenue.
5. Mr. Ziaul Haq Khan, A. G., PT&T.
6. Mr. Alley Imam Malik, Joint Director, Commercial Audit.
7. Mr. M. S. Amjad, Director, Foreign Audit.

#### *Ministry of Finance*

1. Mr. Adnan Ahmad Ali, Joint Secretary (Budget).
2. Mr. S. Irtaza Zaidi, F. A. (Communications).
3. Malik Asrar Ahmad, F. A. (Cab.|CMLA|Estab.|President Sectt.).
4. Mr. M. Said, (F. A. Commerce).

221. *Accounts examined.*—The Accounts of the following Ministries| Divisions etc. were examined during the course of the day :—

1. *President's|CMLA's Secretariat (including Pakistan Atomic Energy Commission.*
2. *Ministry of Communications.*

3. *Cabinet Secretariat.*
  - (a) Cabinet Division.
  - (b) Establishment Division.
4. *Ministry of Foreign Affairs.*
5. *Ministry of Commerce.*

### PRESIDENT'S SECRETARIAT

222. The Committee first examined the Appointment Accounts of the President's Secretariat for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present:—

1. Mr. H. A. Qureshi, Joint Secretary.
2. Mr. M. A. Shah, Assistant Secretary.

223. This Secretariat controlled the Appropriation "Staff, Household and Allowances of the President (Group heads A to G)" (Page 206—AA). There was no material point for consideration by the Committee under this Appropriation.

### CMLA'S SECRETARIAT (INCLUDING PAKISTAN ATOMIC ENERGY COMMISSION)

224. The examination of the Appropriation and other Accounts pertaining to the CMLA's Secretariat (including the Pakistan Atomic Energy Commission) for the year 1976-77 and the Report of the Auditor-General thereon was taken up next. The following departmental representatives were present:—

1. Mr. H. A. Qureshi, Joint Secretary.
2. Mr. A. H. Raazi, Member Finance.
3. I. A. Warsi, Director (Audit and Accounts).

225. This Secretariat controlled the following grants:—

S. No.	Name of Grant	Grant No.
<b>CMLA's Secretariat</b>		
1.	Other expenditure of Cabinet Division (Group heads 'A' and 'B')	4
2.	Prime Minister's Secretariat	9
3.	Kashmir and Northern Affairs Division (Group head 'D')	76
4.	Staff Household and Allowances of the President (Group head 'H')	—
<b>Pakistan Atomic Energy Commission</b>		
5.	Atomic Energy	11
6.	Capital Outlay on Development of Atomic Energy	151

## APPROPRIATION ACCOUNTS

**C.M.L.A.'s Secretariat**

266. *Grant No. 4 (Page 18—AA).*—There was no material point for consideration under this grant.

227. *Grant No. 9 (Page 23—AA).*—An excess of Rs. 397,235 was depicted against the group head "E-State Conveyances and Motor Cars". It was contested that there was no excess expenditure under this head and the difference between the departmental and Audit figures was due to the fact that Audit had not taken into account the supplementary grant of Rs. 400,000 sanctioned *vide* Prime Minister's Secretariat letter No. 120 (24)-A/76, dated 8th January, 1977. The Audit representative informed the Committee that the Ministry of Finance might have sanctioned a supplementary grant, but it was not incorporated in the book of such grants. After going through the record produced by the department, the Chairman observed that a certain amount was sanctioned during the year, but did not form part of the supplementary demand statement. However, the expenditure was incurred on proper sanction. The Auditor-General added that, in future, the department must forward a formal demand and send it timely to the Finance Division for incorporation in the book of supplementary grants.

228. *Group head "H-Secretariat Staff of the Prime Minister" (Page 23—AA).*—The excess of Rs. 162,986 against this group head was attributed to more expenditure on the use of telephones and purchase of miscellaneous articles. The explanation given by the department was not considered to be satisfactory and the departmental representative was requested to report to the Committee as to why this expenditure could not be avoided.

229. *Grant No. 76-Group head 'D' (Page 94—AA and Appropriation "Staff, Household and Allowances of the President"—Group head 'H' (Page 206—AA)).*—There was no material point for consideration under these Appropriations.

**Pakistan Atomic Energy Commission**

230. *Grants No. 11 and 151 (Pages 25 and 174—AA).*—There was no material point for consideration under these grants.

231. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or Audit Report. These would be deemed to have been settled, subject to regularising action, if any, under the rules.

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**MINISTRY OF COMMUNICATIONS**

232. The Appropriation and other Accounts for the year 1976-77 pertaining to the Ministry of Communications and the Report of the Auditor-General thereon, were examined next. The following departmental representatives were present :—

1. Mr. F. K. Bandial, Secretary.
2. Brig. Sharif Rahat, Joint Secretary.

3. Mr. S. A. Siddiqi, Director General, T&T.
4. Mr. S. Athar Mahmud, Director General, Post Office.
5. Mr. Muhammad Rafique, Director Finance.
6. Capt. L. Jackson, Joint Secretary (Ports and Shipping).

233. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Communications .. .. .	21
2.	Department of Shipping Control and Mercantile Marine .. .. .	24
3.	Light houses and Lightships .. .. .	25
4.	Other expenditure of Ministry of Communications .. .. .	26
5.	Investment in Maritime Shipping Companies .. .. .	116
6.	Development expenditure of Ministry of Communications .. .. .	128
7.	Capital Outlay on Ports and Shipping .. .. .	157
8.	Capital Outlay on Communication Works .. .. .	158
9.	Development Loans and Advances by the Federal Government (Group head 'B' only) .. .. .	163
<b>Pakistan Post Office, Telegraph and Telephone</b>		
10.	Post Office Department .. .. .	22
11.	Telegraph and Telephone Department .. .. .	23
12.	Capital Outlay on Post Office Department .. .. .	155
13.	Capital Outlay on Telegraph and Telephone Department .. .. .	156

### APPROPRIATION ACCOUNTS

234. *Grant No. 21, Group heads—'A' and 'C' (page 36—AA).*—Excesses of Rs. 360,480 and Rs. 93,341 were shown under the group heads "A-Secretariat" and "C-Central Road Organisation". The departmental representative explained that, according to departmental figures, the excesses were of the order of Rs. 344,602 and Rs. 85,840 respectively. The total excess of Rs. 430,442 was due to—

- (a) the belated adjustment of Rs. 296,630 on account of telephone charges, and
- (b) wrong billing to the Department by the T&T Department authorities (Rs. 133,812).

235. After some discussion, the Committee concluded that the departmental explanation was not satisfactory. The Chairman observed that the matter required a little more inquiry, about why did the T&T Department

billed wrongly against their main Ministry and why was this not detected at the proper time. The departmental representative was requested to look into these points and submit a revised explanation to the Committee.

236. *Grant No. 26, Group head-'H' (Page 39—AA).*—As the savings shown under this group head, had been surrendered by the department, the Committee accepted the departmental explanation with the observation that the Audit should have taken note of the surrender orders.

237. *Grant No. 128, Group head-'X' (Page 150—AA).*—An excess of Rs. 188,041 was pointed out by the Audit under the group head "X-Civil Works". The department explained that the expenditure, as incurred by the Ministry and reconciled with the AGPR, actually worked out to Rs. 197,135,010. Thus, there was an excess expenditure of Rs. 85,010 only which was set off to the extent of Rs. 74,130 by the refund of the amount to the Government, during the next financial year 1977-78, under the head "XLVI-Mis-Deposit Account-Central-I-Non-Food". The remaining excess expenditure of Rs. 10,880 was nominal and within the prescribed limit of one per cent.

238. The Audit representative pointed out that the Ministry had accepted the Audit figures, but now they had changed their stand.

239. The Chairman observed that the Ministry was right in this case also and the Committee accepted their explanation. But there was an excess expenditure of Rs. 85,010, which could not be justified on the basis of crediting the amount to head 'XLVI-Miscellaneous'. What the Ministry did was that they had over-drawn some amount which was, later, re-credited to the Government. There was no justification for this. Subject to these observations, the para was treated as settled.

240. *Grant No. 158 (Page 179—AA).*—An over-all excess of Rs. 82,428,929 was shown by the Audit, under this grant. The departmental representative contested the figure given by Audit against the Final Appropriation and submitted that the excess was of Rs. 48,268,502 only.

241. It was explained that a total allocation of Rs. 350,000,000 (Rs. 275,000,000 to the FWO and Rs. 75,000,000 to the LTO, functioning as separate organisations at that time) was made during 1976-77. The allocation of Rs. 275,000,000 was considered grossly inadequate to cope with the FWO's requirements. The necessity of a supplementary grant was felt by the Expediting Committee at its meeting held on 23rd July, 1976 and its Chairman, after taking all facts into consideration, had promised to recommend an additional allocation of Rs. 139,700,000 to the FWO.

242. The requirement for additional allotment was reassessed in April, 1977 and a summary for a supplementary grant of Rs. 93,540,000 was submitted to the FA (Army) under letter No. 60401|140|S|Budget dated 28th April, 1977. The FA (Army) vide his u.o. No. 212.S|KKH-I|77, dated 3rd May, 1977, No. 215|S|77|KKH-I dated 4th May, 1977 and No. 221|S|KKH|77, dated 6th May, 1977 expressed his inability to recommend a supplementary grant beyond the amount of Rs. 62,800,000, already recommended by them in the revised estimates 1976-77 for FWO, asking the later to submit a summary for Rs. 62,800,000. As such, there was no alternative with the FWO except to demand Rs. 62,800,000. A revised summary was accordingly submitted under letter No. 60401|150|S|Budget, dated 7th May, 1977 and a supplementary grant of Rs. 62,800,000 was released

to the FWO. In addition, Rs. 2,000,000, surrendered by the LTO, was also made available to the FWO, bringing the total allocation to the FWO to Rs. 339,800,000. The expenditure incurred during the year amounted to Rs. 367,788,473 which exceeded the allotment by Rs. 27,988,473.

243. Thus, the FWO could have managed the total expenditure of Rs. 367,788,473 within its allocation, provided that the supplementary grant of Rs. 93,540,000, instead of Rs. 62,800,000, was made available to it during 1976-77.

244. As regards the LTO they intimated that they could not utilize the total allocation of Rs. 75,000,000 and, therefore, surrendered Rs. 2,000,000 for allotment to the FWO. The expenditure of LTO, booked by the CMA, FWO up to 4/77, amounted to Rs. 93,280,029 and exceeded the allotment of Rs. 73,000,000 by Rs. 20,280,029. This excess was caused due to an adjustment of the carried over contractual liabilities, for which no provision was made by the LTO in their budget as well as the revised estimates for 1976-77.

245. In reply to the query if anything was given by the Expediting Committee in writing, the department produced the following para from the minutes of the Expediting Committee :—

“ The Committee agreed in principle to the request of the FWO for the allocation of funds amounting to Rs. 139 millions. However, it should be reflected in the summary for the Prime Minister ”.

246. The Chairman observed that there was no firm agreement of the Expediting Committee, as made out. The departmental representative explained that they had made a commitment for Rs. 93 millions, but they were given only Rs. 62 million. Hence there was short-fall of about Rs. 30 million.

247. A member enquired as to how much of Rs. 139 million was incurred before the Expediting Committee met, how much after that meeting and when was the Ministry informed that they would not be getting more than Rs. 63 million. Again, how much additional expenditure was incurred after they had this information, and how much work was slowed down. As the information was not readily available, the departmental representative was directed to submit the same in the next meeting.

248. *Grant No. 26, group head-F (Page 39—AA).*—An excess of Rs. 241,940 was shown under the group head “ F-Expenditure in connection with study of Rapid Transit System in Karachi ”. The department explained that a sum of Rs. 199,000 was re-appropriated from the head “ 61-Grants-in-Aid—H-2-Grants for roads ”. Thus, against the final Appropriation of Rs. 200,000, the actual expenditure was Rs. 242,940, resulting in an excess of Rs. 42,940, which appeared to be due to the discharge of the liabilities of the last year (1975-76) during the current year (1976-77).

249. The Chairman remarked that the re-appropriation did not cover the total amount of the excess expenditure. Moreover it needs checking whether it was a fact that the excess of Rs. 42,940 pertained to the previous year. He directed that the department should inform the Committee as to what was the amount of liability in the previous year? How much of it was actually received during this year, and why could it not be provided for at the proper time?

**Ports and Shipping Wing**

250. *Grant No. 21, Group head-'D' (Page 36—AA).*—The excess of Rs. 9,754 shown under the group head “D-Directorate General, Ports and Shipping” was not acceptable to the departmental representative. He claimed that, according to the reconciled figures of expenditure, there was neither excess nor saving. The Committee accepted the departmental explanation, and the point was treated as settled.

251. *Grants No. 24 and 25 (Pages 37-38—AA).*—There was no material point for consideration by the Committee under these grants.

252. *Grant No. 26—group head 'G' (Page 39—AA).*—Audit had pointed out that there was a saving of Rs. 2,491,646 against the group head “G-Miscellaneous and unforeseen charges”. The departmental representative explained that, under the sub-head “G-I-Lump Provision for repatriation of employees of the Chittagong Port Trust”, out of a grant of Rs. 5,000,000, an amount of Rs. 3,461,600 was spent and the balance of Rs. 1,538,400 was surrendered. Thus, against the Final Appropriation of Rs. 3,461,600, there was neither any excess nor saving. The Audit representative submitted that, actually, the skeleton account was sent to the Ministry in August, 1979, whereas reconciliation in this case took place much later. The Committee accepted the departmental explanation, but asked the department to note that they should have pointed out the difference to the Audit when the skeleton account was sent to them.

253. *Grant No. 116 (Page 136—AA).*—An overall saving of Rs. 2,584,778 was shown under this grant. The departmental representative explained that, according to their figures, against the final Appropriation of Rs. 7,500,000, the actual expenditure was Rs. 7,155,000, resulting in a saving of Rs. 345,000. These figures were duly communicated to Audit *vide* their letter No. 6-4/75-Sh. II, dated 30th June, 1977. The Committee accepted the departmental explanation, and the point was treated as settled.

254. *Grants No. 157 and 163 (pages 178 and 186—AA).*—There was no material point for consideration by the Committee under these grants.

**AUDIT REPORT**

255. *Irregular drawal of money from public account, deposit in a private bank and its un-authorized expenditure (Para 7, page 24—AR).*—The Ministry submitted that, in their view, it was a case of misplaced over enthusiasm, but there was no *mala fides* in that action. Moreover, the person responsible for this irregularity had also retired. After hearing the explanation and seeking clarifications, the Chairman remarked that, procedurally, it was completely wrong, but, since the Ministry was quite certain that there was no *mala fides*, no further action was needed. The para was, therefore, dropped.

**COMMERCIAL ACCOUNTS****Pakistan National Shipping Corporation**

256. *Payment of Dividend (Para 229, page 391—CA).*—Audit had pointed out that the Corporation had proposed a dividend @ Rs. 1.20 per share, amounting to Rs. 17,325,000 in the Profit and Loss Appropriation Account for 1976-77.

The share of the Government of Pakistan, having 38.30%, equity worked out to be Rs. 6,635,475. The Corporation had not yet paid the dividend to the Government for the year under review, as well as Rs. 6,635,475 for the preceding year. These needed to be paid early.

257. The departmental representative explained that dividend to the Government could not be paid owing to acute cash stringency. The Government was being requested to sanction an additional credit allocation during 1979-80. As soon as the request was granted, the dividend in question would be paid.

258. The Audit representative submitted that this was very unusual and requested that, whenever, a dividend was promised, the Ministry of Finance should consciously see to it that it was paid. The payment of the dividend could be withheld only with the permission of the Ministry. The Chairman asked the departmental representative to consider whether it was justified to withhold the entire dividend without the concurrence of the Ministry of Finance.

259. A member asked whether, in its general report to the share-holders, the Corporation had disclosed that the dividend was to be paid to the non-officials only and not to the Government. The departmental representative replied that no such mention was made in the report. The Audit representative said that the Finance Division representative should make a note of it and report to the Committee whether they had noticed the omission, and had taken any action on it.

260. *Doubtful debts (Para 230, page 391—CA).*—It was pointed out that the management had provided a total of Rs. 2,000,000 only for doubtful debts against an amount of Rs. 12,051,604, which had been outstanding for more than three years and was likely to be doubtful. The Audit stressed the need for analysing the claims outstanding for more than three years, and making adequate provision for doubtful claims.

261. The department explained that efforts were being made to expedite the recovery of claims wherever feasible. A member enquired if any recoveries had been made after the 31st December, 1978. The departmental representative replied that they had made recoveries, but exact figures were not readily available. The departmental representative was asked to inform the Committee, at the next meeting, as to what recoveries were made subsequent to 30-6-1977, and what was the latest position.

262. *Machinery spares (Para 231, page 391—CA).*—Audit had pointed out that 16,668 items of Machinery spare were mentioned in the inventory of different vessels as on 30-6-1977, out of which only, 2,579 items were priced. Thus, 14,089 items were unpriced, being 84% of the total. Similarly, 24,939 items of stores in respect of Engine Stores, Dock Store & V, Stores were neither valued nor included in the inventory of stores and spares on board as on 30-6-1977. Thus, stores valuing lakhs of rupees were not included in the closing stocks, rendering the statement of profit for the year under review unrealistic to that extent. The Audit representative stressed the need for correctly charging the stores and spares on board.

263. The department explained that the machinery spares, which were not valued in the accounts for the year ending 30th June, 1977 were delivered to the Corporation along with the vessels or at the time of major repairs in the

drydock. The cost of these spares was included in the prices of the vessel or cost of repairs. It was not possible to price such items and segregate their cost from the cost of the vessels' repairs. The value of these stores was shown on the assets side of the Balance Sheet under "Fleet" or was charged to expenses under the heading of repairs. As regards items of deck stores, etc., their market prices, or cost prices, were not available and the value being nominal, these were not priced. It might be mentioned that many shipping companies of repute did not value consumable stores and charged these direct to the P&L account. This being in accordance with the international accounting practice, the Commercial auditors M/s. A. F. Ferguson & Co., and Rahim Jan & Co., agreed with the policy of the Corporation not to price the items in respect of which complete data was not available. However, the system of valuation of stores and spares on board was being reviewed by the systems Department and an improved system was likely to be adopted on its finalisation.

264. A member remarked that, had the Corporation tried to find out the position in the market, this para would not have appeared against their accounts. Allocation could have been made by them at the time when purchases were made and nominal price could have been charged for these spares. Subject to these remarks, the para was dropped.

#### **Karachi Shipyard and Engineering Works Ltd.**

265. *Audit comments—(Para 218, page 374—CA).*—It was pointed out by Audit that the Shipyard had sustained losses in their Ship-building and Foundry Division to the extent of Rs. 3,578,009 and Rs. 1,023,710, respectively. The loss on Ship-building was, however, converted into profit by adding the subsidy of Rs. 13,340,716 claimed from the Government.

266. Replying to a query, the departmental representative stated that their position was much better now. They hoped to declare profit for the year 1979-80.

267. The Audit informed the Committee that they had undertaken a formal evaluation of the Shipyard, and hoped to submit a full report to the Committee.

#### **Port Qasim**

268. *Compilation of Accounts [Para 3 (i), page 5—CA].*—Audit had pointed out that the accounts in respect of Port Qasim had not been compiled. The Committee was informed by the department that the accounts for 1976-77 would be completed in a month's time. The accounts for 1977-78 had also been prepared and it would take about two months for the Auditors to finalise it. As regards the accounts for 1978-79, they had requested the Audit to provide them a team for the purpose. The Committee appreciated the progress made by the Corporation and requested the Audit to give them the names of Commercial Auditors.

269. *Purchase of sub-standard launch for Rs. 4,180, 302 by an Authority (Para 13, page 15—CA).*—The departmental representative submitted that, in his view, it was unfortunate that the term "sub-standard" was being used. This was a type of craft which had been accepted as a standard and many launches of this type had been built. It was when a new craft was built that its specifications were developed. The specification for this craft was that it should

have a speed of 13 knots and range of 6 days. In building a ship, where specifications had to be developed, one would get something minus or something plus. In the case of this launch, major deficiencies were :

- (1) It could not achieve a speed of 13 knots, but only 11.18 knots.
- (2) It was seated without radar.

270. Replying to a query, the departmental representative informed the Committee that the tug was being used and it was perfectly right. Reduction in its speed had not made any difference in its performance. The explanation was treated to be satisfactory and the para was dropped.

### **Lighthouses and Lightships Department**

271. *Compilation of Accounts [Para 3 (ii), page 5—CA.]*.—It was pointed out by Audit that the accounts had not been compiled as yet. The Committee was informed that the accounts, compiled on simple system, had since been commercialised. This matter was discussed in the last meeting of the PAC and they were now working accordingly. Since the accounts for the last 10 years were pending, they have started to build it up from 1967-68.

272. The Committee directed the departmental representative to complete the accounts of the previous years on the simple system and get them audited. When they come to 1978-79, the department should work out a balance sheet of its assets and liabilities as on 30-6-1978 and start preparing a commercial account as for 1978-79.

## **APPROPRIATION ACCOUNTS (T&T DEPARTMENT)**

### **Pakistan Post Office Department**

273. There was no material point for consideration by the Committee either under the Appropriation Accounts or Audit Report. The Committee, however, noted that losses were increasing, and there was a small excess in pensionary charges. A member briefly discussed the working of the Post Office Department, labour problems and shortage of envelopes, stamps, etc.

274. *Grant No. 23 (Page 63-AA. T&T Deptt.). Pensionary Charges (sub-head-G)*.—The Committee noted that the department had incurred excess expenditure under several sub-head e.g. "G-Pensionary Charges", "I-Maintenance of Assets", "J-Petty & Other Works", "K-Telegraph Traffic" etc. The pensionary charges provided in the original grant were Rs. 6 million only, but the expenditure amounted to Rs. 10 million. Audit was requested to examine as to how did this variation occur.

275. *Maintenance of Assets (Para 63—AA) Sub-head-1 (T&T Deptt.)*.—An excess of Rs. 24,624,219 was pointed out under this sub-head. It was explained that the department had submitted their original budget, which was on the basis of actuals for 1975-76, which amounted to Rs. 8.96 million for maintenance. However, the department had argued that, since the volume of assets to be maintained was increasing from year to year, there should be a yearly addition to the allocation. The Finance Division on the other hand, had been adopting a rule of thumb for allocating funds for the maintenance budget, namely, 3%

of the value of the assets in operation. This percentage was fixed in 1968 and had not taken into account the devaluation of Pak Rupee and the overall increase in prices.

276. A member remarked that he had full sympathy with the department and suggested that they should approach the Secretary, Communications to take up this matter with the Finance Division.

277. *Special Communication Organisation (Page 63—AA—T&T Department)*.—Explaining the saving of Rs. 10,380,000 against this sub-head, the departmental representative submitted that, in 1976, it was decided that Tele-Communication work in the Northern Areas and Azad Jammu and Kashmir should be transferred to Defence Services, who then established the Special Communication Organisation (SCO). The T&T Department had transferred from their budget to the account of SCO an amount of Rs. 11,020,000. The Defence Services also obtained a supplementary grant for the SCO and they were answerable for the disposal of these funds or any saving in them. Perhaps, the Defence Services were not able to establish their organisation fully, with the result that they could not utilise the entire amount.

278. A member remarked that someone should be answerable for this. The Audit representative said that this expenditure had not been incorporated in their record. There might be some expenditure in the departmental accounts. The departmental representative added that they had been rendering their accounts to the AGPR, who had adjusted them against the Grant of the Ministry of Communications. The Audit representative clarified that, if an expenditure featured in the department's budget, then the accounting has to be done centrally by the AGPR. The departmental representative submitted that they had rectified the position as from the year 1979-80.

279. *Grant No. 156 (Page 64—AA—T&T Deptt.)*.—An excess of Rs. 116,170,464 was pointed out against the sub-head "B-Capital Outlay on New Assets". The departmental representative said that they had 150 spending units, who submitted their accounts to the Accountant General, Post and Telegraph who, in his turn, took three months to compile the figures. The Audit representative enquired if the department received any information from their people, independently of the A.G. The departmental representative replied that figures were received by them simultaneously, but his office consisted of only three persons as against 600 in the AG's office.

280. Summing up, the Chairman observed that there was a very heavy excess of more than 25% on "Capital Outlay on New Assets", but the department thought that they would not be able to control these excesses unless they had their own accounts staff. The Government had already decided to transfer the accounting staff to them. The Audit representative added that the staff was already in the process of being transferred.

### AUDIT REPORT

281. *Miscellaneous losses including one case of embezzlement of Rs. 144,798 by departmental employees and one case of fire amounting to Rs. 671,456 (Para I-C, Chapter II, page 55—AR—T&T Deptt.)*.—After going through the explanation given by the department, the Committee observed that Audit should verify and report back to the Committee, if necessary.

282. *Irregular payment on Muster Rolls—Rs. 625,154 (Para 2, Chapter II, page 56—AR—T&T Deptt.)*.—The department explained that, when the discussions took place between the Accountant General and the Director General, there were 1,293 such persons. Their number had now been reduced to 675 and they would be either gradually absorbed or cased out. The Chairman remarked that the Ministry of Finance should consider giving the minimum number of staff needed by the department, in return for disbanding the whole lot of personnel on the muster rolls.

283. *Irregular payment of Rs. 16,058 to a contractor by revising the measurement book (Para 3, Chapter II, page 56—AR—T&T Deptt.)*.—The Committee was informed that, as desired by Audit, the matter was under further investigation. The Audit was requested to follow it up.

284. *Irregular payment of Rs. 31,090 to labour (Para 4, Chapter II, page 57—AR—T&T Deptt.)*.—After hearing the departmental explanation, the Audit pointed out that neither the Audit nor the department could check whether the labour had been really employed. The departmental representative submitted that this case had been got investigated into by an impartial person. The contention of Audit was that duplicate expenditure had been incurred for the same work, but the investigation showed that duplicate expenditure had not been incurred for the same work. The Audit representative pointed out that, in this particular case, the department had admitted the irregularity and promised that action would be taken. Now, they were saying that an inquiry had been held, but nothing was found to be irregular. Audit had not received a copy of the inquiry as yet, but there was a feeling that the inquiry was not satisfactory.

285. The Chairman observed that a clear cut demarcation should be made between the work covered by the annual maintenance contract and that not covered by such contract. However, the Committee would examine, in its next meeting, the report of the inquiry and other relevant information which should be supplied to Audit to enable them to report back to the Committee.

286. *Points/paras not discussed to be treated as settled.*—The Committee did not make any comments on other points/paras in the Appropriation/Commercial Accounts or Audit Report (Civil and Pak Post Office/T&T Department). These would be deemed settled subject to such regularising action as might be necessary under the rules.

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### CABINET SECRETARIAT

287. The Committee then took up the examination of the Appropriation and other Accounts for the year 1976-77 pertaining to the Cabinet Division and the Report of the Auditor-General thereon. The following departmental representatives were present:—

1. Mr. Asad Ali Shah, Additional Secretary.
2. Mr. Anis Ahmad, Deputy Secretary.
3. Mr. Abdul Haq, Deputy Director (Intelligence Bureau).

288. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Cabinet Division .. .. .	1
2.	Cabinet .. .. .	2
3.	Disaster Relief and Rehabilitation .. .. .	3
4.	Other expenditure of Cabinet Division (Group-head ' C ' only) .. .. .	4
5.	Stationery and Printing .. .. .	37
6.	Land Reformss .. .. .	54
7.	Development expenditure of Cabinet Division (Sub-head ' Y-2 ' ) .. .. .	124
8.	Capital Outlay on Works of Cabinet Division .. .. .	152

### APPROPRIATION ACCOUNTS

289. *General*.—A member of the Committee observed that such elaborate and time consuming documents, prepared by the Division, were not necessary. The Chairman added that the Committee did not go into the accounts below the group head.

290. *Grants No. 1, 2, 3, 4 (Pages 15 to 18—AA)*.—The Committee noted that there was a problem of reconciliation in the case of these grants. In some cases, technical requirements had not been observed.

291. *Grant No. 37 (Page 49—AA)*.—Audit had pointed out an excess of Rs. 1,894,719 under this grant. The department explained that there was a difference of Rs. 2,500,000 in the Final Grant, which was due to the non-inclusion of supplementary grant of the same amount, sanctioned by the Ministry of Education *vide* letter No. F. 19-15/77-S&F, dated 23rd February, 1977. The Audit representative pointed out that it was not a proper Supplementary Grant. The departmental representative submitted that this order had been issued by the Ministry of Education and they had received the records from them. Unfortunately, there seemed to be some misunderstanding.

292. The Chairman remarked that authorisation of expenditure, which was to be covered by the supplementary grant, was not done at the proper time, and, therefore, the department did not get it. However, the department should have taken note of this. Subject to this observation, the point was treated as settled.

293. *Grants No. 54, 124 and 152 (Pages 69, 146 and 175—AA)*.—There was no material point for consideration by the Committee under these grants.

### COMMERCIAL ACCOUNTS

#### Central Publication Branch

294. *Compilation of Accounts [Para 3(v), page 5—CA]*.—It was pointed out that the accounts in respect of the Central (now Federal) Publications Branch from 1972-73 to 1976-77 had not been compiled yet. The departmental

representative informed the Committee that the accounts for the years 1972-73 and 1973-74 had since been compiled and audited by the Director, Commercial Audit. The Accounts for 1974-75 and onwards were under compilation. Replying to a query, the departmental representative informed the Committee that the accounts for 1976-77 would be completed by March, 1980 and for the year 1977-78 by June, 1980.

### Printing Corporation of Pakistan

295. *Compilation of Accounts [Para 3(iv), page 5—CA].*—Replying to a query, the departmental representative informed the Committee that the accounts in respect of the Printing Corporation of Pakistan for 1976-77 were presented to their Board of Directors and accepted by them. Action was now being taken on the observations made by the Auditors. The accounts for 1977-78 were being compiled now. The Committee requested the departmental representative to try to complete these accounts within this year.

296. *Points paras not discussed to be treated as settled.*—The Committee did not make any observation on points paras in the Appropriation Commercial Accounts or Audit Reports. These would be deemed settled subject to regularising action, if any, under the rules.

## ESTABLISHMENT DIVISION

297. Thereafter, the Appropriation Accounts pertaining to the Establishment Division for the year 1976-77 and the Report of the Auditor-General thereon was taken up for examination. The following departmental representatives were present :—

1. Mr. S. A. Sayood, Additional Secretary.
2. Mr. Ijaz Hussain Shah, Deputy Secretary.

298. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Establishment Division	5
2.	Federal Public Service Commission	6
3.	Service Tribunal	7
4.	Other expenditure of Establishment Division	8
5.	Administrative Inspection	10
6.	Development expenditure of Establishment Division	125

## APPROPRIATION ACCOUNTS

299. There was no material point for consideration by the Committee under these grants.

## MINISTRY OF FOREIGN AFFAIRS

300. The Appropriation Accounts of the Ministry of Foreign Affairs for the year 1976-77 and the Report of the Auditor-General thereon were examined next. The following departmental representatives were present :—

1. Dr. S. M. Qureshi, Additional Secretary.
2. Mr. Hamid Ali Khan, Director (B&C).

301. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs .. .. .	60
2.	Foreign Affairs .. .. .	61
3.	Other expenditure of Ministry of Foreign Affairs .. .. .	62
4.	Capital Outlay on Works of Ministry of Foreign Affairs .. .. .	119
5.	Capital Outlay on other Works of Ministry of Foreign Affairs .. .. .	164-B

## APPROPRIATION ACCOUNTS

302. *Grant No. 60 (Page 75—AA).*—There was no material point for discussion, under this grant.

303. *Grant No. 61 (Page 76—AA).*—The Committee accepted the departmental explanation and the point was dropped.

304. *Grants No. 62, 119 and 164-B (Pages 77, 140 and 189—AA).*—There was no material point for consideration by the Committee under these grants.

## AUDIT REPORT

305. *Irregular payment of pay in lieu of earned leave—Rs. 12,493 (£ 1261.93) (Para 17, page 29—AR).*—The Committee was informed that the case had since been regularised with the concurrence of Finance Division. The Director of Foreign Audit had also been informed, accordingly. The Chairman observed that since it had been regularised, the para might be dropped.

306. *Over-payment of Rs. 9,758 due to incorrect fixation of pay (Para 18, page 29—AR).*—After hearing the explanation given by the department, the Audit representative remarked that, in this case also, the department had not fixed the responsibility for the over-payment. Noting that it was an inadvertent error, the Committee dropped the para.

307. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or Audit Report. These would be deemed settled subject to such regularising action as might be necessary under the rules.

**MINISTRY OF COMMERCE**

308. The Appropriation and other Accounts for the year 1976-77 pertaining to the Ministry of Commerce and the Report of the Auditor-General thereon were the cost to be taken up for examination by the Committee. The following departmental representatives were present:—

1. Mr. Izharual Haq, Secretary.
2. Mr. M. Isiaq Satti, Joint Secretary.
3. Mr. M. S. I. Ghauri, Deputy Secretary.
4. Mr. Aftab Ahmad, Chairman TCP.
5. Mr. Hasan Jaffar, Finance Director, RECP.
6. Mr. Salahuddin Qureshi, D. G. EPB.

309. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Commerce Division	16
2.	Export Promotion	17
3.	Other expenditure of Commerce Division	18
4.	Capital Outlay of Commerce Division	154

**APPROPRIATION ACCOUNTS**

310. *Grant No. 15 (Page 30—AA).*—The excess of Rs. 978,492 depicted against the group head "A-Secretariat" was explained as having been due to the following:—

- (i) Rs. 15 lakh pertaining to Karachi Road Transport Corporation (Capital Outlay) had been wrongly booked by Audit under this head, and
- (ii) Telephone debits, amounting to Rs. 522,068 had not been adjusted by Audit before the close of the year. In the Reconciliation Statement, this was pointed out to Audit who had agreed to book these figures, but did not do so.

311. The Audit representative accepted the position in respect of wrong booking of Rs. 15 lakh. As regards the telephone charges, the figure in the reconciliation statement was Rs. 550,194 and not Rs. 522,068 as now stated by the department. The Chairman remarked that, in that case, there was a saving under this grant. The point was dropped, subject to re-conciliation, if any.

312. *Group head "E-Discretionary Grant by Minister" (Page 30—AA).*—A saving of Rs. 10,000 was shown against this group head. The Committee was informed that an expenditure of Rs. 6,000 had been incurred, but had not been booked by the Audit. Audit was requested to check and correct their figures.

313. *Grants No. 17, 18 and 154 (Pages 31-32 and 177—AA).*—There was no material point for consideration by the Committee under these grants.

### COMMERCIAL ACCOUNTS

#### **Pakistan Insurance Corporation (Paras 117 to 131, Pages 245 to 268—CA).**

314. A member pointed out that there was a general complaint that the Corporation was refusing to accept claims. Another member enquired if the complaint about the non-payment of claims by the Corporation, on the plea that their accounts in the former East Pakistan had not been adjusted, had come to the notice of the Government. The departmental representative replied that, strictly speaking, the Government was liable for the money not paid by the Insurance Corporation or the claims not met. A member remarked that the Corporation did realise premia from their clients. Whether the funds were managed by the Government or their representatives or employees should be looked into the departmental representative promised to look into the matter.

#### **Export Credits Guarantee Scheme (Paras 144 to 148, Pages 288 to 297—CA).**

315. There was no material point for consideration by the Committee under these accounts.

#### **Trading Corporation of Pakistan**

316. *Working results [Para 159 (i), page 301—CA].*—It was pointed out that during the year under review, sales had gone to Rs. 1,115,653,503 against those amounting to Rs. 2,215,260,649 in the preceding year. Effective measures needed to be taken to increase the sales. The percentage of costs of sales and administrative expenses on sales, going up to 90.20% and 0.95% against 87.40% and 0.45% respectively in the previous year also needed to be justified.

317. The department attributed the decline in the turn-over to Edible Oil having been withdrawn from the list of the TCP in 1976-77 and its imports assigned to a separate Corporation. The sales of Edible Oil had amounted to Rs. 1,255,271,027 in 1975-76. Excluding sales on this account sales of other items in 1976-77 were more than their level in 1975-76.

318. It was further stated that, in working out the cost of sales in 1975-76, Government Auditors had not included Rs. 191,071,687 paid to the Government and the procurement price of Edible Oil paid by the Corporation. This amount formed part of the cost of goods, amounting to Rs. 2,127,067,507. The percentage of cost to sales in 1975-76 actually worked out to 96.02 and not 87.40 whereas the percentage of cost of sales in 1976-77 was 90.20.

319. The higher percentage of administrative expenses to sales in 1976-77 was on account of lower turn-over due to the above reasons and also partly due to normal increases on account of increments, promotions and allowances, etc.

320. The Committee made no observation.

321. *Working results [Para 159 (ii), page 301—CA].*—Audit had pointed out that cash and bank balances amounted to Rs. 21,864,795, whereas the bank over-draft was Rs. 29,078,569 as on 30th June, 1977. The Corporation had to

pay interest @ 14% on the overdraft, whereas 5% to 6% interest could be earned on their various short term deposits during the year under review. Cash and bank balances needed to be adjusted against the bank overdrafts to avoid payment of higher rate of interest on overdraft.

322. The department explained that the credit balances in some of the banks on the closing day of the year were on account of realisation of sale proceeds, amounting to Rs. 19,348,504 in the last few days of June, 1977. According to the usual practice, these amounts were subsequently transferred to the Corporation's overdraft accounts early in July. Hence, the Audit objection about borrowing from banks at a higher rate of interest without first utilising the credit balances was not absolutely correct. The credit balances also included an amount of Rs. 20,000,000, kept under fixed deposits as security asked by the Habib Bank Limited against Bank Guarantee issued by them on behalf of the Corporation in favour of High Court.

323. The Committee observed that the Ministry should consider giving standing instructions to the Banks to invariably transfer the credit balances to liquidate the overdraft.

**Cotton Export Corporation of Pakistan (Paras 163 to 175, Pages 309 to 328—CA).**

324. There was no material point for consideration by the Committee under these accounts.

**Rice Export Corporation of Pakistan**

325. *Working results (Para 183, page 332—CA).*—Audit had pointed out that the Corporation had sold 893,049 M. Tons of rice for Rs. 2,213,597,420 during the year as against 769,369 M. Tons for Rs. 2,223,752,258 during the preceding year. The operating profit, however, sharply declined to Rs. 19,829,914 during the year against Rs. 345,976,191 of the preceding year.

326. The Chairman remarked that there seemed to be some confusion in the above conclusion. The profit of Rs. 34.59 crores was not the profit of the Corporation but that of the Government and there was a distinction between the two. So far as Commercial Audit was concerned, it should be concerned with foreign exchange.

327. A member pointed out that the Corporation had made a sort of memorandum entries in the Profit and Loss account. The Corporation should state the quantum of sales, the amount of payment made to the Government and the Commission earned by it. The departmental representative said that they only showed the Commission in their accounts. Replying to a query, the departmental representative informed the Committee that the Corporation procured and sold the rice, but they got Commission only. Thereupon, the member told the departmental representative that the Corporation might show in their accounts the sale proceeds, less procurement cost, less payment to the Government, and the Corporation's Commission. That would come to the same figure, but all this information would verify the position fully.

**Pakistan Tobacco Board (Paras 187 to 197, Pages 342 to 349—CA).**

328. There was no material point for the consideration of the Committee under these accounts.

329. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras in the Appropriation|Commercial Accounts or Audit Reports. These would be deemed settled, subject to regularising action, if any, under the rules.

330. The Committee then adjourned to meet again at 9.30 a.m. on Tuesday, the 15th January, 1980.

*Islamabad, the 26th May, 1980.*

**M. A. HAQ.**  
*Secretary.*

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## NATIONAL ASSEMBLY SECRETARIAT

*Tuesday, the 15th January, 1980*

### Fourth Meeting

331. 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. M. A. Javed, Deputy Secretary.
3. Mr. Akhtar Sharif, Director, Public Relations.
4. Mr. Inayat Ali, Assistant Secretary.

#### *Audit*

1. Mr. Abdur Raouf, Auditor-General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Senior).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenue.
5. Syed Jamil Ahmad Zaidi, Director, Audit and Accounts (Works).
6. Mr. Idris Ahmad, Audit Officer, Industries, Supply and Food, Karachi.
7. Mr. Alley Imam Malik, Joint Director, Commercial Audit.

#### *Ministry of Finance*

1. Mr. Adnan Ahmad Ali, Joint Secretary (Budget).
2. Malik Asrar Ahmad, F. A. (Food and Agriculture, Production and Industries).
3. Mr. Azizur Rehman, F. A. (Kashmir Affairs and Northern Affairs Division and State and Frontier Regions Division).

332. *Accounts examined.*—Accounts of the following Ministries/Divisions were examined during the course of the day :—

1. *Ministry of Food and Agriculture* (including Livestock Division).
2. *Ministry of States and Frontier Regions and Kashmir Affairs :*
  - (a) States and Frontier Regions Division.

(b) Kashmir Affairs and Northern Affairs Division.

3. *Ministry of Industries.*
4. *Ministry of Production.*

### MINISTRY OF FOOD AND AGRICULTURE

(Including Livestock)

333. The Committee first took up examination of Appropriation and other Accounts for the year 1976-77 pertaining to the Ministry of Food and Agriculture (including Livestock) and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Manzoor Ahmad, Additional Secretary.
2. Dr. A. Salam Akhtar, Joint Secretary (L).
3. Mr. S. A. Raza, Joint Secretary (A).
4. Mr. M. Mohsin, Joint Secretary (F).
5. Mr. Riazul Haq Siddiqi, Deputy Secretary (F&A).

334. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Zoological Survey Department .. .. .	14
2.	Food & Agriculture & Livestock Divisions (excluding Group head ' B ' ) ..	53
3.	Plant protection Measures .. .. .	55
4.	Other Agricultural services (excluding sub-head ' A-4 ' ) ... ..	56
5.	Islamabad Milk Plant .. .. .	57
6.	Fisheries .. .. .	58
7.	Subsidy on wheat .. .. .	59
8.	Capital Outlay on purchase of Fertilizer .. .. .	111
9.	Capital Outlay on Food Purchases by Food and Agriculture Division ..	112
10.	Development Expenditure of Cabinet Division (Sub-head ' Y-1 ' ) .. ..	124
11.	Development Expenditure of Food and Agriculture & Livestock Divisions ..	135
12.	Capital Outlay on Food Storage and other works .. .. .	164

### APPROPRIATION ACCOUNTS

335. *Grant No. 14, 58 and 124—(Pages 28, 73 and 614—AA).*—There was no material point for discussion under these grants.

336. *Grant No. 53 (Page 68—AA).*—Audit had pointed out an excess of Rs. 247,889 against group head “A—Agriculture Wing”. The departmental representative contested both the figures of final appropriation as well as the actual expenditure. The Audit representative pointed out that there was a difference of figures shown against the actual expenditure only. In reply to a query by the Chairman, he replied that these accounts had been only partly reconciled. When the Audit had sent the skeleton statement in August, 1979, the department did not raise any question on it. Therefore, they printed these figures in the Appropriation Accounts. The Committee observed that the department should not have made a wrong statement in respect of the final appropriation. It further directed that timely reconciliation should be got effected and this type of a mistake should not recur in the future.

337. *Group head “C—Food Wing” (Page 68—AA).*—An excess of Rs. 70,747 was shown against this group head. The Department explained that an amount of Rs. 35,038 relating to another grant had got inadvertently posted under this group head. The remaining excess was due to expenditure on telephone charges incorporated in the accounts after the Ministry had already finalised the savings and excesses on the 30th June, 1977. The Committee requested the Audit to check and correct the figures.

338. *Grant No. 55 (Page 70—AA).*—A saving of F₹. 2,531,907 was claimed under this grant.

339. After some discussion, the Committee observed that the explanation given by the Department at Annexure ‘A’ of the document submitted by them was not valid. Savings should have been surrendered irrespective of the fact whether orders for the purchase of spares had been placed or not.

340. *Grant No. 56 (Page 71—AA).*—Audit had pointed out a saving of Rs. 111,292 against the group head “A—Agricultural Experiments and Research”. The department explained that it was due to a large number of posts having remained vacant because of some procedural difficulties. The Committee accepted the explanation given by the department.

341. *Grant No. 57—Islamabad Milk Plant (Page 72—AA).*—Savings of Rs. 136,292, Rs. 254,368 and Rs. 250,000 was shown against the group heads “A—Islamabad Milk Plant”, “B—Working Expenses” and “C—Appropriation to Funds and Profits”, respectively.

342. The Chairman observed that savings should have been surrendered. The department should note that they failed to do so. Secondly, Commercial Accounts for such projects should be properly maintained. This matter should not be delayed any more. Thirdly, a deduct entry should have been made in respect of the World Food Programme commodities.

343. The Audit representative submitted that entry in the accounts had to be made on the advice of the Economic Affairs Division. That is why it had not been shown in the accounts. Audit was requested to check whether it was done in the next year.

344. *Grant No. 59 (Page 74—AA).*—Audit had pointed out an excess of Rs. 15,364,219 against the sub-head “A-1 (1)—subsidy on sales of indigenous wheat”. The department explained that the actual expenditure as per the department’s books worked out to Rs. 277,847,497, which was equal to the

amount of final grant. However, the AGPR had booked Rs. 15,364,219 in excess. The discrepancy had been pointed out *vide* letter No. FAC-39 (15)/79, dated 13th October, 1979. Efforts were also made to reconcile this by personal contact, but details of the excess amount were not made available either by the AGPR, Rawalpindi or his Karachi Office.

345. The Audit representative informed the Committee that they had sent the skeleton statement to the Ministry who were given two weeks' time for comments, they took two months to answer. The departmental representative submitted that the skeleton statement was sent to them in October, 1979. The Auditor-General pointed out that reconciliation was a joint responsibility. The Committee directed that the figures should be reconciled.

346. *Grant No. 111 (Page 130—AA).*—Audit had pointed out a saving of Rs. 15,761,940 against the group head "B—Fare, Freight, Storage and other incidental charges". The departmental representative contested the figures given by Audit and claimed that, in accordance with the reconciliation carried out with the Audit, the total expenditure came to Rs. 139,174,977 instead of Rs. 125,266,581, resulting in a saving of Rs. 1,853,544 which was within permissible limit.

347. After some discussion, the Committee observed that the Audit should check this and report back to the Committee, if necessary.

348. *Group head "C—Administrative Expenditure" (Page 130—AA).*—A saving of Rs. 1,242,006 was shown by the Audit against this group head. The Committee was informed that the administrative expenditure of the Lahore and Islamabad offices amounting to Rs. 1,124,000, had not been booked by the Audit during the year due to non-receipt of debits from the Accountants General concerned. The Audit representative submitted that, as the department had not supplied details of these debits, they (Audit) could not identify whether these debits had been received. A member remarked that this was an administrative expenditure, which the Audit could easily find out.

349. The Chairman observed that the department was right. There was considerable delay, which should be avoided. He requested the Audit to look into the circumstances that delayed the adjustment of this expenditure.

350. *Recoveries—Subsidy transferred to Revenue Account (Page 130—AA).*—Less recovery to the tune of Rs. 246,215,848 was shown against this group head. The department explained that the original estimate for this recovery was Rs. 325,222,000, which was reduced to Rs. 80,000,000 as a result of revised estimate of Rs. 246,222,000. Thus, there was a negligible more recovery of Rs. 6,152.

351. The Chairman remarked that the actual recovery of subsidy on the sale of fertilizer was only a quarter of the original estimate. The departmental representative said that the lesser level of subsidy recovery was due to non-release of funds by the Finance Division, because of the ways and means position.

352. The Chairman further observed that the Finance Division may find out as to why funds could not be released in this case. The expenditure had been incurred and it was a question of book adjustment only.

353. *Note I below grant No. 111 (Page 130—AA).*—Audit had pointed out that the Running Account and Financial Review along with the statement of losses/shortages, damages, etc., had not been appended. The department informed the Committee that Financial Review and Running Account could not be submitted because the accounts for the period from 1972-73 to 1974-75 (Part) were under certification by the Audit. In reply to a query, the departmental representative said that the accounts for 1975-76 and 1976-77 would be submitted to the Audit by the end of February, 1980. The departmental representative was requested to send a note to the Audit, indicating the time-schedule for the submission of the accounts.
354. *Grant No. 112 (Page 131—AA).*—Audit had pointed out an excess of Rs. 1,832,972 against group head "A—Purchase of Food-stuffs by Food and Agriculture Division". The department explained that there was actually a saving of Rs. 342,988 but, due to the adjustment of debit of Rs. 2,175,960 relating to fare and freight, raised by the Pakistan Railways, the saving turned into a net excess of Rs. 1,832,972. The Committee accepted the explanation given by the department.
355. *Recoveries—Subsidy on wheat (Page 131—AA).*—The Committee noted that figures relating to the subsidy were mixed up with those relating to other recoveries; and directed that these accounts should be corrected.
356. *Grant No. 135 (Page 158—AA).*—Audit had shown an excess of Rs. 215,730,150 under group head "O—Agriculture". The department explained that, after excluding two schemes pertaining to the Agriculture Census Department, which were under the control of the Ministry of Planning and Development, the variation between the final appropriation and the actual expenditure resulted in an excess of Rs. 114,319,821, which was due to the adjustment of debits amounting to Rs. 114,127,020 relating to the previous years.
357. The Audit representative pointed out that sixteen out of nineteen contracts were issued by the department during 1976-77. Therefore, the debit in respect of this year could not relate to the previous year. After seeking some explanations, the Committee reached the conclusion that the department had made an excess expenditure on the purchase of some goods after the close of the year. The departmental representative was asked to report to the Committee whether they had funds when they placed the orders and, if they had the funds, did they surrender those funds at the close of the year?
358. *Group head "X—Grants-in-Aid to Provincial Governments".*—An excess of Rs. 5,500,000 was shown against this group head. The department explained that there was neither an excess nor a saving under this head. After hearing the explanation given by the department, the Committee requested the Audit to verify and correct their figures.
359. *Grant No. 164 (Page 187—AA).*—The Committee noted that reconciliation of accounts under this grant had not been carried out.
360. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or the Audit Report. These would be deemed settled subject to regularising action, if any, under the rules.
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## STATES AND FRONTIER REGIONS DIVISION

361. The Appropriation and other Accounts pertaining to the States and Frontier Regions Division for the year 1976-77 and the Report of the Auditor-General thereon, were taken up next. The following departmental representatives were present :—

1. Mr. S. M. Niazi, Secretary.
2. Mr. A. M. Baber, Joint Secretary.
3. Mr. Ramizul Haq, Deputy Secretary.
4. Mr. Muzaffar Mahmud Qureshi, Secretary, Finance Department, Government of NWFP., Peshawar.
5. Mr. Suleman Shah, Chairman, Tribal Areas Development Corporation.

362. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	States & Frontier Regions Division .. .. .	89
2.	Frontier Regions .. .. .	90
3.	Federally Administered Tribal Areas .. .. .	91
4.	Maintenance Allowance to Ex-Rulers .. .. .	92
5.	Other Expenditure of States & Frontier Regions Division. .. .. .	93
6.	Development Expenditure of States & Frontier Regions Division (Group head 'I' Partly) .. .. .	143
7.	Development Expenditure of Federally Administered Tribal Areas .. .. .	144
8.	Capital Outlay on Development of Tribal Areas .. .. .	172

## APPROPRIATION ACCOUNTS

363. *General.*—At the outset, the Chairman observed that the accounts as presented to the Committee, showed that reconciliation had not been carried out throughout the year. As a result, two parallel sets of figures had emerged almost in all cases. The Chairman added that the Committee found it difficult to examine these accounts, with two sets of figures leading to different conclusions. He directed that the department should take action against these who slipped in having due reconciliation carried out. The departmental representative informed the Committee that they had already initiated action in this regard. He assured the Committee that this would not be repeated in the future.

364. *Grant No. 89 (Page 107—AA).*—The Audit had pointed out an excess of Rs. 471,520 against group head "C-Secret Service Expenditure". The department explained that, according to their figures the actual expenditure was Rs. 628,480 instead of Rs. 600,000 as shown in the Appropriation Accounts.

resulting in an excess of Rs. 500,000, which was due to the fact that a Supplementary Grant of Rs. 500,000 had been obtained from the Finance Division. But the Schedule of Supplementary Grant could not be submitted to that Division for inclusion in the booklet of supplementary grants for 1976-77. Hence the expenditure remained uncovered.

365. The Chairman remarked that the administrative Ministry was responsible to send the Schedule of Supplementary Grant to the Finance Division. The Committee directed that the Ministry should take measures to prevent this type of mistake in the future.

366. *Grant No. 90 (Page 108—AA).*—The Committee noted that there were two sets of figures under this grant. Audit had shown savings against group heads "A-Frontier Constabulary" and "B-Buildings and Communications", whereas the department claimed excesses. Again, Audit had shown an excess of Rs. 159,469 against the group head "C-Miscellaneous", whereas the department explained that the expenditure included an amount of Rs. 135,294, which had been adjusted by the Audit on account of debit of certain items of expenditure, which was not intimated to the department by the Audit.

367. The Auditor-General proposed that Audit would examine, regularise and reconcile these accounts. They would make adjustments, where necessary, and complete whatever formalities were required to cover them. The Committee observed that action on the part of Audit would have to be quicker.

368. *Grant No. 91 (Page 109—AA).*—An overall excess of Rs. 60,121,979 was claimed by the Audit under this grant. The departmental representative contested the figures of both the final grant as well as of actual expenditure. He explained that, after the surrender of Rs. 2,931,240, the final grant came to Rs. 99,885,960 against which the actual expenditure was Rs. 97,235,890, resulting in a saving of Rs. 2,649,870, which was mainly due to vacancy of posts in the Educational Departments. The Committee also noted that there was a discrepancy between the department and the Audit figures shown under the Major Head "56-A-Subsidies" (on commodities), the group head "A-Political and Administrative Charges" and the Group head "B-Buildings and Communications".

369. Referring to the discrepancy in the figures relating to subsidy on Commodities. Audit suggested that the Committee may allow them to go over this transaction again, so that they could provide the correct figures to the Committee. The departmental representative added that they would help to sort it out.

370. Referring to the discrepancy in the figures given under the Group head "A-Political and Administrative Charges". Audit explained that these accounts still required reconciliation. The Committee did not accept the explanation given by the department and wanted the department to furnish to it a fresh explanation. The Chairman observed that the only explanation of this sort of a thing was that the accounts were not being maintained properly or seen closely.

371. Referring to another excess expenditure under the group head "B-Buildings and Communications", the Chairman remarked that the department should have asked for a supplementary demand to cover the expenditure. The

Committee had been making this observation day in and day out. But it appeared that adequate attention was not being paid to the Committee's directive at every level, although warning were also being issued. It now appeared that it was not sufficient to issue mere warnings. The department should insist on the local administration to fix in each case the responsibility for this mistake for taking the necessary action. The Chairman added that the accounts were also not being reconciled. Even the unreconciled accounts were not being kept under review. This state of affairs must be brought to an end now.

372. The Provincial representative, who was present in the meeting, submitted that, after the observation made by the Committee last year, they had closely examined the matter. There were two basic snags. Firstly, the monthly and quarterly reconciliation of accounts or review of accounts was not taking place. As a result the DDO was not being kept in the picture. Secondly, the budgetary procedure had not been fully understood. Sometime, a distinction was not being made between the original demand and the actual grant.

373. The Chairman observed that the staff must be told what exactly their responsibilities were, and the officers must also keep an eye on the work of the staff. Secondly, the supplementary demand must be asked for at the proper time.

374. *Grant No. 92 (Page 110—AA).*—Audit had pointed out excess recovery to the tune of Rs. 126,550 against the head "Maintenance Allowances to ex-Rulers". It was explained that the recoveries from the Provincial Governments were not the concern of the Ministry. These were effected by the Audit authorities without reference to the Ministries/Divisions. The Chairman remarked that, while in some cases, Audit failed to recover what was paid, in others, their recoveries were much more than the payments. The Auditor-General informed the Committee that, in future, Audit would give simultaneously explanation as to why the adjustment could not be made in the accounts.

375. *Grant No. 143 (Page 166—AA).*—A saving of Rs. 15,000,000 was shown by Audit under this grant. The department explained that, due to the surrender of Rs. 3,000,000, the original grant of Rs. 15,000,000 was reduced to Rs. 12,000,000 which was allocated as follows: —

(i) Frontier Constabulary	= Rs.	5,000,000
(ii) Baluchistan Constabulary	= Rs.	7,000,000

The States and Frontier Regions Division was responsible for the Frontier Constabulary only. According to the scheme of departmentalization of accounts, the entire budget provision for the Frontier Constabulary was released to the PWD. Against this allocation, an expenditure of Rs. 2,942,667 was stated to have been incurred, resulting in a saving of Rs. 2,057,133. According to para 19 of the above-mentioned scheme, the un-spent balance should have been deposited into the Government Treasury by the PWD authorities, but this was not done.

376. The Committee thought that, in this case, the PWD committed an irregularity by not surrendering the un-spent money at the end of the year, while the department did not show much concern about the fate of the money transferred to the PWD. The Auditor-General observed that the Department should give a note about this case and Audit would verify it.

377. *Grant No. 144 (Page 167—AA).*—The Committee noted that reconciliation had not been conducted in this case. The Audit representative pleaded that, when they had sent the skeleton statement, the Ministry did not send any reply, in spite of reminders. The departmental representative was requested to direct his staff to reconcile these accounts, which involved a large amount of money.

### COMMERCIAL ACCOUNTS

#### **Fata Tochi Valley Match Factory, Miranshab.**

378. *Wastage of wood (Para 313, page 530—CA).*—It was pointed out that wood, measuring 4,778,653 cubic feet of the value of Rs. 109,288, was rejected by the Splint Making Section and declared as waste by the Factory. The wood so rejected formed 29% of the total wood consumed. The percentage of rejection seemed to be high and needed to be investigated into with a view to ascertaining the causes responsible for this high percentage of wastage and determining ways and means of reducing it in the future.

379. The management explained that the rate of wood wastage in match-making industry was normally 40%. The wood was processed through various stages. In the first stage it was cut into 15" pieces. Any piece below this size would go waste. Further, peeling was done on the wood to an extent where the inner core of the wood was reduced to a circumference of 8 to 9 inches. As it could not be peeled further, pieces reduced to that size also went waste. The waste percentage of this factory, as such, was still below the average obtaining in this industry. However, continuous efforts were being made to reduce this wastage.

380. The Committee accepted the explanation of the management but suggested that a remedy to reduce this wastage might be found out.

381. *Compilation of Accounts (Para 315, page 530—CA).*—The Committee was informed that, in accordance with the rules of FATA, only the format of the accounts was to be approved by the Board. Actual accounts were, however, not required to be submitted to the Board. The Chairman observed that the Board must see the accounts. The Committee, therefore, recommended that the accounts of the factory should be submitted to its Board. The management promised to do so.

#### **Kurram Fruit Products, Sadda**

382. *Cost of production (Para 321, page 549—CA).*—It was pointed out by Audit that the factory sustained a net loss of Rs. 197,454 during the period from December 1976 to June 1977 due to higher cost of production as compared to the selling rates of all the products of the factory, which had to be lowered in order to compete with the rates of similar products of other farms. The departmental representative explained that their losses were due to higher cost of buildings and depreciation and non-availability of fruits in the Kurram Agency as a result of which fruit had to be imported from distant areas. Moreover, there was no cold storage in Sadda, where fruits, purchased during the season, could be stored, for further processing. The Committee observed that ways and means should be found to run the factory more efficiently.

383. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points, paras in the Appropriation/Commercial Accounts or the Audit report. These would be deemed settled subject to regularising action, if any.

### KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION

384. The Appropriation and other Accounts for the year 1976-77 pertaining to the Kashmir Affairs and Northern Affairs Division and the Report of the Auditor-General thereon were taken up next. The following departmental representative were present:—

1. Mr. H. M. Chohan, Additional Secretary.
2. Mr. Muhammad Shafiq, Joint Secretary.
3. Mr. Q. M. Saeed, Deputy Secretary.
4. Mr. Zafarullah, D. C. S&T.

385. This Division controlled the following Grants:—

S. No.	Name of Grant	Grant No.
1.	Federal Government Educational Institutions in Northern Areas .. .. .	36
2.	Kashmir Affairs and Northern Affairs Division (excluding Group-head 'D')	76
3.	Northern Areas (excluding Group-head 'B') .. .. .	77
4.	Other expenditure of Kashmir Affairs and Northern Affairs Division (excluding Group-head 'F') .. .. .	78
5.	Capital Outlay on Purchases by Kashmir and Northern Affairs Division ..	113
6.	Development Expenditure of Kashmir Affairs and Northern Affairs Division [Sub-head Y-1(1)] .. .. .	140

### AUDIT REPORT

386. *Financial indiscipline in Rural Works Programme in Northern Areas (Para 24, pages 32-33—AR).*—The Committee was informed that the case had been investigated into by the FIA. The result of the investigation had been conveyed to AGPR, whose advice was still awaited.

387. The Audit representative submitted that the department had sent them a report from the Deputy Director, FIA. That report dealt with only one person. The FIA had drawn the conclusion that all these things were done in

public interest, and there was no personal involvement. They had decided that the Resident should not be proceeded against. Most of the money involved in this case could now be recovered in the changed circumstances. The Auditor-General suggested that the Ministry should review whether recoveries were possible.

388. The Chairman observed that the department should first see whether the money was paid as Grant-in-Aid and what was the form and purpose of the payment? If it was sanctioned for holding the convention, then there was nothing to be recovered. But if it was for a different purpose, then action could be taken. The Audit representative said that Rural Works Programme was the theme of the convention. If the expenditure was incurred in the line with the purposes of the Programme, then no one could object to it.

389. The Committee also observed that the department should find out as to why action for recovery could not be taken with regard to item No. (i) and if any action can be taken, the Ministry should do so. As for item (ii), recovery could be made. However if no action could be taken, the Committee should be informed about the reasons for it. The Committee also directed that a copy of the sanction letter should be furnished to them.

#### APPROPRIATION ACCOUNTS

390. *Grant No. 36 (Page 48—AA).*—An overall excess of Rs. 3,274,366 was shown under this grant. The department explained that the additional expenditure on account of pay and allowances for 1973 to 1975, was met from the budget of 1976-77. During the period under reference, the Directorate was under the Ministry of Education, who had been requested to proceed against the then Director (Education) immediately. The Committee directed that action should be taken against the person concerned for incurring the excess expenditure and also for his failure to request for a supplementary grant in time.

391. *Grant No. 76 (Page 94—AA).*—Audit had pointed out a saving of Rs. 823,557 under this grant. The departmental representative explained that, according to their figures, there was an excess of Rs. 25,875 instead of the saving claimed by the Audit. In reply to a query by the Chairman, the Audit representative stated that no reconciliation had been carried out in respect of this grant. The Chairman, thereupon, observed that, first of all, action should be taken against those who failed to carry out the reconciliation, and the Division concerned should ensure that accounts were reconciled in time. The departmental representative submitted that he had already issued show-cause notices to three officers for default on this account. The Chairman suggested that direction should be issued that the concerned officials should submit a monthly report to the Principal Accounting Officer, informing him whether and to what extent had they reconciled their figures.

392. *Grant No. 77 (Page 95—AA).*—An excess of Rs. 4,334,986 was claimed by the Audit against the group head "A-Political and Administrative Charges". The department explained that, according to their figures, the actual expenditure was Rs. 18,495,348 instead of Rs. 22,043,586 as claimed by the Audit, resulting in an excess of Rs. 186,748 which was due to payment of royalty to the owners of forests of Diamir district and payment of compensation to the fire-stricken people of Gulgit Bazar. It was further stated that an expenditure, amounting to Rs. 17,552,571, had been reconciled with the Audit, while the balance was being reconciled.

393. The Committee observed that so far as the group head "A-Political and Administrative Charges" was concerned, there was an excess from the points of view of the Audit as well as the department. It only showed that expenditure was not being reviewed from time to time. The persons responsible for reviewing of the expenditure, should be asked to carry out the review periodically without fail. Secondly, monthly reconciliation must be carried out invariably.

394. *Grant No. 78 (Page 96—AA).*—A saving of Rs. 21,485,235 was shown against the group head "B-Subsidies". The departmental representative contested the Audit figures and submitted that the final appropriation under this group head was Rs. 73,543,800 against Rs. 80,444,000 shown by the Audit. The final appropriation in respect of the Northern Areas amounted to Rs. 46,057,800, while the balance of Rs. 27,486,000 related to the Azad Kashmir Government. Against the final appropriation of Rs. 46,057,800, the actual expenditure amounted to Rs. 34,416,700 resulting in a saving of Rs. 11,641,100, which was due to non-receipt of bills on account of cost of wheat and carriage of stocks.

395. The Chairman observed that, out of the final appropriation of about 80 million, the Ministry was accounting for Rs. 46 millions only. The balance had also to be accounted for. That meant that the entire accounts had not been properly examined. It seemed that one section had dealt with their accounts, while the other section dealing with Azad Kashmir had not dealt with their portion. The Chairman directed that this exercise should be re-done and there should be a separate paper for Azad Kashmir.

396. The following information was furnished to the Committee by the Ministry, subsequently :—

"Against the final appropriation of Rs. 80,440,000 shown by Audit, the actual final grant, as reported to AGPR *vide* letter No. B&A-1[32] 77, dated 30th June, 1977 was Rs. 73,543,800. Against this final grant the actual expenditure was Rs. 61,902,700. The expenditure included Rs. 34,416,700 for the Northern Areas, as already reported to PAC, as well as Rs. 27,486,000 for Azad Kashmir about which the PAC wanted a clarification".

397. *Grant No. 113 (Page 132—AA).*—A saving of Rs. 80,309,073 was shown by the Audit against the group head "A-Purchases by Kashmir Affairs Division". The department explained that this head of account was not operated by the Division during the 1976-77 due to the transfer of Civil Supplies meant for Azad Kashmir, to the Azad Jammu and Kashmir Government. The expenditure of Rs. 20,096,927, shown in the Appropriation Accounts, was incurred to clear the old liabilities pertaining to 1975-76.

398. The Chairman observed that the department should account for the entire grant and particularly for that portion which related to Azad Kashmir. The department furnished the following information, subsequently :—

"The final payment of Rs. 100,406,000 was revised to Rs. 27,393,000 *vide* NIS issued by this Division and which subsequently appeared at page 1503 of the printed budget book for 1977-78 under grant No. 128. Against this amount a sum of Rs. 20,096,927 was expended by this Division. There was a saving of Rs. 7,296,073 only which was not fully anticipated and could not be surrendered".

399. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or Audit Reports thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

**MINISTRY OF INDUSTRIES**

400. The Committee then took up the examination of the Appropriation and other Accounts pertaining to the Ministry of Industries for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Alauddin Ahmad, Secretary.
2. Mr. S. Nisar Ali Shah, Joint Secretary.
3. Mr. A. K. Soofi, Director General, Investment Promotion and Supplies.
4. Mr. Muhammad Sharif Khan, Deputy Secretary.

401. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Industries Division .. .. .	72
2.	Industries .. .. .	73
3.	Department of Investment-Promotion & Supplies .. .. .	74
4.	Other Expenditure of Industries Division .. .. .	75
5.	Ministry of Food & Agrarian Management. .. .. .	110—A
6.	Capital Outlay on Misc. Stores .. .. .	114
7.	Investment in Hydrogenated Vegetable Oil Industry .. .. .	121
8.	Investment in Agrarian Management Corporation .. .. .	123—A
9.	Development Expenditure of Industries Division (excluding Group head 'D')	139
10.	Capital Outlay of Agrarian Management Division .. .. .	154—A

**APPROPRIATION ACCOUNTS**

402. *Grants No. 72 and 73 (Pages 90-91—AA).*—The Committee noted that the accounts under these grants were still needing reconciliation.

403. *Grant No. 74 (Page 92—AA).*—An excess of Rs. 106,738 was shown against the group head "C-Stores Section Abroad".

404. After going through the explanation given by the department, the Committee observed that the department could have avoided the excessive surrender had the Missions concerned informed them in time. The Department should see that the Missions supplied them the figures of actual expenditure in time in future.

405. *Grant No. 75 (Page 93—AA).*—A saving of Rs. 5,000,000 was claimed by the Audit against the group head “D-Miscellaneous and unforeseen charge”. The department explained that the final grant of Rs. 20,000,000 was made up of Rs. 10,000,000, allocated for expenditure on the export of solvent extracted Cotton Seed Meal, and Rs. 10,000,000, assigned through a supplementary grant for the manufacture of special quality cloth by Textile Mills. The amount meant for the export of solvent extracted Cotton Seed meal was surrendered by the Ministry of Industries *vide* letter No. 7 (19)76-E&B dated 10th September, 1976, consequent upon the transfer of this subject to the Ministry of Agrarian Management. The other amount of Rs. 10,000,000 was placed at the disposal of Project Director, Special Quality Cloth Project in two instalments of Rs. 5,000,000 each by the Ministry of Industries *vide* their letter No. A&B-7 (22) 77 dated 7th February, 1977 and dated 2nd June, 1977. Therefore, there was no variation. The Committee accepted the explanation given by the department.

406. *Grant No. 110-A (Page 129—AA).*—The Committee noted that no reconciliation was done in the case of the grant.

407. *Grant No. 114 (Page 133—AA).*—A saving of Rs. 22,217 against the group head “A-Purchase and sale of Diplomatic Cars” was claimed due to less purchase of diplomatic cars. The Chairman directed the departmental representative that a note containing full information with regard to the purchase and sale of diplomatic cars should be furnished to the Committee.

408. After some discussion on the activity of the department of supplies (Disposal Wing), the Committee directed that a comprehensive report about its organisation, role and functions, as well as its economy be submitted to it.

409. *Group head “B-Scheme for Production and Supply of Coal”.*—A member remarked that an amount of Rs. 1.65 lakhs was spent during this particular year on this scheme. Since coal was not being purchased, this expenditure must have been incurred on something else. The Chairman remarked that a recovery of Rs. 29,369 was made during the year and an amount of Rs. 165,500 was spent in this particular year. The Ministry should make up their mind about winding up this scheme, otherwise unnecessary expenditure would continue. The Committee approved the Auditor-General’s suggestion that this scheme should be wound up by the 30th June, 1980.

410. *Grant No. 121 (Page 142—AA).*—There was no material point for consideration by the Committee.

411. *Grant No. 123-A (Page 145—AA).*—Audit had pointed out a saving of Rs. 59,237,000 against the group head “A-Investment in Hydrogenated Vegetable Oil Industry”. The department explained that there was a saving of Rs. 12,032,785 only due to delay in acquiring shares in (1) A&B Karachi (2) Al-Hilal, Multan and (3) Hydri Industry, Hyderabad. The expenditure of Rs. 47,204,215 had not been booked by the AGPR, Rawalpindi. The Committee asked the Audit to correct their record.

412. *Grants No. 139 and 164-A (Pages 162 and 188—AA).*—The Committee found the explanation given by the departmental representative to be satisfactory.

## AUDIT REPORT

413. *Non-recovery of amount of risk purchase—Rs. 49,984 (Para 23, page 32—AR).*—The departmental explanation was considered as satisfactory.

## COMMERCIAL ACCOUNTS

**Pakistan Industries Technical Assistance Centre, Lahore.**

414. *Compilation of Accounts [Para 3 (x), page 5—CA].*—The Committee was informed that the accounts for the years 1975-76 and 1976-77 had also been compiled and submitted to the A. G., Punjab. The Audit confirmed their receipt.

415. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras in the Appropriation Accounts or Audit Report thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

## MINISTRY OF PRODUCTION

416. The Appropriation and other Accounts pertaining to the Ministry of Production for the year 1976-77 and the Report of the Auditor-General thereon, were the last to be examined by the Committee on this day. The following departmental representatives were present :—

1. Mr. Majid Mufli, Secretary.
2. Mr. Habeeb Hussain, Additional Secretary.
3. Mr. Z. U. Ahmad, Joint Secretary.
4. Mr. Riyaz H, Bukhari, Chairman, NFC.
5. Mrs. Salima Ahmad, Finance Director.
6. Mr. Anis Ahmad, General Manager (F).
7. Saiyed Enayat Hussain, Secretary, FCCCL.
8. Mr. M. Lodhi, PASMIC.

417. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Production .. .. .	105
2.	Capital Outlay of Ministry of Production .. .. .	115—A
3.	Capital Outlay on Industrial Development .. .. .	173
<b>1974-75</b>		
4.	Capital Outlay on Industrial Development .. .. .	160
<b>1975-76 :</b>		
5.	Capital Outlay on Industrial Development .. .. .	167

## APPROPRIATION ACCOUNTS—1974-75

418. *Grant No. 160 (Page 184—AA).*—A saving of Rs. 12,46,18,990 was claimed by the Audit against the group head "A-Investment in Industrial Development Corporation". The departmental representative contested both the figures of final grant as well as the actual expenditure. The Audit was requested to verify and correct their figures.

## APPROPRIATION ACCOUNTS—1975-76

419. *Grant No. 167 (Page 190—AA).*—Audit had pointed out a saving of Rs. 24,399,782 against the group head "A-Investment in Industrial Development Corporation". The departmental representative submitted that the final grant of Rs. 646,950,000 was reduced to Rs. 581,950,000 due to (i) *Ad-hoc* cut (Rs. 60,000,000), and (ii) Surrender (Rs. 5,000,000). Against this, the actual expenditure being Rs. 581,950,000 there was neither any excess nor saving. Audit was asked to check and correct their record.

## APPROPRIATION ACCOUNT—1976-77

420. *Grant No. 105 (Page 123—AA).*—An overall saving of Rs. 776,602 was claimed by Audit under this grant. However, the departmental representative disputed the figures of final grant as well as actual expenditure. After hearing the departmental explanation, the Audit representative said that, in the case of final appropriation, the Ministry had not taken into account certain surrenders|supplementaries. But they (Audit) had taken into account all the surrenders|supplementaries.

421. As the departmental representative could not explain the position to the satisfaction of the Committee, he was directed to send a revised explanation, group head-wise.

422. *Grant No. 115-A (Page 135—AA).*—There was no point for discussion by the Committee under this grant.

423. *Grant No. 173 (Page 204—AA).*—The department explained that the saving of Rs. 50,000,000 shown against the group head "A-Investment in Industrial Development Corporation" was due to this amount not having been approved for release by the Government. The Committee observed that when the amount was not released, it should have been surrendered. This was a mistake, which should have been avoided.

## COMMERCIAL ACCOUNTS

**Harnai Woollen Mills Ltd.**

424. *Audit comments (Para 38, page 55—CA).*—It was pointed out that the Pakistan Industrial Development Corporation had submitted a scheme in respect of balancing, modernization and expansion of the Harnai Woollen Mills in June, 1973. The scheme was later on revised and was required to be completed within a period of 32 months after its approval *i.e.*, by December, 1976. The scheme was not yet complete, though an expenditure of Rs. 3.183 million had been incurred on it in excess upto the 31st December, 1978. After some discussion, the Chairman remarked that the explanation was not correct and the excess expenditure had to be regularised.

425. *Trade debtors (Para 40, page 55—CA).*—Audit had pointed out that the Trade Debtors increased from Rs. 44.11 lacs in the previous year to Rs. 66 lacs during the year under review. The funds of the company remained tied up due to non-recovery of debts. Resultantly, the company obtained overdrafts to the tune of Rs. 7,524,464 on which interest amounting to Rs. 965,497 was paid. No year-wise analysis of the debts was prepared. The management should accelerate the pace of recovery.

426. The management explained that the Trade debtors increased due to higher sales in the last month of the year under review. The mill allowed 45 days' credit facilities to the agents and the recovery date was not due upto 30th June, 1977. The department had accepted the suggestion made by the audit and agreed to accelerate the pace of recovery by setting up "Special Recovery Cell" in Office.

427. The Committee suggested that there was no need to continue spending on a Special Cell for doing a normal and routine job.

#### **Quidabad Woollen Mills (Paras 45-46—Page 67—CA).**

428. There was no material point under these accounts. The Committee was, however, informed that the performance of the Mills was improving. It was one of the few good units of PIDC.

#### **Dir Frest Industries Commler, Chakdara (Para 53-54, Page 85—CA).**

429. No comments were made by the Committee on these accounts.

#### **Banau Sugar Mills**

430. *Working results (Para 61, page 104—CA).*—The Audit had pointed out that the Mills produced 11,344 thousand metric tons of sugar during 1976-77 against 15,486 thousand metric tons produced during the preceding year. The cost of production per metric ton increased to Rs. 4,653.83 during the year 1976-77, as against Rs. 4,175.51 during the year 1975-76. The short-fall in production, heavy expenditure on the consumption of stores and spares, and payment of a huge amount of interest on loans resulted in the higher cost of production. Consequently, the project suffered a huge net loss of Rs. 7,151,598 during the year under review.

431. The department explained that they were sustaining heavy losses due to non-availability of sugar-cane in sufficient quantities, to cope with the capacity requirement. This project had never been in a position to absorb the fixed overheads, with the result that in order to meet the accumulated losses, bank loans had to be raised, every year, which obviously entailed the payment of heavy interest thereon.

432. Replying to a query, the departmental representative informed the Committee that losses during the year 1978-79 amounted to Rs. 11,200,000 and the current year was the worst. They had reviewed the position recently and authorised the Mills to stop crushing, because it was no more economical. He added that the price of sugar-cane had been raised to Rs. 6.9 per maund recently. But it should have been increased at the time of sowing, when it stood only at Rs. 4 per maund. He added that, unless there was a cane development policy, it would be difficult to overcome the situation.

433. The Auditor-General suggested that, instead of closing the Mills, it should be disposed of. The departmental representative replied that Government had sanctioned the scheme only up to the current year (1979-80). It would be closed if its PCI form, to be submitted on the basis of its feasibility report, was not approved by the Government.

**Specialised Refractory Project, Abbottabad (Paras 70—72, Page 117—CA) and Dhariala Potash Fertilizer Project (Paras 75—77, Page 125—CA).**

434. No comments were made by the Committee on the accounts of these projects.

435. *Extra expenditure of Rs. 41,893 on the purchase of material (Para 5, page 11—CA).*—After hearing the explanation given by the department, the Auditor-General remarked that the delay had been costly and the department should have looked into its causes. The departmental representative said that it was a procedural delay and the people who were responsible for it were no more there. Subject to the above remarks, the para was treated as settled.

436. *Loss of Rs. 26,170 due to theft of jute bags (Para 6, page 11—CA).*—The Committee decided to drop this para, after hearing the department representative.

437. *Loss of Rs. 60,569 on account of non-recovery of advances from a clearing agent (Para 7, page 11—CA).*—The Committee was informed that the PIDC had first decided to go for arbitration in this and some other cases. Later, they decided to take up this case only. But the Law Department suggested, at that time, that the department should not press for the recovery, because it would not be possible to recover. Replying to a query by the Chairman, the departmental representative said that he did not think it would be possible to effect the recovery.

438. The Audit representative remarked that they would like to see the legal advice. The departmental representative said that they would send copy of the communication which they had received from the PIDC. However, they thought that the legal opinion was not given in writing. It had, perhaps, been informally suggested that the department should not press for this recovery. They would let the Committee know whether anybody was responsible for this situation.

439. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points|paras in the Appropriation|Commercial Accounts or Audit Reports thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

440. The Committee then adjourned to meet at 9.30 a.m. on Wednesday, the 16th January, 1980.

M. A. HAQ,  
Secretary.

Islamabad, the 26th May, 1980.

## NATIONAL ASSEMBLY SECRETARIAT

### Fifth Meeting

*Wednesday, the 16th January, 1980*

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. M. A. Javed, Deputy Secretary.
3. Mr. Akhtar Sharif, Director, Public Relations.
4. Mr. Inayat Ali, Assistant Secretary.

*Audit*

1. Mr. Abdur Raouf, Auditor-General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Senior).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenues.
5. Syed Jameel Ahmad Zaidi Director, Audit and Accounts (Works).
6. Mr. M. Alley Imam Malik, Joint Director, Commercial Audit.
7. Mr. A. S. Ansari, DADS.

*Ministry of Finance*

1. Mr. Adnan Ahmad Ali, Joint Secretary (Budget).
2. Malik Asrar Ahmad, F. A. (Health).
3. Mr. M. A. A. Siddiqi, DFA (Civil Aviation).

442. *Accounts examined.*—The Accounts of the following Ministries/Divisions were examined during the course of the day :—

1. *Ministry of Planning and Development :*
  - (a) Planning and Development Division.
  - (b) Statistics Division.

- (c) Population Division.
2. Ministry of Health and Social Welfare :
  3. Ministry of Defence :
    - (a) Defence Division.
    - (b) Aviation Division.
    - (c) Defence Production Division
  4. Ministry of Petroleum and Natural Resources.

### PLANNING AND DEVELOPMENT DIVISION

443. The Committee first took up the examination of the Appropriation Accounts pertaining to the Planning and Development Division for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. M. Z. Rehman, Additional Secretary.
2. Mr. S. Niaz Ahmad, Deputy Secretary.

444. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Planning and Development Division .. .. .	51
2.	Development expenditure of Planning and Development Division (excluding sub-heads D-1 (3) and D-4) .. .. .	134

### APPROPRIATION ACCOUNTS

445. *Grant No. 51 (Page 66—AA).*—The saving of Rs. 207,002 shown against the group head "A-Secretariat" was contested by the departmental representative, who claimed that actual saving had amounted to only Rs. 113,538. The Audit admitted the position.

446. *Grant No. 134 (Page 157—AA).*—A saving of Rs. 1,612,377 was shown against the group head "D-General Administration". The departmental representative claimed that the actual saving amounted to Rs. 20,713,248, which had been duly surrendered. Audit accepted the position stated by the department.

447. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or Audit Report thereon. These would be deemed settled subject to regularising action, if any.

## STATISTICS DIVISION

448. The Appropriation Accounts pertaining to the Statistics Division for the year 1976-77 and the report of the Auditor-General thereon were examined next. Syed Sohail Ahmad, Joint Secretary, was present.

449. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Statistics Division	52
2.	Other Agricultural Services (Sub-Head 'A' 4)	56
3.	Development Expenditure of Food and Agriculture Division [Sub-head '0-4' (1)]	135

## APPROPRIATION ACCOUNTS

450. Grant No. 52 (Page 67—AA).—The Audit had pointed out a saving of Rs. 2,222,675 under this grant, but the departmental representative clarified that, according to their figures, there was neither a saving nor excess. After seeking some clarifications, the Committee observed that this matter called for a verification by Audit.

451. Grants No. 56 and 135 (Pages 71 and 158—AA).—There was no material point in these grants for consideration.

452. Points/paras not discussed to be treated as settled.—The Committee did not make any observation on other points/paras in the Appropriation Accounts or Audit Report thereon. These would be deemed settled subject to regularising action, if any.

## POPULATION DIVISION

453. The Committee then took up the examination of Appropriation Accounts pertaining to the Population Division for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Mr. Rashid Ahmad, Additional Secretary.
2. Mr. Bashir-ud-Din Ahmad, Deputy Director (Budget).

454. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Population Planning Division	100
2.	Development expenditure of Population Planning Division	148

## APPROPRIATION ACCOUNTS

455. *Grant No. 100 (Page 118—AA).*—There was no material point for consideration under this grant.

456. *Grant No. 148 (Page 171—AA).*—An excess of Rs. 22,578,563 was pointed out by the Audit under this grant. The departmental representative contended that actual expenditure being Rs. 239,771,263 instead of Rs. 231,746,263, as shown in the Accounts, the excess amounted to Rs. 30,603,563, which was due to belated adjustment of commodity, received in aid against the allocations during 1973-74 and 1974-75 but adjusted in the accounts of 1976-77. There was an overall saving of Rs. 11,253,737 and an amount of Rs. 33,832,300 had been surrendered before 30th June, 1977. Thus belated adjustments converted the savings into excess.

457. The Chairman remarked that the excess was entirely due to non-adjustment of the commodity aid received in 1973-74 and 1974-75. The departmental representative replied that adjustment was made in the accounts for 1976-77 during August, 1979. The Audit representative informed the Committee that booking had been done much earlier, but the Skeleton reached the Ministry in the month of August, 1979. The departmental representative said that they could not know about the excess earlier. After some discussion, the Chairman remarked that this seemed to be almost a general problem.

458. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points/paras in the Appropriation Accounts or Audit Report thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

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**MINISTRY OF HEALTH AND SOCIAL WELFARE**

459. Thereafter, the Appropriation and other Accounts for the year 1976-77 pertaining to the Ministry of Health and Social Welfare and the Report of the Auditor-General thereon were taken up for examination. The following departmental representatives were present:—

1. Lt. Gen. C. K. Hasan, Secretary.
2. Maj. Gen. M. I. Burney, Director, N.H.Lab.
3. Mr. Abdu Qadir Butt, Deputy Secretary.

460. This Ministry controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Health Division .. .. .	97
2.	Medical Services .. .. .	98
3.	Public Health .. .. .	99
4.	Development expenditure of Health Division .. .. .	147

## APPROPRIATION ACCOUNTS

461. *Grant No. 97 (Page 115—AA)*.—The saving of Rs. 1,086,815 was attributed mainly to the non-materialization of sanction of US \$ 95,880, issued on the 16th March, 1977, for the payment as Government's contribution to World Health Organisation, information about which was received after the close of the financial year, when it was too late either to arrange afresh for the foreign exchange or surrender the saving.
462. The Committee finally observed that international obligations must be discharged on the due date. Instead of waiting up to March, 1977, necessary action for the payment of the contribution should, in this case, have been taken in July, 1976. The departmental representative was directed to look into the case again for suitable action against any default and make sure that the contribution was remitted timely in the future.
463. *Grant No. 98 (Page 116—AA)*.—Audit had pointed out an excess of Rs. 50,162 against the group head "A-Medical Establishments". The departmental representative claimed that, according to the reconciled statements, the actual expenditure stood at Rs. 441,739 instead of Rs. 492,862, as shown in the Appropriation Accounts, resulting in a minor saving of Rs. 961. Audit accepted the departmental figures.
464. *Group head "C-Grants for Medical Purposes" (Page 116—AA)*.—A saving of Rs. 2,379,218 was shown against this group head. The departmental representative submitted that, according to departmental records, there was a saving of Rs. 3,803,300 due to non-release of grant-in-aid to the Fatima Jinnah Medical College, Lahore.
465. Replying to the query as to why the grant was not released, the departmental representative informed the Committee that there was a misunderstanding that the amount had been released. The Chairman remarked that the College authorities must have been pressing all the time for the money. The departmental representative said that he had initiated disciplinary action against those responsible for this lapse.
466. *Group head "G-Lump Provision for Drugs and Medicines" (Page 116—AA)*.—The saving of Rs. 797,121 was attributed to non-clearance of pending medical bills at the close of the financial year. Replying to a query as to why were the bills not cleared, the departmental representative said that, at times, the bills were not presented in time and sometime they could not meet the objection in time.
467. *Grant No. 99 (Page 117—AA)*.—The Committee asked the Audit to identify and reconcile the discrepancy in the audit and departmental figures of actual expenditure against the group head "D-Bacteriological Laboratories" and group head "E-Other Establishments", under this grant.
468. *Grant No. 147 (Page 170—AA)*.—The saving of Rs. 15,183,245 under this grant was attributed by the department to (a) late start of the Basic Health Project (Rs. 228,412); and (b) less expenditure by the Malaria Control Programme (Rs. 14,954,833).

469. Asked as to why the saving was not surrendered the departmental representative submitted that debits in respect of insecticides in connection with the Malaria Control Programme, were expected during the year. The Committee accepted the explanation furnished by the departmental representative.

### AUDIT REPORT

470. *Non-maintenance of record for the payment of Rs. 8,214,680 as storage charges etc. on relief supplies from 1960-61 to 1973-74 (Para 20, page 30—AR).*—The Committee was informed that it transpired from the report of the Inquiry Committee, which inquired into the irregularities pointed out by Audit, that the first audit objection regarding the award of contract to a single person for many years was not borne out by facts as tenders used to be called each time according to the rules and the lowest tender was accepted, which incidentally happened to be of the same contractor. As regards irregular payment, the extent of irregularity and loss could not be ascertained due to non-availability of some of the records. However, this was an old case and a majority of the personnel, which had dealt with it, had either retired or died. The Audit representative submitted that, though the statement regarding the invitation of tenders checked by them from the records, had been found to be correct, Audit had informed the department as long ago as in November, 1970 that their records were not in order and excess payments were being made. However, despite audit objection, a payment of Rs. 627,300 was made on this account during 1970-71 to 1973-74. Out of Rs. 6 lakh, one lakh had been recovered and Rupees five lakh was still to be recovered. When they knew of the audit objection, the department should have stopped making any over-payment.

471. After some discussion, a member remarked that it seemed that no one took much notice of the forewarning by Audit and the matter was not considered properly. The department's statement that nothing could be done in this behalf was not quite acceptable. The departmental representative informed the Committee that he would make another attempt with the surviving hands and report back to the Committee.

### COMMERCIAL ACCOUNTS

#### Biological Production Division—National Health Laboratories

472. *Compilation of Accounts [Para 3 (xiii), page 6—CA].*—It was pointed out by Audit that the accounts of the Laboratories from 1971-72 to 1976-77 had yet to be compiled. The Committee was informed that the accounts for the years 1971-72 and 1972-73 had since been compiled. They were now trying to cover one year's accounts in two months. The department was directed to ensure that the accounts were completed by 30-9-1980.

473. *Points paras not discussed to be treated as settled.*—The Committee did not make any observation on other points paras in the Appropriation Commercial Accounts or Audit Report thereon. These would be deemed settled subject to regularising action, if any.

## DEFENCE DIVISION

474. The examination of the Appropriation and other Accounts pertaining to the Defence Division for the year 1976-77 and the Report of the Auditor-General thereon was taken up next. The following departmental representatives were present :—

1. AVM. A. Rashid Sheikh, Additional Secretary.
2. Mr. Sajjad-ul-Hassan, Joint Secretary.
3. Brig. Ehsan Yousuf (DG, NAWO).
4. Mr. Abdul Jalil, Additional Secretary, Military Finance.
5. Mr. M. I. Hasan, M.A.G.
6. Mr. Islamuddin, Deputy Secretary.

475. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Survey of Pakistan	13
2.	Ministry of Defence (excluding sub-heads A-2 and A-4)	27
3.	Northern Areas (Group head 'B' only)	77
4.	Other expenditure of Kashmir Affairs Division and Northern Affairs Division (Group head 'F' only)	78
5.	Development expenditure of Scientific and Technological Research Division (Sub-head 'K' — 'I' only)	126
6.	Development expenditure of Kashmir Affairs and Northern Affairs Division (Sub-head Y. 2 (I))	140
	<b>1974-75</b>	
7.	Development expenditure of Kashmir Affairs Division [Sub-head Y-2 (I)]	134
	<b>1975-76</b>	
8.	Federally Administered Northern Areas Division, (Group-head 'B' only)	14
9.	Other expenditure of Kashmir Affairs Division, (Group-head 'F' only)	15
10.	Development expenditure of Kashmir Affairs Division [Sub-head Y. 2 (I)]	126

## APPROPRIATION ACCOUNTS (CIVIL)

(1976-77)

476. *Grant No. 27 (Page 40—AA).*—The Committee observed that the department should note that the non-surrender of saving shown under this grant was an omission.

477. *Group head "C-Northern Light Infantry" (Page 40—AA).*—The department attributed the saving of Rs. 59,894,000 to the following :—

- (a) MAG had transferred a debit of Rs. 32,360,471 to the AGPR, who had failed to effect the booking thereof.

- (b) Non-availability of stores and equipment demanded on the re-organisation of Scouts *vis-a-vis* Northern Light Infantry Regiment (Rs. 27,533,529).

478. The Audit representative pointed out that the fact about-non-booking of Rs. 32,360,471 had been reported by the department now and that too without any details. Audit was requested to get in touch with the MAG and check it.

479. The Committee observed that the failure to surrender the saving of Rs. 27,533,529 should be looked into by the Ministry. The omission involved a substantial amount of money.

480. *Grant No. 13 (Page 27—AA).*—The Audit had pointed out a saving of Rs. 113,130 against the group head “A-Controlling and Administrative Staff”. The departmental representative contended that the saving, which amounted to Rs. 403,458, occurred due to non-receipt of stores against the A.Ts. upto 30-6-1977. Replying to a query, the departmental representative informed the Committee that the saving could not be surrendered as they were waiting for the goods. No further observation was made by the Committee.

481. *Group head “B-Map Publication and Drawing Offices” (Page 27—AA).*—The excess of Rs. 259,858, shown by the Audit against this group head, was not acceptable to the departmental representative who claimed that the actual expenditure being Rs. 3,150,304 instead of Rs. 3,427,358 shown by the Audit, there was a saving of Rs. 17,196, instead of any excess. Audit accepted the position. The Committee noted that the same position obtained in respect of the group head “C-Survey Parties”.

482. *Recoveries (Page 27—AA).*—The Audit had claimed less recovery to the extent of Rs. 4,863,000 from other Government departments. This figure was contested by the departmental representative, who claimed that actual recoveries amounted to Rs. 2,293,182, details of which had been supplied to the Accounts Office through the monthly returns. However, against this, the Accounts Office had shown a recovery of Rs. 59,000 only. The remaining less recovery of Rs. 2,628,818 was due to the fact that they could not take up certain paid up jobs due to the disturbances in the country. The Committee requested the Audit to check their figures in the light of the departmental reply.

483. *Note under Grant No. 13—Subsidiary Accounts.*—The Audit had pointed out that the following subsidiary accounts, which were due from the Controlling Officer, were not made available :—

- (i) Accounts of Stores of the Survey of Pakistan for the years 1969-70 to 1976-77
- (ii) Map Stores Accounts of Map Record and Issue Office of the Director Map Publication, Survey of Pakistan, Rawalpindi for the years 1972-73 to 1976-77.
- (iii) Combined Comparative Statement showing sale of Maps, Survey of Pakistan, for the years 1972-73 to 1976-77.
- (iv) The consolidated Stores Accounts of Lithographic Printing Office, Survey of Pakistan, for the year 1976-77.

484. The department explained that compilation of accounts for the year 1969-70 had been completed, but those for the years 1970-71 to 1976-77 were presently held up for want of audit of stores accounts of the offices at Quetta. The Comptroller, Baluchistan, Quetta, had been already requested to audit the accounts in question expeditiously. The Auditor-General of Pakistan, who was apprised of the position, had also written to the Comptroller to clear the arrears. As soon as the Accounts of the Quetta offices of the Department had been audited, consolidated Stores Accounts of the Department for 1970-71 to 1976-77 would be compiled and got audited by the A.G.P.R., Karachi's Audit Party.

485. Map Stores Accounts and Combined Comparative Statements, showing the sale of maps of Map Record and Issue Offices for the year 1972-73 to 1975-76, had been already Audited by the A.G.P.R.'s Audit Party and those for the year 1976-77 had been compiled and were awaiting audit check. The consolidated Stores Accounts of the Lithographic Printing Office, Survey of Pakistan, for the year 1976-77 had been compiled and was awaiting audit check.

486. The Audit representative remarked that the department should have compiled the accounts and left the rest to Audit. But here the compilation itself was said to be held up for want of audit. The departmental representative submitted that the accounts were first audited by the local audit offices, then they were sent to the head office Karachi. Thereafter, the accounts were compiled for the department as a whole, which were then finally audited by the AGPR.

487. The Auditor-General suggested that the department should compile the accounts and these should not be held up for want of completion of audit. The departmental representative undertook to do so. The departmental representative was directed by the Committee to proceed with the compilation of Map Store Accounts and Combined Comparative statements for the years 1977-78 and 1978-79, so that they were brought up-to-date.

488. *Grants No. 77-78 and 140 (Pages 95-96 and 163—AA).*—The Committee noted that departmental figures were quite different from those given by Audit. The Audit representative explained that replies to these grants had been received only 3 or 4 days ago. The Chairman, thereupon, observed that a proper Enquiry should be conducted. Finance as well as the Audit should be associated with that Enquiry and correct figures should be placed before the Committee.

489. *Grant No. 126 (Page 148—AA).*—There was no material point for discussion under this grant.

(1974-75)

490. *Grant No. 134 (Page 154—AA).*—The Committee took notice of the excess expenditure of Rs. 1,725,882 and Rs. 368,066 under the group heads "Water and Power" and "Water Supply", respectively.

(1975-76)

491. *Grant No. 14 (Page 29—AA).*—An overall excess of Rs. 11,606,007 under the heads "B-2", and "B-4", was claimed by Audit. The Chairman observed that these were very serious excesses. Possibly, some mis-appropriation may be involved in it. The department was requested to make an enquiry as to how excess expenditure was incurred to this extent and submit a report to the Committee.

492. *Grants No. 15 and 126 (Pages 29 and 144—AA).*—There was no material point for discussion under these grants.

### AUDIT REPORT (CIVIL)

493. *Non-recovery of secured advance of Rs. 8,112 from a Contractor (Para 8, page 25—AR).*—The Departmental Representative informed the Committee that Sector H.Q., Gilgit and Sub-Sector H.Q., Chilas had been instructed to make the recoveries from the contractor.

494. The Committee observed that, since it was a secured advance, it could be recovered. The departmental representative replied that they were trying to make recoveries from some other works done by the contractor.

495. The Committee requested the Audit to verify if proper security against the so-called secured advance was available. If so, it should be adjusted irrespective of any other claims that the department might have against him.

496. The departmental representative was directed to report back the position to the Committee.

497. *Expenditure incurred on works in anticipation of technical sanction (Para 9, page 25—AR).*—The Committee was informed that the objection raised initially related to 887 works, which were not technically sanctioned. Later, it was found that the number of such works was 1086. Out of these, 286 works had been already technically sanctioned and were available for Audit. Necessary action on the remaining works was in progress.

498. *Outstanding Adjustment Memos (Para 10, page 25—AR).*—The departmental representative informed the Committee that details of these outstanding periodical returns had not been received as yet. On the receipt of details, these would be cleared. Audit was requested to follow up.

499. *Outstanding inspection reports, audit notes, etc. (Para 12 pages 26-27 AR).*—The Committee was informed by the departmental representative that submission of returns by lower formations was being expected. The result would be intimated to Audit as the work of disposal of the reports and notes progressed. Audit was requested to follow up.

### COMMERCIAL APPENDIX TO APPROPRIATION ACCOUNTS

#### (DEFENCE DIVISION)

500. *Annual Trading Results of the Farms (Para 27, page 10—Commercial Appendix).*—After going through the comments of Audit and departmental explanation, a member enquired if the department wanted to keep proper accounts for each farm. The Audit representative said that, he would suggest a review of the accounting system for farms. The Committee observed that Audit should look into it and report to the Committee, if necessary.

### APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

#### MAG's Certificate

501. *Delay in the linkage of goods (Para 3, page 4—AA—Defence Services).*—The Chairman remarked that this matter had been discussed in successive meetings in the past. There should be a properly laid down procedure,

so that delay in the linkage of goods was minimised in the future. The departmental representative informed the Committee that there was not only a substantial improvement in this matter, but quite a lot of progress had been made. The Internal Audit was requested to check it.

502. *Warrant of Stores [Paras 4 (ii), page 4—AA—Defence Services].*—It was explained that the Warrant of Stores of all major establishments had already been prepared, with the exception of certain small establishments, out of which four cases had been already discussed by the Warrant of Stores Committee and the Warrants of these establishments would be forwarded to the Government shortly for their approval. There were now only four warrants under preparation for submission to the Warrant of Stores Committee. It would be helpful to the PN if the details of establishments, for which the Audit did not find Warrants of Stores, were intimated to the Stores Committee. The Committee asked the Audit to verify the work done in this behalf so far.

503. *Physical verification of stock (Para 5, page 4—AA—Defence Services).*—The Committee was informed by the departmental representative that annual stock verification had since been completed in four out of eleven defaulting units. Information in respect of the remaining seven units (NAWO, Gilgit) was awaited. The Committee requested the Audit to verify it.

#### Appendix 'A'

504. *Extra expenditure on account of risk purchase—Rs. 25,382 [Item 2 (i) 2, page 6—AA—Defence Services].*—The department explained that the case was taken to the court, where it was decided against the department. Nevertheless, the government had regularised the amount involved in this case, and no-body was held responsible. A member observed that there might be some flaw in conducting the case. The Audit representative requested the departmental representative to send to them a copy of the Court's Judgment.

505. *Stores Short-landed from abroad—Rs. 19,369 [Item 2 (i) 5 to 28 page 6—AA—Defence Services].*—Replying to a query, the departmental representative stated that normally valuable items were always insured, but in this case the nature of the stores did not permit such action. Replying to another query as to how much would the department have to pay in the form of insurance on these stores the departmental representative informed the Committee that they had carried out a detailed examination of this case and it was found un-profitable to insure such stores. The departmental representative was directed to supply a copy of their analysis for the information of the Committee.

506. *Loss of eight auditable documents [Item 2 (iii) 3, page 6—AA—Defence Services].*—After going through the departmental reply, the Audit informed the Committee that they had noted this item for verification.

#### Annexure to Appendix 'B'

507. *Damages caused to Army Vehicles (Item 1-1 to 1-50, pages 9-10—AA—Defence Services).*—After hearing the departmental explanation, the Auditor-General remarked that the department took a long time in deciding these cases wherein large amounts were involved. He requested that these cases should be processed quickly.

508. Noting that it took three to five years to decide these cases, the Chairman suggested that the department should consider formulating a procedure whereby such cases could be decided much more quickly.

509. *Loss of Ordnance Stores—Rs. 13,779 (Item 1-51, page 10—AA—Defence Services).*—The Committee was not fully satisfied with the reply given by the department, who were asked to submit a complete explanation regarding the prices and the order regularising the loss.

510. *Damage caused to stores due to flood—Rs. 422,660 (Item II-3, page 10—AA—Defence Services).*—The department explained that that loss had since been regularised under the orders of the competent authority and necessary preventive measures had also been adopted by the formation HQ concerned. The Committee directed the departmental representative to find out the nature of stores, where they were lost and also to report what type of preventive measures had been taken by them.

511. *Exercise of powers to write off the losses.*—The Committee noted that certain cases of losses had been regularised under the orders of the Adjutant-General but, in certain cases, this was done under the orders of the Ministry.

512. The Auditor-General pointed out that in some cases, the same amount had been written off by two different authorities, namely, the Government and the Adjutant-General. The Committee requested the department to submit a statement showing the respective powers of different authorities for writing off losses.

#### Appendix 'C'

513. *Statement of ex-gratia payments exceeding Rs. 20,000 (Items 1—5, 15—23 and 27—45, pages 11-12—AA—Defence Services).*—The Committee observed that relevant records should be produced before the Audit to verify these cases.

514. *Compensation to civilian truck-owners—Rs. 70,000 (Item 48, page 12—AA—Defence Services).*—The department explained that the truck in question was damaged by the miscreants while it was on military duty and due to no fault of the driver. Since the truck was not insured at the time of accident, it was the liability of the Government to pay compensation to the owner of the truck. The Chairman suggested that the department should consider whether a comprehensive insurance cover could be taken out at the time of hiring a truck for military duty.

#### Appendix 'D'

515. *Cancellation of a project in MES Bahawalpur—Rs. 57,628 (Item 2, page 13—AA—Defence Services).*—After hearing the explanation of the department, a member enquired as to what was the total cost of the project for which the contract was cancelled. As the information asked for was not readily available, the departmental representative was requested to report back full details to the Committee.

## AUDIT REPORT (DEFENCE SERVICES)

516. *Overpayment to contractor due to calculation mistakes—Rs. 123,425 (Para 1, page 4—AR—Defence Services).*—After going through the explanation, a member remarked that the payment should not have been made as long as the dispute was not settled. But the department delayed taking the case to the Court. He further observed that when they referred the case to the Law Division, it was already too late, and the case had become time-barred. The Auditor-General requested the F. A. (Defence) to study the case with particular reference to procedural aspects and report his findings to the Committee.

517. *Over-payment to a contractor for substandard work—Rs. 12,609 (Para 2, page 4—AR—Defence Services).*—After hearing the explanation given by the department, the Audit representative pointed out that, originally, the department had accepted their view-point but now they had come up with a different explanation. Therefore, Audit would have to verify the matter. The Committee approved the Auditor-General's suggestion that the MAG should be associated with the matter, so that it could be found out as to what amount was exactly involved.

518. *Over-payment to a contractor due to incorrect measurements—Rs. 10,787 (Para 3, page 5—AR—Defence Services).*—No observation was made by the Committee on this para.

519. *Over-payment of Rs. 8,648 to a contractor due to incorrect fixation of star rate (Para 4, page 5—AR—Defence Services).*—The departmental reply was deemed satisfactory and para treated as settled.

520. *Extra expenditure due to acceptance of a defective work—Rs. 82,350 (Para 5, page 5—AR—Defence Services).*—A member remarked that the retention money was for the period of maintenance. The rules also appeared to be in conformity with this. If the department was not following this procedure, then they should look at it again, because the whole purpose of providing for a maintenance period was to get the maintenance work done in that period, and that was the purpose of the retention money.

521. After some discussion, the Chairman observed that the procedure needed to be tightened up and clear interpretation of the rules should be made known to all concerned. It should also be stipulated in the contracts that they were subject to the rules.

522. *Delay in completing risk and cost work through departmental labour and non-recovery of Rs. 23,631 from the defaulting contractor (Para 6, page 6—AR—Defence Services).*—After going through the explanation given by the department, the Committee suggested that the department should look into this matter and streamline the procedure.

523. *Extra expenditure due to purchase of stores at higher rates—Rs. 1,304,930 (Para 7, page 6—AR—Defence Services).*—The Committee was informed that the matter was under investigation and necessary action to regularise the loss would be taken in due course. The Committee requested the Audit to follow it up.

524. *Extra expenditure due to abnormal delay in the finalisation of a supply contract—Rs. 753,000 (Page 8, page 7—AR—Defence Services).*—It was explained that tenders were opened in October, 1974 and these were sent to the

competent financial authority in November, 1974, after a lapse of five weeks. Skardu area was 130 miles from Gilgit by road and October, November and December were the most difficult months for this area from the climatic point of view. The main contractors for the Northern Areas were generally located in Rawalpindi, Abbottabad, Nowshera and Gilgit. But, in this case, the contractor, who had quoted the lowest rates, was located in Skardu. Due to bad weather, he could not move to Rawalpindi and enter into negotiations. Later, he sent a telegram to the GMG withdrawing his offer.

525. The Chairman remarked that, as the differential between the first lowest and the second lowest tenders, which was accepted, amounted to Rs. 7 lakhs, the correct thing would have been to call for a fresh tender or make a counter-offer to the first lowest tender.

526. *Avoidable extra expenditure due to unnecessary retention of hired accommodation—Rs. 11,142 (Para 9, page 7—AR—Defence Services).*—The Committee was informed that a Court of Inquiry had been ordered by the HQ, Peshawar Log Area to investigate into the matter and fix the responsibility. The Court of Inquiry proceedings were in progress.

527. *Un-necessary purchase of an item of furniture costing Rs. 62,880 (Para 10, page 8—AR—Defence Services).*—The explanation of the department being unsatisfactory, the departmental representative was directed to submit a revised explanation in the next meeting of the Committee.

528. *Loss of revenue due to non-revision of water rates—Rs. 7,729,851 (Para 12, pages 8—9—AR—Defence Services).*—After hearing the departmental explanation, the Committee observed that this case had been dragging on for years. The department should examine it speedily, particularly the F.A., and a decision in the matter should be taken by the March, 1980.

529. *Payment of Rs. 774,599 on account of CILO/Conservancy allowance to troops located in border Defence Areas (Para 13, page 9—AR—Defence Services).*—It was explained that the soldiers were entitled to compensation in lieu of quarters, which was the same thing as house rent. All along they had been entitled to this compensation and even now it was being paid to them when no accommodation was provided to them. In 1976, a book of regulation was issued in which a note appeared which said "except B.D. areas". That note had created a complication.

530 The Chairman observed that the Government should reconsider the note and decide whether it had been correctly inserted.

531. *Loss of Rs. 332,935 due to misappropriation of ration and its sale proceeds in a Ration Stand (Para 14, pages 9-10—AR—Defence Services).*—The Committee directed the departmental representative to supply a copy of the Inquiry Report to Audit, who would follow the case.

532. *Loss of stores found deficient during stock taking—Rs. 19,058 (Para 15, page 10—AR—Defence Services).*—The Committee did not make any observation and the para was dropped, subject to verification by Audit of recovery/write off action.

533. *Non-recovery of rent and electricity charges of more than Rs. 124,261 from a commercially run cinema (Para 16, pages 10-11—AR—Defence Services).*—After going through the explanation given by the department, the Committee requested the Audit to check up the record as pointed out by the department and report back to it, if necessary.

534. *Irregular free issue of furniture and cinema projectors valuing Rs. 97,700 and non-recovery of hire charges—Rs. 75,577 (Para 17, page 11—AR—Defence Services).*—The Committee was informed that this had since been regularised under Government orders. The para was treated as settled.

535. *Non-realization of Government dues from an MES Contractor—Rs. 69,898 (Para 18, page 11—AR—Defence Services).*—After hearing the departmental explanation, the Chairman remarked that some procedure should be adopted to curb the creation of minus bills. Otherwise this menace would go on. The Committee also recommended that the department should check up if the system was defective and needed any modification.

536. *Non-realisation of long outstanding Government dues from an MES Contractor—Rs. 32,459 (Para 19, page 12—AR—Defence Services).*—The Committee did not make any observation, and the para was treated as settled subject to verification by Audit of recovery/write off action.

537. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts (Civil/Defence Services), Commercial Appendix to the Appropriation Accounts (Defence Services) of Audit Reports thereon (Civil/Defence Services). These would be deemed settled subject to regularising action, if any, under the rules.

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### AVIATION DIVISION

538. After the Defence Division the Appropriation and other Accounts of the Aviation Division for the year 1976-77 and the Report of the Auditor-General thereon came up for examination. The following departmental representatives were present :—

1. AVM A. Rashid Sheikh, Additional Secretary.
2. Mr. Mohsin Kamal, Joint Secretary (A).
3. Mr. M. Zakir, General Manager (Accounting) PIA.
4. Mr. N. H. Hanif, D. G., Civil Aviation.
5. Mr. Yaqub Ahmad, DEC, ADA.
6. Mr. Rahmatullah, D. G. M. S.

539. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Defence (Sub-head ' A-2 ')	27
2.	Meteorology	28
3.	Aviation	29
4.	Development expenditure of Ministry of Defence	129
5.	Capital outlay on Civil Aviation and other works of Ministry of Defence (Group head ' A ' only)	159

### AUDIT REPORT (CIVIL)

540. *Excessive advance payment of Rs. 253,805 and non-recovery thereof (Para 1, page 21—AR).*—The departmental explanation was deemed to be satisfactory and the para treated as settled.

541. *Loss of Rs. 14,786 due to payment of idle tractor charges (Para 2, page 21—AR).*—After seeking some clarifications, the Committee dropped this para.

542. *Expenditure incurred on works in anticipation of technical sanction (Para 3, page 22—AR).*—The departmental representative submitted that the objection was valid, but added that these were rush works and 105 objections were spread over a period of nine years from 1967 to 1976-77. Thereupon, the Chairman remarked that, if it was rush work, technical sanctions should have been rushed too because it was necessary to avoid infructuous expenditure. The departmental representative informed the Committee that instructions had since been issued to the ADA to avoid such mistakes. The Committee, however, directed that all concerned should be warned that strict action would be taken against those who did not comply with those instructions in the future.

543. *Outstanding Inspection Reports Audit etc. (Para 4, page 22—AR).*—The Committee was informed that, out of 348 outstanding reports 84 had been finally settled and replies in respect of 168 had been furnished to Audit. Action in respect of the remaining 96 documents was expected to be completed shortly. The Committee expressed its satisfactions over the progress made so far by the department in the disposal of Audit Inspection Reports and Notes.

### APPROPRIATION ACCOUNTS

544. *Grants No. 27 and 159 (Pages 40 and 181—AA).*—There was no material point for consideration under these grants.

545. *Grant No 28 (Page 41—AA).*—An over-all saving of Rs. 1,666,159 was claimed by Audit under this grant. The Committee accepted the explanation put forward by the department.

546. *Grant No. 29 (Page 42—AA).*—The Committee accepted the departmental explanation that the actual saving was of Rs. 12,204 only which was within the permissible limit.

547. *Group head "C—Aeronautical and Communication Service".*—The Audit accepted the explanation given by the department that there was neither a saving nor an excess under this group head. The Committee thereupon dropped the point.

548. *Grant No. 129 (Page 151—AA).*—The department attributed the saving of Rs. 898,378 to non-posting of expenditure by Audit. The Committee dropped the point subject to necessary adjustment by the Audit.

### COMMERCIAL ACCOUNTS

#### Pakistan International Airlines

549. *Loss of Rs. 53,559 on account of a missing consignment of tools (Para 10, page 13—CA).*—The Committee was informed that the amount had since been recovered from the under-writers. The para was treated as settled.

550. *Loss of Rs. 42,150 due to non-renewal of Route Permits of Vehicles in time (Para 11, page 14—CA).*—After going through the departmental explanation, the Chairman remarked that, if the post held by Mr. Sulehri had been filled up, his successor should have been held responsible for it. The departmental representative submitted that they had investigated into this point. Mr. Sulehri died all of a sudden and his successor did not know about the matter. It was put up to the competent authority and the loss was written off.

551. *Loss of consignment worth Rs. 44,650 in transit (Para 12, page 14—CA).*—After hearing the explanation, the Audit representative requested the departmental representative to supply them a copy of the Inquiry Report. He undertook to supply the same.

552. *(Para 201—208—Pages 350—353—CA).*—The Committee briefly discussed the Audit comments, particularly in respect of Investment, Stores and Spares, Debt Equity, etc.

553. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation/Commercial Accounts or Audit Report thereon. These would be deemed settled subject to regularising action, if any.

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### DEFENCE PRODUCTION DIVISION

554. The Appropriation and other Accounts for the year 1976-77 pertaining to the Defence Production Division and the Report of the Auditor-General thereon, were taken up for examination next. The following departmental representatives were present:—

1. Mr. Tariq Mustafa, Additional Secretary Incharge.
2. Mr. M. A. Jabbar, Joint Secretary (DP).
3. Major General Ch. Abdul Rehman Khan, DP (Army).
4. Lt. Col. Faiz Mohammad, DW&CE (DP).
5. Mr. Ghulam Nabi, DFA. POF.

555. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Defence (Sub-head ' A—4 ')	27
2.	Capital outlay on Civil Aviation and other works of Ministry of Defence (Group head ' B ' only)	159

### APPROPRIATION ACCOUNTS (CIVIL)

556. *Grant No. 27 (Page 40—AA).*—There was no material point for discussion under this grant.

557. *Grant No. 159 (Page 181—AA).*—A saving of Rs. 5,820,000 was shown against the group head " B—Other Works (SUPARCO) ". The departmental representative contested the figure and claimed that, as per the reconciliation statements, the actual expenditure worked out to Rs. 19,500,000 and not Rs. 18,500,000. Thus, the exact amount of saving was Rs. 4,820,000 instead of Rs. 5,820,000 as shown in the Appropriation Accounts. The saving of Rs. 4,820,000 was duly surrendered in June, 1977 *vide* letter No. 1912/DP-I (MF)/77, dated 30th June, 1977.

558. The Audit representative stated that they had neither the reconciliation statement available with them nor the surrender letter. The departmental representative was requested to supply copies of both the above-mentioned documents to the Audit for verification.

### APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

#### Appendix " A "

559. *Extra expenditure due to inclusion of price variation clause in the contract—Rs. 445,000 [Item 2 (i) 1, page 6—AA—Defence Services].*—After going through the departmental explanation, the Chairman remarked that, though M/s. Caltex had quoted the lowest rate, the department did not accept the tender and imposed additional conditions. The point was that if the department had negotiated with one party they should have negotiated with all the others. It was clear, the Chairman added, that the procedure laid down in the rules was not followed. However, this had been condoned by the Government.

#### Appendix " C "

560. *Statement of ex-gratia payment exceeding Rs. 20,000 in each case (Items 8, 9, 11—13, page 11—AA—Defence Services).*—The Committee noted that, in all these cases, only one firm, viz. M/s. Mughal Industries was involved (who were compensated more than the cost of the original contracts) and suspected a foul play. The departmental representative replied that M/s. Mughal Industries had quoted lowest rates in all these cases.

561. The Committee directed the departmental representative (Secretary) to call for all these cases, examine them carefully and give a complete report to the Committee in respect of them.

562. *General.*—The Auditor-General remarked that Audit were looking into these *ex-gratia* payments and would come back to report, if necessary.

### AUDIT REPORT (DEFENCE SERVICES)

563. *Over-issue of stores to contractors and short recovery of cost of stores retained by them—Rs. 16,075 (Para 11, page 8—AR—Defence Services).*—The Audit was not satisfied with the explanation furnished by the department, and informed the Committee that this matter should be deferred for the time being because they wanted to examine it again. The departmental representative was requested to supply a copy of ACC HO letter dated 28th June, 1974 to Audit. If necessary, they would report back to the Committee. The Committee agreed with the suggestion.

564. *Loss due to incorrect processing of tender inquiries—Rs. 1,479,160 (Para 20, page 13—AR—Defence Services).*—After hearing the explanation of the department regarding re-tendering etc., the Chairman remarked that there seemed to be an error of judgment. Even with the best of intentions and *bona fides*, this could happen at times.

565. *Varying practice in concluding contracts for purchases, causing extra expenditure of Rs. 1,439,668 (Para 21, pages 13—15—AR—Defence Services).*—The department explained that the case was under process and final reply would be submitted in the next meeting of the PAC. After some discussion, the Committee, directed the department to finalise the case and report progress by March, 1980.

566. *Irregular conclusion of contract and non-recovery of risk purchase amount—Rs. 78,000 (Para 22, page 15—AR—Defence Services).*—The departmental representative informed the Committee that he was not satisfied with the reply and had ordered an enquiry in the matter. Consideration of the para was, therefore, deferred.

567. *Un-justified waiver of liquidated damages—Rs. 47,212 (Para 23, page 16—AR—Defence Services).*—The departmental explanation was deemed to be satisfactory and the para treated as settled.

568. *Loss of Rs. 36,482 due to non-procurement of stores on repeat order (Para 24, pages 15-17—AR—Defence Services).*—After going through the explanation, Audit was requested to verify the facts again and report to the Committee, if necessary.

569. *Extra expenditure of Rs. 10,268,861 due to conclusion of a contract at other than the lowest tendered rate (Para 25, page 17—AR—Defence Services).*—After hearing the explanation, the Audit representative informed the Committee that they wanted to examine this case further in the light of the new information in the note of F. A. The Chairman observed that the Audit should examine it to see the number of occasions on which inordinate preference was given to other than the lowest tenderer and the same was justified in each case.

### COMMERCIAL APPENDIX TO APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

570. *Sundry Debtors (Para 38, page 27—Commercial Appendix).*—The Committee took note of the explanation given by the department that many outstanding debt balances had been cleared and efforts were being made to expedite the recovery of the remaining debts.

571. *Other débits* (Page 39, page 27—*Commercial Appendix*).—The Committee was informed that a large amount of debts under the head 'Stores' had been cleared. The balance of outstanding debts on 31st December, 1979 was Rs. 1.84 crore.

572. The Committee was further informed that a sum of Rs. 5,589,174 appearing against the year 1970-71 on account of Machinery pertained to the POF, Dacca. Necessary action for the clearance/adjustment of the same was in hand as decided in the PAC's meeting held on 24th July, 1979. A Member observed that it would be available to transfer the amount to the 'suspense account'.

573. *Preliminary expenses* (Paras 40, page 28—*Commercial Appendix*).—The department explained that the case regarding the preliminary expenses had been referred to the M.A.G. on 13th November, 1979, for obtaining the approval of the Ministry of Finance to the absorption thereof in the next 10 years. The necessary adjustment/regularisation action would be taken on the receipt of the decision from the Ministry of Finance through M.A.G.

574. The departmental representative/FA (D) was requested to get this case expedited and finalised by March, 1980.

575. *Points paras not discussed to be treated as settled*.—The Committee did not make any observation on the other points/paras in the Appropriation Accounts (Civil Defence Services) Commercial Appendix to Appropriation Accounts of Defence Services or Audit Reports thereon (Civil Defence Services). These would be deemed settled subject to such regularising action as might be necessary under the rules.

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## MINISTRY OF PETROLEUM AND NATURAL RESOURCES

576. The Appropriation and other Accounts of the Ministry of Petroleum and Natural Resources for the year 1976-77 and the Report of the Auditor-General thereon, was the last to be taken up for examination. The following departmental representatives were present:—

1. Mr. Masihuddin, Acting Secretary.
2. Mr. A. M. Khan, Joint Secretary.
3. Ch. Ziaul Qayyum, Deputy Secretary (F&A).
4. Mr. Asrarullah, D.G. GSP.
5. Mr. A. C. Broker, GM (Finance) OGDC.
6. Mr. Asifullah, G. M. (Production), PMDC.

576A. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Fuel, power and Natural Resources (Group heads 'D' and 'F')	63
2.	Geological Survey .. .. .	64
3.	Other expenditure of Ministry of Petroleum and Natural Resources ..	65—A
4.	Investment in Fuel and Power Companies .. .. .	120
5.	Development expenditure of Ministry of Fuel, Power and Natural Resources (Group head 'K') .. .. .	136
6.	Capital Outlay on Fuel and Power (excluding group heads 'J' and 'K') ..	165
7.	Capital outlay on Mineral Development. .. .. . 1975-76	167
8.	Capital Outlay on Mineral Development (Group heads 'C' only) .. ..	162

APPROPRIATION ACCOUNTS (1976-77)

577. Grants No. 63, 64, 120 and 167 (Pages 78, 79, 141 and 197—AA).—There was no material point for discussion under these grants.

578. Grant No. 65 (Page 81—AA).—Audit had pointed out an excess of Rs. 1,700,000 against this grant. The excess was contested by the departmental representative. After hearing the explanation given by the department to the Audit, the Committee observed that the department and the Audit should reconcile the figures and then come back to the Committee. It was not possible for the Committee to have reconciliations conducted in its meetings.

579. Grant No. 136 (Page 159—AA).—Audit had shown an excess of Rs. 100,259 against the group head "X—Scientific Departments". The department claimed an excess of Rs. 2 only. The Committee requested the Audit to verify and correct their figures.

580. Grant No. 165 (Pages 190—93—AA).—An excess of Rs. 13,322,000 was depicted against the group head "B—Oil and Gas Development Corporation". The excess was contested by the departmental representative, who claimed that the Final Appropriation against this group head was Rs. 371,100,000 and not Rs. 357,778,000. Thus, there was neither any excess nor saving. The Audit was requested to check and verify the figures under this group head and also under the group heads 'F' and 'G'. The Accounts pertaining to group head 'I' under this grant also required to be adjusted/reconciled.

APPROPRIATION ACCOUNTS (1975-76)

581. Grant No. 162 (Page 180—AA).—The saving of Rs. 449,611, depicted against the group head "C—Operation Cell for Resources Survey" was explained as having been occurred due to the project than being in its initial stages and, as such, the anticipated expenditure not having been incurred. The Committee took note of the fact that the department failed to surrender the saving.

COMMERCIAL ACCOUNTS

**Pakistan Mineral Development Corporation**

582. Loss of Rs. 14,799 on account of payment of unexplained demurrage (Para 8, page 12—CA).—The department explained that the record on the subject was not traceable in the PIDC, the matter being very old. A member remarked that there must be some people there even now might be knowing the case.

The departmental representative submitted that about 500 people had been transferred to various departments. The new staff replacing them, could not find any records about this matter.

583. **MO** further observation was made by the committee.

584. *Loss of Rs. 111,950 due to purchase of defective lamps (Para 9, page 12—CA).*—The departmental explanation was deemed to be satisfactory and the para treated as settled.

585. *PMDC Accounts.*—After going through the Accounts for 1976-77 and 1977-78, a member remarked that the Accounts were not being prepared properly and too many things had been omitted. Replying to a query about accumulated losses, the departmental representative submitted that these were the accumulated losses of the PIDC which were transferred to the PMDC when the latter had taken over the projects. The member remarked that some one in the Government had to take a decision about the matter. But the Corporation should produce a proper comprehensive accounts, in which the details of losses should be attached as Annexure, so that one could find out as to what had happened, and the assets and liabilities should also be shown clearly. The Corporation were seen to be taking the managing agency and office allowances and commission and also allocating expenses separately therefor. They should either take office allowance or allocate office expenses, but not resort to both.

586. The departmental representative submitted that they had got a managing agency in Makarwal, where they took managing agency allowance. They charged administrative expenses from their other projects on the basis of operational expenses basis. The departmental representative was advised to give a comprehensive information to the Committee about these expenses and allowances. The information should be as comprehensive as possible.

**Sharigh Collieries Degari Coal Mines, Sore-Range Collieries JATTA Salt Quarries and Salt Mines Kalabagh (Pages 160—239—CA).**

587. No observation was made on the accounts of the above projects.

**Oil and Gas Development Corporation**

588. *Comparative Balance Sheet (Para 115, pages 242-243—CA).*—After going through the balance sheet, a member remarked that it did not make much sense to him. The Committee then sought some clarifications about the Loan from the USSR Government, Bangladesh assets, long-term loans and advances and deposits and pre-payments. As the departmental representative could not furnish information to the satisfaction of the Committee in respect of the item Advances, Deposit and Pre-payments, he was directed to furnish a detailed information about the above to the Committee, showing their year-wise break-down.

589. *Points paras not discussed to be treated as settled.*—The Committee did not make any observation on other points paras, in the Appropriation/Commercial Accounts or Audit Reports thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

590. The Committee then adjourned to meet again at 9.00 a.m. on Thursday, the 17th January, 1980.

**M. A. HAQ,**  
Secretary.

*Islamabad, the 26th May, 1980.*

## NATIONAL ASSEMBLY SECRETARIAT

*Thursday, the 17th January, 1980*

### Sixth Meeting

591. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.00 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. M. A. Javed, Deputy Secretary.
3. Mr. Akhtar Sharif, Director, Public Relations.
4. Mr. Inayat Ali, Assistant Secretary.

#### *Audit*

1. Mr. Abdur Raouf, Auditor-General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Senior).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenues.
5. Mr. M. Alley Imam Malik, Joint Director, Commercial Audit.
6. Mr. Idris Ahmad, Audit Officer, I.S.&F.

#### *Ministry of Finance*

1. Mr. Adnan Ahmad Ali, Joint Secretary (Budget).
2. Mr. M. Said, FA (Education, Senate, Assembly, Economics Affairs and Commerce etc.).
3. Malik Asrar Ahmad, F. A. (I&B).
4. Ch. Mahmud Ahmad, DFA Senate/Assembly (Finance) etc.

592. *Accounts examined.*—The Accounts of the following Ministries/Divisions ; etc, were examined during the course of the day :—

- (1) *Senate Secretariat.*
- (2) *National Assembly Secretariat.*
- (3) *Ministry of Education.*

(4) *Ministry of Finance and Economic Affairs :*

- (a) Finance Division.
- (b) Central Board of Revenue.
- (c) Economic Affairs Division.

(5) *Ministry of Information and Broadcasting.***SENATE SECRETARIAT**

593. The Committee first took up the examination of Appropriation and other Accounts for the year 1976-77 pertaining to the Senate Secretariat and the Report of the Auditor-General thereon. Mr. Aslam Abdullah Khan, Secretary, Senate Secretariat, represented the department.

594. This Secretariat controlled Grant No. 104—The Senate.

**APPROPRIATION ACCOUNTS**

595. *Grant No. 104 (Page 122—AA).*—A saving of Rs. 170,991 was depicted against the group head "A-Members of the Senate. The department explained that the member of the Senate usually draw their salaries from the treasuries of their Districts and the treasury offices used to raise their debits through the AGs of their respective Provinces against the A.G.P.R., Rawalpindi. Due to this lengthy procedure, the debits did not reach the A.G.P.R., in time. Hence the saving. However, the debits of the above-mentioned amount were received in 1977-78 and 1978-79.

596. The Committee desired to know the total figures of debits which were adjusted in the subsequent years. The departmental representative replied that they would furnish the necessary information later.

**NATIONAL ASSEMBLY SECRETARIAT**

597. After the Senate Secretariat, the examination of Appropriation and other Accounts of the National Assembly Secretariat for the year 1976-77 and the Report of the Auditor-General thereon, was taken up by the Committee. The following departmental representatives were present :—

1. Mr. M. A. Haq, Secretary.
2. Mr. M. A. Suri, Joint Secretary.

598. This Secretariat controlled Grant No. 103-National Assembly.

**APPROPRIATION ACCOUNTS**

599. *Grant No. 103 (Page 121—AA).*—Savings of Rs. 1,251 and Rs. 4,451 were depicted against the group heads "B-Speaker, Deputy Speaker and their Personal Staff" and "C-Secretariat" respectively. It was explained that as the savings were within the acceptable 30% limit, it did not require any detailed explanation. The Committee observed that this limit in the case of savings was now only 5% of Rs. 50,000, whichever may be less. No further observation was made on the Committee regarding this grant.

## MINISTRY OF EDUCATION

600. The Appropriation and other Accounts for the year 1976-77 pertaining to the Ministry of Education and the Report of the Auditor-General thereon, were taken up next. The following departmental representatives were present :—

1. Mr. M. A. Kazi, Secretary.
2. Mr. M. Ashraf Qureshi, Joint Educational Adviser.
3. Mr. Khumar Khan, Deputy Secretary.
4. Dr. M. D. Shami, Member, U. G. C.

601. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Education Division (excluding Group heads ' C ' & ' J ' ) .. .. .	31
2.	Education .. .. .	33
3.	Federal Government Educational Institutions in the Capital and Federal Areas .. .. .	34
4.	Federal Government Educational Institutions in Cantonments and Garrisons..	35
5.	Development expenditure of Education Division (excluding Group head ' K ' )..	130
6.	Capital Outlay of Education Division .. .. .	160

## APPROPRIATION ACCOUNTS

602. *Grant No. 31 (Page 43—AA).*—The saving of Rs. 471,852 against the group head "A-Secretariat" was ascribed mainly to non-receipt of telephone bills for two months, printing charges and non-adjustment of discrepancies by the Audit at the time of reconciliation.

603. Replying to a query regarding non-adjustment of discrepancies and less posting of expenditure under group head 'B', the Audit representative informed the Committee that this mistake seemed to have been committed by one of the compilation sections and they were trying to locate the responsibility. Disciplinary action would then be taken against the persons found responsible for the mistakes.

604. *Group head "E-Education Offices in Foreign countries".*—The Committee noticed that the receipt from the Quaid-i-Azam Students Hostel, London (Rs. 72,207) had been used for expenditure, and remarked that, normally, income was not allowed to be used for expenditure. The Audit representative remarked that it was a question of budget allocation, and one had to remain within the budget limits. The departmental representative explained that the budgetary provision was made, after allowing for income from the Hostel. The Audit representative said that they would like to see the standing orders about this budget provision.

605. *Grant No. 33 (Page 45—AA).*—The Committee noted that variation between the Audit and the departmental figures against some group heads under this grant were mainly due to non-adjustment by the Audit. It also noticed a large number of variations in respect of "Recoveries". The Audit was requested to correct their figures.

606. *Recoveries—Funds for Pride of Performance (Page 45—AA).*—A member enquired as to why were the funds provided against this head not utilised. The departmental representative replied that a summary was processed for this, but the case was not finalised.

607. *Amount met from the fund for grants to Provincial Universities.*—Audit had shown actual recoveries under this head as Rs. 9,900,000 whereas departmental figures were stated to be Rs. 7,500,000. About the discrepancy in figures, Audit representative stated that the Ministry's reply (before the PAC) was received on 9th January, 1980 and they had not ample time to verify it. The departmental representative was requested to furnish their replies in time in future.

608. *Grant No. 34 (Page 46—AA).*—The Committee noted that a sum of Rs. 1,034,277, pertaining to the group head "C-Middle", had been wrongly posted under the group head "D-Primary". Audit accepted the position.

609. *Grant No. 35 (Page 47—AA).*—There was a saving of Rs. 154,122 against the group head "B-Secondary", which was not surrendered. It was explained that this happened as a number of vacancies in various teaching institutions could not be filled up by the end of the year. The Committee considered the explanation to be unsatisfactory.

610. Replying to queries, the departmental representative submitted that Funds were allocated to various schools for incurring expenditure. They got reports regarding the progress of expenditure once in a fortnight. There were about 200 institutions to whom funds were provided under this grant. The departmental representative was requested to submit to the Committee a brief analysis of the expenditure on these institutions.

611. *Grant No. 150 (Page 152—AA).*—The Committee noted that the savings against six items under the grant were due to non-adjustment by Audit.

## AUDIT REPORT

612. *Infructuous expenditure on arrangements for an International Conference (Para 16, page 29—AR).*—After going through the explanation of department, the Chairman remarked that, in this case, the department could not be held responsible, because the decision was taken at a higher level.

613. The Audit representative pointed out that expending the funds taken as loan from Pak-Libya Joint Publishing House was also irregular. The Committee, noted that the unspent balance of a loan, taken from the Pakistan National Council of the Arts, had not been surrendered. The departmental representative was asked to surrender this amount within ten days. He replied that a part of this amount was to be recovered from some others. The money would be refunded after the recoveries.

## COMMERCIAL ACCOUNTS

**National Book Foundation**

614. *Compilation of Accounts (Para 3(iii), page 5—CA).*—It was pointed out that audit of the Accounts for the years 1972-73 to 1974-75 was in progress. The Accounts for 1975-76 to 1976-77 were not yet compiled. The Committee directed that all the outstanding accounts should be produced to the Audit by 30th June, 1980.

615. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on the other points/paras in the Appropriation Commercial Accounts or Audit Report thereon. These would be deemed settled subject to regularising action, if any, under the rules.

## MINISTRY OF FINANCE

616. The Appropriation and other Accounts pertaining to the Finance Division for the year 1976-77 and the Report of the Auditor-General thereon taken up next. The following departmental representatives were present —

1. Mr. H. U. Beg, Secretary.
2. Mr. Qamaruddin Siddiqi, Additional Secretary.
3. Mr. Asad Ahmad, Additional Secretary.
4. Mr. Aziz-ur-Rehman, Joint Secretary.
5. Mr. A. Jamil Nishtar, Chairman, A.D.B.P.

617. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Finance Division .. .. .	38
2.	Pakistan Mint .. .. .	39
3.	Superannuation Allowances and Pensions .. .. .	40
4.	Other expenditure of Finance Division .. .. .	41
5.	Grants-in-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments .. .. .	42
6.	National Savings .. .. .	48
7.	Capital Outlay on Pensions .. .. .	116—A
8.	Federal Miscellaneous Investments .. .. .	117
9.	Other Loans and Advances by the Federal Government .. .. .	118
10.	Development expenditure of Finance Division .. .. .	132
11.	Capital Outlay on Mint .. .. .	161
12.	Miscellaneous Capital Investment. .. .. .	162
13.	Development Loans and Advances by Federal Government .. .. .	163
14.	Audit .. .. .	—
15.	Servicing of Internal Debt .. .. .	—
16.	Servicing of Foreign Debt .. .. .	—
17.	Re-payment of Internal Debt .. .. .	—
18.	Repayment of Foreign Debt .. .. .	—

## APPROPRIATION ACCOUNTS

618. *Grant No. 28 (Page 50—AA).*—Discussing the limit of saving under this head, the Committee ruled that the permissible limit for savings should be a straight 5 per cent with no monetary limit.

619. *Grant No. 39 (Page 5—AA).*—Audit had pointed out non-receipt of Proforma Accounts of Nickel Mintage etc. The departmental reply stated that these accounts for the year 1976-77 had not been audited and would be supplied after audit. Subsidiary Account and Review of stores position were delivered to Audit Party on 16th June, 1979. Audit was requested to verify departmental reply. The Committee also directed the departmental representative to furnish these accounts for the years 1977-78 and 1978-79 to Audit by 29th February, 1980. If this was not done, the matter might be reported by Audit to the Committee.

620. *Expenditure incurred in excess of Grants/Appropriations (Para 3(8), page 2—AR).*—Audit had pointed out that an expenditure of Rs. 692,820 was incurred in excess of Grant No. 39-Pakistan Mint and was required to be regularised under Article 84 of the Constitution.

621. The department explained that the A. G., Punjab accounted for a total debit of Rs. 905,733 under the group head "A-Mint Master's Establishment" without any intimation to the Mint. It came to their notice only on 17th October, 1978, when the Chief Accounts Officer personally visited the AG's Office to check the correctness of the expenditure figures. Details of this adjustment were not made available till 16th October, 1979, despite effort by the Mint. The Committee requested the Audit to check it.

622. *Grant No. 40 (Pages 52-53—AA).*—Noting that there was too much of excess expenditure under this grant, the Committee requested the Finance Division and Audit to jointly examine for furnishing a satisfactory explanation for the excess.

623. *Grant No. 41 (Page 54—AA).*—There was no material point for consideration by the Committee under this grant.

624. *Grant No. 42 (Page 55—AA).*—The Chairman noted that some accounts had yet to be reconciled by the Audit. A member recalled that the Committee had been suggesting the possibility of the creation of a Central Accounts Office, to function independently of the Provincial AGs. The Accountant General, Pakistan Revenues replied that they were examining the proposal.

625. *Grant No. 48 (Page 63—AA).*—An excess of Rs. 837,047 was depicted under this grant. It was explained that the excess could not be covered by obtaining a supplementary grant due to non-receipt of expenditure statements from the Field Offices, which were located in far-flung areas. The Chairman remarked that the Field Offices were not apparently feeding the parent office promptly and regularly. He observed that somebody must collect the information in time and compile the same expeditiously. The departmental representative informed the Committee that the accounts of "National Savings" had been departmentalised and they hoped that there would be improvement now.

626. *Grant No. 116—A (Page 137—AA).*—Less recovery to the tune of Rs. 517,488 was shown against the head “Capital Portion of Equated Payments out of Revenue”. The Chairman expressed surprise as there should not have been this variation, because, this only reflected the expenditure now charged to ‘revenue’ which had been charged to ‘capital’ in the previous years. A member added that the Ministry should consider the possibility of eliminating this head altogether. The amount involved was not very large.

627. *Major Head “83-A—Purchase of Annuity for payment of Sterling Pensions” (Page 137—AA).*—Audit had claimed less recovery of Rs. 1,680,152 against this major head. The Chairman said there should have been no variation in this, because the annuity for sterling pensions had to be a fixed amount. It appeared that somebody had made a mistake in calculation.

628. *Grant No. 117—Federal Miscellaneous Investments (Page 138—AA).*—The Chairman observed that the accounts shown under this grant were not very clear. After some discussion, the Committee suggested that the Ministry might consider the possibility of grouping investments under various grants by showing various classes under separate headings like international investments, loans, advances to industry, financial institution, companies etc. It could be then seen that the figures given under these classes agreed with those given in the balance sheets of the respective institutions. If necessary, there could be separate heads for industrial investments, financial investments and government corporations and then investments and loans therein should be shown either together or under two separate sub-heads. It was after having done the above that the total investments could be known at a glance and the Ministry be able to look squarely into the position of companies. The possibility of writing off loans against fictitious balances could also be considered only thereafter.

629. A member added that the loans, which concerned corporation and companies, should be under one head and those given to Provincial Governments under another. The Ministry should have few heads, like, commercial, industrial, etc. and the investment could be grouped within that main head. The Auditor-General said that they would send somebody to the Ministry for mooted this out when this exercise was undertaken by the Ministry. The departmental representative appreciated the suggestion and said that they would look into it.

630. *Payments to International Organisations.*—The Committee pointed out that they had noticed delay in payments to International Organisations. The Ministry might look into this, to ensure that such payments were remitted timely.

631. *Grant No. 117—Recoveries (Page 138—AA).*—Less recovery to the tune of Rs. 252,000 was shown against “Investment in U.N. Bonds”. The department explained that, according to State Bank Telex No. KI-4376 dated 23rd December, 1976, Rs. 198,000 was paid towards the repayment of principal of U.N. Bonds. This amount had not been accounted for by the Audit. The Committee requested the Audit to check it.

632. *Grant No. 118 (Page 139—AA).*—An excess of Rs. 1,450,324 was shown against the head “A-5—Miscellaneous Loans and Advances”. The departmental representative maintained that the excess was due to misclassification of expenditure by the Audit. The Audit accepted the position.

633. Replying to a query, the departmental representative said that the fund loaned to Azad Kashmir was not recoverable it was only a fictitious asset. Thereupon, a member remarked that it should be seriously considered whether it was worthwhile showing as such at all. The departmental representative said that they would examine this issue.

634. Replying to a query about the Utility Stores and the Television Corporation, the departmental representative informed the Committee that both of them were running at a loss. In reply to another query, the departmental representative submitted that the Garments Corporation was being closed down. There were losses of ten to eleven crores in it.

635. *Grant No. 132 (Page 155—AA).*—There was a problem of reconciliation under this grant. The Audit was requested to do the needful.

636. *Grant No. 162 (Pages 184—85—AA).*—After going through the details of investments booked in the grant till the end of the year 1976-77, a member remarked that he had thought that some additional capital was also invested in the nationalised bonds. Secondly, every year, the Ministry continued to call the "National Construction Company" as the "National Reconstruction Company". The departmental representative replied that they had made a note of it for rectification.

637. The same member invited attention of the departmental representative to page 61 of the Finance Accounts and enquired as to what was involved in the "Expenditure in connection with return of leasehold Silver to USA". He further referred to the recovery of Rs. 230,685,000 against the item "Deduct-Receipts and Recoveries on Capital Account" and remarked that there was no indication as to which particular account this recovery stood against. The departmental representative replied that they would have a second look at the above descriptions which were being carried over historically so far.

638. The member then referred to the item "Purchase of share in the International Bank (Page 61-Finance Accounts)" and said that perhaps some one in the AGPR thought that there were two different Banks. This was the sort of thing which had to be looked into and cleared up.

639. Another member observed that the Post Office have, reportedly, to get their stamps printed from abroad, and enquired as to why the Security Printing Press could not be expanded and modernised to undertake this work. The departmental representative explained that they had recently approved a scheme for its expansion and one plant had already come in. They were going to expand it in a big way.

640. The Chairman added that the existing capacity of the Pakistan Mint was also not sufficient to mint the necessary number of rupee coins. Either its capacity should be increased or the coins would have to be got minted abroad. The departmental representative submitted that they were modernising the Mint also.

641. *Grant No. 163 (Page 186—AA).*—Under group head "A—Loans and Advances to Provincial Governments" the entire provision of Rs. 3,831,333,000 was shown under the "Charged Section". The Chairman observed that it appeared that this should be under the "Voted Section". The departmental

representative admitted that he was not quite clear about this. The Audit representative suggested that the Ministry might look into it and report back to the PAC. The Chairman requested the Audit to make sure that those figures, which pertained to capital outlay, should be shown correctly.

642. The Chairman also drew attention to the point raised by Mr. Yusuf Bhai Mian, member about evolving a procedure for estimating the requirements of foreign loans before the end of the year and on a more rational basis. After some discussion, the Auditor-General submitted that the existing procedure had been laid down, in consultation with the Ministry of Finance, some years ago. But it appeared to have not worked properly. He suggested that the Ministry might convene a meeting which might be attended by a representative of Audit also, to modify the procedure in the light of past experience. A member proposed that the E.A. Division might be made responsible for negotiations only.

643. *Appropriation "Audit" (Page 207—AA).*—An excess of Rs. 638,233 was depicted against the group head "B-Accounts and Audit Offices". The departmental representative maintained that there was actually a saving of Rs. 1,273,567 under this group head, but an excessive surrender of Rs. 1,911,800 had turned it into an excess of Rs. 638,233. The expenditure was mainly due to purchase of furniture, printing and medical charges and did not come to the notice of the department earlier.

644. The Chairman enquired as to when was the furniture purchased, intimation about it received and the expenditure came to notice and whether the office concerned did not send any return for it? The Audit representative admitted that the departmental explanation was not satisfactory and added that strict instructions had already been issued that such mistakes should not be repeated in the future.

645. *Amount recoverable from the United Nations (Page 207—AA).*—A less recovery of Rs. 33,500 was shown against this head. It was explained that this happened because Pakistan was no more a member of the United Nations Board of Auditors. The Chairman remarked that this provision was not necessary.

646. *Establishment Charges recoverable from other Government Departments, etc. (Page 207—AA).*—A member enquired as to how many of these transfer (adjustments) were necessary? If the department needed a separate proforma, outside the Appropriation Accounts in regard to these transfers, they should leave the expenditure and not worry about the recovery. The department should prepare inter-departmental accounts outside the Appropriations Book.

647. The Audit representative submitted that they were going to examine whether they could altogether leave it or not. The member advised that recoveries should be shown separately under receipts and then the receipts brought under one form. The multifarious accounting entries should be reduced and modified to underscore the main point. The departmental representative agreed with the suggestion.

648. *Appropriations—"Servicing of Internal Debt" and "Servicing Foreign Debt" (Pages 208-209—AA).*—The Committee did not make any observation on these appropriations.

649. *Appropriation—“Repayment of Internal Debt” (Page 210—AA).*—A saving of Rs. 245,614,200 was shown against “Market Loans”. It was explained that the repayment of this amount might have taken place in 1977-78. The Chairman remarked that the figures did not tally and the departmental explanation was also not acceptable. The department was asked to furnish the factual position to the Committee, after reconstructing the statement on debts.

650. *Appropriation—“Repayment of Foreign Debt” (Page 211—AA).*—A saving of Rs. 44,961,742, claimed against the group head “A-I-Foreign Loans”, was explained as having been due to the following:—

- (i) Rs. 1,986,240 having been paid by the S.B.P., in June, 1976 instead of July, 1976.
- (ii) Rs. 22,189,007 having been remitted in July, 1977 instead of June, 1977.
- (iii) Rs. 49,213,505 having been re-appropriated on 30th June, 1977 but the A.G.P.R., having accounted for Rs. 70,000,000 while arriving at the figures of final appropriation, resulting in a saving of Rs. 20,786,495.

651. The explanation at (iii) was found to be unsatisfactory. Audit was, therefore, requested to reconcile and reconstruct the statement.

### COMMERCIAL ACCOUNTS

652. *Agricultural Development Bank of Pakistan (Paras 242—51, pages 418—428—CA).*—Referring to the suspense account of the Bank, which had increased from Rs. 14 lakhs to Rs. 1 crore 20 lakhs in 1977, the Committee requested the department to check these accounts, because a lot of errors, omissions and commissions might have distorted these accounts. A member observed that the Committee could not go through the accounts till it came to the 1979 accounts. If any adjustments were made by that time, they should be reported to the Committee.

653. *House Building Finance Corporation (Paras 235—41, pages 408—417—CA).*—The Committee briefly discussed the activities of the Corporation, sought certain clarifications about the loans which had been given in the former East Pakistan and the calculation of interest thereon. After the necessary information was furnished to the Committee by the departmental representative, a member remarked that the concerned Ministry should do something about freezing the increasing incidence of interest on these loans.

654. *Pakistan Refugees Rehabilitation Finance Corporation and State Bank of Pakistan (Para 3 (vii), page 5—CA).*—The Committee did not make any observation on these accounts.

655. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation|Commercial Accounts or Audit Reports thereon. These would be deemed settled subject to regularising action under the rules, if any.

## CENTRAL BOARD OF REVENUE

656. The Appropriation and other Accounts pertaining to the Central Board of Revenue for the year 1976-77 and the Report of the Auditor-General thereon, were taken up next. The following departmental representatives were present :—

1. Mr. Qamaruddin Siddiqi, Additional Secretary (Finance).
2. Mr. S. A. Nawab, Member (Taxes).
3. Mr. S. A. Mustafa, Member (Customs).
4. Mr. Riaz H. Naqvi, Chief (Central Excise).

657. The Central Board of Revenue controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Central Board of Revenue .. .. .	43
2.	Sea Customs .. .. .	44
3.	Land Customs and Federal Excise .. .. .	45
4.	Taxes on Income, Corporation Tax and Sales Tax .. .. .	46
5.	Estate duty .. .. .	47

## APPROPRIATION ACCOUNTS

658. *Grant No. 43 (Page 56—AA).*—Audit had claimed a saving of Rs. 396,251 against the group head “A-Headquarter Establishment”, while the departmental figures showed an excess of Rs. 2,005. The Committee requested Audit to reconcile the figures. The Committee also noted that there was problem of reconciliation of figures in respect of saving under the group head ‘C’ of this grant. The Audit representative pointed out that there was some misunderstanding regarding the appropriation accounts under this group head on the part of the Central Board of Revenue. But the Audit would try to remove it.

659. *Grant No. 44 (Page 57—AA).*—The Committee noted that there was a minor problem of reconciliation under this grant.

660. *Grant No. 45 (Pages 58-59—AA).*—The Committee requested Audit to look into the whole grant and reconcile the figures.

661. *Grant No. 46 (Pages 60-61—AA).*—An excess of Rs. 1,053,249 was depicted against the group head “A-Collection of Taxes”. The departmental representative contested the excess and claimed that it was due to incorrect booking of expenditure in the Baluchistan Circle. The Committee also noted savings shown under the group heads ‘D’ and ‘E’ due to non-adjustment of a debit.

662. Audit was requested to verify and correct their figures. The Chairman also observed that the year 1976-77 seemed to be notable for non-adjustments.

663. *Grant No. 47 (Page 62—AA).*—The Committee did not make any observation on the accounts under this grant.

664. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras in the Appropriation Accounts or Audit Report thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

### ECONOMIC AFFAIRS DIVISION

665. Thereafter, the Committee examined the Appropriation and other Accounts of the Economic Affairs Division for the year 1976-77 and the Report of the Auditor-General thereon. The following departmental representatives were present :—

1. Syed Ghulam Ahmad, Joint Secretary.
2. Mr. Muhammad Sharif, Director of Accounts.

666. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Economic Affairs Division .. .. .	49
2.	Technical Assistance Schemes .. .. .	50
3.	Development expenditure of Economic Affairs Division .. .. .	133

### APPROPRIATION ACCOUNTS

667. *Grant No. 49 (Page 64—AA).*—The Committee did not make any observation on the accounts under this grant.

668. *Grant No. 50 (Page 65—AA).*—The accounts under this grant were briefly discussed. The Committee accepted the departmental explanation about the estimated recovery of Rs. 38 million.

669. *Grant No. 133 (Page 156—AA).*—The saving of Rs. 69,336,055, shown against the group head "Z-Grants-in-Aid to Provincial Governments", was attributed by the departmental representative to non-booking, of the expenditures by the AGs of the Punjab, Sind, NWFP and Baluchistan before the close of the accounts. He further stated that, from 1979-80 onwards, the account (Federal portion) was being maintained in the books of the AGPR (sub-offices) and not the Provincial AGs. This would improve the position. The Committee expressed its satisfaction over this improvement.

670. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras in the Appropriation Accounts or Audit Report thereon. These would be deemed settled subject to regularising action under the rules, if any.

## MINISTRY OF INFORMATION AND BROADCASTING

671. The Appropriation and other Accounts pertaining to the Ministry of Information and Broadcasting for the year 1976-77 and the Report of the Auditor-General thereon, were the last to be examined by the Committee. The following departmental representatives were present :—

1. Mr. Masoodur Raouf, Additional Secretary.
2. Mr. Muhammad Tufail, Joint Secretary.
3. Mr. Mutee-ur-Rehman Mirza, F.D. (PTVC).
4. Mr. Ajaz Ahmad, F.D. (PBC).

672. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Information and Broadcasting .. .. .	79
2.	Directorate of Publications, Newsreels and Documentaries .. .. .	80
3.	Press information Department .. .. .	81
4.	Other expenditure of Ministry of Information and Broadcasting .. .. .	82
5.	Capital Outlay on Purchase of Newsprint .. .. .	115
6.	Investment in Pakistan Television Corporation .. .. .	122
7.	Development expenditure of Ministry of Information and Broadcasting .. .. .	141
8.	Capital Outlay of Ministry of Information and Broadcasting .. .. .	170

### AUDIT REPORT

673. *Irregular payment of import licence fee—Rs. 3.6 million plus interest (Para 21, pages 30-31—AR).*—After hearing the explanation, a member remarked that, if the cost of news-print was recovered from the newspapers and the net result was that the Government had not made a loss, then did the objection really matter? The Audit representative said that the Law Division's advice should also have been obtained. The Ministry was importing news-print partly for private and partly for Government use. It was a technical point and one should know the exact position. The departmental representative was requested to furnish necessary information to Audit.

674. *Over-payment of freight by not availing reduction in rate—Rs. 1,590,970 (Para 22, pages 31-32—AR).*—The Committee was informed that the matter of recovery of the excess freight from the firm was being pursued with the Trading Corporation. The Ministry was now considering to seek a legal remedy against the firm, after consulting the Law Division.

675. The Chairman remarked that it appeared to be a doubtful point. The Audit representative added that, if the National Shipping Corporation had offered to bring the goods at a lower rate, then why was the offer not accepted as it would have saved foreign exchange. But here foreign exchange had actually gone out.

## APPROPRIATION ACCOUNTS

676. *Grant No. 79 (Page 97—AA).*—Audit had pointed out an excess of Rs. 8,515,675 against the group head “A—Secretariat”. The departmental representative contested the figures of both the Final Appropriation and the Actual Expenditure and claimed that there was a net excess of Rs. 8,434,626, which was due to the fact that the Supplementary Grant of Rs. 11,181,300, sanctioned by the Ministry of Finance, did not appear in the printed book of Supplementary Demands for Grants 1976-77. The Chairman observed that the Ministry of Information and Broadcasting should also have moved the Finance Division about the supplementary grant well in time.

677. *Grant No. 80 (Page 98—AA).*—An excess of Rs. 1,449,362 was shown against the group head “A—Publication Wing”. The departmental representative contended that the actual excess amounted to only Rs. 267,898. The difference between the departmental and Audit figures was due to Audit not having taken into account an amount of Rs. 825,000, which was re-appropriated *vide* letter No. 4 (23)75-Ad-II, dated 14th September, 1976. The Committee requested the Audit to reconcile the figures.

678. *Group head “C—Lump Provision for New Measures” (Page 98—AA).*—Audit had pointed out a saving of Rs. 1,098,700 under this group head, while the departmental representative claimed an excess of Rs. 14,300, due to an inadvertent re-appropriation of a sum of Rs. 14,300 from this group head twice by the Ministry. A member remarked that the department had re-appropriated more than what was given to them.

679. *Grant No. 81 (Page 99—AA).*—There was no material point for consideration by the Committee under this grant.

680. *Grant No. 82 (Page 100—AA).*—The Committee noted a problem of reconciliation under the sub-head, ‘C-2’ “Special Publicity Schemes”. The Audit representative pointed out that they had sent the skeleton statement on the 24th July, 1979 and the department had also promised to carry out reconciliation, but this was not done. The Chairman observed that the department should take steps about it now.

681. *Grant No. 115 (Page 134—AA).*—*Note 1 under the Grant.*—It was pointed out that the Financial Review and Running Account for 1976-77 were not made available to Audit. Asked to state the position of the accounts of the earlier years, the departmental representative replied that they were taking action to expedite the matter. A member observed that the department should name a definite date by which these accounts would be completed. The departmental representative submitted that they would finish this job within the current financial year.

682. *Grants No. 122, 141 and 170 (Pages 143, 164 and 201—AA).*—There was no material point for consideration by the Committee under these grants.

## COMMERCIAL ACCOUNTS

**Pakistan Broadcasting Corporation**

683. *Compilation of Accounts [Para 3 (viii), page 5—CAA].*—The Audit had pointed out that the accounts for 1974-75 to 1976-77 had not been finalised by the Corporation as yet. The department explained that the accounts for

1974-75 had been got audited by the Commercial Auditors, while those for the subsequent two years were being checked by them now. It was further stated that Auditors would be appointed after completing the accounts for 1977-78.

684. The Committee, thereupon, observed that Auditors should be appointed without any loss of time and the outstanding accounts got audited before the 30th June, 1980. The departmental representative was also asked to get the Accounts for 1977-78 and 1978-79 also audited.

#### **Associated Press of Pakistan**

685. *Compilation of Accounts [Para 3 (ix), page 5—CA].*—Discussing the accounts of the APP, which were pending completion, the Committee observed that all the Accounts of the APP should be brought up-to-date expeditiously.

#### **Pakistan Television Corporation**

686. *Avoidable loss of Rs. 224,803 on payment of demurrage charges on television equipment received from abroad (Para 14, page 16—CA).*—After going through the departmental explanation, the Auditor-General remarked that there was a time-lag, which went up to the point of assessment. After it had been appraised, came the stage of payment of duty. The department could plead that their reading of the situation was not correct, but they should see to it that there was never a delay after the item had been appraised. He further said that, if there was a delay on the part of the Customs Department for one reason or another, they should have issued a certificate to the department to this effect and, on the basis of that certificate, remission could be claimed. The departmental representative agreed that this was a valid point.

687. *Re-impbursement of cost of Government Publicity.*—A member drew the attention of the Committee to the fact that several PTV bills were still outstanding because the budget provisions to pay these bills were not adequate. The Ministry had informed the Committee that the matter was pending with the Finance Division. The member observed that the Finance Division should be asked to decide the case, as early as possible.

688. *Irregular payment of about rupees half a million as entertainment allowance (Para 15, page 16—CA).*—After hearing the departmental explanation, the Committee observed that the Finance Division should render advice in the matter. Audit was asked to follow up the case.

689. *Audit comments of Director of Commercial Audit on the Accounts for 1976-77—Working results (Para 268, page 440—CA).*—After going through the reply given by the department, the Auditor-General requested the departmental representative to furnish a detailed note regarding the measures taken by the Corporation to economise on its expenditure.

690. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation/Commercial Accounts or Audit Report thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

691. *Programme for examining of Accounts for 1977-78.*—The Committee decided that as they had almost cleared the back-log, the accounts of the Ministries etc. for 1977-78 and the Compliance Reports submitted by them might be examined in greater detail during two sessions of about one week each. It was further decided that the first session should commence from 12th April, 1980 and the second from May 24, 1980.

692. The Committee then adjourned to re-assemble on Saturday, the \*12th April, 1980.

M. A. HAQ,  
*Secretary.*

*Islamabad, the 26th May, 1980.*

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\*Due to the 11th Islamic Conference of Foreign Ministers, scheduled for 16th April, 1980 and then postponed to 14th May, 1980, the meeting of the *Ad-hoc* PAC was postponed to 24th May, 1980.

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**ANNEXURE II**  
**Statements Nos. 1—5**

Annexure II

## STATEMENT NO. 1

(See para 50 of Report)

## SUMMARY OF RESULTS OF APPROPRIATION ACCOUNTS

(Appropriation Accounts 1976-77)

(In Million of Rupee)

1	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Variation Excess(+) or Deficit(-)	Percentage
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Other than Charged.</b>					
Expenditure met from Revenue :					
Civil .....	7,061.13	7,830.2	6,780.0	-1,050.2	13.41
Defence .. ..	8,010.0	8,010.0	8,241.7	+231.7	2.89
Pak. P. T & T. ..	611.0	662.7	663.4	+6.7	0.99
Pak. Railways ..	1,770.0	1,798.5	1,833.5	+35.0	1.94
Total .. ..	17,452.1	18,301.4	17,524.6	-776.8	4.24
Expenditure met from Capital :					
Civil .. ..	7,056.6	8,708.5	5,263.8	-3,444.7	39.55
Defence .. ..	...	...	...	...	...
Pak. P. T & T. ...	388.6	478.6	540.3	+61.7	12.89
Pak. Railways ...	682.0	682.0	630.4	-51.6	7.57
Total .. ..	8,127.2	9,869.1	6,434.5	-3,434.6	34.80
Disbursement of Loans and Advances ..	7,895.2	7,919.0	4,188.6	-3,730.4	47.10
Total (Other than Charged)	33,474.5	36,089.5	28,147.7	-7,941.8	22.00
<b>Charged</b>					
Expenditure met from Revenue :					
Civil .. ..	3,858.0	4,023.7	3,614.8	-408.9	10.16
Pak. P. T & T. ..	136.1	158.8	-115.9	-274.7	172.98
Pak. Railways ..	212.2	230.0	193.0	-37.0	16.08
Total .. ..	4,206.3	4,412.5	3,691.9	-720.6	16.33

	1	2	3	4	5	6
Expenditure met from Capital :						
Civil .. .. .		.4	.4	.1	— .3	75.00
Disbursement of Loans and Advances ..		3,268.5	3,831.3	3,413.9	—417.4	10.89
Repayment of Debt.		47,933.5	53,564.1	56,384.3	+2,820.2	5.27
Total (Charged) ..		<u>55,408.7</u>	<u>61,808.3</u>	<u>63,490.2</u>	<u>+1,681.9</u>	<u>2.72</u>
Total Expenditure met from Revenue ..		21,658.4	22,713.9	21,216.5	—1,497.4	6.59
Total Expenditure met from Capital .. ..		8,127.6	9,869.5	6,434.6	—3,434.9	34.80
Total Disbursement of Loans and Advances		11,163.7	11,750.3	7,602.5	—4,147.8	35.30
Total Repayment of Debt. .... .		47,933.5	53,564.1	56,384.3	+2,820.2	5.27
Grand Total ..		<u>88,883.2</u>	<u>97,897.8</u>	<u>91,637.9</u>	<u>—6,259.9</u>	<u>6.39</u>

## STATEMENT NO. 2

## ANALYSIS OF SAVINGS AND EXCESSES BY MAIN DEPARTMENTS I.E. CIVIL, DEFENCE, POSTS, TELEGRAPH &amp; TELEPHONE &amp; RAILWAYS

(In Million Rupee)

	Final Grant	Expenditure	Excess(+) Saving(-)	Percent age
1	2	3	4	5
	Rs.	Rs.	Rs.	
<b>(a) As compared with Gross Grants including surrenders or withdrawals within the Grants/Appropriations :</b>				
Civil .. ..	8,877.2	79,645.5	-6,231.7	7.26
Defence .. ..	8,010.0	8,241.7	+231.7	2.89
Pak. P. T & T. ..	1,300.1	1,093.8	-206.3	15.86
Pak. Railways ..	2,710.5	2,656.9	-53.6	1.98
<b>Total .. ..</b>	<b>97,897.8</b>	<b>91,637.9</b>	<b>-6,259.9</b>	<b>6.39</b>
<b>(b) As compared with net Grants excluding surrenders or withdrawals within the Grants/Appropriations :</b>				
Civil ... ..	80,626.0	79,645.5	-980.5	1.22
Defence ... ..	8,010.0	8,241.7	+231.7	2.89
Pak. P. T & T. ...	1,297.7	1,093.8	-203.9	15.71
Pak. Railways ..	2,604.3	2,656.9	+52.6	2.02
<b>Total ... ..</b>	<b>92,538.0</b>	<b>91,637.9</b>	<b>-900.1</b>	<b>0.97</b>

## STATEMENT NO. 3

ANALYSIS OF THE SAVINGS, AND EXCESSES UNDER REVENUE,  
CAPITAL AND LOANS AND ADVANCES

(In Million of Rupee)

	Original grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess (+) Saving (-)	Percentage
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
<b>Civil</b>					
Expenditure met from Revenue :					
Voted .. ..	7,061.1	7,830.2	6,780.0	-1,050.2	13.41
Charged .. ..	3,858.0	4,023.7	3,614.8	-408.9	10.16
Total .. ..	10,919.1	11,853.9	10,394.8	-1,459.1	12.31
Expenditure met from Capital :					
Voted .. ..	7,056.6	8,708.5	5,263.8	-3,444.7	39.55
Charged .. ..	.4	.4	.1	-.3	75.00
Total .. ..	7,057.0	8,708.9	5,263.9	-3,445.0	39.55
Disbursement of Loans and Advances :					
Voted .. ..	7,895.2	7,919.0	4,188.6	-3,730.4	47.10
Charged .. ..	3,268.5	3,831.3	3,413.9	-417.4	10.89
Total .. ..	11,163.7	11,750.3	7,602.5	-4,147.8	35.30
Repayment of Debt :					
Charged .. ..	47,933.5	53,564.1	56,384.3	+2,820.2	5.27
Total (Civil) .. ..	77,073.3	85,877.2	79,645.5	-6,231.7	7.26

**Defence.**

Expenditure met from Revenue :

Voted .. ..	8,010.0	8,010.0	8,241.7	+231.7	2.89
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**Pak. Posts, Telegraph & Telephone.**

Expenditure met from Revenue :

Voted .. ..	611.0	662.7	669.4	+6.7	0.99
Charged .. ..	136.1	158.8	-115.9	-274.7	172.98
Total .. ..	747.1	821.5	553.5	-268.0	32.62

	1	2	3	4	5	6
<b>Expenditure met from Capital :</b>						
Voted .. ..		388.6	478.6	540.3	+61.7	12.89
Total (Pak. P. T & T.) ..		1,135.7	1,300.1	1,093.8	-206.3	15.86
<b>Pak. Railways.</b>						
<b>Expenditure met from Revenue :</b>						
Voted .. ..		1,770.0	1,798.5	1,833.5	+ 35.0	1.94
Charged .. ..		212.2	230.0	193.0	-37.0	16.08
Total ..		1,982.2	2,028.5	2,026.5	-2.0	0.10
<b>Expenditure met from Capital :</b>						
Voted .. ..		682.0	682.0	630.4	- 51.6	7.57
Total (Railways) ..		2,664.2	2,710.5	2,656.7	- 53.6	1.98
Grand Total ..		88,883.2	97,897.8	91,637.9	-6,259.9	6.39

## STATEMENT NO. 4

STATEMENT SHOWING EXCESSES OVER AUTHORISED GRANTS  
WHICH REQUIRE TO BE REGULARISED

(See paragraph 50 on page 22 of the Report)

Sr. No.	No. and Name of the Grant	Final Grant	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
<b>CIVIL</b>				
1.	9— Prime Minister's Secretariat .. ..	9,287,000	9,881,618	594,618
2.	10—Administrative Inspection .. ..	512,000	543,114	31,114
3.	15— Other Expenditure of Scientific and Technological Research Division .. ..	40,210,000	40,335,813	125,813
4.	16—Commerce Division .. ..	27,609,000	27,370,267	261,267
5.	17—Export Promotion .. ..	9,288,000	9,771,346	483,346
6.	36—Federal Government Institutions in Northern Areas .. ..	8,146,000	11,420,366	3,274,366
7.	37—Stationery and Printing .. ..	27,188,000	29,082,719	1,894,719
8.	39—Pakistan Mint .. ..	11,478,000	12,170,860	692,860
9.	40—Superannuation Allowances and Pensions .. ..	49,165,000	83,653,698	34,488,698
10.	41—Other Expenditure of Finance Division .. ..	49,640,000	51,937,145	2,297,145
11.	45—Land Customs and Federal Excise .. ..	48,683,000	85,899,735	37,216,735
12.	48—National Savings .. ..	12,872,000	13,706,647	834,647
13.	54—Land Reforms .. ..	3,028,000	3,030,390	2,390
14.	59—Subsidy on Wheat .. ..	1,176,078,000	1,191,442,219	15,364,219
15.	65-A—Other Expenditure of Ministry of Petroleum and Natural Resources .. ..	42,498,000	44,198,000	1,700,000
16.	66—Environment and Urban Affairs Division .. ..	1,518,000	1,662,927	144,927
17.	68—Other Expenditure of Environment and Urban Affairs Division .. ..	40,100,000	40,284,967	184,967
18.	70—Civil Works .. ..	121,887,000	130,967,188	9,080,188
19.	79—Ministry of Information and Broadcasting .. ..	83,406,000	88,946,705	5,540,705
20.	80—Directorate of Publication Newsreels and Documentaries .. ..	14,139,000	14,535,097	396,097
21.	91—Federally Administered Tribal Areas .. ..	102,817,000	162,928,979	60,121,979

1	2	3	4	5
22.	107—Ministry of Religious Affairs and Overseas Pakistanis .. .. .	5,797,000	6,331,312	624,312
23.	118—Other Loans and Advances by the Federal Government .. .. .	79,082,000	79,528,888	446,888
24.	144—Development Expenditure of Federally Administered Tribal Areas .. .. .	182,500,000	198,952,196	16,452,196
25.	154—Capital Outlay on Commerce Division	30,000,000	30,104,544	104,544
26.	158—Capital Outlay on Communication Works .. .. .	420,000,000	502,428,929	82,428,929
	<b>Pakistan Post Office, Telegraph and Telephone</b>			
27.	23—Telegraph and Telephone Department	425,725,000	438,675,869	12,950,869
28.	156—Capital Outlay on Telegraph and Telephone Department .. .. .	470,602,000	532,819,604	62,217,604
	<b>Defence</b>			
29.	30—Defence Service .. .. .	8,010,000,000	8,241,723,311	231,723,311
	<b>Pakistan Railways</b>			
30.	1—General Administration .. .. .	180,659,000	205,374,986	24,715,986
31.	2—Repairs and Maintenance .. .. .	613,454,000	663,965,424	50,511,424

## STATEMENT NO. 5

STATEMENT SHOWING EXCESSES OVER CHARGED APPROPRIATIONS  
WHICH REQUIRE TO BE REGULARISED

(See paragraph 50 on page 22 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.	—Repayment of Internal Debt ...	51,785,541,000	54,685,705,183	2,900,164,183
<b>Pak. Posts Office, Telegraph and Telephone</b>				
2.	22— Pakistan Post Office Department ...	20,150,000	20,239,598	89,598

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**APPENDIX I**  
**NOTE ON PAKISTAN MANPOWER INSTITUTE**

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Appendix I

(See para 19 of Annexure I)

NOTE ON PAKISTAN MANPOWER INSTITUTE  
ISLAMABAD

Pakistan Manpower Institute was established under the Manpower Division as a Semi-autonomous Organisation *vide* Resolution No. MP. I (63)/74, dated 20th February, 1976. According to the Resolution the Institute would impart training in various aspects of Manpower Planning and Employment to the concerned officers of the Federal and Provincial Governments, organisations and also undertake policy-oriented research, surveys and case-studies in specific areas and problems which are of current and crucial interest in the perspective of development and utilization of human resources. The Institute came into existence on 1st April, 1976 when it was formally inaugurated. Brief description about the items required is given as under :—

**I. Scheme of Pakistan Manpower Institute and its Organisational Set-Up.**

The first phase of the Institute, existing two storey building, was completed on 1st April, 1976 at a total cost of Rs. 24,53,800 which included the cost of land as well. The broad aims and objectives of the Institute are mentioned as under :—

- (i) to maintain the Pakistan Manpower Institute established at Islamabad by the Government of Pakistan for research and for training of public servants and employees of other organisations as the Federal Government may determine ;
- (ii) to advance knowledge concerning ways and means of better development and utilization of human resources in Pakistan ;
- (iii) to provide manpower research services to Government departments, public corporations and private establishments ;
- (iv) to stimulate interest in manpower problems generally, and to cooperate with and assist other manpower research agencies, institutions or professional associations ;
- (v) to hold national conferences, seminars, symposia on different subjects in the field of manpower and employment ;
- (vi) to promote a broad perspective of requirement of trained manpower for economic development in different fields ;
- (vii) to develop improved methods and techniques for dealing with ;
  - (a) training and manpower development of the existing work force ;
  - (b) educational and training preparation for employment ;
  - (c) vocational guidance and employment counselling ;
  - (d) forecasting demand and supply of manpower and connected matters.

- (viii) to undertake and provide for publication of journals, research papers and books, and to establish and maintain a well-equipped library in the furtherance of the aforesaid objects ;
- (ix) to equip those participating, engaging or interested in manpower and employment planning with requisite knowledge, through training and orientation courses, for their effective role in a dynamic and developing society, and
- (x) to provide advanced training in professional techniques for manpower planning and administration.

### *Organisational Set-Up.*

In order to perform the dual function that of training and research of the Institute effectively, 14 professionals of different levels were engaged in the beginning. These professionals are working under a Director and are supported by necessary secretariat staff. At present one-third of the professionals out of the sanctioned strength have left the Institute due to different reasons.

## **II. Activities and Achievements**

### **(a) Training Activities :**

The Institute for the purpose of imparting training to the officers of Federal and Provincial Government organisations and also to its own newly engaged professionals arranged various training courses, lectures, seminars, conferences workshop etc. during the period April, 1976—79. However, some of national and international importance are briefly mentioned as under.

- (i) National Seminar on "Role of Employment Services in Development Planning and Employment Promotion in Pakistan" (November 22—27, 1976).
- (ii) National Seminar on "Manpower and Employment Statistics" May 15—18, 1977.
- (iii) National Workshop on "Inter-relationship between Population, Labour Force and Employment" September 20-21, 1977.
- (iv) National Conference on "Employment Planning and Basic Needs" May 15—18, 1978.
- (v) National Seminar on "Motivation and Education of Rural Workers for Family Welfare" December 18—20, 1978.
- (vi) One week Orientation Course on "Manpower and Employment Planning"—October 26, November 1, 1976.
- (vii) Two-month training course on "Research Methods in Manpower Development and Utilization"—February 15—April 14, 1977.

### **(b) Research Activities :**

Since its inception the Institute has been able to produce several documents as a part of research assignments in the shape of research monographs, hand

books and numerous papers, a list which is annexed. Besides, the Institute has been fully engaged on research projects, which are at various stages of completion, and are :—

- (i) "Employment-Output Elasticity of Textile Industry in Pakistan".
- (ii) Review and Analysis of Manpower Situation in Various Sectors of Economy."

### III. Financial Implications Involved Right From its Inception

#### *Salient Features of the Budgets :*

In the beginning the Pakistan Manpower Institute was provided a budgetary grant of Rs. 5,23,100 for the year 1975-76. Out of it an amount of Rs. 3,15,300 was spent and Rs. 2,07,800 was saved. It was due to the fact that the budget was released late in April, 1976 and some posts remained vacant for the period. Keeping this view the next year (1976-77) budgetary grant was reduced to Rs. 4,77,000 and the amount saved in the year 1975-76 was also spent bringing the total expenditure for the year to Rs. 6,84,800.

For the year 1977-78 a budgetary grant of Rs. 8,10,750 was allocated to the Institute and out of it an amount of Rs. 8,06,150 was spent. The saving of Rs. 4,600 from the pay heads was surrendered to the Government. Similarly budget of Rs. 8,90,000 was sanctioned for the Institute for the year 1978-79. Out of it Rs. 8,34,824 were spent and Rs. 55,176 saved. The saving accrued from the pay head and that also was surrendered to the Government.

#### *Financial Implications :*

The Institute could not provide the facilities of G. P. Fund, Benevolent Fund, Group Insurance and medical treatment to its employees due to less budget provision in the past. Similarly, residential accommodation could not be hired for most of the employees and the Institute had to forego two fellow-ships to its professionals due to limited funds.

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FOLLOWING ARE THE PUBLICATIONS OF THE PAKISTAN MANPOWER  
INSTITUTE, ISLAMABAD

- | (A) MONOGRAPHS AND REPORTS  | PUBLISHED IN                 |
|---|------------------------------|
| 1. "The Role of Employment Services in the Development Planning and Employment Promotion in Pakistan". Proceedings of a National Seminar, November, 1976 organized by PMI.                  | Published in February, 1977. |
| 2. "Manpower and Employment Statistics in Pakistan Proceedings of the National Seminar Organized by PMI in May, 1977.   | Published in August, 1977.   |
| 3. "Interrelationship between Population, Labour Force, and Employment". Proceedings of a National Workshop held in September, 1977.  | Published in May, 1979.      |
| 4. Research Methods<br>—A Hand Book<br>By Dr. Makhdoom Ali Shah,<br>Dr. Nasra M. Shah,<br>Assisted by Miss Mussarrat Minhas.  | Published in November, 1978. |
| 5. Manpower and Employment Planning Process and Statistics. A Research Monograph<br>By : Dr. Makhdoom Ali Shah,<br>Mr. S. S. Hoda,<br>Dr. Nasrat M. Shah,<br>Assisted by Mr. Tauseef Ahmed. | Published in November, 1978. |
| 6. Annotated Bibliography.<br>By : Dr. Makhdoom Ali Shah,<br>Tauseef Ahmed,<br>M. Yusuf Mubasher,<br>Qamar Ali Shah,<br>Miss Rashida Qureshi,<br>Saeed Akhtar Cheema,<br>Ihsan Ul-Haq.      | Published in December, 1978. |
| 7. Report on "Employment Planning and Basic Needs in Pakistan" Proceedings Report of the National Seminar held on 15—18 May, 1978.  | Published in May, 1979.      |
| 8. Report on National Seminar Proceedings on "Motivation and Education of Rural Workers for Family Welfare", held in December, 1978.  | Published in November, 1979. |
| 9. Research Study Report on "Agricultural Mechanization and its Impacts on Production Units Cost and Farm Labour Force : Case Study of Tehsil, Khanewal and Nawabshah", (1979).             | Under examination.           |

FOLLOWING ARE THE PAPERS PRODUCED BY VARIOUS OFFICERS  
OF THE FMI.

- | <i>B. Papers</i>  | <i>Published in</i>  |
|---|--|
| 1. Organisational Structure, Premises, Staffing, Jurisdiction of Employment Exchange.<br>Dr. Makhdoom Ali Shah.   | Published in Publication No. 1.  |
| 2. Population and Demographic Statistics for Manpower Planning in Pakistan.<br>Dr. Makhdoom Ali Shah.   | Published in Publication No. 2.  |
| 3. Labour Force, Employment and Unemployment Statistics in Pakistan.<br>Dr. Makhdoom Ali Shah,<br>Dr. Nasra M. Shah,<br>Tuseef Ahmed.                               | Published in Publication No. 2.  |
| 4. Interrelationship between Population, Labour Force and Employment.<br>Mr. Saif R. Khan.  | Published in Publication No. 3   |
| 5. Interrelationship between Population, Labour Force and Employment.<br>Dr. Makhdoom Ali Shah,<br>Dr. Nasra M. Shah.   | Published in Publication No.3.   |
| 6. Rural Manpower Development By : V. Austin,<br>ILO, Advisor on Rural Employment.<br>Promotion May, 1976.  | Presented in one day Seminar arranged for PARD Trainees. The paper has not been published any where.                                     |
| 7. Rural Manpower Utilization in Pakistan<br>S. S. Hoda (Chief) May, 1976.  | "  |
| 8. Research paper on Manpower Strategy in Pakistan :<br><br>Izzatullah Khan.  | Paper was presented in Seminar in NIPA, Lahore when the author attended the course 30th Administration and Development. (non published). |
| 9. Rural Manpower Development<br>Mr. M. Yusuf Mubasher.   | Published in the PARD's Journal of Rural Development and Administration, Vol. XIII, February, 1978 No. 2.                                |
| 10. Rural Manpower Utilization.<br>Mr. M. Rafique Butt.   |  |
| 11. Rural Manpower Development.<br>Mr. S. S. Ahmed, Ex. Director, Pakistan Manpower Institute.  | Presented in a Seminar in PARD, Peshawar. Printed in March, 1979.  |
| 12. Rural Manpower Utilization,<br>--A case of Pakistan,<br>Dr. Makhdoom Ali Shah,<br>Mr. Tauseef Ahmed.  | Presented in the PARD's Seminar, Peshawar. Published in May, 1979.   |
| 13. Quantification of Unemployment and Under-employment in Pakistan : Problems of Conceptualization and Measurement :<br>Dr. Makhdoom A. Shah and Miss Zeba Sathar. | Presented in the National Conference on "Basic Needs and Employment Planning" (May, 1978) Published in No. 7,                            |

14. Employment of Manpower in a less Development Economy.  
Dr. S. Nazre Hyder. Presented in 5th China Course on 10-4-1979 in Admn. Staff College, Lahore.
15. "Educational Planning and Human Resources Development".  
Tauseef Ahmed. Not yet published. Presented in a meeting in PMI in August 1978.
16. Role of Technology in the Process of Manpower Planning.  
Dr. Makhdoom A. Shah, and Miss Mussarrat Minhas. Under print in the Manpower Review.
17. "Methodology of Evaluating the Rural Development Programme in Pakistan".  
Tauseef Ahmed. Under print in Manpower Review.
18. Population and Sound Economic Development in Pakistan.  
Wadood A. Jilani.  
Deputy Director. Manpower Review. Vol. 1, 1976.
19. Paradox of Tracterization,  
M. Yusuf Mubasher. Pakistan Economist, September, 30, 1978.
20. Yugoslavia's Foreign Trade and Economic Development. Dr. S. Nazre Hyder. Pakistan Economist, No. 49, 1978.
21. Contemporary Problems and Issues. Book Review by : M. Rafique Butt. Published in View Point Vol. IV. No. 28, 1978.
22. Educated Unemployment in Asia-With special reference to Pakistan  
by : Mr. M. Yusuf Mubasher. Occasional paper of IMI. (to be published).
23. "Employment Generation of Industrial Sector in Pakistan"  
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