



REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF THE

GOVERNMENT OF PAKISTAN

FOR THE YEAR

1973-74



REPORT

The recommendations of the Committee, summarised in para 83 of the Report, were approved by the President on the 5th February, 1980.

FOR THE YEAR

1973-74

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NATIONAL ASSEMBLY SECRETARIAT

**REPORT OF THE AD-HOC PUBLIC ACCOUNTS COMMITTEE ON THE
ACCOUNTS OF FEDERAL GOVERNMENT FOR THE YEAR
1973-74.**

Meetings of the Committee

The *Ad-hoc* Public Accounts Committee held its sixth session in the National Assembly Secretariat, State Bank Building, Islamabad from the 26th to 31st May, 1979 (excluding 29th May, 1979) when it examined the Appropriation and other Accounts of the Federal Government for the year 1973-74 and the Auditor-General's Report thereon. All the sittings of the Committee were attended by the Chairman and other Members but, as previously, Mr. Mushtaq Ahmad, former Auditor-General of Pakistan and a Member, could not participate in this session also because of his illness.

Liquidating the back-log

2. With the examination of the Federal Accounts for 1973-74, the Committee moved another step forward towards liquidating the huge back-log of Accounts, dating back to 1970-71, with which it had started its deliberations in October, 1978 and attention to which has been drawn in its previous Reports as well. The Committee is pleased to record that the Auditor-General, Finance Division, Ministries|Divisions and the National Assembly Secretariat were all found fully appreciative of the need and urgency of wiping out the arrears, as impressed upon them by the Committee. And because of their willing co-operation it became possible for the 1974-75 Accounts and the Reports of the Auditor-General thereon, to be finalised and circulated to Ministries on 16th June, 1979, within about two weeks of the examination of the 1973-74 Accounts by the Committee, and for scheduling the examination of the 1974-75 Accounts by it from the 21st July, 1979.

3. Because of the sustained effort made by the officers and staff of the Auditor-General, the Accounts for 1975-76 were expected to be submitted to the Finance Division by the end of July, 1979, for further processing, and those for 1976-77 are reportedly in an advanced stage of compilation.

**Recommendations|observations in proceedings of Committee to form part of the
Report**

4. The proceedings of the sittings of the Committee, referred to in Para 1, are at Annexure I. The recommendations|observations of the Committee and the directions given by it during its deliberations, as contained in the said proceedings, may be deemed to form part of this Report.

Matters highlighted in the Report

5. During its examination of the Federal Accounts for 1970-71 and the succeeding years, the Committee has been observing a marked similarity in the

nature of most of the financial indisciplines, improprieties and accounts irregularities, pointed out in them by the Audit repeatedly. Nevertheless, the Committee has been seeing fit to continue to highlight these defects, even at the risk of repetition, because they may otherwise escape due attention for rectification and prevention. This report is also no exception. Accordingly, common instances of financial indiscipline and irregularities and some other notable features, found in the Federal Accounts of 1973-74, are set out under relevant heads below.

(1) FINANCIAL INDISCIPLINES

6. The Accounts for the year under review, like those of the previous years, were found to suffer from numerous financial indisciplines and accounting irregularities involving (i) excess of expenditure over sanctioned grants, (ii) non-surrender of savings, (iii) mispostings, (iv) belated adjustments, and (v) mis-utilisation of grants.

(i) Excesses not converted by matching grants|Irregular expenditure over sanctioned grants.

7. Paras 29, 37, 38, 46, 65, 87, 99, 100, 118, 185, 202, 233, 307, 337, 464, 593, 701, 710, 711, 714 and 729 in Annexure I furnish some instances in point. We have already dilated in detail upon this serious financial indiscipline|irregularity in paras 11-13 (Annexure II) of our Report on the Accounts for 1972-73. The above cases evidence a fast growing tendency among the Ministries|Divisions to continue to incur expenditure in excess of sanctioned grants, either without asking for matching supplementary grants and, at times, despite the refusal of the Finance Division to sanction the asked for supplementary grants. A few examples will bear this out:—

(a) in one case, excess was explained as having been due to under-assessment of their estimated expenditure by the regional offices. The departments were, in no case, entitled to exceed the sanctioned allocation without a matching supplementary grant. If the sanctioned grants were not found to be enough, supplementary grants should have been asked for, in time, and specific additional allocations then made to the regional offices. Similarly, the regional offices were duty bound to inform the headquarter office, in time, if they estimated additional requirements of funds. If the regional offices failed to report this, in time, suitable action should have been taken against those responsible, to discourage them and the others from taking it for granted that, whatever would be spent by them, will be regularised.

(b) in another instance, sanctioned grant was exceeded at the close of the financial year by making purchases of items like motor cycle, electric typewriter, etc. There was no justification to make such purchases towards the end of the financial year by incurring expenditure in excess of the grants, particularly as these were not essential

operation requirements and could have awaited purchase in the next financial year. As it was a serious irregularity, the Department must locate the responsibility for it and take suitable action against those responsible for having incurred such expenditure without any provision.

(Para 466).

8. The Committee felt that, unless those responsible for committing such irregularities are taken to task, no abatement in the persistent recurrence thereof, which hits at the very root of financial discipline, can be reasonably expected. This is why the Committee has been repeatedly recommending and does so now that excess expenditure over the sanctioned grants must be invariably visited with strict disciplinary action. The recommendation made by it in para 13 of its Report on the Accounts for 1972-73 (Annexure II) should be equally applicable to the Accounts for 1973-74. It is also recommended that, Ministries/ Divisions be asked to keep a proper watch on the progress of their expenditure through an Expenditure Control Register, without which they cannot realistically foresee the additional requirements of funds over the sanctioned allocation during the year, and be in a position to ask for supplementary grants in time. Finally, in case of refusal of the supplementary funds asked for, they must observe financial discipline and defer the additional expenditure to the next financial year.

(ii) **Non-surrender of savings**

9. Some instances of the above irregularity will be found in paras 6, 30, 43, 89, 302, 326, 343, 383, 398, 533, 682, 725 and 733 of Annexure I. Some cases also came to the notice of the Committee in which the supplementary grant asked for and obtained proved to be unnecessary *vide* Paras 19, 383, 605 of Annexure I, underscoring poor maintenance of departmental accounts.

10. The Committee would, therefore, again suggest that the Finance Division take note of these common lapses and, in consultation with Ministries/ Divisions if necessary, devise effective measures to obviate their recurrence in future.

(iii) **Utilisation of grant for purpose other than the one for which sanctioned**

11. Grant No. 15, as sanctioned by the legislature, was intended for the Civil Armed Forces. However, from the details in the Appropriation Accounts, it appeared that the grant was distributed under the following Major Heads:—

1. *Major head "29—Police"*

- A. West Pakistan Coast Guards.
- B. West Pakistan Rangers.

2. *Major head "34—Frontier Regions"*

- Acctt. I. Frontier Watch & Ward.
- Acctt. II. Other Charges.

The Coast Guards, who were responsible for preventing smuggling, functioned separately from the Frontier Constabulary, whose duty was preservation of law and order. Bracketting these items under the same grant, made the re-adjustment of funds, amounting to crores of rupees, between these forces possible without sanction of the legislature which was evidently undesirable.

12. The grouping together of para-military formation for the purposes of expenditure from Grants should, ordinarily, be made on the basis of similarity in the object of their creation. There should be a homogeneity of purpose behind the various sub-heads of a grant. Besides, though only a lump-sum grant is provided in the Schedule of Authorised Expenditure, in the Committee's view Demand should be asked for from the Legislature in a more logical manner and should be adhered to in letter and spirit while incurring expenditure under that Grant. The Ministry of Finance should review the composition of the grants from this point of view to make them more homogeneous.

(iv) Tendency among senior officers not to pay due attention to departmental accounts.

13. The Committee regrets to observe that, after its examination of the Accounts for 1973-74 and the previous years, it had a feeling that senior officers never took the trouble to pay personal attention to the maintenance of accounts, preferring accounting matters to be taken care of exclusively at the lower levels. This undesirable tendency should be counted by the Ministry of Finance by prescribing specific responsibilities in respect of supervision of accounts at various levels. The ultimate responsibility for a proper maintenance of accounts and observance of financial discipline must be pinned down to the Principal Accounting Officer of the Division|Department.

(Para 344).

(v) "Accounts" not considered important enough

14. The Committee was surprised to note that, although the subject 'Overseas Pakistanis Wing' was transferred from Education Division to the Manpower Division about two years ago in 1977, the Division had not even written to the Education Division as yet for the transfer to them of the accounts and other relevant files pertaining to the above Wing.

15. The conclusion that could, in the circumstances, be drawn is that "Accounts" of the transferred Wing carried no importance with the Division. It was time that such in-difference on the part of the defaulting officials, in the matter of keeping the accounts of the said Wing up-to-date, is visited with action under the rules.

(Para 662).

(2) ACCOUNTING IRREGULARITIES|DEFECTS

(i) Non-reconciliation of|Incorrect postings in accounts

16. Like the Accounts for the past years from 1970-71 onwards, instances of non-reconciliation|incorrect postings abounded in the Accounts for the year

under review also *vide* paras 7, 59, 63, 67, 68, 78, 85, 90, 119, 120, 202, 211, 310, 312, 341, 374, 376, 377, 405, 440, 442, 529, 592, 622, 624, 679 and 681 of Annexure I. Audit concerned incorrect posting in some specified cases only but was not agreeable to do so in respect of all cases, as many departmental representatives wanted them to. Audit was, however, directed to finalise the non-reconciled figures [incorrect postings, after consulting the records. In particular Audit was to correct wrong entries relating to capital heads, which will have a serious effect on the cumulative capital outlays and liabilities.

(ii) Non-reconciliation resulting in lapse of appreciable funds

17. In a certain case, non-reconciliation resulted in a lapse of appreciable funds, which could have been utilised elsewhere profitably had the reconciliation been carried out timely.

18. The Committee would like to emphasise once again that the cause of failure of the existing system of reconciliation of expenditure by the departments with the Audit offices, should be located by the Finance Division and the Auditor-General, at the earliest. Suitable measures should then be devised to ensure that, in the future, only one set of figures, agreed upon between the Audit and the department, is presented to the Committee, so that its time is not wasted in fruitless discussion on inaccuracies in the accounts or on un-reconciled accounts.

(Para 312).

(iii) Belated Adjustments

19. The existing system of payments through book adjustment has been causing much confusion in inter-departmental transactions. The departments ascribed many cases of excesses to belated receipt of book debits. Similarly, in some cases, the reason advanced for savings was the non-receipt, in time, of book-debits by the spending Ministries|Divisions. The Auditor-General confirmed to the Committee that, normally, the Accounts Officers did inform the departments concerned when effecting such debits.

20. The Committee considered that the existing system of giving intimation to the departments about effecting debits from their accounts needs to be examined in the light of its recommendations in paras 19 and 15 of its Reports on the Accounts for 1970-71 and 1972-73 respectively (Annexure III). Audit should also ensure that the Department concerned is promptly informed whenever a debit is raised against it, and adjustment therefor is, normally, effected after confirmation thereabout by the Department if the same is not raised under Standing Orders or on prior acceptance. There could, otherwise, be no effective exercise of control over their expenditure by the spending Ministries.

(iv) Claims about recoveries—streamlining procedure to eliminate discrepancies

21. According to the Audit, anticipated recoveries, amounting to Rs. 80,64,354, had been shown in the accounts, but they were neither recovered

nor reasons advanced for their non-realisation. The departmental representatives explained that the amount represented the transit shortage of stocks of imported wheat from Karachi. He contended that the actual amount required to be written off on this account totalled only Rs. 28,61,600, and not Rs. 80,64,354 and efforts were afoot to finalise the write-off. Besides, the above amount included Rs. 64,775, misappropriated by an *ex-Assistant Civil Supplies Inspector*, who had since been dismissed. A criminal case against him was still pending in the Court.

22. Audit was directed to sort out as to what was initially outstanding and what amount from it had been recovered but not been accounted for. More importantly, Audit was asked to go into the question of what was wrong with the present system of accounting, which threw up the above discrepancies. The necessary improvements should then be brought about by the Auditor-General, in consultation with all concerned.

(Paras 45 and 48).

(v) Non-maintenance of consumption accounts|non-accountal of stores

23. Instances were noticed *vide* paras 132, 133, 134 and 136 where either the consumption accounts did not appear to have been maintained or materials of appreciable value had remained un-accounted for, and the relevant records were not made available to Audit for verification. A serious view must be taken of this lapse. The departments concerned should be asked to spare no efforts to rectify the lapse and take firm action against those found to have defaulted.

(vi) Delay in linkage of stores

24. It was noticed that cases continued to recur in which consignees of the Defence Department Stores were not linking the goods received by them against particular consignments, notified as having been despatched to them. It was also now becoming impossible for the internal Audit to satisfy itself that such consignments had been actually accounted for by the consignees. This had, in fact, become a recurring feature in the Defence accounts.

25. The Committee, therefore, reiterates its earlier recommendation that the procedure must be looked into quickly, so that the delay in the linkage of goods with the consignments is minimised.

(Paras 471-72).

(3) LOSSES TO GOVERNMENT

(i) Non-obtaining of security from registered firms

26. It was noticed in a case that a registered firm failed to fulfil its contractual obligation and the contract had to be cancelled at the risk and cost of the contractor. The department had not obtained any security from the firm

and the matter is now in the Court. This raised the question as to what should be done when such firms default. The Auditor-General suggested that it would be more appropriate to obtain, even in the case of registered firm|contractors, a Bank guarantee to avoid litigation etc. as blacklisting of defaulting firms would not be an adequate financial remedy for the loss sustained by the Government. Besides, such firms usually changed their names and continued to work all the same under new names. As this matter could be of common concern to Ministries|Divisions, it needs to be examined, as a general issue for giving suitable guide-lines to Ministries|Divisions etc.

(ii) Substitution of Risk and Expense clause by security|bank guarantee clause

27. It was found that departments wasted a good deal of time, money and fruitless effort in trying to recover the amount spent on getting works done at the risk and cost of contractors, as stipulated in their contracts. It would, therefore, be worthwhile to examine as a general issue whether stipulation about 'risk and cost' in contracts, as hitherto, is at all practicable and realistic and whether it should not be substituted by a flat security|bank guarantee clause? Suitable instructions should then be issued to all the Ministries etc. in this behalf.

(Para 479).

(iii) Revalidation of Registration by Contractors

28. According to the existing practice, a list of approved firms|registered contractors is required to be maintained by the executing agencies. The firms|contractors are also supposed to get their registrations renewed at fixed intervals. The list is thus to be kept up-to-date by deleting from it names of firms black-listed for their unsatisfactory performance and adding to it names of new firms, registered in the meantime. No such up-to-date list could be produced before the Committee, leading to the conclusion that this salutary procedure was not being observed.

29. The Committee recommends that the rules in this behalf be examined and, if found necessary, amended to make a periodical renewal of registrations obligatory. The names of undersirable firms would thus continue to be weeded out from the list of approved contractors and those of newly registered ones brought on to the list, thus maintaining the list up-to-date.

(iv) Non-exhibition of full amount of stores in bills of lading

30. Certain stores, shipped for Defence Services, short-landed from abroad. The value of the stores was not indicated in their bills of lading. Therefore, the claim for the refund of the cost of cargo, short-received, was accepted by the Shippers for £ 100 only, being the maximum liability under the Carriage of Goods by Sea Act, where the full value of the stores shipped is not disclosed in the bill of lading. This resulted in considerable loss to the Government.

31. By not declaring the full amount on the bill of lading, the department concerned was indeed running a serious risk, as the liability of the Shipper was then limited to £ 100 only. The Committee was informed that this matter had been examined, but it had not been found in the interest of the State to declare the full value of the stores in each bill of lading.

32. The Committee would, therefore, like to repeat its recommendation made by it earlier that the existing procedure, under which the full value of the cargo is not being declared, may be re-examined for corrective action, as necessary. Since this matter may concern other Ministries also, it should be got examined as a general issue, for advising the Ministries etc., suitably.

(Para 483).

(v) Overpayment and its non-realisation

33. A contract was awarded in 1955. Work on it was completed in February, 1956 and the final bill prepared in March, 1959, involving an overpayment of Rs. 65,756. The account was, however, finally closed in April, 1970. This extraordinary delay was ascribed to a protracted dispute, which arose with the contractor over deviations, when the bill was in its final stages. Then there was a break due to the reorganisation of the MES in 1960. As for the recovery of the over-paid amount, the Committee was informed that none of those involved was alive and steps were underway for the regularisation action by writing it off.

34. The departmental representative further stated in another case that recoveries had since been made of some of the arrears and attempts were afoot to recover the remaining outstanding against private parties. This case is one of the very bad cases of delay in finalisation, involving financial loss. It is, therefore, being brought to the notice of Government for suitable action and direction to guard against its recurrence in future.

(Paras 509 and 511).

(vi) Demolition first and then disposal—Infructuous expenditure

35. In a certain case, it was noticed that two storage sheds were damaged beyond repairs due to heavy storm and it was recommended by senior officers that these should be demolished. Later, as a result of an Audit objection, the material found was taken on charge by the Department and put to auction. There was, thus, first the demolition and then auction, instead of direct auction on "as is where is" basis, which would have saved the expenses on demolition and also loss of material. The departmental representative tried to explain away the irregularity by saying that this happened because steps were taken to comply with the regulations literally. Asked whether there was any regulation to the effect that demolition should precede auction, it was stated that it depended upon the orders that may have then been received from the higher authorities.

36. This may not be the only instance of its type in the governmental set-up. It, therefore, calls for an examination of the relevant rules and orders for the issue and suitable instructions, to remove all doubts as to the procedure which should be adopted in such cases.

(Paras 498—501)

(vii) Bad planning and lack of foresight resulting in infructuous expenditure

37. It was noted that a shed at Chaklala was renovated at a cost of Rs. 3,54,389 to accommodate the Clothing Factory of the POFs, Wah, which was to be shifted to Rawalpindi. As living accommodation for the factory workers was not available at Rawalpindi, the proposal was later dropped and the expenditure on the renovation of the shed in question became infructuous.

38. Similarly, in another case, during the course of its execution, a work was abandoned and the contract terminated under its terms. The work executed before the termination of the contract was paid for to the contractor, involving an infructuous expenditure of Rs. 21,623, which was later regularised.

39. These cases are instances of poor planning and betrayed a lack of foresight, at the initial stage, on the part of those concerned. It may be still worthwhile to see as to what actually happened in these cases for at least administering due warning to those responsible for the misplanning and infructuous expenditure. Simple regularisation of such losses by the spending Division, without going into the why and wherefor of decisions which may have caused the losses, should not be deemed to be a satisfactory disposal of the Audit Paras in regard to them.

(Paras 488-89)

(4) EXAMINATION OF ACCOUNTS OF PUBLIC SECTOR AUTONOMOUS BODIES BY PUBLIC ACCOUNTS COMMITTEE

40. The issue of examination by the Public Accounts Committee of the accounts of autonomous bodies controlled by the Government, with reference to paras 22—24 of the Committee's Report on the Accounts for 1972-73, was discussed further.

41. The following points were made during the discussion :—

- (1) The Auditor-General maintained that Public Corporations and Government owned holding companies must pass on the accounts of the bodies, controlled by them, to the Auditor-General, for his Comments.
- (2) As for the powers of Government to ask the Auditor-General to undertake the examination of the accounts of such bodies, there was a general agreement that, in whichever companies Government had

a majority of financial interest, it was responsible to ensure, both in the public interest and for the sake of private share-holders in them, that these companies were run efficiently. Therefore, the Government could legitimately ask for their accounts to be examined by the Auditor-General.

- (3) There was nothing new about Government undertaking the examination of accounts of companies etc. The Monopoly Control Authority did so, to watch the public interest. In some other countries, this duty had been entrusted to Audit even under suitably enacted legislation. Government had thus the inherent power to do anything which appeared to them to be necessary in the public interest in this field.
- (4) It was suggested by a member of the Committee that the examination of accounts by the Auditor-General should be restricted only to those companies where Government funds were directly involved and the Government were responsible for their management because if the Government controlled the affairs of a company, the performance thereof will, ultimately, reflect on the Government and its financial and accounts management on the Government-appointed Auditors.

42. The Committee recommends that the Ministry of Finance and the Auditor-General should examine this question in consultation with the Law Division, if necessary to determine as to whether and to what extent would it be legitimately justified for the Committee to undertake the examination of accounts of Joint Stock Companies in Government and/or Corporations, wholly owned by Government or in which the Government hold majority interest. Also, what procedure should be adopted by the Committee, if it is to examine those accounts. The accounts, already asked for by the Committee from public sector bodies and received in the National Assembly Secretariat, will be considered in the light of conclusions that may be arrived at by the Ministry of Finance after the above exercise.

(5) PROBLEMS/WORKING OF SOME PUBLIC SECTOR ENTERPRISES/ ORGANISATIONS

(i) Cotton Export Corporation

43. The *Ad-hoc* Public Accounts Committee, at its meeting held on the 28th March, 1979, had desired to see, in the next meeting, the financial working of the Cotton Export Corporation, as funds therefor came from the Exchequer. The Accounts of Cotton Export Corporation for the year ending the 30th June, 1978, along with the Chairman's Report to the Share-holders and the Report of the Auditors to the Board of Directors, were accordingly discussed on 26-5-1979.

Stocks and Financial Positions

44. It appeared from the Report of Auditors that the Stock-in-Trade, as on 30-6-1978, amounted to Rs. 76,63,42,180. The Corporation had a Working Capital of Rs. 21,57 33,265. The Current Assets, as on 30-6-1978, were

Rs. 89,79,53,391 as against the Current Liabilities of **Rs. 1,11,36,86,656**. Apart from a loan of **Rs. 6,50,000**, provided by the Federal Government for the construction of godowns, bank loans served as the main source of financing for the Corporation. Their total borrowings from the Banks as on the 30th June, 1978, amounted to **Rs. 1,08,57,34,642**. The interest expenditure of the Corporation during 1977-78, was hence of the order of **Rs. 8,16,64,375** against **Rs. 1,71,98,136** paid during the previous year. It appeared that the Corporation was being financed almost entirely by bank over-drafts.

Old debts

45. Trade debts amounted to **Rs. 3,39,62,228**, including **Rs. 1,11,20,316** on account of local debtors of which **Rs. 1,10,19,482** had been outstanding for two| three years. The departmental representative explained that one firm was paying @ **Rs. 2 lac** a month against an arrear of **Rs. 37½ lac**, but another firm had not yet made any settlement. That firm had a big outstanding of **Rs. 53 lac** though it admitted a liability of **Rs. 36 lacs** only. It was stated that these transactions dated back to 1974-75, when the Corporation had purchased 22 lac bales and a number of agents were appointed. Procedures were yet in the making and the staff was raw. The agreements, which were then executed, also suffered from certain loop-holes, which were liable to mis-interpretations. Despite all this, the Corporation had recovered every bit of **Rs. 27 crore**. As to the outstanding of **Rs. 1.10 crore**, which they had still to recover, it was stated that all possible efforts were being made for its recovery and the Provincial Government had also been got interested in getting the recovery made. A brave feature of the situation was that the Corporation still continued to deal with these parties.

(Paras 105—109)

(ii) **House Building Finance Corporation**

46. It transpired from the accounts of the Corporation that they were paying interest to Government on loans advanced to them for financing their activities, and even on the assets of the erstwhile East Pakistan. The Committee was informed that the interest payable on the assets of East Pakistan was still being calculated, and though not actually paid, it continued to be a liability of the Corporation, without being exhibited in the accounts separately. It was not possible to find the recovery rate of outstanding loans from the accounts.

47. The Committee recommends that the accounts of the Corporation for 1978-79 onwards should be prepared more realistically, showing all the relevant items separately and clearly and indicating clearly the rate of recovery of overdues.

(Paras 354-55)

(iii) **T.V. Corporation Accounts**

48. It was brought to the Committee's notice that, despite the ECNEC's decision, the T.V. Corporation was not being re-imbursed their charges for the

time which was consumed on Government publicity. It was stated that the bills submitted by the Corporation on this account were either not being passed by the Finance Division for payment or were being accepted in part only. No hard and fast rule appeared to have been laid down about how the accounts of the Corporation should be prepared to what extent could it count on Government financial assistance. This state of affairs could hardly be conducive to the efficient functioning of any Corporation.

49. The Committee would, therefore, recommend that the basic financial issues relating to the T. V. Corporation be attended to and straightened out by all the agencies concerned, at the earliest.

(Paras 615-16)

(iv) **Zeal Pak Cement Factory Limited**

50. It was stated that the production from the old units used to be 7.2% more than the rated capacity. The new units have, however, not been able to yield the rated production, mainly due to some inherent defects in their design, poorer quality of lime-stone and clay now available in the area and high moisture content of slurry etc. Quite a few modifications had been effected in the kilns over the years, with some improvement in production, and efforts to achieve the target, in consultation with the foreign suppliers, were still continuing.

51. The Committee was further informed that the present production of the factory was about 3000 tons per day, *i.e.*, 82 or 83 per cent of the rated capacity. When these units were set up in 1975-76, the guarantees given by the suppliers were for short periods only. Thereafter, the units had gone down in quality and the element of control in them also did not remain very satisfactory. Efforts were being made to change-over the clay deposits and to locate new fields, but the major raw material, namely lime-stone, of better quality is not available in the vicinity of the factory.

52. The Committee was glad to know that the Zeal Pak Cement Factory Ltd. had enough liquidity and they were considering setting up a new factory in Thatta, about 40 miles from Karachi.

(Paras 266—68)

(v) **Nowshera D.D.T. Factory**

53. The Committee was informed that the final decision about the future of the Factory had not been taken as yet. The Fauji Foundation, who had been approached to take over the Factory had declined the offer. The need for arriving at a final decision about the future of this unit, at the earliest possible can hardly be over-emphasised.

(Para 278)

(vi) **Bannu Sugar Mills**

54. It was stated that, during the year, the Mills sustained a net loss of Rs. 92,91,551 as against a loss of Rs. 39,35,374 in the preceding year. As regards the present, enough quantity of sugar-cane was not available in the vicinity.

A new sugar factory, the Khazana Sugar Mills, having come up not far away, the future of the Bannu Sugar Mills had become more bleak, as they may not be getting even the quantity of sugar-cane which they were getting earlier. The problem can no longer be put off for its solution and the concerned departments must find one soon to save this Mills from a complete closure.

(Para 284).

(vii) Pakistan Insurance Corporation—Outstanding dues

55. The Commercial Accounts of the Pakistan Insurance Corporation revealed that, as on 31-12-1973, a balance of Rs. 10,31,54,390 was outstanding against persons and bodies carrying on insurance business. The Committee was informed that the balance due on 31-3-1979 amounted to Rs. 32.02 lakhs only, which is creditable. An amount of Rs. 60,000 was due from the Union of Burma and there was no response from them. However, the department was pursuing the matter vigorously. The Committee recommends that the case of each defaulter be scrutinised thoroughly and, in case, any of these dues are considered irrecoverable, steps may be taken to have them written off, instead of continuing to show them indefinitely as assets in the Corporation's books of accounts.

(Para 104).

(viii) Ordnance clothing factories—Financial review

56. According to Audit, the following debts, amounting to Rs. 31,85,784, and pertaining to the years 1967-68 to 1973-74, were outstanding in January, 1976 under the head "payment made during the year, but stores awaited":—

<i>Year</i>	<i>Payment made but stores awaited</i>
	Rs.
1967-68	33,365
1968-69	750
1969-70	11,179
1970-71	20,997
1971-72	3,03,303
1972-73	1,80,219
1973-74	26,35,970
Total ...	31,85,784

57. Strenuous efforts are called for for the adjustment of these old outstanding amounts and the Ministry should call for a special report and watch the progress.

(Para 576).

(ix) P.I.D.C. Head Office—Adjustment of expenditure incurred on abandoned scheme.

58. The Balance Sheet for the year ending 30th June, 1974 contained an amount of Rs. 25,39,70,221 as "Government Development Loans", invested in projects/companies and associates. This amount included a sum of Rs. 17,97,250, representing investments in the schemes which had been abandoned. As the schemes had since been abandoned, the Audit contended that this amount should not have been shown under investment and the actual expenditure against the

said schemes should have been adjusted in the accounts of the Corporation. The department explained that the expenditure incurred on the abandoned schemes should have been shown as investment, pending receipt of Government approval to the write-off of the amount involved, and that this was being taken up with the Ministry of Finance. This long-standing matter should now be finalised without any further delay.

(Para 281).

(6) MISCELLANEOUS MATTERS

(i) Treatment of general public at hospitals meant for entitled persons

59. Government has to provide medical facilities for the general public. Under the Constitution, this function falls within the sphere of the Provincial Government. But, when the Capital was shifted from Karachi to Rawalpindi, the Central Government set up the Central Government Hospital at Rawalpindi for the treatment of its employees. The position had since changed in that the Federal Government has now established Capital as Islamabad and it is the responsibility of the Federation to provide medical facilities for private citizen residing in Islamabad. This responsibility was not being discharged, so far, by having a separate Civil Hospital. Therefore, the Central Government Polyclinic, which is meant for the treatment of 'entitled' Government employees, is supposed to be discharging this responsibility. The expenditure incurred on the treatment of non-entitled persons out of the allocation sanctioned for entitled persons did not, in this view of the matter, appear to be entirely irregular.

60. Even in the case of Provincial Governments, a firm definition of who should get free medical treatment and who should not in a particular hospital, seemed to be wanting.

61. It is, therefore, recommended that the question of treatment of the public in Government Hospitals may be examined and the necessary action for providing funds for such treatment, as necessary, be initiated.

(Paras 315—17).

(ii) Representation of Government agencies in Court cases

62. It was noticed that, in a number of Court cases, decisions went in favour of the opposite parties and such cases normally had to be regularised by writing off the decretal amounts. The department contended that one of the main reasons for this poor showing was that the lawyers who are approved by the Law Division to represent Government cases, were being paid a fee of only Rs. 300. Rs. 400 for a case, whereas the lawyers engaged by the opposing parties received even up to Rs. 20,000 to Rs. 30,000 for a case, depending upon the amount involved in the dispute.

63. This is an important issue in that the over-all Government losses on this score have been quite substantial. It is, therefore, recommended that the necessary data should be collected in this connection. If it is then found justified on facts established, suitable steps should be taken to improve the Government's legal representation in Court cases.

(Paras 478-79).

(iii) Writing off of preliminary expenses on projects

64. It was pointed out that preliminary expenses, amounting to Rs. 8,96,37,676, incurred on some old units of the Defence Services in their earlier stages, were being shown in their statement of Assets and Liabilities for quite a long time. From the Commercial Accounting point of view, these expenses should have been eliminated from the statement of Assets and Liabilities proportionately each year, by charging to production.

65. The department explained that the preliminary expenses incurred on old units were being exhibited in the accounts in accordance with the guideline given by the Finance Division to the effect that an expenditure, actually incurred on a project, should not be eliminated from the "Balance Sheet", as it will be contrary to the factual position and normal commercial practice.

66. The point whether such expenditure should be taken as part of the cost was discussed by the Committee. It was agreed that, if an expenditure is incurred on the installation of machines in a particular factory, it has to be added to the capital cost of those factories, and should be depreciated with the capital assets in the ordinary course. However, the expenditure incurred in the preliminary stages of the project, say on the training of personnel and capitalised in the first instance, should be gradually charged to revenue in suitable instalments.

67. There is no point in keeping such expenditure as an assets in the balance sheet on a permanent basis.

(Paras 563—66).

(iv) Non-clearance of claims against shipping insurance agents

68. From the figures furnished by Defence Department, it was noted that all shipping insurance claims for the period from 1/64 to 12/73 had been settled, except the following:—

A. Insurance Claims

Year	No. of Claims	Amount
		Rs.
1964	1	178.90
1965	1	54.00
1966	3	3,137.10
1967	6	5,042.87
1968	10	91,155.08
1969	8	52,698.50
1970	—	—
1971	4	1,412.33
Total ..	33	1,59,870.68

B. Shipping Claims

1968	2	4,152.46
1970	2	3,260.00
1971	7	2,09,775.92
Total ..	11	2,17,188.38

69. The position of year-wise outstanding claims lodged after January, 1973 was as follows : —

A. Insurance Claims

Year	No. of Claims	Amount
1971	11	54,766.28
1972	12	82,117.99
Total :-	23	1,36,884.27

B. Shipping Claims

1971	3	3,05,527.53
1972	20	2,93,848.26
Total :-	23	5,99,375.79

C. 1973 242 70,48,581.50

70. It was stated that, despite repeated reminders/requests by the Embarkation HQ, Insurance claims pertaining to the period up to December, 1973 were not being paid by the Insurance Corporation, because the payment of due premia had not been passed by the CMA. The reasons for the CMA not allowing the payment of the due premia, which had been resulting in the non-settlement of Insurance claims by the Insurance Companies, need to be gone into urgently, for taking the necessary corrective action, to resolve this issue.

(Paras 512—16).

(v) **Works claimed to have been carried out under the 'telephonic orders' of the Prime Minister.**

71. An excess of Rs 1,54,75,430 under "Grants-in-Aid—Rural Works Programme in Northern Areas" was indicated by Audit. However, the departmental representative contended that the excess amounted to Rs. 39,49,984 only and had to be incurred for complying with a telephonic order of the late Prime Minister, though he could not inform the Committee as to what items of work were executed under such orders and why was a supplementary grant, to cover the excess, not asked for in time. It was only said that, soon after receiving the orders directly from the Prime Minister, the President had conveyed the same to his officers over the telephone.

72. In this case, the department should have specified the items on which the money was spent, and also indicated whether the expenditure was incurred with or without the prior knowledge of the Ministry. The Committee recommends that this matter should be gone into once again to ensure that the Prime Minister's so-called orders were not exploited to incur expenditure far beyond what may have been legitimately warranted. Defaults, if any, that are detected thereby should be dealt with according to rules.

(Paras 46-47).

(vi) **Cases calling for departmental action for negligence, omissions, defaults and other glaring irregularities etc.**

73. Several cases have been reported in paras 36, 52, 99, 101, 149, 201, 333, 344, 593, 594 and 710 of Annexure I, involving substantial "excesses" over the sanctioned grants. Their examination revealed instances of glaring irregularities, failure to carry out physical verification of stocks, non-provision for arrears of contribution, negligence, unnecessary delay in the completion of works, default in not intimating the requirement of additional funds by a Mission, failure of lower formations to report the fund requirements in time and over-payment by the Education Division, London to an official without obtaining the approval of the competent authority.

74. The Committee recommends, that the departments concerned be directed to hold proper departmental inquiries into these as well as similar other cases to fix the responsibility of the defaulting officials and take suitable action against them, so that the recurrence of such instances is minimised in the future.

NATIONAL SHIPPING CORPORATION

(vii) **Freight receivable and by-passing State Bank in transfer of funds**

75. It was pointed out that freight receivable increased from Rs. 1,58,76,000 to Rs. 2,01,25,174 as compared to the preceding year. The department, however, claimed that the size of freight outstanding on 30th June, 1974 had been reduced to Rs. 36,32,000 as on 31st December, 1978, though some of it was dated as far back as 1964-65. This amount was due from various Government and Semi-Government agencies and efforts were continuing to recover the outstandings. The major arrears were:—

	Rs.
1. Ministry of Agriculture	8,85,000
2. Embarkation Commandant	6,67,000
3. W.P.A.D.C.	5,69,000
4. A.G., W.P. Lahore	3,36,000
5. P.O. Fs. Wah	2,33,000
6. C.M.A.	2,20,000
7. P.W.R.	78,000

76. The above position appeared to be far from satisfactory. The defaulting Government Organisations should be directed to clear their dues, without any more loss of time. The Auditor-General should also look into the case relating to A.G., W.P., Lahore.

77. When asked as to why large amount of cash were being kept abroad, the departmental representative explained that they have to do so far marking payments to their agents in New York and London, etc. He further explained that, although there was no difficulty in bringing back the foreign exchange and then

taking it out, they have to maintain certain level of fund abroad to meet their day-to-day requirement. For example, cash is kept in London to meet the cost of ship repairs and to pay for insurance and other expenses. They were also getting interest on it.

78. The Committee was not satisfied with the explanation and would recommend that the reasons for by-passing the State Bank, while making these transfers, may be gone into. Unless there were convincing reasons for maintaining the *status quo*, steps may be taken to bring these transactions suitably within the orbit of the State Bank.

(viii) Foreign Aid—Concurrent advice about debits by EAD to Aid-getting agencies.

79. Substantial savings over the sanctioned grants were seen reflected in the Accounts of some Aid-getting agencies. This was stated to have occurred, as actual disbursements were not intimated by the aid-giving agencies and Economic Affairs Division also did not get the amount adjusted by the AGPR in the accounts of those aid-receiving organisations for the year. According to the procedure laid down, the aid-giving agency must advise the EAD promptly as soon as a payment is made. In actual practice, however, protracted correspondence has to be entered into with the World Bank as the co-ordinator and a lot of time is wasted, before any adjustment becomes possible. As the department must also be getting invoices when they receive goods or consignments in aid, they should, on the basis of the invoices and other documents etc., be able to raise provisional debits on each such receipt.

80. The Committee, therefore, recommends that the feasibility of aid-receiving departments raising provisional debits against received consignments, on the basis of their invoices, may be examined, and suitable instructions then issued to all concerned. It is further recommended that the Economic Affairs Division should streamline this part of their work and make the detailed procedures, etc., fully known to the Ministries for obviating delay in the adjustment of expenditure incurred on received goods. The Economic Affairs Division should also themselves impart advice to the aid-receiving agencies promptly, to enable them to keep their books of accounts up-to-date.

(Paras 188—91)

FINAL RECOMMENDATIONS OF THE COMMITTEE

81. We append to this report the following statements as Annexure IV :—

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

82. As in the previous reports, the Committee would like to express its gratitude to the Auditor-General, his officers and staff and the officers and staff of the National Assembly Secretariat. The examination of the Federal Accounts for 1973-74 by the Committee within about seven weeks, after completing the examination of the 1972-73 Federal Accounts by it, would not have been possible without their untiring effort.

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

- (i) the suggestions and recommendations made by the Committee in the foregoing paragraphs and in Annexure I be accepted, and
- (ii) the excess in expenditure, contained in the statements referred to in para 81 (4) and (5) above and appended to the Report as Annexure IV, 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 17th October, 1979.~~

27 FEB 1980

**ANNEXURE I
PROCEEDINGS
OF
PUBLIC ACCOUNTS COMMITTEE**

(21—22)

PROCEEDINGS OF THE *AD HOC* PUBLIC ACCOUNTS COMMITTEE

Saturday, the 26th May, 1979

1st Meeting

The sixth session of the *Ad-hoc* Public Accounts Committee commenced in the State Bank Building, Islamabad at 10.00 a.m. on Saturday, the 26th May, 1979 to take up the examination of the Appropriation and other Accounts of the Federal Government for 1973-74 and Reports of the Auditor-General thereon. The following were present :—

Ad-hoc P. A. C.

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

National Assembly Secretariat

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

Audit

1. Mr. 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. Khawaja Abdul Waheed, Director, Commercial Audit.
6. Mr. Abdul Majid Khan, Director, WAPDA Audit.

Ministry of Finance

1. Mr. Aish Bahader Khan, F. A. (Law & Commerce).
2. Mr. Aziz-ur-Rehman, F. A. (Interior).
3. Mr. Mumtaz A. Burney, DFA (Law & P.A.).
4. Mr. I. A. Usmani, D.F.A. (Commerce).
5. Mr. Fayiaz Akhtar, D.F.A. (Interior & K. A.).
6. Mr. Vakil Ahmad, D.F.A. (S. & F. R.).

2. The Accounts of the following Ministries|Divisions were examined on this date in the same order :—

1. Ministry of Law and Parliamentary Affairs :
 - (a) Law Division.
 - (b) Parliamentary Affairs Division.
2. Supreme Court of Pakistan.
3. Election Commission of Pakistan.
4. Ministry of Local Government and Rural Development.

5. Ministry of States & Frontier Regions and Kashmir Affairs :
 - (a) Kashmir Affairs and Northern Affairs Division.
 - (b) States and Frontier Regions Division.
6. Ministry of Interior.
7. Ministry of Commerce.
8. Ministry of Water and Power.

LAW DIVISION

3. The Committee took up examination of Appropriation Accounts pertaining to the Law Division and the Report of the Auditor-General thereon.

4. The following departmental representatives were present :—

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

5. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Law and Parliamentary Affairs (Group head 'A' only)	82
2.	Other Expenditure of Ministry of Law and Parliamentary Affairs (except group head 'E')	85

APPROPRIATION ACCOUNTS

6. *Grant No. 82 (Page 127—AA).*—The saving of Rs. 66,069 under Group head "A—Law Division" was attributable mainly to non-accounting of Rs. 50,000 sanctioned in August, 1973, for the T.A./D.A. of members of delegation to the Sixth World Conference. Explaining as to why this expenditure was not booked by Audit when the Conference ended in August, 1973 the Audit representative said that the expenditure had actually been incurred in the circle of the Chief Accounts Officer, Ministry of Foreign Affairs, but the debit which was to be passed on to the A.G.P.R. was not received in that Office in time.

7. *Grant No. 85 (Page 130—AA).*—The excess of Rs. 3,10,596 under the Group head "B—Law Officer (Voted)" was stated to be partly due to wrong booking of Rs. 48,000 (Pay of Attorney-General) under 'Voted' expenditure, instead of 'Charged' expenditure. The balance amount of Rs. 2,52,596 related to adjustments of belated debits. As these figures could not be reconciled during the year, the excess came to the notice of the Division after the close of the financial year. The departmental representative conceded that non-reconciliation was the result of a slip somewhere either on the part of the A.G.P.R. or the department. It was agreed that this should be settled between the Audit and the department.

PARLIAMENTARY AFFAIRS DIVISION

8. After the Law Division the Appropriation Accounts pertaining to the Parliamentary Affairs Division and the Report of the Auditor-General thereon were considered by the Committee.

9. The following departmental representatives were present :—

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

10. This Division controlled Grant No. 82 (Group heads 'B' & 'E').

APPROPRIATION ACCOUNTS

11. *Grant No. 82 (Page 127—AA)*. There was no material point for discussion under this grant.

SUPREME COURT OF PAKISTAN

12. Thereafter examination of Appropriation Accounts for the year 1973-74 pertaining to the Supreme Court of Pakistan and the Report of the Auditor-General thereon was taken up by the Committee.

13. The following departmental representatives were present:—

1. Mr. S. A. Nizami, Registrar.
2. Mr. M. A. Zaidi, Assistant Registrar.

14. The Supreme Court controlled Grant No. 84.

APPROPRIATION ACCOUNTS

15. *Grant No. 84 (Page 129—AA)*.—According to the departmental figures the excess of Rs. 41,790 under sub-head "C—Allowances, Honoraria, etc." was claimed to have been met by re-appropriation from savings occurring under sub-heads "B—Pay of Establishment" and "D—Other Charges". The departmental representative was asked to supply a copy of the reappropriation order to the Audit, who were to verify the same.

ELECTION COMMISSION OF PAKISTAN

16. The Committee then took up examination of Appropriation and other Accounts for the year 1973-74 pertaining to the Election Commission of Pakistan and the Report of the Auditor-General thereon.

17. Mr. A. Z. Farooqi, Secretary, represented the department.

18. This Commission controlled Grant No. 83.

APPROPRIATION ACCOUNTS

19. *Grant No. 83 (Page 128—AA)*.—Audit had pointed out that the entire Supplementary Appropriation (Rs. 9,13,000) had remained un-utilised under the 'charged' section, whereas, under the 'voted' section, there was an excess of Rs. 2,03,292. The departmental representative contended that, under Article 81 of the 1973—Constitution, the entire expenditure relating to the Chief Election Commissioner was 'Charged' but, as also admitted by the Finance Division, it had been inadvertently exhibited as "Voted". Against a total grant of Rs. 33,98,000, there was an expenditure of Rs. 33,46,085 (including anticipated debits) leaving a balance of Rs. 51,915, which had been surrendered. However, anticipated debits amounting to Rs. 6,57,456 were not raised/received by the Accountants General concerned with the result that the actual expenditure was reduced from Rs. 33,46,085 to Rs. 26,88,292 and savings increased from Rs. 51,915 to Rs. 7,09,708.

20. The Auditor-General observed that this mistake could have been rectified by surrendering the original grant under 'Voted' section and providing supplementary grant under 'Charged' section. The Chairman, thereupon, observed

that the final grant will have to be taken as it stands. He added that the circumstances which delayed debits must also be looked into, to avoid its recurrence in the future.

21. The Audit undertook to verify the position and rectify the mistake.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

22. The Committee then took up examination of Appropriation Accounts pertaining to the Ministry of Local Government and Rural Development and the Report of the Auditor-General thereon.

23. Mr. Inamul-Haq, Joint Secretary, represented the Ministry.

24. There was no item in the Appropriation Accounts for 1973-74 pertaining to the Ministry of Local Government and Rural Development. However, in reply to a query by the Committee, the departmental representative explained that they had requested the A.G.P.R. to audit their development expenditure but Audit had not been able to do the same so far.

KASHMIR AFFAIRS DIVISION

25. The examination of Appropriation and other Accounts pertaining to the Kashmir Affairs Division and the Report of the Auditor-General thereon was taken up by the Committee next.

26. The following departmental representatives were present:—

1. Mr. M. H. Chohan, Additional Secretary.
2. Mr. Muhammad Shafiq, Joint Secretary.
3. Mr. Zafarullah, Director.

27. This Division controlled the following Grants:—

Sl. No.	Name of Grant	Grant No.
1.	Frontier Regions (Account II—except group heads ' B ' of Major head ' 34 ' and ' C ' of Major head ' 56-A ')	61
2.	Kashmir Affairs Division	65
3.	Other Expenditure of Kashmir Affairs Division (except group heads ' E ' & ' F ')	66
4.	Rehabilitation of displaced persons and protection of Evacuee properties (Group head ' C ' only)	80
5.	Capital Outlay on Purchases by Kashmir Affairs Division	108
6.	Development Expenditure of Kashmir Affairs Division	126

APPROPRIATION ACCOUNTS

28. *General.*—It was noticed that, during the year, two separate Grants, viz. Nos. 15 and 61—with identical Major Heads "34—Frontier Regions" were provided in the Demands for Grants. The Committee wanted to know the distinction between the two. The departmental representative was directed to ascertain the position and explain it to the Committee next time.

29. *Grant No. 61 (Page 98—AA).*—An excess of Rs. 36,03,105 was exhibited in the Appropriation Accounts under Group head "A—Political and Administrative Charges". It was argued that, according to the departmental figures, the

excess was of Rs. 11,31,200 only. In reply to a query, the departmental representative informed the Committee that no reconciliation had been carried out. Asked as to why a supplementary grant was not asked for to cover the excess, the departmental representative conceded that there was some negligence in this matter. They were already taking disciplinary action against those responsible for the lapse. The departmental representative was asked to pursue the case to its logical conclusion.

30. *C—Miscellaneous expenditure(—) Rs. 18,79,234.*—The saving of Rs. 18,79,234 was attributed to certain gazetted and non-gazetted posts remaining vacant and lesser expenditure on diet charges, medical stores and electricity. This explanation was not considered to be satisfactory as savings on unfilled posts could have, in any case, been determined easily, and surrendered before the close of the financial year.

31. The Committee observed that, apparently, an up-to-date Expenditure Register was not being maintained by the Department and no one bothered to watch the day to day progress of expenditure, otherwise savings and excesses could have been detected and the requisite action initiated in time.

32. *H—Subsidies in other Agencies(—) Rs. 1,12,878.*—The departmental representative contended that there was no saving under this Group head. On the other hand an expenditure of Rs. 2,26,310 against the final appropriation of Rs. 2,06,500 had been actually incurred. The excess of Rs. 19,810 was due to payment of arrears of the allowances to some *ex-Rulers*.

33. In reply to a query, the departmental representative informed the Committee that the break-up of Rs. 19,810 paid as arrears of allowances to *ex-Rulers* was not readily available with them but the same could be produced. He was directed to furnish the same to the Audit.

34. *A-5—Secret Services Expenditure.*—The departmental representative was directed to furnish to the Audit the Annual Certificate of check, which had reportedly not been supplied to them so far. The enclosed copy was only a summary for the Minister and not the proper certificate.

35. *Grant No. 65 (Page 104—AA 25—General Administration—A Secretariat.*—It was noticed, from the re-conciliation statement, furnished by the Department in respect of the Group head "A-Secretariat", that in some cases the pay of certain officials for June, 1974 paid in July, 1974 was booked by Audit in 6/74 instead of 7/74. Audit was directed to look into all such cases mentioned by the Department in the re-conciliation statement.

36. *Grant No. 66—D—Directorate of Health Services (Page 105—AA).*—The excess of Rs. 32,316 under the above Group head was explained as being due to adjustment, after the close of the year, of debits relating to the cost of A.S.C.S. supplies obtained through the Army sources. This explanation was not considered to be satisfactory, because when the Department had placed an order for the supplies it should have kept budgetary provisions for the same. The departmental representative admitted that this was due to carelessness. Thereupon, a member of the Committee observed that, before coming to the meeting of the PAC, the departmental representative should have read the explanation and discussed it with the officers concerned to know the factual position.

37. *G—Subsidies (—) Rs. 2,68,20,701.*—The departmental representative contended that, according to their records, the expenditure on subsidies worked out to Rs. 2,77,71,157 against the final grant of Rs. 2,70,60,200, leaving an excess of

Rs. 7,10,957, which was due to increase in transportation rates and booking of old debits. The Audit representative explained that reconciliation had not been done. However, they had noted the same for verification.

38. *Grant No. 108 (Page 160—AA).*—The excess of Rs. 1,01,80,043 under the Group head “A—Purchases by Kashmir Affairs Division” was claimed as having been due to (i) booking of debits for the past year and (ii) sudden increase in the demand of wheat in Azad Kashmir. In reply to a query as to how much of this excess was due to a sudden increase in the demand of wheat and how much related to debits for the past years, the Committee was informed that supplies were received from Karachi and payments were made through book adjustments. In reply to another query whether the Department could give the dates on which the supplies were received and payments made, the departmental representative informed the Committee that the required information was not readily available, but they could furnish the same. The departmental representative was requested to furnish the explanation to the National Assembly Secretariat within a week, for the Committee’s information.

39. Under their letter dated 3rd June, 1979, the Department later furnished the following information in regard to the excess expenditure of Rs. 1,01,80,043 :—

Rs.

(i) Excess Expenditure of account of purchase of 7,94,118 maunds of wheat from the Punjab @ Rs. 28 per maund instead of Rs. 21 per maund as originally estimated (7,94,118 mds. × Rs. 7 per maund)	55,58,826
(ii) Booking of debits for the past years	44,58,722
(iii) Transportation charges of contractors pertaining to 1972-73 booked during 1973-74	1,62,495
Total	1,01,80,043

40. As to the excess expenditure at (i) above, it was stated that, originally, the allocation for Azad Kashmir during 1973-74 was 10,71,500 maunds to be procured in full from Karachi @ Rs. 16.50 per maund. Subsequently, this allocation was increased to 15,79,833 maunds and the rate from Rs. 16.50 to Rs. 21 per maund. A supplementary grant of Rs. 2,56,89,000 was obtained to meet the extra cost of additional quantity of wheat. But, of the above allocation only 7,83,714 maunds could be procured from Karachi @ Rs. 21 per maund and the balance quantity of 7,94,118 maunds was lifted from the Punjab at Rs. 28 per maund, involving an extra expenditure of Rs. 55,58,820.

41. As to the booking of debits relating to past years, it was pointed out that the debits were mainly related to difference in the rates of purchases of sugar and wheat, which were made during the period from January to June, 1973. The debits were adjusted by the AGPR in their books during 1973-74.

42. *General direction about advice of book adjustment of debits.*—The Committee sought a confirmation from the Auditor-General about whether an intimation was also sent, simultaneously, to the Ministry/Division concerned when book adjustment of debit received was made against the accounts of that Ministry/Division. The Auditor-General stated that, normally, they informed the Departments concerned about such debits through the periodical expenditure statements. Audit was, however, requested to ensure that, in future, this sanction is taken as a rule in every case.

43. B—*Purchases by Gilgit Agency* (—) Rs. 52,46,706.—The saving was attributed to lesser transportation of food-stuffs to Northern Areas. Asked to explain as to how was it being claimed, that, due to increase in the demand of wheat in Azad Kashmir more wheat was purchased, whereas there was a saving due to lesser transportation of food-stuffs to Northern Areas, the departmental representative said that Azad Kashmir and Northern Areas were two entirely different territories with different communication and other problems. Thereupon, a member observed that the Department should take this particular case and let the Committee know as to what was originally anticipated and actually provided for these two areas and what was transferred to them. Similarly, what was provided as transportation charges for these areas at what rates and what actually happened? The departmental representative promised to provide the necessary information.

44. *Recoveries—Sugar in Azad Kashmir Area—Purchases by Gilgit Agency* (—) Rs. 1,42,26,928.—While explaining the reasons for less recovery, the departmental representative informed the Committee that they had recovered the amount, which was not accounted for by Audit under the proper head of accounts. Sales of stocks in the Northern Areas were conducted by depots under the administrative control of the Northern Areas authorities and the sale proceeds were deposited in the Government Treasury. They pass on the credit to the A.G.P.R., Rawalpindi for adjustment. Unfortunately, these credits took some-time to be passed on. In reply to a query whether the amount pertaining to the previous year, i.e., 1972-73, had been fully recovered or not, the Committee was informed that the Northern Area authorities had already been requested to furnish the required information.

45. Audit was then requested to look into the case and find out as to what amount had been recovered, but not accounted for, and what was wrong with the present system of accounting. The necessary improvements should then be brought about in consultation with all concerned.

46. *Grant No. 126 (Page 185—AA)*.—The excess of Rs. 1,54,75,430 under Major Head "63—A—Development", sub-head "Y 1(14)-Grants-in-Aid—Rural Work Programme in Northern Areas" was contested by the departmental representative, who claimed that the excess was of only Rs. 39,49,984 which had necessarily to be incurred for complying with the telephonic orders of the late Prime Minister. The Committee desired to know as to what items of work were executed under the orders of the Prime Minister and why was a supplementary grant, to cover the excess, not asked for in time. The departmental representative stated that soon after receiving the orders directly from the Prime Minister the Resident had conveyed the same to his officers over the telephone. This fact had also been accepted by Audit. The money was spent on rural work projects.

47. The Chairman observed that the department should submit a note stating the specific items on which the money was spent, whether the expenditure was incurred without the prior knowledge of the Ministry and as to what was the present position of the case.

48. *Annex 'D' to Grant No. 108 (Page 255—AA)*.—According to Audit, anticipated recoveries amounting to Rs. 80,64,354 had been shown in the accounts but they had been neither recovered nor the reasons for their non-realisation given. The departmental representative explained that this amount represented the transit shortage of stocks of imported wheat from Karachi. The actual amount required to be written off on this account totalled Rs. 28,61,600, and not Rs. 80,64,354, and efforts were a foot to finalise the write off. The above amount included a sum of Rs. 64,775, misappropriated by an ex-Assistant Civil Supplies Inspector, who had since been dismissed. A criminal case against him was,

however, still pending in the court. The Committee desired to know as what did 'transit loss' mean? Was any enquiry held to locate the responsibility for this huge loss and what action was taken against the individuals concerned.

49. In reply to another query, the Committee was informed that the Inspector had sold out the stocks out of the depot and collected the money. But now the old system had been discarded and improvements brought about, to obviate a recurrence of earlier defaults.

50. *Stock in hand (Page 255—AA).*—Audit pointed out that annual physical verification of stores and stocks at various depots was required to be conducted by an officer other than the Officer-in-Charge of the stores. In the absence of any prescribed checks in this behalf, the value of the stocks at Rs. 48,00,304 during the three years, as shown in the running accounts, could not be accepted to be authentic. Had the annual physical verification been carried out shortage in stock could have been prevented or detected in time. The departmental representative explained that verification could not be conducted due to paucity of officers in the past. However, as the subject had since been transferred to the A.J.K. Government *w.e.f.* 1st July, 1976 further action shall have to be taken by that Government. The Committee did not agree and felt that it was the officials under whom these shortages took place and not the Government of AJK who had to be held responsible for the short transfer of stocks to that Government.

51. Replying to queries, the departmental representative informed the Committee that they had sale and stock registers and District Food Controllers were responsible for physical verification. They have to send daily, fortnightly and monthly reports to the Director.

52. The Committee desired that the responsibility for failure to carry out physical verification of stocks, according to the standing orders, be located and the defaulting officials dealt with according to the rules.

53. *Fixation of prices (Page 255—AA).*—Audit had pointed out that the financial review should provide information about how the prices of the commodities supplied were fixed and the resultant loss, if any. The departmental representative promised that this would be done in the future. A member enquired as to why was the Audit not being informed of the latest position of running accounts as well as instructions and formula for the fixation of prices? The departmental representative promised to supply the requisite information to Audit within one month.

1972-73

54. *Grant No. 56—Frontier Regions (Account II—group-head 'C' to 'H').*—The Committee also examined the departmental explanations for variations under the above group heads relating to grant No. 56 for 1972-73 which the Division had not submitted earlier at the time of examination of Accounts for 1972-73. The Committee made no observation.

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

STATES AND FRONTIER REGIONS DIVISION

56. After the Kashmir Affairs the Appropriation and other Accounts pertaining to the State and Frontier Regions Division and the Report of the Auditor-General thereon were considered by the Committee.

57. The following departmental representatives were present :—

1. Lt. Col. A. M. Babar, Joint Secretary.
2. Mr. S. Wasiq Shah, Deputy Secretary.

58. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Civil Armed Forces (A/c. I—Group head 'C' partly) ..	15
2.	States and Frontier Regions Division	60
3.	Frontier Regions (A/c. I & A/c. II Group head 'C' of Major head '56-A' only)	61
4.	Centrally Administered Tribal Areas	62
5.	Maintenance Allowance to <i>Ex-Rulers</i>	63
6.	Other Expenditure of States and Frontier Regions Division ..	64
7.	Development Expenditure of Centrally Administered Tribal Areas	125
8.	Development Expenditure of States and Frontier Regions Division	125-A

APPROPRIATION ACCOUNTS

59. *Grant No. 60 (Page 95—AA).*—An excess of Rs. 48,900 was shown by Audit in the Appropriation Accounts under this Grant. The departmental representative contended that, according to the departmental figures, there was a saving of Rs. 6,289 instead of the excess shown in the Accounts. The Audit representative contended the departmental explanation as the figures shown in the Appropriation Accounts had been duly accepted by the department through their letter dated 18th December, 1978, signed by a Section Officer (letter was produced before the Committee). After some discussion, the Committee expressed their dissatisfaction over the manner in which the departmental accounts were being handled and checks exercised on them. The departmental representative was directed to fix the responsibility on the person who accepted the Audit figures without verifying it. The departmental representative undertook to have this examined and inform the result of the examination to Audit.

60. The Committee also directed that the Division should get the accounts reconciled and put their figures in order.

61. *Repetition of same major heads under two different grants.*—A member pointed out that on page 33 of the Appropriation Accounts, under Grant No. 15 there appeared a Major Head "34—Frontier Regions—Account-I—Frontier Watch and Ward" and the same Major Head also appeared under Grant No. 61 (Page 97—AA).

62. The departmental representative explained that, up to 1971 the entire Civil Armed Forces were administratively controlled either by the States and Frontier Regions Division or by the Interior Division. In 1972, all the Civil Armed Forces were transferred to the Ministry of Defence, but, in October, 1973, these forces were again re-transferred. Thus, during this period, some charges| accounts were shown under two Grants—Nos. 15 and 61. In reply to another query as to what was the distinction between the two, the departmental representative submitted that Grant No. 15 was controlled by the Ministry of Defence

up to October, 1973. Thereafter, the Frontier Constabulary was transferred to the States and Frontier Regions Division. Therefore, for a period of about three months or so, the Ministry of Defence incurred expenditure under Grant No. 15 but for the remaining months in the year, the balance amount was made available to the States and Frontier Regions Division as a supplementary grant, which appeared under Grant No. 61. The departmental representative also explained briefly the functions of various Civil Armed Forces.

63. *Grant No. 61—Frontier Regions (Page 98—AA).*—A saving of Rs. 58,56,879 was shown in the Appropriation Accounts under Group head "A—Frontier Constabulary and Militia". The departmental representative disputed the figure and claimed that, according to their departmental figures, there was an excess of Rs. 12,55,468, instead of saving as shown by Audit.

64. The Audit representative informed the Committee that the Skeleton Appropriation Accounts were sent to the Division on 22nd May, 1975, but they did not respond. Moreover, there was no reconciliation done. Audit was requested to check the figures with the Ministry with a view to reconcile the discrepancy.

65. *B—Expenditure on Buildings of Frontier Constabulary (—) Rs. 8,23,153.*—It was contended by the department that, instead of saving as shown in the Accounts, there was an excess of Rs. 62,400, reasons for which had not yet been furnished by the local authorities. A member remarked that it showed that the administrative control of the Ministry over the local authorities was not satisfactory. The departmental representative submitted that he personally knew the facts of the case. Prior to the Forces coming over to the States and Frontier Regions Division, the expenditure on the maintenance of buildings of Frontier Constabulary was also controlled by the Headquarters, Frontier Corps—another organisation which also used to be under their control. Then their bifurcation was effected, after which the Frontier Corps continued to remain under the Ministry of Defence whereas the Frontier Constabulary, which is a striking force for maintaining law and order, came over to the States and Frontier Regions Division. The budget, which came to their share, was not even sufficient to meet the expenditure on pay and allowances of the work-charged staff engaged for maintaining the installations and buildings belonging to the Frontier Constabulary.

66. The Chairman observed that, in any case, excess was there for which reasons should have been given in the material placed before the Committee.

67. *Grant No. 62 (Page 100—AA).*—There was again discrepancy in the Audit and departmental figures of expenditure under this Grant. The Audit representative explained that they did not have time to verify it. They promised to do it soon.

68. *Grant No. 63 (Page 102—AA).*—A saving of Rs. 5,00,000 was depicted under the Grant. The departmental representative explained that the entire amount under the Grant had been spent and there was no saving whatsoever. Audit was requested to check and correct the records.

69. *Grant No. 54 (Page 103—AA).*—There was no material point under this grant except that reconciliation had not been done. Audit was requested to do the needful.

70. *Grant No. 125 (Page 183—AA).*—An excess of Rs. 1,96,73,967 was shown under this grant. The departmental representative explained that, to cover the excess, supplementary grants of Rs. 236.32 lac were sanctioned in three instalments.

with the approval of the Ministry of Finance. Formal sanctions of supplementary grants, addressed to Audit, were also duly endorsed by the Ministry of Finance. However, due to an omission on the part of the Ministry of Finance, the demand of Rs. 136.32 lac instead of Rs. 236.32 lac, already approved by the Ministry, was placed before the National Assembly. This omission was accepted by the Ministry of Finance who promised to regularise the excess expenditure through Excess Budget Statement.

71. *Grant No. 125—A (Page 184—AA).*—The Committee was informed that it related to the Interior Division.

72. *Grant No. 15.*—There was no material point under this grant.

COMMERCIAL ACCOUNTS

Federally Administered Tribal Areas Development Corporation

73. *Publication of accounts.*—The Audit representative explained that there was some doubt as to whether Commercial Audit could audit the accounts of the FATA Development Corporation and report to the Public Accounts Committee. Accordingly, the matter is at present under reference to the Law Division. The Chairman observed that the point had been well taken but the opinion of the Law Division should be obtained soon.

74. *Paras|points not discussed to be treated settled.*—The Committee did not make any observation on other paras|points 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.

MINISTRY OF INTERIOR

75. The Committee then took up examination of Appropriation and other Accounts pertaining to the Ministry of Interior and the Report of the Auditor-General thereon.

76. The following departmental representatives were present :—

1. Mr. M. Z. A. Temuri, Additional Secretary.
2. Mr. Abdul Hamid, Joint Secretary.
3. Mr. Faiz Muhammad, Deputy Secretary.

77. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	National Affairs, Overseas Pakistanis and Prison Division (Group head 'B' only)	3
2.	Civil Armed Forces (except A/c II)	15
3.	Planning and Development Division (Group head 'B' only)	38
4.	Interior Division	56
5.	Passport Organization	57
6.	Civil Defence	58
7.	Other Expenditure of Interior Division (Except Group heads 'C', 'E' & 'F')	59
8.	Development Expenditure of Ministry of Defence	116

APPROPRIATION ACCOUNTS

78. *Grant No. 15—Civil Armed Forces (Page 33—AA).*—An excess of Rs. 90,96,108 was exhibited under the Group head “E—Lump-sum Provision for West Pakistan Rangers”. It was contended by the departmental representative that, according to their figures, there was a saving of Rs. 19,77,192 instead of excess. He claimed that, against the re-appropriation order for Rs. 1,33,85,520, issued by the Ministry of Defence, only Rs. 23,12,220 had been taken into account by Audit and the balance of Rs. 1,10,73,300 ignored by them in the compilation of Accounts.

79. After some discussion the Chairman observed that the Department did not appear to be blamable. The Audit representative promised to look into it.

80. *Utilisation of grant for a purpose other than the purpose for which sanctioned.*—A member drew the Committee’s attention to the fact that Grant No. 15, as sanctioned by the Legislature, was intended for the Civil Armed Forces. However, from the details in the Appropriation Accounts, it appeared that the Major heads, under which this grant was distributed, were as follows :—

1. *Major head “29—Police” :*

- A. West Pakistan Coast Guards
- B. West Pakistan Rangers.

2. *Major head “34—Frontier Regions*

- Acctt. I. Frontier Watch & Ward, Frontier Constabulary and Militia.
- Acctt. II. Other charges.

The Coast Guards, whose responsibility was to prevent smuggling, functioned differently from the Frontier Constabulary, whose duty was preservation of law and order. Therefore a re-adjustment of crores of rupees between these forces was a sort of re-appropriation of funds for which no legal sanctity existed. Apparently, the grant was being misutilised, as it was being spent on purposes other than for which it had been specifically sanctioned. It was a question primarily of control by the Legislature.

81. The grouping of formations should not be on the basis of any other similarity but that of purpose. There should be a homogeneity of purpose under various sub-heads of a grant.

82. The Auditor-General suggested that this is a point which the Ministry of Finance should examine as, in the Schedule of Authorised Expenditure, only a lump-sum grant is given. The Chairman observed that Demands should be asked for from the Legislature in a more logical manner and should be adhered to in letter and spirit, while incurring expenditure under that Grant.

83. The Ministry of Finance was directed to examine this point and submit a report to the Committee by the 30th September, 1979.

84. *C—Frontier Constabulary and Militia (—) Rs. 1,47,12,390.*—The departmental representative explained that, out of this saving, a sum of Rs. 72,87,773 pertained to the Ministry of Interior, and the reasons for savings were as under :—

(1) *N.W.F.P. Circle :*

- (a) *Rs. 25,48,300.*—Expenditure wrongly debited under sub-head “E. I.—DIG—N. A. Gilgit” instead of sub-head “C—11—Other Scouts”.

- (b) *Rs. 18,57,189.*—Non-receipt of debits from CMA on account of cost of Stores/Ration supplied by various Ordnance Depots/A.S.C. Funds were retained because the debits were expected before the close of the year.

(2) *Baluchistan Circle :*

Rs. 28,82,284.—This amount was earmarked for initial expenditure in connection with the raising of four additional wings and the Mekran Scouts. This could not be spent due to non-receipt of Arms and Ammunitions and Stores which were indented for, but not actually received, till the close of the year.

85. The Audit representative submitted that the appropriation shown by the Division was not correct, because this group head had been divided among the Kashmir Affairs Division, States and Frontier Regions Division and the Ministry of Interior. The share of the Ministry of Interior came to Rs. 11,83,37,750 and not Rs. 11,29,86,300 as claimed by them.

86. After some discussion, the Committee observed that Audit and the Ministry should reconcile the figures. As the departmental representative could not satisfy the Committee about when were the debits in respect of Rs. 18,57,189, referred to at (1) (b) above, received, he was directed to furnish details thereof to the National Assembly Secretariat, for the information of the Committee.

87. *Account-1—Frontier Watch and Ward—D-Buildings and Communications.*—An excess of Rs. 13,85,833 was committed under this Group head. The departmental representative explained that the Force Commander had approached the Ministry of Defence to regularise the excess expenditure *vide* his letter No. 815/48/37/51-Works, dated 29th June, 1974, but additional funds were not sanctioned. The Committee was not satisfied with the departmental explanation, because most of the items on which excess expenditure was incurred were well within the knowledge of the Department and it was possible for them either to make necessary provisions therefor and obtain supplementary grant in time or defer the expenditure to the next financial year.

88. It also appeared from the departmental reply that a letter for additional funds was written only two days before the close of the year. Somebody must, therefore, be held responsible for this inordinate delay. The Ministry was requested to look into this case, fix responsibility and take action against the defaulter according to the rules.

89. *Grant No. 38 (Page 68—AA).*—A saving of Rs. 4,14,294 was shown under Group head "B—Pakistan Narcotics Control Board". After hearing the departmental representative, the Chairman observed that the saving should have been surrendered as there was no problem in doing so. The departmental representative promised that steps would be taken to prevent the recurrence of such default in future.

90. *Grant No. 56 (Page 91—AA).*—The departmental representative explained that, out of an excess of Rs. 1,64,558 under Group head "A—Secretariat (Central Circle)", Rs. 1,54,558 pertained to telephone charges. As the departmental representative could not inform the Committee as to what was the original provision and the actual expenditure on telephones the Audit was instructed to find out the facts and settle this item, and come to the Committee only if necessary.

91. *Grant No. 57 (Page 92—AA).*—An excess of Rs. 2,65,709 was depicted under the Group head "A—Passport Organisation". The departmental representative informed the Committee that the excess was mainly due to the payment of arrears of pay and allowances as a result of revision of pay scales. Additional funds could not be demanded in time which was regretted. The Committee accepted the explanation.

92. *Grants No. 58 and 59 (Pages 93-94—AA).*—The Committee agreed that there was reconciliation problem so far as these grants were concerned. Audit should look into them.

93. *Grants No. 116 and 3.*—There was no material point for consideration by the Committee under these grants.

94. *Grant No. 125—A (Page 184—AA).*—The departmental representative was informed that material for reply had not been received in respect of this grant. The departmental representative contended that it did not relate to them, because the Force Commander had communicated to them that they were not concerned with it. After discussion, the departmental representative undertook to co-ordinate with States and Frontier Regions Division and furnish the necessary reply to the Committee.

95. *Points Paras not discussed to be treated settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts or Auditor-General's Report thereon be. These would be treated as settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF COMMERCE

96. Thereafter examination of Appropriation and other Accounts pertaining to the Ministry of Commerce and the Report of the Auditor-General thereon was taken up by the Committee.

97. The following departmental representatives were present:—

1. Mr. Javed Burki, Joint Secretary.
2. Mr. M. Yaqoob, Chairman, PIC.
3. Mr. Ali Mohammad Chawdhuri, FD. CEC.
4. Mr. Bilal Mohammad Akhtar, Sr. Manager (Accounts).

98. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Commerce	9
2.	Export Promotion	10
3.	Other Expenditure of Ministry of Commerce (except Group heads 'A' & 'B')	11
4.	Capital Outlay on Export Promotion	110

APPROPRIATION ACCOUNTS

99. *Grant No. 9—Ministry of Commerce (Page 26—AA).*—The excess of Rs. 1,39,437 under Group head "A—Secretariat" was attributed to the payment of arrears of contribution pertaining to International Customs, Tariff Bureau, Brussels and due to variation in the rate of conversion, as debited by the State Bank of Pakistan. A member remarked that, if the arrears were paid during the current year and the Ministry was aware that this had to be paid, then necessary provision should have been made for it. The departmental representative agreed with the Member. Thereupon the Chairman observed that the Ministry should fix responsibility and take disciplinary action against the person found responsible for this omission.

100. *C—Trade and Commercial Offices in Foreign Countries.*—An excess of Rs. 6,90,863 was shown under this Group head. The departmental representative explained that these items related to their Commercial Offices abroad. The system was a bit slow and the Headquarter here did not know if any expenditure in excess of the sanctioned grant was being incurred. In reply to a query from the Chairman as to what procedure was being presently followed regarding the accounts, the departmental representative stated that, now, they were getting monthly reports; there was a time-lag of only two months and progress was being watched carefully. Now they were not allowing any excess under any head.

101. The Chairman observed that there was an obvious negligence on the part of some body, which the Ministry should look into. The written explanation given was not convincing. It only furnished details of the excesses, but not compelling reasons for resorting to those excesses.

102. *Grants No. 10 and 11 (Page 27 and 28—AA).*—There was no material point for consideration by the Committee under these grants.

103. *Grant No. 110 (Page 153—AA).*—This grant was meant for "Capital Outlay on Export Promotion". Under the Major Head "89—Central Miscellaneous Investments", a sum of Rs. 2 crore was shown as "Investment in the Nationalised Life Insurance Business". A member asked as to how did investment in Life Insurance business come under Export Promotion. The departmental representative confirmed that there was no direct relationship between the two. The Chairman then observed that the 'Title' of the grant did not appear to be correct though the Head of account was alright. It should have appeared under Grant No. 111 Federal Miscellaneous Investments. The Ministry of Finance was requested to examine this point for rectification, if any. The Chairman further observed that, in future, Export Promotion should not be so categorised. The departmental representative submitted that the Head of Account was correct and no change was required.

COMMERCIAL ACCOUNTS

104. *Dues from persons and bodies carrying on insurance business (Para 16, page 31—CA).*—A sum of Rs. 32,02 lac was shown as outstanding on 31st March, 1979 against some brokers/companies. A member enquired if the parties concerned were being pursued and that these were old balances for settling the dues. It was stated by the departmental representative that many people were involved in it and the department was pursuing the matter, e.g., an amount of Rs. 60,000 was due from the Union of Burma and there was no response from them. However, these were petty items and may be amounting to less than 1%. The Committee observed that if these dues were considered irrecoverable, they may be got duly written off.

Cotton Export Corporation

105. The *Ad hoc* Public Accounts Committee, at its meeting held on the 28th March, 1979, had desired to see, in the next meeting, the financial working of the Cotton Export Corporation, as funds therefor came from the exchequer. The Accounts of Cotton Export Corporation for the year ending the 30th June, 1978, along with the Chairman's Report to the Share-holders and the Report of the Auditors to the Board of Directors were, accordingly discussed by the Committee on 26th May, 1979.

106. *Stock position.*—From the Report of the Auditors, it appeared that the Stock-in-Trade, as on 30th June, 1978, amounted to Rs. 76,63,42,180. In

reply to a query, the departmental representative informed the Committee that a small quantity of 4.57 lakh bales remained in hand which also stood committed for export and some of it was in the process of being exported.

107. As explained in the Chairman's Report, the position of Purchases, Finance and Income of the Corporation was as follows :—

Purchases.—During 1977-78, the CEC purchased 10,90,260 bales and exported 5,86,402 bales valued at Rs. 113.35 crore, compared to 85,798 bales valued at Rs. 30 crore exported in 1976-77.

Financial Aspects.—After providing for administrative expenses amounting to Rs. 12,000,195, financial expenses (interest on bank over-draft and bank charges) amounting to Rs. 81,664,375 and customs duty amounting to Rs. 226,320,559, the Corporation sustained a net loss of Rs. 220,159,168 against a net profit of Rs. 141,532,744 earned during the preceding year. The net loss during the year ended 30th June, 1978 worked out to 19.41% of sales, though the Corporation had paid customs duty, amounting to 19.97% of the value of export. The net loss was attributed wholly to increase in customs duty paid on sales (Export). The total loss was expected to add up to Rs. 60—65 crore.

Working Capital.—The Corporation had a working Capital of Rs. 215,733,265. The Current Assets, as on 30th June, 1978, were Rs. 897,953,391 as against the Current liabilities of Rs. 1,113,686,656.

Sources of Fund.—Apart from a loan of Rs. 6,50,000, provided by the Federal Government for the construction of godowns, bank loans served as the main source of financing for the Corporation, the total borrowings from them, as on the 30th June, 1978, amounting to Rs. 1,085,734,642. Interest expenditure during 1977-78, consequently, was of the order of Rs. 81,664,375, against Rs. 17,198,136 paid during the previous year.

108. A member observed that it appeared that the Corporation was being financed almost entirely by bank over-drafts and enquired if the Corporation was going to receive anything from the Government. The departmental representative informed the Committee that Government was expected to release nearly Rs. 38 crores to the Corporation by July or August. In reply to another query, the departmental representative explained that, up to 30th June, 1978, they had paid Rs. 226 crore as duty to the Government and also interest to the Government Banks.

109. *Old debts.*—Trade debts amounted to Rs. 33,962,228, including Rs. 11,120,316 on account of local debtors, of which Rs. 11,019,482 had been outstanding for the last two/three years. The departmental representative explained that Saigols were paying @ Rs. 2 lac a month against Rs. 37½ lac, but Dauds had not yet made any settlement. A member remarked that the Corporation had a big outstanding of Rs. 53 lac with Daud but the latter had admitted the liability of Rs. 35 lacs only. The departmental representative explained that these transactions dated back to 1974-75, when the Corporation had purchased 22 lac bales and a number of agents were appointed. Procedures were yet in the making and the staff was raw. The agreements, which were then executed, also suffered from room for misinterpretation. Despite all this they had recovered every bit of Rs. 27 crore. Replying to the remark that the Corporation had still

Rs. 1.10 crore to recover, the departmental representative explained that they were making all possible efforts and had involved the Provincial Government also. A hopeful feature was that the Corporation still continued to deal with these parties. On a query by the Chairman, the departmental representative stated that these credit sales were made under Government instructions. The Chairman observed that it will be useful if a copy of the instructions was shown to the Committee. The departmental representative promised to send a copy thereof soon. Replying to another query, the departmental representative said that the textile industry was financed by the Corporation only during 1974-75.

110. A member remarked that in cases where the party had not admitted the liability for three years like Dauds, the dues may become legally irrecoverable. The departmental representative said that they were going to have a meeting with Ahmad Daud soon. They had already held a meeting with his representative.

111. The departmental representative further stated that against the claim of Rs. 8,01,81,639, filed with National Insurance Corporation in respect of loss of cotton bales due to fire, a sum of Rs. 5 crores has already been recovered.

112. *Physical Stock Checking.*—From the Auditor's Report to the Board of Directors on the Accounts of the Corporation the Committee noted that the physical stock checking was carried out by the Corporation on 1st July, 1978. However, original papers on which a physical count was recorded, in the first instance by the persons who carried out the physical count were not made available to the Auditors for the verification of the inventory sheets. They were informed that those papers were destroyed after the figures were entered in the inventory sheets. In their view, these original papers were of utmost importance and should have been retained as supporting documents for inventory sheets. The departmental representative assured the Committee that it has now been decided that the original papers will not be destroyed in future.

113. *Saving of Interest Charges.*—The Auditor's Report further showed that corrections amounting to Rs. 18,37,679 had been made in the local Debtors accounts and their balances reduced to that extent. This amount represented the interest stated to be excess calculated and charged to the parties and remained unpaid by them for the past 2½ years. However, any settlement agreement with the parties in this connection was neither produced before the Company's Auditors nor before the Committee.

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

MINISTRY OF WATER AND POWER

115. At the end the Committee took up examination of Appropriation and other Accounts pertaining to the Ministry of Water and Power and the Report of the Auditor-General thereon.

116. The following departmental representatives were present :—

1. Mr. T. H. Hashmi, Secretary.
2. Mr. Nuzhat Hasan, Member, (Finance) WAPDA.
3. Ch. Zia-ul-Qayyum, Deputy Secretary.

117. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Fuel, Power and Natural Resources (except Group head 'D')	49
2.	Other Expenditure of Ministry of Fuel, Power and Natural Resources	51
3.	Development Expenditure of Ministry of Fuel, Power and Natural Resources (Group head 'Y')	122
4.	Capital Outlay on Irrigation and Electricity	143

APPROPRIATION ACCOUNTS

118. *Grant No. 49 (Page 80—AA).*—An excess of Rs. 1,13,025 was shown under the Group head "A—Secretariat", which was attributed by the departmental representative to payment of arrears of pay and allowances to certain officials. The Committee observed that a supplementary grant should have been asked for to cover the excess. The departmental representative promised to be careful in future.

119. *Grant No. 51 (Page 83—AA).*—A saving of Rs. 1,50,000 was exhibited under the Group head "A—Contribution" which was not acceptable to the departmental representative. The saving was stated to have been due to less posting by the Audit. Audit was asked to verify and settle the figures.

120. *Grant No. 122 (Page 180—AA).*—The saving of Rs. 23,62,000 shown against Group head "Y—Miscellaneous" was claimed due to less posting by Audit. Audit undertook to verify the figures and settle the same.

121. *Grant No. 143 (Page 203—AA).*—A saving of Rs. 4,11,28,827 was shown under sub-head "A.3—Expenditure against Foreign Loans". The departmental representative explained that the figure of actual withdrawal for Foreign Loans as per the statements of account received from the World Bank was Rs. 12,10,79,723 as against the final appropriation of Rs. 12,07,14,900. Hence, instead of saving shown by Audit, there was an excess which was within permissible limits. However, the adjustment of loan account is carried out by the Economic Affairs Division. The Chairman observed that this must be reconciled. Audit undertook to do the needful.

122. *Major Head "68"—Recoveries from other Government Departments, etc.*—It was pointed out that, against an estimated recovery of Rs. 84,09,000, the actual recovery amounted to Rs. 29,60,812, involving a less recovery of Rs. 54,48,188. The shortfall in recovery from the Tarbela Resettlement was attributed mainly to less sale proceeds received for built up property, and to Government decision in March, 1974 allowing the effected inhabitants to remove the "Malba" free of cost and without any time-limit. The Chairman observed that ordinarily, "malba" should have been disposed of by the Government. In this case, it was given away to the original owners.

AUDIT REPORT (CIVIL)

123. *Loss of articles valuing Rs. 4,950 and Library books worth Rs. 11,667 (Para 27, page 24—Audit Report).*—After hearing the departmental representative, the Committee observed that these amounts should be written off if they could not be recovered.

AUDIT REPORT (WAPDA)

124. *Irregular payment of Rs. 79,594 on account of removal of slip material from a road (para 1, page 3—Audit Report—WAPDA).*—After hearing the departmental representative, the Committee observed that the Department and Audit should settle this on the basis of facts. The matter may be brought back to the Committee, if necessary.

125. *Infructuous expenditure of Rs. 74,424 (Para 2, page 3—Audit Report—WAPDA).*—After hearing the departmental representative, a member remarked that it would have been better to first get the possession and then award the contract. The Auditor-General remarked that it was a case of bad planning and negligence. The Committee directed the Department to be more careful and ensure that such misplanning did not recur in the future.

126. *Loss of equipment worth Rs. 13,475 (Para 3, page 4—Audit Report—WAPDA).*—On hearing the explanation of the departmental representative the para was treated as settled, subject to verification by Audit.

127. *Stores and T & P valuing Rs. 25,44,982 (Para 4 (1) page 4—Audit Report—WAPDA).*—It was noted that, though the Mangla Organisation was wound up in 1970-71, the material could not be disposed of until now. A member enquired whether there was an exclusive organisation to look after these materials. The departmental representative said that it was a part of the Mangla Dam Maintenance. Once a report of surplus is received, it is referred to the Chief Engineer, Purchases and Disposal, for his necessary action.

128. The Audit representative invited the attention of the departmental representative to para (iv) of his reply in respect of cost of these stores and suggested that, since the balance of stores had been already transferred to Pakpattan (now with Khanewal Division), the amount may be transferred under "Sundry Debtors". The departmental representative agreed to do so.

129. *Loss of stocks T & P Rs. 5,93,852 on Mangla Resettlement Organisation (Para 4(4), page 5—Audit Report—WAPDA).*—The departmental representative explained that the stated loss on account of sale of stocks T & P was as under:—

- (i) Stocks T & P articles written off under the orders of competent authority (Rs. 1,31,305).
- (ii) Stocks T & P items disposed of in old and used condition—(Rs. 4,62,546).

The departmental representative, however, could not inform the Committee as to what was the original value of the articles mentioned at (ii) above and how much was realised? He promised to make these figures available to the Committee, for its information.

130. *Wasteful expenditure of Rs. 7,41,899, due to abandonment of a scheme (Para 5, page 7—Audit Report—WAPDA).*—After hearing the departmental explanation the para was dropped with the observation that, whenever it is decided to use a plant, care should be taken to have it examined in advance to ensure that it was fit for use on the project. The departmental representative agreed that it was a case of bad planning.

131. *Embezzlement of cash amounting to Rs. 98,917 (Para 6, page 6—Audit Report—WAPDA).*—It was stated that the case was under investigation with the Police and further action would be taken in the right of Police Investigation Court decision. The Chairman remarked that it was a bad case. In reply to a query, the departmental representative submitted that, when the case is referred to

Police, final action cannot be taken until the court has given its verdict. The Committee directed the departmental representative to examine if in such cases the departmental enquiry could be held and the defaulting official could be removed from service, without assigning any reason.

132. *Non-maintenance of consumption Account of stores worth Rs. 12,93,687 and excess consumption of stores worth Rs. 4,60,667 (Para 7, page 8—Audit Report—WAPDA).*—After hearing the departmental representative, the Committee directed that complete records should be produced before the Audit for verification and internal audit should be strengthened. Whenever such cases are reported to the Authority by Statutory Department, they should ask internal Audit to have a complete check. The departmental representative assured the Committee that its directions will be complied with.

133. *Non-accounting of material valuing Rs. 3,88,193 (Para 8, page 8—Audit Report—WAPDA).*—After hearing the explanation, the Committee directed the departmental representative to expedite the production of relevant records to the Audit, who were requested to carry out the required verification as early as possible.

134. *Non-accountal of material worth Rs. 96,013 (Para 9, page 9—Audit Report—WAPDA).*—After hearing the departmental representative, the Committee directed that this case should be settled between the Audit and the Department.

135. *Non-recovery of fixed charges amounting to Rs. 84,150 (Para 10 page 9—Audit Report—WAPDA).*—After hearing the explanation, the Committee requested Audit to carry out the necessary verification and report back to the Committee only if deemed necessary.

136. *Non-accountal of material worth Rs. 58,509 (Para 11, page 10—Audit Report—WAPDA).*—It was explained that the case was still with the Police for investigation. Audit was requested to keep the track.

137. *Irregular refund of Rs. 43,588 of rental charges (Para 12, page 10—Audit Report—WAPDA).*—The departmental representative explained that the consumer was allowed by the then OM(E), who was the competent authority, to pay the cost of Line, amounting to Rs. 64,941, inclusive of 24% departmental charges, in 12 equal instalments. Photo-stat copies of bank receipts, showing payment by the consumer had already been supplied by the Revenue Officer, Gujranwala to Audit for verification. As the cost of line had been paid by the consumer, refund of the service rent, already recovered, was justified.

138. The Audit representative informed the Committee that the position was not acceptable to Audit because (i) whatever had been refunded earlier was irregular, and (ii) what the consumer was being charged now was also irregular. There were clear instructions that, once the consumer had opted to pay, he will not be allowed to change the option. But he was allowed to do so in this case and he had paid the charges demanded of him.

139. After some discussion, the Committee directed that the Secretary should have a look at this case and furnish full facts about the actual position to Audit, for verification and submission to the Committee, if they considered it to be necessary.

140. *Non-recovery of Rs. 36,346 on account of Capital Cost from tube-well connection consumers (Para 13, page II—Audit Report—WAPDA).*—After hearing the explanation, the Committee requested the Audit to follow up this case.

141. *Shortage of Stores Valuing Rs. 73,720 (Para 14, page 11—Audit Report—WAPDA).*—The departmental representative informed the Committee that the shortages amounting to Rs. 73,720 had been recovered. Audit was asked to verify the recovery. In reply to a query as to whether these were foreign stores, the departmental representative said that the stores were under the charge of Consultants, M/s Commonwealth Associates. The departmental representative, however, could not furnish to the Committee the basis for the valuation of the stores. He was requested to intimate the same to the Committee, for its information.

142. *Shortage of material worth Rs. 42,074 (Para 15, page 11—Audit Report—WAPDA).*—The Committee observed that as the cases were getting old, WAPDA should clear all such cases. The departmental representative explained that this was a case of unaccounted for material or of shortage. Shortages were generally of two kinds. Firstly, where after investigations, there was an actual shortage, due to the negligence of the persons concerned. Disciplinary action is, therefore, generally initiated in such cases and, where necessary, the matter is reported to the police for further action. Secondly, there could be technical shortages due to non-completion of certain documents and records. Attention had not been paid to all such cases during the past but, during the last two years, they had not only taken disciplinary action in a very large number of cases but had also investigated the technical shortages, suspended many persons and forced them to produce the documents. The Committee appreciated the action reportedly taken by the Department.

143. *Shortage of Stores worth Rs. 22,881 (Para 16, page 11—Audit Report—WAPDA).*—Audit was asked to follow up the case.

144. *Shortage of stores worth Rs. 19,617 (Para 17, page 12—Audit Report—WAPDA).*—After hearing the explanation, a member enquired as to who was the stock-verifier; the Chief Engineer, and the Enquiry Officer and why did the Chief Engineer not accept the report? As the departmental representative could not give the required information, he was directed to furnish the same at the next meeting of the Committee.

145. *Non-disposal of surplus stores worth Rs. 34,480 (Para 18, page 13—Audit Report—WAPDA).*—The explanation submitted by the departmental representative was accepted and the para treated as settled.

146. *No-recovery of Rs. 27,584 from the consumers against whom the cases were decided by the Courts (Para 19, page 13—Audit Report—WAPDA).*—After hearing the departmental representative, the para was treated as settled subject to verification by Audit.

147. *Loss of Rs. 27,104 due to acceptance of sub-standard material (Para 20, page 13—Audit Report—WAPDA).*—The explanation submitted by the departmental representative was accepted by the Committee and the para treated as settled subject to watching recovery by Audit.

148. *Loss of Rs. 24,180 due to defective agreement (Para 21, page 13—Audit Report—WAPDA).*—After hearing the explanation, the Committee observed that the para may be treated as settled, subject to verification by Audit.

149. *Loss of Rs. 17,653 due to irregular employment of work charged staff (Para 22, page 14—Audit Report—WAPDA).*—After hearing the departmental representative, the Committee could not appreciate that a work, that should have taken three months, was got completed in 22 months. The Committee directed that action should be taken against those responsible for this abnormal delay, which had caused avoidable loss to Government.

150. *Avoidable expenditure of Rs. 16,555 on danger plates (Para 23, page 14—Audit Report—WAPDA).*—The departmental representative explained that they had two contracts, one for the manufacture of towers and the other for the erection and fixation of those towers. The Consultants had designed the towers and made out contract documents on the basis of that design and, simultaneously, invited tenders for the erection of those towers. But it was found later that the towers, which were designed by the consultants, were not being produced in the country by anyone. As such, their design had to be changed.

151. No further observation was made by the Committee.

152. The Committee postponed consideration of the remaining paragraphs and adjourned to meet at 8.30 a.m. on the 27th May, 1979.

M. A. HAQ,
Secretary.

Islamabad, the 28th August, 1979.

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MINISTRY OF WATER AND POWER
NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 27th May, 1979

2nd Meeting

153. The *Ad hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1973-74 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 | <i>Chairman.</i> |
| 2. Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan. | <i>Member.</i> |
| 3. Mr. Abdul Qadir, former Chairman, Railway Board .. | <i>Member.</i> |
| 4. Mr. Yusuf Bhai Mian, Chartered Accountant | <i>Member.</i> |

National Assembly Secretariat :

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. Mr. 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. Khawaja Abdul Waheed, Director Commercial Audit.
6. Mr. Idrees Ahmad, Audit Officer, I.S. & F.
7. Mr. A. H. Usmani, Deputy Director, A&A Works.

Ministry of Finance :

1. Mr. Jamilullah, F. A. (Works & Environment).
2. Mr. Sharafat Hussain, D.F.A. (Religious Affairs).
3. Mr. Javed Ahmed Neol, D.F.A. (Industries).

MINISTRY OF WATER AND POWER

154. The following departmental representatives were present :—

1. Mr. T. H. Hashmi, Secretary.
2. Mr. Nuzhat Hasan, Member, (Finance) WAPDA.
3. Ch. Ziaul Qayyum, Deputy Secretary.

155. The examination of accounts, etc., of the WAPDA, which could not be completed on the previous day, was resumed.

AUDIT REPORT (WAPDA)

156. *Un-justified issue and consumption of material worth Rs. 12,037 (Para 24, page 15—Audit Report—WAPDA).*—The case was stated to be under police investigation. Audit to watch progress.

157. *Short return of dismantled copper conductor worth Rs. 7,163 (Para 25, page 15—Audit Report—WAPDA).*—The departmental representative explained that the case was under Police investigation and further action will be taken in the light of the investigation report.

158. *Non-recovery of Rs. 7,120 on account of seasonal charges from a consumer (Para 26, page 15—Audit Report—WAPDA).*—After hearing the departmental explanation, a member enquired whether the connection was seasonal or non-seasonal? The departmental representative submitted that they charged it as seasonal. WAPDA billed on a seasonal basis, but the consumer represented that his consumption was non-seasonal. He went to court, who appointed the Electrical Inspector as the Arbitrator. The Arbitrator declared the connection as non-seasonal but, in the meantime, this industry was nationalised. The case filed by the consumer was not followed, because the industry had been nationalised and the court dismissed the case. Later, when the industry was de-nationalised, the consumer again came for a reconnection. WAPDA thereupon, presented to them the bill for the outstanding amount, which still remained unpaid.

159. The Chairman observed that the objection may be sorted out between the Audit and the department after verification of facts.

160. *Non-accounting of light diesel oil worth Rs. 6,805 (Para 27, page 16—Audit Report—WAPDA).*—The Audit confirmed verification of the position stated in the explanation. The para was accordingly treated as settled.

161. *Review of revenue for the year 1973-74 (Para 28, page 16—Audit Report—WAPDA).*—In reply to a query, the departmental representative informed the Committee that their total revenue during the current year will be about Rs. 261 crores whereas Rs. 23 crores were outstanding. The departmental representative was directed that the outstandings in respect of Government departments and other categories of consumers should be shown separately in the accounts, to give a correct picture of the debtors. He undertook to do so.

162. *Irregular provision of depreciation on cost of land [Para 29 (1), page 17—Audit Report WAPDA].*—The departmental representative informed the Committee that provision for depreciation of WAPDA Flats and WAPDA colony had been corrected in the Accounts for the year 1975-76, by excluding the cost of land. The Audit representative confirmed that this had been verified. The objection was, therefore, treated as settled.

163. *Unallocated expenditure of Rs. 1,12,90,949 [Para 29 (2), page 17—Audit Report—WAPDA].*—The Committee was satisfied with the departmental explanation and the para was treated as settled.

164. *Incorrect statement of Projects Cost Schedule 'B' [Para 30 (1), pages 17-18—Audit Report—WAPDA].*—After hearing departmental representative, a member remarked that the reasons put forward did not seem to be quite logical. The departmental representative clarified that, at that time, the Federal Government did not sanction any grant for the Guddu, Phase I. The work had,

however, to be carried on. Therefore, they diverted other funds to prevent complete stoppage of work at the Guddu, Phase I Project. Later, they represented to the Government.

165. A member observed that it would have been better to reflect the correct position in the accounts. It was also desired that the schedule recommended by the old P.A.C. should be attached to the Balance Sheet. The departmental representative agreed with the member.

166. The objection was dropped.

167. *Accumulated depreciation of Rs. 1,17,84,810 [Para 30 (2), page 18 Audit Report—WAPDA].*—After hearing the departmental representative, the Committee made no observation.

168. *Stores and stock worth Rs. 29,55,37,826 [Para 30 (3), page 18—Audit Report—WAPDA].*—After hearing the explanation, the Committee observed that this concerned the WAPDA's internal audit, who should look into it. These certificates were also required by the department and should have been insisted upon by the internal Auditors also. It should be ensured that proper records are being maintained.

169. *Debtors advances and deposits Rs. 6,98,89,475—Schedule 'D' [Para 30 (4), page 19—Audit Report—WAPDA].*—Replying to a query, the departmental representative explained that they had requested the Finance Division to convene a meeting of the Committee set up for the purpose, so that WAPDA could place its views before it. But, unfortunately, the meeting of the Committee could not be convened so far.

Note.—It was observed that nobody from the Finance Division was present in the Meeting.

170. The departmental representative informed the Committee that they had been able to find out that Rs. 1.63 crore represented intangible assets, like security deposits of non-Muslims etc. A member remarked that as these were advances, they could not be security deposits etc. The departmental representative submitted that these amounts had been shown for recovery and, therefore, they did not represent tangible assets.

171. A member remarked that the security deposits might have been advances to non-Muslim contractors. The question is if the works were carried out and, if so, the deposits should go against the works. The departmental representative replied that this is what they had been doing. The member then remarked that, if the department indicate as to what was the purpose of those advances, then it may be possible to find out from the list of advances whether those works had been carried out or not. If the works had been carried out and debits were shown against those items, Government should get the credit. The departmental representative thereupon said that the Government had been charging interest on them. He further said that they cannot give credit to the Government, because they do not have any account with them.

172. *Unallocated expenditure of Rs. 10,86,49,086—Schedule 'C' [Para 30 (5), page 19—Audit Report—WAPDA].*—The departmental representative submitted that the observation had been noted and instructions issued to the formations concerned to clear the balance, as desired in the para. They have also formed parties for expediting its clearance.

173. *Incorrect statement of Cash Balances—Sub-schedule of Schedule 'F' [Para 30 (6), page 20—Audit Report—WAPDA].*—The departmental representative said that the amounts stood adjusted in the accounts for 1974-75. A member

remarked that this should not be repeated in future. The departmental representative undertook to ensure that it will not be repeated in the future.

174. *Provincial Government Accounts payable Rs. 1,96,61,673 [Para 30 (7), page 20—Audit Report—WAPDA].*—After hearing the explanation, the Committee made no observation.

175. *Sundry Creditors Rs. 37,90,63,299—Schedule 'J' [Para 30 (9), page 21—Audit Report—WAPDA].*—After hearing the explanation, a member remarked that Rs. 2,61,428, said to be the outstanding balance, was a lot of money and only a small amount was being recovered every month. The departmental representative agreed to look into the figures and take adequate steps to clear the same.

176. (i) *Loss of revenue amounting to Rs. 11.05 crore due to energy unaccounted for, (ii) Local Audit Inspection; (iii) Expenditure on works incurred without or in excess of sanctioned estimates (Para 31—33, pages 21—24—Audit Report—WAPDA).*—These paras were treated as settled, subject to verification by the Audit.

177. *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 and the Audit Report. These would be treated as settled subject to such regularising action as might be necessary under the rules.

PRESIDENT'S SECRETARIAT

(Public and Personal)

178. The Committee then took up examination of Appropriation Accounts pertaining to the President's Secretariat (Public and Personal) and the Report of the Auditor-General thereon.

179. Mr. Reazur Rehman, Joint Secretary represented the department.

180. This Secretariat controlled the Appropriation Staff Household and allowances of the President (Group heads 'A' to 'G').

APPROPRIATION ACCOUNTS

181. *Staff, Household and Allowances of the President—Group heads "A" to "G" (Page 225—AA).*—There was no material point for consideration under these Accounts.

C.M.L.A.'S SECRETARIAT (PUBLIC AND PERSONAL) (INCLUDING PAKISTAN ATOMIC ENERGY COMMISSION)

182. Thereafter examination of Appropriation Accounts pertaining to the C.M.L.A.'s Secretariat (Public and Personal) (including Pakistan Atomic Energy Commission) and the Report of the Auditor-General thereon was taken up.

183. The following departmental representatives were present:—

1. Mr. Anwar-ul-Haq Raazi, Member (Finance).
2. Mr. R. A. Sheikh, Director (Audit and Accounts).

184. This Secretariat controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Staff, Household and Allowances of the President (Group heads 'H', 'L', 'M' and 'O')	—
Pakistan Atomic Energy Commission		
2.	Other Expenditure of Presidential Affairs Division (Group head 'A' only)	100
3.	Capital Outlay of Presidential Affairs Division..	153

APPROPRIATION ACCOUNTS

185. *Staff, Household and Allowances of the President (Group heads 'H', 'L', 'M' and 'O').*—An excess of Rs. 9,69,445 was shown under this Grant. In reply to a query whether a supplementary grant was asked for to cover the excess, the departmental representative informed the Committee that it was not asked for. The Chairman observed that the reply did not explain the position clearly. The departmental representative was, therefore, directed to submit a revised paper, which would explain the position precisely.

Pakistan Atomic Energy Commission

APPROPRIATION ACCOUNTS

186. *Examination of accounts by Auditor-General.*—As no report on the accounts of the Commission were being submitted to the Committee, a member enquired if the accounts of the Pakistan Energy Commission were being audited. The departmental representative said that they were being audited and right then the A.G.P.R. was conducting an audit of the accounts of the Commission.

187. *Grant No. 100 (Page 148—AA).*—There was no material points for consideration by the Committee under this Grant.

188. *Grant No. 153 (Page 219—AA).*—A saving of Rs. 64,59,000 was shown under the Group head "A—Development of Atomic Energy". The departmental representative explained that, in the budget estimates for the year under review, a provision of Rs. 64,59,000 was made for foreign aid. The entire saving represented foreign aid and had occurred as actual disbursement was not intimated by the aid-giving agency and Economic Affairs Division could not get the amount adjusted by the A.G.P.R. in the accounts for the year. This position was accepted by the A.G.P.R. The Chairman, thereupon, remarked that the question was as to when could the aid giving agency intimate and what was the procedure by which the EAD got such amounts adjusted by the A.G.P.R. The Audit representative explained that, as soon as payment is made, the aid-giving agency must advise. The Chairman then observed that this can and should be done, but it is not being actually done. Correspondence goes on with the World Bank as the co-ordinator and then the World Bank find out from the aid-giving agencies. All this entails time.

189. A member remarked that, when they receive goods or consignment in aid, they must also be receiving the invoice. On the basis of the invoice and other documents etc., the department can raise a provisional credit. The departmental representative complained that they have to run after the Economic Affairs Division in each case. The President's Secretariat was just a formal controlling authority.

190. The Committee desired that the Economic Affairs Division should streamline this part of their working and make known the timely information to all concerned.

191. *Concurrent advice by EAD to Aid getting agencies.*—After further discussion, the Committee observed that they had noticed in a number of cases that delay had occurred in the adjustment of expenditure, incurred on goods. There was, hence, need for concurrent advice from the EAD to be given to the aid-receiving agencies.

EXAMINATION OF ACCOUNTS OF AUTONOMOUS BODIES BY THE PUBLIC ACCOUNTS COMMITTEE

192. The Committee then discussed the question of examination by the Public Accounts Committee of the accounts of autonomous bodies controlled by the Government, in the light of Constitutional provisions, Rules of Procedure of the National Assembly and the Audit and Accounts Order. Initiating the discussion, the Auditor-General submitted that the Committee had called for the accounts of autonomous bodies and had desired to examine some of them, without the Auditor-General having examined the same and furnished any report to the Committee. Did this mean that the Auditor-General will no longer be required to discharge his obligations in respect of these accounts? He added that the Committee could, of course, give directions to the Ministries concerned and also to the Audit.

193. A member remarked that, in his view, there was no distribution between the nationalised industries, autonomous bodies or a Corporation set up by the Government. Their accounts have to be audited by the Auditor-General as per the announcement once made on the floor of the House that the accounts of all the nationalised industries will be presented to the National Assembly every year.

194. Another member remarked that, all over the world, there was no difference between a holding company and a corporation, and the holding company, having the majority shares, could ask for a report.

195. The following points were made out during the discussion:—

- (1) The Auditor-General maintained that corporations or holding companies, must pass on the accounts of bodies, controlled by the holding companies, to the Auditor-General for his comments.
- (2) So far as the powers of the Government to ask the Auditor-General to undertake the examination of such bodies was concerned, there was a general agreement that, wherever Government had a financial interest, of necessity in public interest and for the sake of private share-holders, Government was responsible to ensure that the company was run in an efficient manner. Therefore, it could be argued on behalf of the Government that it was not entirely their own investment which prompted them to ask for the accounts but this was also necessary to watch the public interest.
- (3) There was nothing new about Government undertaking the examination of accounts of companies etc. The Monopoly Control Authority did so to watch the public interest. In some other countries, under a separate Act, this duty had been passed on to Audit. Government had thus the inherent power to do anything which may appear necessary in the public interest.

- (4) It was suggested by a member to restrict the examination of accounts by the Auditor-General only of those companies where Government funds were directly involved and the Government was responsible for their management because, ultimately, if the Government was controlling the affairs of a company, the performance of the management will be a reflection on the Government and Government-appointed Auditors.

196. The Committee recommended that the Ministry of Finance and the Auditor-General should examine this again and let the Committee have the benefit of their advice about how far and to what extent would it be legitimately justified for the Committee to undertake the examination of accounts of public sector corporations etc., and with what procedures, if any. The accounts already called for by the Committee from public sector bodies and received in the National Assembly Secretariat could then be considered for examination.

WORKS DIVISION

197. The examination of Appropriation Accounts pertaining to the Works Division and the Report of the Auditor-General thereon was taken up next.

198. The following departmental representatives were present:—

1. Mr. Mairaj Hussain, Joint Secretary.
2. Mr. Rahmatullah Khan, Deputy Secretary.

199. This Division controlled the following grants :

Sl. No.	Name of Grant	Grant No.
1.	Rehabilitation and Works Division	78
2.	Civil Works	79
3.	Other Expenditure of Works and Rehabilitation Division ..	81
4.	Development Expenditure of works and Rehabilitation Division..	130
5.	Capital Outlay on Civil Works	146

APPROPRIATION ACCOUNTS

200. *Grant No. 78 (Page 120—AA).*—An excess of Rs. 1,07,469 was shown under Group head "A—Secretariat". The departmental representative contended the figures and stated that the actual expenditure, reconciled up to March, 1974 and departmentally booked for April—June, 1974, was Rs. 10,92,964, involving a saving of Rs. 20,396, mainly due to non-drawal of salary by a Deputy Secretary. The Audit representative informed the Committee that the Ministry had confirmed on the 26th December, 1975 the figures communicated to them by Audit. The Ministry again confirmed in June, 1978, over the signature of a Section Officer, the position communicated by them to Audit in December, 1975.

201. The Chairman observed that the Ministry should have said frankly, in explanation, that they did save in the public interest, but had forgotten to surrender the same. Evidently, the Secretariat seemed to have had a laxity of control over the accounts and expenditure. That is why they were giving different explanations at different times. The saving in this case was, however, understandable. The Ministry should fix the responsibility for the dual explanation and ensure that such defaults do not recur in the future.

202. *Grant No. 79 (Pages 121—124—AA).*—An excess of Rs. 5,43,609 was exhibited in the Accounts under Group head “A—Original Works—Buildings” under the “Charged” and a saving of Rs. 4,94,047 under “Voted” section. The departmental representative explained that according to the departmental figures, the actual expenditure under this Group head was Rs. 8,17,663 against the final grant of Rs. 7,85,000, the excess of Rs. 32,663 having been due to more expenditure on Civil and lesser expenditure on electric works. The variation of Rs. 5,10,946 between the Audit and Departmental actuals was due to the inclusion of the “Voted” expenditure under the “Charged” portion. As regards the saving of Rs. 4,94,047 under the “Voted” section, the departmental representative submitted that, according to the departmental figures, there was an excess of Rs. 1,03,477 due to expenditure on additions|alternations in the Prime Minister’s House, Rawalpindi. In reply to a query, the departmental representative informed the Committee that the accounts had been reconciled in this case (reconciliation statements were presented to the Audit).

203. The Chairman remarked that, so far as the “Original Works” was concerned, the department had said that Rs. 5,10,000 was wrongly booked. This explanation is acceptable subject to verification by Audit. On the “Voted” side also, the department claimed an excess instead of saving, not explaining as to why supplementary grant was then not asked for. The departmental representative stated that they did obtain a supplementary grant and re-appropriation was also there but even then there was an excess. Actually, the expenditure on the repairs|alternations of Prime Minister’s House was incurred in June, 1974.

204. A member remarked that this was not a very satisfactory explanation, because if a department felt that they were going to exceed the budget, they were supposed to ask for a supplementary grant. In reply to another enquiry as to how much was due to KESC, KMC and other municipal authorities, the departmental representative stated that they had called for the figures from all the 54 divisions by the 15th May and will be compiling this information shortly. Asked to state the tentative figures, the departmental representative informed the Committee that KESC were demanding Rs. 92 lakhs, which included arrears amounting to Rs. 50 lakhs. A member remarked that this appeared to be a vague position.

205. The Chairman enquired if the departmental representative could inform the Committee about the period up to which figures of actual expenditure during the year were available to the department and what was the time-lag in getting up-to-date figures? The departmental representative explained that expenditure statements were being submitted to the Works Division every month and there would be a time-lag of about two months. Thereupon, the Chairman remarked that it meant that, by June, the Ministry should be having information about the expenditure incurred till April. As such, the excesses or savings by June, will be beyond the control of the Ministry.

206. A member remarked that figures up to February, should, in that event, be known to the Ministry in April, *i.e.*, eight months provision. The Ministry could then ask the people concerned as to what was essential and what is to be done in the coming four months and could ask for a supplementary grant, if needed, accordingly enjoining upon all concerned to keep within the budgetary limits. In reply to a query by the Chairman, the departmental representative informed the Committee that, with the departmentalisation of accounts from 1st January, 1976, they are prescribing strict limits for each disbursing officer. Thereupon, the Chairman observed that before 1st January, 1976, the procedure appeared to be such that control was impossible, because there was no strictly prescribed limit. They could not in the circumstance, take action against anybody, as the system itself was wrong.

207. On suggestion by a member, the Committee desired the department to furnish to it the total expenditure incurred on the Prime Minister's House during 1974-75, 1975-76 and 1976-77, and what were the budget allocations for the purpose during these years? The departmental representative agreed to provide this information.

208. *C—Suspense.*—An excess of Rs. 3,31,26,805 was shown under this Group head. The departmental representative explained that this was due to adjustment of debits on account of stores, mainly purchased during the previous years, and irregular placement of expenditure relating to T&T work under Miscellaneous P.W. Advances by Audit. The bulk of the debits were raised when there was no time for obtaining more funds to meet the excess. The departmental representative further explained that one major problem in case of "Suspense" is that these heads are closed to balance. The figures given by Audit are entirely different from the departmental figures. Last year the Ministry was not in a position to tell the figures, but this year they had consolidated the same.

209. After some discussion, the Committee observed that an immediate action was called for. Figures of East Pakistan should not go into this suspense. Next time, some device for separating it shall be found, so that realistic figures become available. Audit should furnish the figures of East Pakistan to the Ministry. This should be sorted out between the Ministry and the Audit.

210. *Grants No. 81 and 130 (Pages 126 and 189—AA).*—The Committee noted that there was no material point under these grants except the reconciliation of figures. Audit was requested to carry out the reconciliation.

211. *Grant No. 146 (Page 212—AA).*—A saving of Rs. 16,78,367 was shown under Group head "A—Original Works—Buildings (Charged)". It was claimed that, according to the departmental figures, there was a saving of Rs. 9,08,275, which was due to misclassification of expenditure under "Voted" section instead of 'Charged' (Rs. 3,88,915) and non-execution of certain works due to non-receipt of administrative approval/expenditure sanction (Rs. 5,19,360). A member remarked that this would be probably a rare instance when works were not executed because of lack of administrative approval, otherwise works were seen to have been undertaken even before the amount was voted.

212. *B—Establishment Charges credited to other Government Departments, etc.*—A sum of Rs. 2,09,072 was shown as excess against this Group head. It was explained that, according to the departmental figures, the excess of Rs. 2,51,196 was due to irregular adjustment of departmental charges on payment of compensation to decree holders without budget provision. The departmental representative explained that, ordinarily, establishment charges should not have been included in payment to decree holders, but this adjustment was made through an accounting error and hence the excess. In reply to a query, the departmental representative said that the expenditure related to payment to the decree holders for acquisition of their lands in the Korangi Township for which there was a supplementary grant of Rs. 1.31 crore.

213. After some discussion, the departmental representative was directed to have the details of the expenditure sent to the Audit, who shall get the same looked into and bring up the matter again before the Committee, if necessary.

AUDIT REPORT

214. *Loss of Rs. 1,10,165 due to deterioration of Cement (Para 13, page 19—Audit Report).*—The departmental representative informed the Committee that the officials who did not accept the bid of Rs. 51,000 were being charge sheeted. The Committee desired Audit to watch progress.

215. (i) *Non-recovery of Rs. 1,04,000 from a contractor on account of secured advance* (ii) *Embezzlement of cash amounting to Rs. 52,362 (Paras 14, page 20—Audit Report).*—After hearing the explanation the paras were treated as settled.

216. *Non-recovery of income-tax amounting to Rs. 39,858 (Para 16, page 20—Audit Report).*—The departmental representative contended that the actual recoverable amount was Rs. 39,736 and not Rs. 39,858. Out of this Rs. 32,139 had been already recovered and action for the recovery of the balance was also initiated, but the Sind High Court issued an injunction and the legal position was being examined at present. Audit was requested to keep track of the matter.

217. *Shortage of stores worth Rs. 37,360 (Para 17, page 20—Audit Report).*—After hearing the explanation, the departmental representative was directed to supply a copy of the Inquiry Report regarding MS Bars to the Audit, for verification.

218. *Loss of Rs. 16,709 due to requisitioning of a house which remained vacant (Para 18, page 21—Audit Report).*—After hearing the departmental representative, the Auditor-General remarked that the explanation of the department was incorrect as they were not stating the facts. The Committee directed the departmental representative to show the relevant records to the Audit, for verification.

219. *Stock return for the year 1973-74 (Para 19, page 21—Audit Report).*—The departmental representative explained that stock returns up to 30th June, 1974 had since been submitted to Audit. As regards the remaining returns, as per the PPWD records, the opening balance of the stocks on 1st July, 1973 and the closing balance thereof on 30th June, 1974 was Rs. 1,23,86,992 and Rs. 1,13,08,173, respectively. In view of the minus balance pointed out by Audit, the figures under all the sub-heads of the Suspense Head were being collected from the Divisions. The Committee directed that the details should be furnished to the Audit at the earliest possible. They will get the same examined and bring the matter up before the Committee, if it cannot be otherwise settled by them. The departmental representative further stated that sanction to reserve stock limit for the years 1972-73 to 1977-78 had already been issued.

220. *Expenditure incurred on deposit works in excess of deposits received (Para 20, page 22—Audit Report).*—After hearing the departmental representative, the Committee requested the Audit to verify the facts stated by the department.

221. *Outstanding adjustment memos (Para 21, page 22—Audit Report).*—The para was treated as settled, subject to verification by Audit.

222. *Non-payment of electricity bills in respect of Ministers houses.*—In reply to the query by a member as to why bills of electricity and gas for the Ministers' Houses were not being paid regularly, the departmental representative promised to look into the matter and get them cleared quickly.

223. *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

224. Thereafter examination of Appropriation Accounts pertaining to the Environment and Urban Affairs Division and the Report of the Auditor-General thereon was taken up.

225. The following departmental representatives were present :—

1. Mr. Mairaj Hussain, Joint Secretary.
2. Mr. M. A. Kazmi, Chairman, CDA.
3. Mr. Saeed Qureshi, FA Member.

226. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Presidential Affairs Division	96
2.	Islamabad	98
3.	Other Expenditure of Presidential Affairs Division (Group heads 'B' and 'C')	100
4.	Capital Outlay on new Federal Capital	154

APPROPRIATION ACCOUNTS

227. *Grants No. 100 and 154 (Page 143 and 220—AA).*—The Committee noted that there was nothing material under these grants except for a small difference between the figures of the department and Audit. Audit were requested to resolve the difference by rectifying their own figures, if necessary.

AUDIT REPORT

228. *Loss of Rs. 33,360 due to theft of material (Para 12, page 19—Audit Report).*—After hearing the explanation, the Chairman observed that this para may be treated as settled.

MINISTRY OF INDUSTRIES

229. The Committee then took up examination of Appropriation and other Accounts pertaining to the Ministry of Industries and the Report of the Auditor-General thereon.

230. The following departmental representatives were present :—

1. Mr. Alauddin, Secretary.
2. Mr. Akhtar Mahmood, Additional Secretary.
3. Mr. A. R. Khan, Joint Secretary.

231. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Industries	67
2.	Industries	68
3.	Department of Investment Promotion and Supplies	69
4.	Other Expenditure of Ministry of Industries	70
5.	Subsidy on Edible Oil.	70-A
6.	Capital Outlay on Misc. stores	109
7.	Development Expenditure of Ministry of Industries	127

APPROPRIATION ACCOUNTS

232. *Grants No. 57 and 68 (Pages 107-108—AA).*—There was no material point for consideration by the Committee under these grants.

233. *Grant No. 59 (Page 109—AA).*—There was an excess of Rs. 58,165 under the Group head "C—Stores Sections Abroad". The excess was explained as having been due to—

- (i) introduction of the National Pay Scales ;
- (ii) increase in (a) Foreign Allowance, (b) House Rent, (c) Air and Rail fares, (d) Office rent, etc. ; and
- (iii) more expenditure on medicines and printing at the fag end of the year.

234. The Chairman observed that part of the excess expenditure could have been foreseen. If the Ministry had got a running expenditure account register showing the progressive expenditure, this problem might not have arisen at all. Secretary Industries was requested to have this looked into for taking suitable action against the defaulters, so that such irregularities do not recur in the future.

235. A member remarked that there used to a standing order in the Government of India under which the up-to-date position for their voted grant, sanctions, expenditure, availability of funds against the grant etc., had to be submitted to the Secretary at short intervals. In his view, such procedure could be enjoined here also. The Auditor-General pointed out that every Disbursing Officer was supposed to know the position even if the Principal Accounting Officer of a Ministry Division might not be aware of it at a given point of time. The Committee directed that the system itself should be examined by the Ministry to see if there was any lacunae in it. Steps be then taken to remove the same.

236. The Chairman remarked that here the excess was first due to establishment charges, for which there was no justification, because these charges were susceptible of calculation. Such a negligence should not be allowed to recur again. Secondly, the excess was due to contingent expenditure. The question in this case was whether a specific allocation had been given or not to each disbursing officer for expenditure on telegrams, telephones, office rent, printing, etc. Had each disbursing officer abroad been told that he could spend only upto specified amounts on these items and not more? If so, then the officer concerned must be held responsible for having committed the excess and called upon to explain and justify his conduct. The excesses indicated that there was little control over expenditure and since they also did not ask for a supplementary demand, they were not aware of the excess or were floating the orders. This being a matter of principle and financial propriety the quantum of the amount was not material in this case. The departmental representative was requested to have this case examined with a view to locating any defects in the system and to take steps to have those defects removed as early as possible.

237. The Chairman further observed that another item which required attention was the Maintenance Allowance paid to the East Pakistan Cell. There was hardly any justification for it in 1973-74 because, by that time, Government had also issued instructions. The Circumstances under which those orders were ignored should be looked into by the department for suitable action against the defaulters, if any.

238. *Grants No. 70 and 70-A (Pages 110-11—AA).*—There was again the reconciliation problem under these grants. The Audit was requested to have the figures verified and reconciled.

239. *Grant No. 109 (Page 109—AA).*—A saving of Rs. 1,11,679 was shown under the Group head "A—Purchase and Sale of Diplomatic cars". It was explained that this was due to lesser purchase of vehicles from the diplomats. The Auditor-General suggested that, in his view, the sale of diplomatic cars should be operated through the Ministry of Foreign Affairs.

240. *Grant No. 127 (Page 186—AA).*—Audit had reported an excess of Rs. 50,463 under the Major Head "63—A—Development". It was explained that there was no excess, but only a wrong booking by the A.G., N.W.F.P. Audit was requested to verify and settle.

AUDIT REPORT

241. *Non-recovery of risk purchase amount of approximately Rs. 5,20,000 from a defaulting contractor (Para 22, pages 22-23—Audit Report).*—After hearing the explanation, the Audit representative submitted that the Public Accounts Committee had directed and the Ministry of Finance issued a circular that these penalties should not be revised or reduced, without the approval of Finance. But these instructions had been ignored in the present case. The Chairman remarked that the department had claimed that they had not reduced the penalties. The Audit representative submitted that the point is whether the rates, at which work was done, were applicable for the recovery or the rates prevalent at the time when the previous contractor was working. The Chairman observed that legal advice should be sought for in the matter, for taking action, if any.

242. The departmental representative submitted that they had calculated the amount of Rs. 5,20,326 according to the normal practice in the department, but when the matter was referred to the Law Division, they advised that the department could recover the difference of the value of the original contract and the price prevailing on the date on which the contract was cancelled. They agreed as the breach must have occurred on a particular date, the price prevailing on that date should have formed the basis for calculation. A member enquired if interest would also be chargeable from the same date. The reply of the departmental representative being in the negative, the member remarked, "When we talk about the date when the contract was cancelled, then there should have been interest thereon from the same date. That should have been logical and consistent."

243. Replying to a query by the Chairman whether the Law Division did not advise about interest, the departmental representative stated that they were not consulted on this point. Thereupon, the departmental representative was requested to consult the Law Division on this point also.

244. *Infructuous expenditure of Rs. 74,250 for late vacation of building (Para 23, page 23—Audit Report).*—After hearing the departmental representative, no observation was made by the Committee and the para was deemed as settled.

245. *Risk purchase—Non-recovery of Rs. 32,750 (Para 24, pages 23-24—Audit Report).*—It was stated that legal proceedings were in progress. The Audit representative pointed out that the department did not obtain any security from the registered contractors. The question is that when such firms default, what should be done? Would it not be proper that, even in the case of registered contractors, a Bank Guarantee should invariably be obtained? Thereupon, the Chairman enquired from the departmental representative whether they would like to change the rules. The departmental representative submitted that new rules had already been framed.

246. In reply to another query whether the defaulting firm had been black listed, the departmental representative replied that the firm did not exist now? The Chairman remarked that they might have just changed their name but be working all the same under a new name.

247. *Non-recovery of Rs. 11,775 due to purchase of stores at risk and cost of defaulting contractors (Para 25, page 24—Audit Report).*—After hearing the explanation, a member enquired whether the department had got a list of registered contractors. The departmental representative replied in the affirmative and added that the contractors have to quote their registration number each time. They are supposed, to have it re-validated after every three years. In some cases, they do not do so. However, registration rules are being reframed now. He further informed the Committee that, in this case, the solicitor had asked them to hold an enquiry about whether an unfavourable finding was given by the sole arbitrator because proper evidence was not put forward before him.

248. Replying to a query as to how many registered firms were there with the Department, the departmental representative said that this information could be provided to Audit. The Audit representative enquired as to when will the review be completed and a copy of the outcome expected. The departmental representative stated that they would certainly furnish a copy. The first draft survey has been submitted only recently to the Audit officer, who has enquired as to the authority under which the rules were being changed. The departmental representative further said that they were expecting to complete the review within three months.

COMMERCIAL ACCOUNTS 1973-74

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

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

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES

251. The examination of Appropriation Accounts for the year 1973-74 pertaining to the Ministry of Religious Affairs and Minorities Affairs and the Report of the Auditor-General thereon was then taken up by the Committee.

252. The following departmental representatives were present :—

1. Mr. Aşlam Abdullah Khan, Secretary.
2. Mr. Kamal Raza, Joint Secretary.

253. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Rehabilitation of Displaced persons and Protection of Evacuee Property (Group heads 'A' and 'B')	80
2.	Ministry of Law and Parliamentary Affairs Division (Group head 'C' only)	86
3.	Other Expenditure of Ministry of Law and Parliamentary Affairs (Group head 'E' only)	83
4.	Ministry of Minorities Affairs and Tourism (Group heads 'A' and 'C')	86
5.	Other Expenditure of Ministry of Minorities Affairs and Tourism	87
6.	Other Expenditure of Ministry of Political Affairs and Communications (Group heads 'E' and 'F')	95

APPROPRIATION ACCOUNTS

254. *Grants No. 80, 82 and 85 (Pages 125, 127 and 130—AA).*—There was no material point for consideration by the Committee under these grants.

255. *Grant No. 86 (Page 132—AA).*—A saving of Rs. 60,698 was shown under the Group head “A—Secretariat”. It was explained that against the grant of Rs. 5,35,400 relating to the Minority Affairs Wing, the Audit booked an expenditure of Rs. 5,77,910 whereas actual expenditure (reconciled) was Rs. 5,34,289. There was thus a saving of Rs. 1,111 only.

256. The Committee observed that Audit should have adopted the re-conciled figures.

257. *Grant No. 87 (Page 133—AA).*—There was no material point under this grant. The Committee, however, directed departmental representative to supply a list showing the actual disbursements in respect of Grants-in-Aid, contributions, etc.

258. As desired by the Committee, the information relating to beneficiaries of the grant amounting to Rs. 23 lakhs was later made available by the Ministry. According to the information furnished this amount consisted of two parts. First part amounted to Rs. 3 lakhs and was meant for Buddhist Temple and Cultural Centre. The second part amounted to Rs. 20 lakhs and was meant to finance schemes sponsored by the Government for the welfare and uplift of minorities in various ways including advancement of their cultural and literacy activities. Both the grants were transferred to the respective Personal Ledger Accounts.

259. So far as the present position of grants is concerned, the grant of Rs. 3 lakhs is lying intact in the Personal Ledger Account concerned as the scheme for which it was sanctioned was not implemented and it has now been decided to drop the same. As regards the grant, an expenditure of Rs. 16,30,395 has been incurred during the period from 1974-75 to 1978-79 as detailed below :—

	Rs.
1. Financial Assistance to Minority Communities/Association	6,33,700
2. Publication of ‘Hamwatans’	8,20,000
3. Advisory Council for Minorities	51,695
4. Cultural Council for Minorities	50,000
5. National Cultural Award Scheme	70,000
6. Minorities Conference	5,000

260. *Grant No. 95 (Page 141—AA).*—A saving of Rs. 3,81,254 was shown in the Appropriation Accounts under Group heads ‘E’ & ‘F’ which was explained as being superficial and not actual. Audit admitted that the position stated by the department was correct.

MINISTRY OF PRODUCTION

261. Thereafter, the Committee took up examination of Appropriation and other Accounts pertaining to the Ministry of Production and the Report of the Auditor-General thereon.

262. The following departmental representatives were present:—

1. Mr. S. Habib Hussain, Additional Secretary.
2. Mr. Z. U. Ahmad, Joint Secretary.

263. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Production Division	97
2.	Other Expenditure of Production Division	97-A
3.	Associated Cement	99
4.	Capital Outlay on Medical Stores	107
5.	Capital Outlay on Industrial Development	155

APPROPRIATION ACCOUNTS

264. Grants No. 97 and 97-A (Pages 144-145—AA).—There was no material point for consideration under these grants.

COMMERCIAL ACCOUNTS

Lyalpur Chemicals and Fertilizer Ltd.

265. Working results (Para 424, page 364—CA).—The Committee noted that, as compared to the last year, there was decrease in production and increase in the unit cost. The departmental representative explained that, during 1978-79 they had produced above the rated capacity. A member observed that there was no provision for taxation in 1973-74. Explaining the reason, the departmental representative said that, subsequently, it was decided by the Government that this portion of the transactions for the year 1973-74 will be on a "No profit—No loss" basis. The Chairman observed that the position was that many of these units were uneconomical and the prices were higher. A member remarked that then the profits should have been shown as payable to the Government.

Zeal-Pak Cement Factory Limited

266. Working results (Para 390, page 324—CA).—It was stated that the production from the old units used to be 7.2% more than the rated capacity. The new units had, however, not been able to yield the rated production mainly due to some inherent defects in the design, poorer quality of lime-stone and clay available in the area, high moisture content of slurry etc. Quite a large number of modifications in these kilns had been made over the years, with definite improvement in production, but efforts to achieve the target, in consultation with the foreign suppliers, were still continuing.

267. The departmental representative further explained that the present production of the factory was about 3,000 tons per day, i.e. 82 or 83 per cent of the rated capacity. At the time when these units were set up in 1975-76, the guarantees by the suppliers were for a short period. After that, there had been problems. The units had gone down in quality. The element of control was also not very satisfactory. That is why, the production was below the capacity. Effort was being made to change over the clay deposits and to locate new grounds but the major raw material, namely, lime-stone, of better quality is not available in the vicinity of the factory.

268. In reply to a query whether they have enough money to start somewhere else, the departmental representative replied that Zeal-Pak had enough funds and they were considering to set up a new factory at Thatta, which is 40 miles from Karachi.

269. *Outstanding against Sundry Debtors (Para 391, page 326—CA).*—It was pointed out that outstandings against Sundry Debtors stood reduced from Rs. 62,93,862 of the previous year to Rs. 18,42,951 at the end of the year under review. The departmental representative stated that most of the old cases have since been settled. Certain amounts were, however, still outstanding mainly pertaining to foreign buyers and the former East Pakistan. The Committee observed that some of the outstanding account pertained to 1962. It would be better if the old cases were considered to be written off. The departmental representative undertook to do so.

270. *Provision for Earned Leave and Gratuity (Para 544, page 441—CA).* It was pointed out that the liability for earned leave and gratuity, worked out on actuals, came to Rs. 32,03,267. A member enquired as to what was the total liability against which gratuity was being paid. The departmental representative said that it was about Rs. 2.25 crore. Thereupon, the member observed that it might be advisable to start making some provision, because Rs. 2.25 crores was too large an amount against which there was a provision of Rs. 32 lakhs only. The money could be invested to bring forth interest. The Chairman remarked that, if they were paying gratuity, the same would be deducted before taxation. The departmental representative stated that about 20 persons retired every year and they were paying about Rs. one lakh per year.

Associated Cement

271. *Deferred interest on loans (Para 411(5), page 349—CA).*—The accounts showed that Rs. 62,40,629 stood as deferred interest for the year and Rs. 30,87,900 had been charged to "Profits and loss Account". The departmental representative informed the Committee that, though the former sum related to past interest, it was not charged to the profit and loss account and had been placed under deferred account. Thereupon, a member queried as to how could this be a deferred payment. The departmental representative submitted that, before taking over by the State Cement Corporation, the ACC were being run by the Federal Government directly and they had been charging interest on a large term basis. From 1977-78, this had, however, been adjusted against the reserve.

272. As regards the working result of Associated Cement, the departmental representative informed the Committee that they were now working much better. During the last two years, their production capacity had been augmented by about 200%.

State Heavy Engineering and Machine Tool Corporation Limited

273. *Comparative Balance Sheet (Para 360, page 312—CA).*—Referring to the Comparative Balance Sheet, a member enquired about the Loan from People's Republic of China. The departmental representative explained that it was a grant to the Government from the Government of China, but to the Corporation it was an interest-free loan, for which repayment terms had not been stipulated as yet. He added that all development loans had been converted into equity in the State Heavy Projects.

274. A member remarked that capacity utilisation basis was not a very good basis for charging depreciation. The departmental representative replied that this was done initially. Subsequently, full depreciation was being charged.

275. *Sundry Debtors (Para 358, page 310—CA).*—It was stated that Sundry Debtors as on 30th June, 1974 stood at Rs. 1,98,32,434. The debtors were mainly Government Departments who kept on waiting for the next release of funds. The Larkana Sugar Mills was also one of them.

Heavy Foundry and Forge Limited, Taxila

276. *Chinese Loan (Para 540, page 440—CA).*—The departmental representative explained that this loan was a grant to the Government from China, but it has been given to the Foundry and Forge Ltd. as an interest free loan.

277. In reply to other queries, the departmental representative informed the Committee that no General Reserve Fund was being maintained by the HFF. This year, they were going to achieve a production of Rs. 8.5 crores but even then there would be a loss of about Rs. 60 lakh.

Nowshera D.D.T. Factory

278. *Working Results (Para 247, page 222—CA).*—In reply to a query from the Chairman if any final decision had been taken in regard to the future of the Factory, the departmental representative said that the Fauji Foundation had been approached to take over the Factory. They had declined. Now the matter is proposed to be taken up at a higher level, to arrive at a final decision.

P.I.D.C. Head Office

279. *Irregular payment of premium amounting to Rs. 3,22,149 (Para 8, page 13—CA).*—This para was treated as settled.

280. *List of cases of serious irregularities which have not been finalised (Para 9, page 15—CA).*—The para was treated as settled subject to verification by Audit.

281. *Working results (Para 262, page 232—CA).*—The Balance Sheet for the year ending 30th June, 1974, contained an amount of Rs. 25,39,70,221 shown against "Government Development Loans" invested in projects/companies and associates. This amount included a sum of Rs. 17,97,250, representing investments in the schemes which had been abandoned. Since the schemes had been abandoned, the Audit contended that this amount should not have been shown under Investment. The actual expenditure against these abandoned schemes should have been adjusted in the accounts of the Corporation. In reply the departmental representative explained that the expenditure incurred on the abandoned schemes had been shown as investment, pending receipt of approval of Government to the write off of the amount involved. He further stated that, as directed by the PAC in their last meeting, a summary was under preparation, and will be submitted to the Ministry of Finance next month.

Dir Forest Industries Complex, Chakdara

282. *Forest exploitation and timber—processing (Para 314, page 281—CA).*—The departmental representative informed the Committee that they had now divided the scheme into two portions, Forest exploitation would be undertaken by the NWFP Government and the PIDC would be incharge of the timber processing work. He further stated that the construction work of the factory building had already started and this project was expected to go into production by the end of next year. The protracted dispute about its location had at long last been settled. It will be located at Shringal.

General Refractories Limited, Landhi

283. *Working results (Paras 321, 322, page 287—CA).*—It was stated that the net loss during the year was Rs. 5,40,954 as compared to Rs. 4,62,160 during 1972-73. Asked about future prospects of the Factory, the departmental representative said that better results were expected during 1978-79. Asked if they expect to reduce the accumulated losses of Rs. 1.15 crore or make profit, the departmental representative said that they hoped to reduce the loss.

Bannu Sugar Mills

284. *Working results (Para 239, page 295—CA).*—It was stated that, during the year, the Mills sustained a net loss of Rs. 92,91,551 as against a loss of Rs. 39,35,374 in the preceding year. In reply to query as to what was the present position, the departmental representative said that they were not getting enough sugar-cane. With a new factory called "Khazana Sugar Mills" coming up not far away, the future of this Mills had become very bleak, because they would not be getting sugar-cane even to the extent to which they used to get it earlier.

285. A member remarked that potential of water was there. What was needed was to organise the growing.

Talpur Textile Mills Limited

286. *Paras 428—435 pages 369—375—CA.*—The Committee was informed that this Mill had since been closed down.

Special Refractory Project, Abbottabad

287. *Paras 439—445, pages 383—385—CA.*—The departmental representative explained that this project might have to be abandoned, because Chinese who had executed it, had given their final report. Hence it had to be closed. Only some mining had been done and no machinery had been installed so far.

APPROPRIATION ACCOUNTS

288. *Grant No. 155 (Page 221—AA).*—The material in respect of this grant was furnished by the PIDC, instead of the Production Division. The departmental representative explained that this was because the Ministry had gone a great change during the years. Up to 1973-74, most of the projects were under the control of the PIDC. The Chairman remarked that only Rs. 2.44 crores and Rs. 2.68 crores, against a budget allocation of Rs. 39.21 crores seemed to have been utilised. It is not clear whether all the funds had been released by the Government. The Audit was directed to check whether all or part of the allocation had been released and utilised. A composite report should come to the Committee, if there were significant discrepancies.

289. *Grant No. 107 (Page 159—AA).*—According to Appropriation Accounts, a recovery of only Rs. 42,22,515 had been effected against an estimated recovery of Rs. 76,00,000. The departmental representative claimed that the actual recovery during 1973-74 amounted to Rs. 1,42,240, which was deposited in the State Bank. Audit was requested to check this up and reconcile the figures.

290. *Grant No. 193—Capital Outlay on Industrial Development, 1972-73 (Page 216—AA).*—There was no material point for consideration by the Committee under this grant.

COMMERCIAL ACCOUNTS

291. *Extra expenditure of Rs. 26,703 on the purchase of chemicals (para 7, page 13—CA).*—On hearing the explanation of the departmental representative, the Committee directed him to find out the factual position of the case and let the Committee know about it. The departmental representative agreed to do so.

292. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observation on other paras in the Commercial Appropriation Accounts or the Auditor General's report thereon. These would be deemed as settled, subject to such regularising actions as might be necessary under the rules.

293. The Committee thereafter adjourned to meet on Monday, the 28th May, 1979 at 9.00 a.m.

ISLAMABAD :

The 28th August, 1979.

M. A. HAQ,
Secretary.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 28th May, 1979

3rd Meeting

294. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1973-74 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 P. kistan .. *Member.*
3. Mr. Abdul Qadir, former Chairman, Railway Board .. *Member.*
4. Mr. Yusuf Bhai Mian, Chartered Accountant .. *Member.*

National Assembly Secretariat

1. Mr. M. A. Haq, Secretary.
2. Mr. I. H. Siddiqi, Deputy Secretary.
3. ~~Mr. Khalid Rafique, Deputy Auditor General (A & R).~~
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&F).
4. Syed Shaukat Hussain, Accountant General, Pakistan Revenues.
5. Khawaja Abdul Waheed, Director, Commercial Audit.
6. Mr. Muhammad Javed Ilyas, Director of Foreign Audit.

Ministry of Finance

1. Mr. Asad Ahmed, Additional Secretary.
2. Mr. Inam-ul-Haq, Joint Secretary.
3. Mr. Sharafat Hussain, D.F.A.
4. Mr. Ibin^g Hassan, F.A. (Planning Division).
5. Mr. M. A. Haq, D.F.A.
6. Mr. Zafar Hussain, F. A. (I&NR).

295. The accounts of the following Ministries/Divisions were examined during the course of the day:—

1. Ministry of Health, Social Welfare and Population :
 - (a) Health and Social Welfare Division.
 - (b) Population Division.
2. Ministry of Finance and Economic Affairs :
 - (a) Finance Division (including Central Board of Revenue).
 - (b) Economic Affairs Division.

3. Ministry of Planning and Development :
 - (a) Planning and Development Division.
 - (b) Statistics Division.
4. Cabinet Secretariat :
 - (a) Cabinet Division.
 - (b) Establishment Division.
5. Ministry of Foreign Affairs.
6. Ministry of Petroleum and Natural Resources.

HEALTH AND SOCIAL WELFARE DIVISION

296. The Committee took up the examination of Appropriation and other Accounts pertaining to the Health and Social Welfare Division and the Report of the Auditor-General thereon.

297. The following departmental representatives were present :—

1. Lt. Gen. C. K. Hasan, Secretary.
2. Maj. Gen M. I. Burney, Director, National Health Laboratories.

298. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Health and Social Welfare Division	52
2.	Medical Services	53
3.	Public Health	54
4.	Development Expenditure of Health and Social Welfare Division	123

AUDIT REPORT

299. *Dues not realised from the patients of Special Ward (Para 11, page 19—Audit Report).*—It was pointed out that diet and other charges, amounting to Rs. 14,059, were not recovered from sixteen persons, who obtained treatment in the Special Ward of a Medical Centre from August, 1973 to May, 1974. The departmental representative explained the difficulties, which were being faced by them in realising charges from the patients, and ensured the Committee that every effort was being made to realise the balance amount of Rs. 12,945 from the persons concerned. He complained that lot of problems arose in respect of private cases because they just wanted their patients admitted and treated, but when the patients left, the question of payment was left over. To overcome this situation, the practice of obtaining advance from private patients had been introduced. Not much success in obtaining advance payments had, however, been achieved yet in the case of Government servants. Now they were

considering the possibility of sending their bills to their departments or to the A.G.P.R. for deducting the due amount from their pay/salary bills. A member remarked that bills should be sent to the Government servants' departments for effecting recovery. The departmental representative replied that they do send the bills but, unfortunately the Departments did not give any reply. Actually, therefore, they had been again considering, as was being done in the Ministry of Defence, to send bills, if they could, to the A.G.P.R. In the Army, the CMA makes the deduction. The amount would thus be recovered by the A.G.P.R. from the Government servant and deposited in the treasury.

300. After some discussion, the Committee observed that the old dues, which might have become irrecoverable, could be considered for being written off.

301. The Chairman observed that the best thing would be that, advance should be taken in the case of private persons, and bills should be sent to their respective departments, in the case of Government servants.

APPROPRIATION ACCOUNTS

302. *Grant No. 52 (Page 84—AA).*—A saving of Rs. 26,66,505 occurred under the above Grant against Group head "A—Secretariat", which was ascribed due to non-payment of contribution to Certain International Organisations. It was stated that sanctions for an expenditure of \$ 3,50,400 were issued on the 20th December, 1973 and 4th March, 1974, but the same could not materialise due to non-availability of foreign exchange. The information regarding non-availability of matching foreign exchange was received after the expiry of the financial year and, therefore, the saving could not be surrendered either.

303. A member remarked that, had Rs. 35 lakh been remitted, there would have been an excess of about Rs. 8 lacs and this needed an explanation. The departmental representative submitted that only part payment had been made. The Audit representative remarked that, before issuing the sanction, the department should have made sure that sufficient foreign exchange was available.

304. *H—Social Welfare Unit.*—There was an excess of Rs. 1,40,830 under this Group head. The departmental representative attributed it to belated adjustment of expenditure incurred on the fabrication of winter clothing during the previous year. It came to notice only when the departmental representative visited the office of the A.G.P.R. for reconciliation and then it was too late to regularise the expenditure. The Chairman enquired whether it was factually true that when the A.G.P.R. debited the amount they did not inform the Department. The departmental representative replied that they came to know of it in the first quarter of the next financial year, because the accounts were kept open by Audit and they continued to raise debits received even after the close of a financial year. It was further explained that purchase of the required quantity of cloth was made through the TCP. Thereupon, the Chairman remarked that they must have billed the department. This was confirmed by the departmental representative.

305. The Chairman then enquired about the procedure for raising debits against departments and whether debits were being raised without sending an intimation to the departments concerned. The departmental representative submitted that, so far as this case was concerned, the department was never informed about the debit. In some cases, debits were passed on to the A.G.P.R. by the Audit Officer, IS&F, for adjustment, much after the receipt of the stores. In this case, the debit advice was not received in the department at all. Thereupon, the Chairman observed that debit must be intimated to the Department concerned promptly otherwise there could be no exercise of control over expenditure.

306. The Audit representative maintained that when this payment was made and debit raised, the Audit Officer, and the Director General, Supply and Development must have advised the Department about it. The Chairman thereupon remarked that this matter should be gone into and the procedure for intimating debits to the department concerned promptly streamlined. The Auditor-General promised to look into the procedure and report back to the Committee.

307. *J—Ex-Gratia Maintenance Allowance to Ex-Central Government Servants of East Pakistan Domicile.*—There was an excess of Rs. 17,070 under this Group head which was said to be due to payment of maintenance allowance to ex-Central Government Servants of East Pakistan Domicile, for which no provision existed in the sanctioned grant.

308. The Chairman observed that necessary provision should have been made in the budget itself or a supplementary grant obtained. It was not enough to say that there was a mistake. Action should be taken against those responsible, otherwise it would not be possible to get rid of such irregularities. This was a known expenditure and it had either to be budgeted for or a supplementary grant asked for it.

309. *Grant No. 53 (Page 86—AA).*—An excess of Rs. 14,818 appeared under the Group head "A—Medical Establishment". The excess was explained as having been due to more expenditure on T.A. and D.A. on account of increase in rates. The expenditure could not be foreseen at the time of regularisation of savings and excesses. The Chairman observed that this was no explanation. There seemed to be no justification for this extra expenditure. When the appropriations had exceeded, more funds should have either been asked for or the expenditure deferred to the next financial year. Action should be taken against the persons responsible because, unless that was done, those things would never be remedied. When all concerned had been told about what their allocation was and they still exceeded the same, then action against them would go a long way in reducing such irregularity. A member remarked that the number of meetings in every Ministry should, as far as possible, be reduced with some pre-planning to minimise expenditure.

310. *B—Hospitals and Dispensaries.*—The excess of Rs. 10,60,831 under this Group head was explained as having been due to wrong posting by Audit. The Audit was requested to have it reconciled.

311. *G—Lump-sum provision for Drugs and Medicines.*—A saving of Rs. 1,38,61,525 was exhibited under this Group head. The saving was explained to have been partly due to certain sanctions that could not materialize during 1973-74 and partly due to wrong assessment of the final grant. It was regretted that the figures could not be reconciled with audit figures through an oversight.

312. The Chairman remarked that non-reconciliation of figures in this case had resulted in lapse of appreciable funds, which could have been utilised elsewhere profitably. This underscores the need for reconciliation being carried out at the proper time.

313. Dealing with the case of a student of the Engineering University, whose medical treatment charges were borne by the Government, (Group head F—Miscellaneous) the Audit representative submitted that the expenses incurred on medical treatment of a private citizen were not a legitimate charge on the public exchequer. However, in this particular case, sanction had been accorded with the concurrence of the Finance Ministry, the departmental representative added that millions of rupees were being spent today on non-entitled persons in Federal Government Hospitals. In reply to a query, the departmental representative explained that the persons entitled to receive free medical treatment, both outdoor and indoor and other laboratory facilities, are the employees in the service of the State and their dependent members of their family. All other persons fell within the category of "non-entitled" and were not eligible to get free medical treatment at Government hospitals.

314. A member remarked that this would mean that Federal Government hospitals were meant for the treatment of Government servants. The departmental representative replied that, basically, this was the position. The Government hospitals were primarily meant for entitled personnel of the Federal Government, less the Ministry of Defence who had their own hospitals. Yet thousands of non-entitled people could be seen at the Central Government hospitals every day waiting for treatment. In reply to the query whether there was a Government decision to this effect, departmental representative stated that, as far as he was aware, there was no clear-cut Government decision about it. Thereupon, the member remarked that in that case action should be taken for regularising the expenditure so incurred. The Auditor-General pointed out that, the Health Secretary was correct in saying the above as far as the polyclinic was concerned, but, in his opinion, it had not been stated as a matter of general policy that public could not be treated at Government Hospitals.

315. The Chairman remarked that Government had to provide medical facilities for the general public as well. Under the Constitution, that function, however, falls within the sphere of the Provincial Governments. What happened was that when the Capital was shifted from Karachi to Rawalpindi, Rawalpindi was still with the Provincial Government. They set up the Central Government Hospital at Rawalpindi for the treatment of Federal Government employees. The position had now changed. The Federal Government is established in Islamabad. Now, it is the responsibility of the Federation to provide medical facilities for private citizens residing in Islamabad. This responsibility has not been discharged by having a separate Civil Hospital. Therefore, the Central Government Polyclinic is discharging this responsibility.

316. The departmental representative further added that even in the case of Provincial Governments, the picture about who should get free medical treatment was not very clear. One could not honestly say that all the poor people get free medical treatment in the Provincial Government Hospitals. The Provincial Governments do not have adequate resources to meet the huge expenditure on public health. Even the developed countries have so far not been able to do so. A member remarked that Zakat Fund would now help. The departmental representative said that it might perhaps do so. It would be a very good way of spending that money.

317. The departmental representative was directed to look into the whole question of treatment of public at Government Hospitals and initiate regularisation action as best as possible.

318. *Grant No. 14 (Page 88—AA).*—There was no material point for consideration by the Committee under this grant except reconciliation. Audit was requested to get the reconciliation effected.

319. *Grant No. 123 (Page 181—AA).*—There was no material point under this grant.

COMMERCIAL ACCOUNTS

National Health Laboratories, Islamabad

320. *Compilation of Accounts (Para 4, page 5—CA).*—The Audit representative pointed out that the Commercial Accounts of Biological Production Division had not been prepared as yet. The departmental representative informed the Committee that these had now been prepared.

321. *Paras/Points 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 Auditor-General's Report thereon. These would be treated as settled subject to such regularising action as might be necessary under the rules.

POPULATION PLANNING DIVISION

322. Thereafter the examination of Appropriation Accounts pertaining to the Population Planning Division and the Report of the Auditor-General thereon was taken up.

323. The following departmental representatives were present:—

1. Mr. Rashid Ahmad, Additional Secretary.
2. Mr. S. H. Haqqi, Director (B&F).

324. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Population Planning	55
2.	Development Expenditure of Population Planning	124

APPROPRIATION ACCOUNTS

325. *Grant No. 55 (Page 90—AA).*—There was no material point for consideration by the Committee under this grant.

326. *Grant No. 124 (Page 182—AA).*—There was a saving of Rs. 13,84,295 under the Group head "N—Public Health". The saving was explained as having been due to less receipt of commodity aid during 1973-74. Replying to a query, the departmental representative said that commodity aid is in the shape of transport, IUD and medical equipments in connection with sterilization, etc.

There are about a thousand clinics in the country, mostly equipped with these commodity aid equipments. In reply to another query, the departmental representative informed the Committee that, according to the latest report from the World Bank, the birth rate in Pakistan was not the highest in the world but it had still no doubt a high rate.

FINANCE DIVISION

327. Examination of Appropriation and other Accounts for the year 1973-74 pertaining to the Finance Division and the Report of the Auditor-General thereon was then taken up.

328. The following departmental representatives were present:—

1. Mr. Asad Ahmad, Additional Secretary.
2. Mr. Inamul Haq, Joint Secretary.
3. Mr. Azizur Rehman, Joint Secretary.
4. Ch. Mahmood Ahmed, Deputy Secretary.
5. Mr. Zulfiqar Khan, Deputy Secretary.
6. Mr. S. Azam Ali, Managing Director, H.B.F.C.
7. Mr. Shaukat Mahmood, Master of Mint.

329. This Division controlled the following grants :

Sl. No.	Name of Grant	Grant No.
1.	Other Expenditure of Ministry of Commerce (Group Heads 'A' and 'B')	11
2.	Finance Division	22
3.	Debt Services	—
4.	Audit	23
5.	Currency	24
6.	Pakistan Mint	25
7.	Superannuation Allowances and Pensions	26
8.	Other Expenditure of Finance Division	27
9.	Grants-in-Aid and Misc. Adjustments between the Federal and Provincial Governments	28
10.	National Savings	34
11.	Capital Outlay on Pension	110-A.
12.	Federal Misc. Investments	111
13.	Repayment of Debt	—
14.	Other Loans and Advances by the Federal Government	112
15.	Development Expenditure of Finance Division.	118
16.	Capital Outlay on Mint	137
17.	Miscellaneous Capital Investments	138
18.	Development Loans and Advances by the Federal Government. . .	139

APPROPRIATION ACCOUNTS (1973-74)

330. Grant No. 11 (Page 28—AA).—There was no material point under this grant.

331. *Grant No. 22 (Pages 40-41—AA).*—There was an excess of Rs. 4,24,064 under the Group head "A—Secretariat". The departmental representative explained that the excess was mainly due to belated adjustment of expenditure on telephones. Hence, it could not be regularised by obtaining additional funds.

332. The Chairman observed that the material point was the date on which the debits were raised. As the information was not readily available, the departmental representative was directed to have the same furnished later, and also to send a report about provision for telephones and the actual expenditure incurred thereon, for the information of the Committee.

333. *E—Finance Division of High Commissioner of Pakistan in U.K.*—About the excess of Rs. 12,972 under this Group head, the departmental representative stated that the excess was due to increase in the cost of stores, services, etc. The excess could not be regularised due to non-receipt of intimation from the Mission. In reply to a query, it was explained that the Mission had an imprest from which it met such expenditure. They did not inform the Ministry about the need for a supplementary grant. Thereupon the departmental representative was directed to take action against the officials responsible for the default.

334. *G—Discretionary Grant by the Minister.*—The excess of Rs. 10,000 shown against this Group head was contended by the departmental representative who stated that, as no grant was made by the then Finance Minister, the provision was surrendered. The Audit figure was, therefore, incorrect. The Audit representative undertook to verify and settle it.

335. *J—Services and Exchange Authority.*—The excess of Rs. 50,967 under this Group head was stated to be due to adjustment of telephone bills carried out after 30th June, 1974. The Chairman remarked that some procedure should be evolved to streamline the system. The departmental representative submitted that the Committee had already desired that it should be examined if there could be cash payment for telephone bills. The Communication Secretary was agreeable to the proposal and the Finance Division had been requested to evolve suitable procedure in consultation with the Ministry of Communications. The Chairman added that the Committee's recommendation was that payment for telephone bills should be made by the departments in cash.

336. *Appropriation—Debt Services (Page 223—AA).*—A saving of Rs. 4,52,83,390 was shown under the Group head "C—Interest on Saving Bank Deposits, Cash Certificates, etc." It was explained that the expenditure was related to actual payment of interest on encashment/withdrawal of certificates/deposits. Since the actual expenditure during 1971-72 and 1972-73 had exceeded the final appropriations, the final estimates during 1973-74 were based on that trend. But the situation drastically changed in 1973-74 when the encashment of certificates remained far lower than that finally estimated. This was not predictable and the saving was due to this change in the investment climate. In reply to a query as to what was the time-lag in the reporting, the departmental representative stated that it was always towards the end of the year. The Chairman observed that it should be ascertained from the AGPR whether they were getting the returns. The departmental representative submitted that it was calculated only when a customer came for encashment. Thereupon, the Chairman observed that a system should be laid down whereby payments made on this account get promptly reported to the Ministry.

337. *F—Interest on Other Obligations.*—There was an excess of Rs. 2,43,67,004 under this Group head. The departmental representative explained that under this head were provided interest payments relating to various Railway Funds, Post Office Renewals Reserve Fund and Telegraph and Telephone Renewals Reserve Fund. In the case of Post Office and T&T Department the excess was due to increase in the rate of interest from 8.25% to 9.25%, allowed on the Reserve Funds. As regards Railways, against a final provision of Rs. 1.19 lacs, actual interest charges booked by the A.G.P.R. amounted to Rs. 104.13 lacs. The extraordinary low estimate made by the Finance Division was due to then federalisation of Railway. The real position regarding balances in the various Railways funds was not clear. However, the omission was regretted.

338. A member remarked that there should be a bigger figure than this. It cannot be the total interest. Thereupon, the Chairman enquired from the departmental representative about the accounts of the Railways to which this interest was related. The Committee was informed that the interest was on the Renewal and Reserve Fund and on the Depreciation Fund. The Chairman observed that these Funds were partly held by the Provinces also. When the Railways were transferred to the Centre in 1971-72, some of these funds had remained with the Provinces, at that time. The departmental representative submitted that the Railways should have been provided funds in the supplementary grant. In the previous two years also, there was the same omission. The departmental representative was asked to examine the position and find out as to why excess was not covered by obtaining the matching grants at the appropriate time. Action might then be taken against the defaulter, if any.

339. *H—Appropriation for Reduction or Avoidance of Debt.*—The Audit had pointed out an excess of Rs. 51,82,250 under this Group head. Departmentally, the record maintained in the Economic Affairs Division showed that the final appropriation and actual expenditure against this head were Rs. 50,51,64,000 and Rs. 51,03,46,250 respectively and not Rs. 57,69,48,000 and Rs. 58,49,47,000 as reflected in the accounts by the AGPR. It was said that the figures given by AGPR included interest on short-term credits, contracted for the import of food-stuffs.

340. A member enquired about the amount of interest on short term credit contracted for the import of food-stuff, and where it should have gone? If it had gone into the food grant, then the food accounts were wrong to that extent as the subsidy should have gone up by that amount. The whole accounting on this score appeared to be incorrect and needed to be regularised.

341. *Grant No. 23 (Page 42—AA).*—There were excesses of Rs. 6,61,695 and Rs. 8,38,293 under the Group head "B—Accounts and Audit Officers" (Charged and Voted sections) respectively, which were said to be misposting of expenditure relating to 'Voted' section under the 'Charged' section and other unforeseen expenditure on pay and allowances. The Committee made no observation.

342. *Grants No. 24, 25, 26, 27 and 28 (Pages 45—51—AA).*—There was no material point for consideration by the Committee under these grants.

343. *Grant No. 34 (Page 63—AA).*—There was a saving of Rs. 4,79,986 under Group head "B—Miscellaneous and Unforeseen Charges". The departmental representative explained that this was due to various posts not having been filled up by way of economy. Since intimations about saving in various

field organisations were received late, i.e. after 30th April, 1974, surplus funds could not be surrendered. A member remarked that even the Finance Division did not know as to what was happening?

344. The Chairman observed that the explanation was not satisfactory. If the lower formations failed to report in time, then action must be taken against them. The Committee regretted that they noticed a tendency among senior officers to consider it below their dignity to pay attention to departmental accounts. They preferred all accounting matters to be looked after at lower levels. The tendency needed to be discouraged, as the ultimate responsibility for proper maintenance of accounts was that of the Principal Accounting Officer of the Division/Department.

345. *Grant No. 110—A—Capital Outlay on pensions (Page 164—AA).*—The recovery under this head represented the write back of the commuted value of pensions from Capital to Revenue head by equated instalments spread over 15 years. The Chairman remarked that the Committee reiterated its earlier recommendation to Government that this head was useless now as it complicated the accounts. But, any way, it would take its own time.

346. *Grant No. 111—Federal Misc. Investments (Page 165—AA).*—Less recovery to the tune of Rs. 2,53,000 was shown against "Investment in UN Bonds". The departmental representative explained that the nil amount shown by Audit against "Actual Recovery" was not correct, as the State Bank of Pakistan had confirmed the figure of Rs. 2,53,341. The Chairman asked as to what were UN Bonds? A member remarked that part of the recovery was investment and part was interest. In theory, the investment should be reduced by the same amount in the Finance Accounts or there should be a reduction by this amount excluding interest in the schedule of investment. And if there was a loss, it should go into the exchange difference account.

347. The Chairman observed that it still needed to be corrected, because it was a debt.

348. *Appropriation—Repayment of Debt (Page 227—AA).*—An excess of Rs. 38,64,820 was shown against the Group head "N—Public Debt" sub-head "A—Repayment of Permanent Debt—Foreign Debt". A member enquired about the reason for this difference (excess) and how was it shown in the Finance Accounts? The Auditor-General said that it was a continuous process. The member remarked if this was due to exchange difference then it should be so exhibited. The Finance Division was requested to re-examine the position for corrective action.

349. *Grants No. 112, 118, 137 and 138 (Pages 166, 175 and 196-97—AA).*—There was no material point for consideration by the Committee under these grants.

350. *Grant No. 139 (Pages 198-199—AA).*—A member referred to the Group heads "Loans to Local Funds" (Grant No. 139) and "Other Loans by Federal Government" (Grant No. 112) and enquired as to whether one was development loan and the other non-development loan? The departmental representative said that they were trying to change the heads from the next year.

351. In reply to a query about recovery of loans from the Azad Kashmir Government, the departmental representative said that Government provided loans by giving ways and means advance, and it was later squared up. A member enquired as to where was it shown in the recovery. The Auditor-General

said that Government had decided that the Azad Kashmir Government should be treated, for all practical purposes, as a Provincial Government. The Chairman remarked that the whole system of lending is under review and the result may be awaited.

COMMERCIAL ACCOUNTS

352. *Agricultural Development Bank of Pakistan (Paras 103—129, pages 125—147—CA).*—In reply to a query, the departmental representative informed the Committee that the recovery rate was 33%. Replying to another query as to what were the arrears continued at the end of the last year and how much had been recovered, the departmental representative said that 15% of the arrears had been recovered. He further stated that the reserve was Rs. 3 crore and they were not charging interest on over dues.

353. Another member remarked, that in an interview, "the Minister is supposed to have said that every bank will have to process loan application in three days and, if it failed to do so, the case could be reported to the District Magistrate for taking action against the Bank Manager". The departmental representative said that, during the preceding year, they had recovered Rs. 56 crores and loaned Rs. 43 crores. The departmental representative further submitted that the administrative charges were 2.6 per cent. The member remarked that the only way that the bank could become a viable proposition was by reducing its expenditure. The departmental representative stated that they have to employ a considerable staff, because they have to go from village to village. T.A. has also to be paid to them. In reply to a query about the Employees Provident Fund the departmental representative said that it had been invested in the National Defence Savings.

354. *House Building Finance Corporation (Paras 81—83, page 110—CA).*—A member remarked that the interest income had been shown as Rs. 2 crores and the interest expense as Rs. 2.16 lakhs in the accounts. He desired to know as to how much of the long-term liability was non-interest bearing and how much of the loans had been interest free? The departmental representative submitted that none of the loans was interest free. The interest rate in the beginning was lower, but now it had gone up. In reply to another query, the departmental representative said that the rate of interest did not change in the case of individual loans. The member remarked that he was talking of borrowing by the Corporation from the Government and how much of it was interest-free. The departmental representative submitted that such a loan was not interest-free. The rate of interest did change in each case and the average came to 4%.

355. The member remarked that the Corporation seemed to have been paying interest to Government on these loans, and on the assets of East Pakistan and enquired if this question had been raised by them, with the Government. The departmental representative explained that it had been shown in the accounts. Interest on the assets of East Pakistan were being calculated but not being actually paid. However, it remained payable and continued to be a liability. This matter was still under consideration and no decision had been taken on it as yet.

356. In reply to a query about recovery rate, the departmental representative submitted that it would not be possible to get this information from the accounts of 1973-74, but from the current year (1978-79) they would be calculating that also. The member remarked that the outstanding portion should be shown separately in the accounts. The departmental representative stated that as from this year (1978-79), they would be doing this also. The member

observed, "It should be ensured that the accounts of the Corporation for 1978-79 are realistic, the above points are covered and the amounts, which are considered irrecoverable, are written off".

357. The member further enquired whether the Corporation got extra money from the Government for covering flood loans. The departmental representative stated that no extra money was provided. However, they had suggested that in the future, the Zakat Fund should be utilised for this purpose.

358. *Pakistan Rejugee Rehabilitation Finance Corporation (Paras 96—99, pages 120-121—CA).*—The departmental representative confirmed that this Corporation had since been wound up. Only the write-off remained to be completed. The Chairman observed that this should be expedited.

359. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation and Commercial Accounts or the Auditor-General's Report thereon. These would be treated as settled subject to such regularising action as might be necessary under the rules.

CENTRAL BOARD OF REVENUE

360. The Committee then took up examination of Appropriation Accounts pertaining to the Central Board of Revenues and the Report of the Auditor-General thereon.

361. The following departmental representatives were present:—

1. Mr. N. H. Qureshi, Chairman.
2. Mr. F. R. Khan, Member.
3. Mr. N. H. Akhtar, Member.
4. Mr. S. A. Nawab, Member.
5. Mr. Baland Akhtar, Secretary.

362. The Central Board of Revenue controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Central Board of Revenue	29
2.	Sea Customs	30
3.	Land Customs and Central Excise	31
4.	Taxes on Income, Corporation Tax and Sales Tax	32
5.	Estate Duty	33

APPROPRIATION ACCOUNTS

363. *Grant No. 29 (Page 53—AA).*—Contending the saving of Rs. 2,27,356, exhibited by Audit under the Group head "A—Headquarter's Establishments—CBR", the departmental representative claimed that, according to their departmental reconciled figures, there was a saving of Rs. 20,595 only, which was within the permissible limit. In reply to a query by the Chairman, the Audit representative submitted that some adjustment had been made after the reconciliation and they were looking into it. Thereupon, the Chairman observed that, if this was the position, no further explanation was required.

364. *B—Directorate of Research and Statistics.*—The excess of Rs. 25,947 under this Group head was explained as having been due to under-assessment of the estimated expenditure in June. The Committee did not accept the explanation. They felt that the department had no right to exceed the sanctioned allocation without asking for a supplementary grant. The Chairman observed that the Department should have made specific allocations to these offices. If the amounts were not found to be enough, supplementary grant should have been asked for, according to the budgetary procedure. And if the allocated amount was to be exceeded at any stage, the offices concerned should have informed the headquarters office. If the officers concerned failed to report, in time, suitable action should be taken. So as to discourage the tendency to take it for granted that whatever would be spent by them would be ultimately got regularised.

365. A member remarked that Department should have been more careful in surrendering the savings. The Chairman observed that it meant that those responsible for spending did not report to the Head Office their savings or requirements and the Principal Accounting Officer in the Head Office also did not carry out his responsibility of budgetary control well enough.

366. *Grant No. 30 (Page 54—AA).*—It was pointed out that the annual certificate in respect of Secret Service Expenditure was not received and admitted in the Audit. The departmental representative informed the Committee that the certificate in question had already been sent to the AGPR, Rawalpindi in July, 1976. The departmental representative was directed to supply another copy of the certificate to the AGPR, who promised to do the needful.

367. *Grant No. 31 (Page 56—AA).*—The excess of Rs. 3,47,887 shown under the Group head "B—Customs Intelligence and investigation" was not accepted by the departmental representative, who stated that the final grant was Rs. 17,54,700 and not Rs. 14,60,200 as shown by Audit. The actual expenditure being Rs. 18,08,087, there was a resultant excess of Rs. 53,299 only. The Audit accepted the position.

368. *D—Rewards for Anti-smuggling operations.*—According to the Department accounts there was a saving of Rs. 3,54,636 under this Group head. The departmental representative again contended the final grant of Rs. 9,94,000 indicated in the Accounts and claimed that the final grant worked out to Rs. 6,99,500 against which the actual expenditure was Rs. 6,48,364, leaving a saving of Rs. 51,136 only. In reply to a query, the departmental representative informed the Committee that the saving was due to non-passing of bills by the Audit and non-booking of expenditure by them. The Audit was requested to look into and rectify the accounts after verification.

369. *Grants No. 32 and 33 (Pages 59 and 61—AA).*—There was no material point under these grants.

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

ECONOMIC AFFAIRS DIVISION

371. Examination of Appropriation Accounts pertaining to the Economic Affairs Division and the Report of the Auditor-General thereon was taken up next.

372. The following departmental representatives were present :—

1. Mr. Sarfaraz Khan Malik, Additional Secretary.
2. Mr. S. G. Ahmed, Joint Secretary.

373. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Economic Affairs Division	35
2.	Technical Assistance Schemes	37
3.	Development Expenditure of E.A.D.	119

APPROPRIATION ACCOUNTS:

374. *Grant No. 35 (Page 64—AA).*—Explaining the excess of Rs. 8,84,331 under Group head “A—Economic Affairs Division” the departmental representative regretted that reconciliation of the accounts could not be carried out at the proper time. The excess was due to misclassification. In reply to a query from the Chairman, the Audit representative informed the Committee that they had got a letter from the Economic Affairs Division dated 29th October, 1978 conveying acceptance of the Audit figures, which were now being challenged. The departmental representative again conceded the department’s responsibility for the omission.

375. The Chairman observed that some more details about the excess should be furnished to the Audit for verification of the statement. Further, the department must also locate the responsibility for the excess. Somebody also, in the future, should go to the Audit for timely reconciliation. The departmental representative undertook to do the needful.

376. *Grant No. 37 (Page 66—AA).*—An excess of Rs. 4,69,01,461 under the Group head “A—Contribution to Technical Assistance Programmes” was reported in the Accounts. It was explained that the excess was due to misclassification, otherwise there was a saving of Rs. 43,52,854. The departmental representative again regretted non-reconciliation in time. The Audit representative admitted that they could not carry out the adjustment. The Chairman observed that, as the adjustment had not been carried out by the Audit Office, the figures of actual expenditure might require a change. The Audit was requested to verify the figures and correct the Accounts.

377. *Grant No. 119 (Page 176—AA).*—There was an excess of Rs. 95,65,626 under the Group head “Y—Miscellaneous” and a saving of Rs. 85,68,00 under the Group head “Z—Grants-in-Aid to Provincial Governments”. It was explained that these were due to misclassification of expenditure under one head instead of the other by the Division in their letter dated 11th December, 1973 conveying the sanction for payment. The Chairman remarked that this was again a case for reconciliation. He further observed that even then there would be an excess of Rs. 10 lakh which had not been explained. The departmental representative could not explain the excess to the satisfaction of the Committee.

378. The Chairman observed that the Accounts Section of the Division needed strengthening, because it had to enter into tremendous transaction and, unless the accounts were in order and compiled promptly, serious gaps in the accounts

could recur, because so many figures were involved. The departmental representative regretted that reconciliation had not been carried out earlier. Thereupon, the Chairman remarked that reconciliation in this case must be carried out promptly, because foreign loans and foreign grants were involved and, if this was not done the whole accounts could get falsified. The departmental representative undertook to see that the reconciliations are carried out promptly. Adjustments, if any cannot, however, be made in these accounts and the same would come in subsequent accounts. The Chairman observed that, in future, there should be a better control of the accounts and ways and means must be devised by all Ministries/Divisions etc. to ensure timely reconciliation of the departmental figures of expenditure with the Audit figures.

379. *Reconciliation of Foreign Aid Accounts by Economic Affairs Division with the agencies/departments concerned.*—Copies of d.o. letter No. 3(5) FAA-III/72, dated February 26, 1979 (Appendix-I), written by the Economic Affairs Division to the AGPR on the above subject, was furnished to each member of the Committee. The departmental representative submitted that they had tried to explain in this letter as to what was the responsibility of the Economic Affairs Division. A reply to the said letter was still awaited. The Chairman observed that the Committee shall like to discuss this issue after the comments of the Auditor-General on the subject are also available to the Committee. The Auditor-General was requested to examine the points raised in the letter and make his comments available to the Committee.

PLANNING AND DEVELOPMENT DIVISION

380. Thereafter examination of Appropriation Accounts for the year 1973-74 pertaining to the Planning and Development Division and the Report of the Auditor-General thereon was taken up.

381 The following departmental representatives were present :—

1. Mr. H. U. Beg, Secretary.
2. Mr. S. Niaz Ahmad, Deputy Secretary.

382 This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Planning and Development Division (Group head 'A' only) ..	38
2.	Other Expenditure of Planning Division	39
3.	Development Expenditure of Planning and Development Division	20

APPROPRIATION ACCOUNTS (1973-74)

383. *Grant No. 38 (Page 68—AA).*—Explaining the saving of Rs. 3,48,385 under Group head "A—Planning Commission", it was stated that the major saving of Rs. 3,44,002 was under the sub-head "A—4—Other Charges". In October, 1973 a sum of Rs. 3,79,000 was placed at the disposal of the Ministry of Defence through a supplementary grant, for the participation of the Pakistan Army Pipe Band in the 50th Anniversary of the Turkish Republic. No saving against this amount was reported by the Ministry of Defence till 30th June, 1974. The amount was, therefore, taken as expenditure for determining the final grant for 1973-74.

384. The Auditor-General submitted that one basic point emerged from this, namely the Department had no notion as to what demand for supplementary should have been made. What is required is that before a demand for a supplementary grant is made, the Department should, review the entire position regarding total anticipated expenditure during a particular financial year, considering as to what the total expenditure against the allocation had already been incurred and what the savings under various items were and only the net difference is to be asked for through a supplementary grant. This is not being done by almost all the Ministries/Divisions and should be ensured, in the future that this method is practical. The Committee agreed with the Auditor-General.

385. *Grants No. 39, 120 (Pages 69 and 177—AA).*—There was no material point under these grants.

STATISTICS DIVISION

386. The Committee then took up examination of Appropriation Accounts pertaining to the Statistics Division and the Report of the Auditor-General thereon.

387. The following departmental representatives were present:—

1. Syed Munir Hussain, Secretary.
2. Syed Sohal Ahmad, Joint Secretary.

388. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Statistic Division	36
2.	Other Expenditure of Interior Division (Group head 'F')	59

APPROPRIATION ACCOUNTS (1972-73)

389. *Grant No. 54 (Page 94—AA).*—A saving of Rs. 6,35,664 was shown under the Group head "E—Census". The departmental representative contended that, according to their figures, there was a saving of Rs. 91,276 only. The Audit undertook to have the position verified.

APPROPRIATION ACCOUNTS (1973-74)

390. *Grant No. 119—Group head 'D' (Page 176—AA).*—It was pointed out that according to the Economic Affairs Division, the excess of Rs. 2 lakh under this grant related to the Statistics Division and that this expenditure was meant for the re-organisation and development of the Central Statistical Office. The departmental representative contended that Rs. 2 lakh would be an insignificant amount in the overall situation of the organisation and development of Statistics in the Country.

391. The Chairman remarked that an excess of Rs. 1,25,00,000 had been shown in the Appropriation Accounts under the Major Head "63—A—Development", Group head "D—General Administration". It appeared that this was a grant given to somebody. The departmental representative submitted that the Economic Affairs Division would be the proper organisation to throw light on this.

392. The Chairman observed that the departmental representative should find this out, because it was quite a big amount and was in round figures. It could not be expenditure. Audit then undertook to check the position. The departmental representative was also directed to assist the Audit in sorting this out.

393. *Grant No. 36 (Page 65—AA).*—There was no material point for consideration by the Committee.

394. *Grant No. 59 (Page 94—AA).*—The excess expenditure of Rs. 16,58,953 under group head "F—Census" was contended by the departmental representative. The Committee asked the Audit to find out the factual position as according to departmental reply, no reconciliation was done.

CABINET DIVISION

395. Examination of Appropriation Accounts pertaining to the Cabinet Division and the Report of the Auditor-General thereon was taken up next.

396. The following departmental representatives were present :—

1. Mr. S. M. Niazi, Secretary.
2. Mr. Anis Ahmed, Deputy Secretary.

397. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Cabinet Division	1
2.	Cabinet	4
3.	Rehabilitation of War Displaced persons and other Relief Measures	6
4.	Development Expenditure of the Cabinet Division	114-A
5.	Staff Household and Allowances of the President (Group head 'N')	—

APPROPRIATION ACCOUNTS

398. *Grant No. 1 (Pages 14-15—AA).*—There was a saving of Rs. 44,02,175 under the Group head "C—Intelligence Bureau". One of the reasons stated for it was non-adjustment of debits on account of cost of technical equipment. In reply to a query the departmental representative explained that some of the equipment ordered by the Intelligence Bureau was supplied towards the end of the year, but debits were raised in the following year. Hence the money earmarked for it could not be surrendered. It was also expected that the remaining goods would be supplied before the end of June but, somehow, the Supply Department could not make the equipment available by June.

399. *Grant No. 4 (Page 20—AA).*—There was no material point under this grant.

400. *Grant No. 6 (Page 22—AA).*—It was contended that the excess of Rs. 7,16,90,087 under Group head "A—Relief and Rehabilitation of War Affected Civilians", was in fact, that of Rs. 6,17,63,351 only. The expenditure under Group head "A" related to Food Assistance procured under WFP for War Displaced Persons. The excess was due to actual excess receipt of food aid, debits in respect of which were advised by the Economic Affairs Division.

401. The other excess of Rs. 1,18,02,380 under "D—Food Relief Grants and Emergency Relief Operations" was said to be, in fact, that of Rs. 1,11,99,986, due to actual receipt of more food aid than anticipated. The relief goods had come in 1973-74, but the Economic Affairs Division advised about it during 1976. The aid had exceeded the budgetary provision by Rs. 6 crore and provision had to be made about it later.

402. The Chairman remarked that an expenditure of Rs. 13 crores was submitted, but the Department was ignorant of it. The departmental representative submitted that the actual expenditure had amounted to Rs. 12 crores, but this was communicated to them by the Economic Affairs Division in 1976. They were not aware of it in 1973-74. Thereupon the Chairman enquired as to how did they know that the aid would amount to Rs. 6 crores. The departmental representative replied that they estimated economic aid to that extent. In reply to another query, the Departmental representative informed the Chairman that the accounts had been reconciled.

403. After some discussion, the Committee observed that the department and Audit should reconcile their figures and, if necessary, thereafter, a fresh explanation may be submitted.

404. *Grant No. 114-A (Page 170—AA).*—A saving of Rs. 37,93,000 appeared in the Accounts under Group head "Y—Miscellaneous Post-flood Reconstruction and Development". It was stated that there was a provision of Rs. 38 lakhs out of which Rs. 37.93 lac was surrendered before 30th June 1974, leaving no excess. However, it was surrendered from the expenditure side and not exhibited in the recovery portion below the Appropriation Account of this Grant.

Federal Land Commission

405. *Staff, Household and Allowances of the President—Group head "N" (Page 225—AA).*—A saving of Rs. 2,97,353 under the Group head "N—Federal Land Commission" was reflected in the Accounts. It was explained that an expenditure of Rs. 77,447 was incurred by the Federal Land Commission during the period from 1st July, 1973 to 13th August, 1973. As a result of change in demand, a fresh allocation of Rs. 3,74,800 was provided under demand No. 4 and further expenditure was met out of the fresh allocation. The saving of Rs. 2,97,353 was the result of difference of final appropriation and actual expenditure up to 13th August 1973, which should have been surrendered by the Federal Land Commission, but it could not be done under the impression that the amount would be automatically surrendered, consequent upon a fresh allocation under Grant No. 4. In reply to a query as to what had the Land Commission to do with the Household, the departmental representative submitted that it was just a budgetary head for making the provision. A member remarked that special attention should be paid to the departmental accounts, which appeared to be in a bad shape.

ESTABLISHMENT DIVISION

406. Thereafter examination of Appropriation Accounts 1973-74 pertaining to the Establishment Division and the Report of the Auditor-General thereon was taken up.

407. The following departmental representatives were present:—

1. Mr. S. A. Sayood, Additional Secretary.
2. Ch. M. Aslam, Deputy Secretary.

408. This Division controlled the following grants :

Sl. No.	Name of Grant	Grant No.
1.	Establishment Division	2
2.	Service Tribunal.	2-A.
3.	Federal Public Service Commission	5
4.	Other Expenditure of Establishment Division	7
5.	Other Expenditure of Federal Public Service Commission	8
6.	Development Expenditure of Establishment Division	115

APPROPRIATION ACCOUNTS

409. *Grant No. 2 (Pages 16-17—AA).*—There was an excess of Rs. 2,19,942 under the Group head “A—Secretariat”. The departmental representative explained that the excess was due to wrong booking of telephone charges by the Audit, which did not pertain to the Establishment Division. This fact was brought to the notice of Audit with the request to withdraw such debits, but the amount had been allowed to stay in the accounts.

410. In reply to a query, the Audit representative submitted that the T & T Department sends one copy of the bill to the Department concerned and one to the Accountant-General (PT & T). On the latter’s advice, the Audit had booked it, but it was found by the Establishment Division that the bills did not pertain to them, so, they referred it back to the T & T Department and Audit also has been awaiting the reply of the T & T Department.

411. Audit was request to check the factual position.

412. *Grants No. 2-A, 5, 7 and 8 (Pages 18, 21 and 24-25—AA).*—There was no material point under these grants.

413. *Grant No. 115 (Page 171—AA).*—The departmental explanation contended the savings of Rs. 5,27,869 and 5,59,791 under group heads “L-Education” and “Y-Misc.” respectively. The Audit representative stated that they were looking into the discrepancies.

414. *Points not discussed to be treated as settled.*—The Committee did not make any observation on any other points in the Appropriation Accounts or report of the Auditor-General thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF FOREIGN AFFAIRS

415. The Committee then took up examination of Appropriation and other Accounts pertaining to the Ministry of Foreign Affairs and the Report of the Auditor-General thereon.

416. The following departmental representatives were present :—

1. Mr. A. A. Farooq, Addl. Secretary.
2. Mr. M. Qadar-ud-Din, DG (Hqrs.).
3. Mr. Hamid Ali Khan, Director (B & C).

417. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs	45
2.	Foreign Affairs	46
3.	Information Services Abroad	47
4.	Other expenditure of Ministry of Foreign Affairs	48
5.	Capital outlay on Works of Ministry of Foreign affairs	113

APPROPRIATION ACCOUNTS

418. *Grant No. 46 (Page 76—AA).*—There was an excess of Rs. 37,58,425 under the Group head “A-Diplomatic and Consular Services”. It was attributed partly to inclusion of recoveries of Rs. 20,48,137 from other Departments/ Offices in the expenditure and re-appropriation of Rs. 12,71,464 from the original budget grant to sub-head “A-3-Expenditure on Transfers”.

419. A member remarked that the explanation was based on a misconception. After some discussion, the Chairman remarked that there was an excess. The departmental representative submitted that, during 1973-74, great many people, in excess of the requirement, were inducted in the Foreign Service as lateral entrants. They were posted abroad, sometimes at a very short notice. Similarly, because of the posting of additional persons abroad, the number of those who were entitled to get their own children to meet them abroad during summer vacations or the people coming back on leave increased considerably. The amount was reflected in the revised estimates and a supplementary grant of Rs. 50 lacs was asked for. Thereupon, the Chairman remarked that the excess seemed to have occurred because the request for funds was refused.

420. A member remarked that lot of things happened between 1973 and 1977. The question is whether it was reasonable for us to expect them not to have incurred this expenditure. The Committee then desired that the department should furnish to it, for its information, a revised statement of reply in which the position about the excess should be explained in more precise terms. The departmental representative undertook to do that.

421. *Grant No. 47 (Page 77—AA).*—The departmental representative explained that as the subject under this grant had been transferred to the Information and Broadcasting Division, necessary reply shall be furnished by that Division.

422. *Grant No. 48 (Pages 78-79—AA).*—There was a saving of Rs. 24,50,000 under the Group head “B-Miscellaneous (Charged)”. The Ministry claimed that no explanation was required for the variation under charged section. However, it was stated that an expenditure of Rs. 11,15,632 incurred on the visit of the President to Geneva/Britain and France had been wrongly booked by Audit under the ‘Voted’ section instead of the ‘Charged’ section. Thereupon, the Chairman enquired as to what happened to the rest, whether it was surrendered? The ~~draft~~ departmental representative submitted that, after the adoption of the Constitution, the position of the President and Prime Minister changed. So, that was provided for as provision for the President became the provision for the Prime Minister and the expenditure came under the head “Voted” instead of “Charged”. The Auditor-General remarked that whether it was ‘Charged’ or ‘Voted’, surrender

could not be stopped. A member remarked that, in any case, the first sentence of the explanation, viz. that the Ministry was not required to give any explanation, was based on a misconception.

423. "*C—Contributions*".—There was an excess of Rs. 10,50,769 under this Group head. It was explained that the excess was due to unforeseen expenditure incurred on relief assistance provided to nine drought-stricken countries of Africa during the last quarter of the financial year.

424. A member asked the departmental representative to let the Committee know at what time the request was made and when was it provided.

425. *Grant No. 45 and 113 (Pages 75—168—AA)*.—There was no material point under these grants.

AUDIT REPORT

426. *Infructuous expenditure of Rs. 2,28,882 on transfer of two officials (Para 4, page 17—Audit Report)*.—The departmental explanation was accepted and the para was treated as settled.

427. *Irregular re-imburement of entertainment expenditure of Rs. 72,165 (Para 5, page 17—Audit Report)*.—The departmental representative explained that the Ministry's instructions mentioned by the Audit were internal regulations, made to keep a check on regular planned entertainments. The Mission's plea was that the total accumulated entertainment allowance even for six months was insufficient for adequate entertainment. Therefore, they preferred to carry over this expenditure to the next period. Sometimes the Ministry agreed to the request and at others refused the same. But this was a matter for the Ministry to decide. There were, no doubt, rules, but they also left room for relaxation and exercise of judgment. In reply to a query, the departmental representative informed the Committee that entertainment allowance was given on a monthly basis and its accountability was separate. It could be accumulated and spent after six months.

428. The Auditor-General remarked that the manner of spending this allowance was an internal matter and it could be controlled effectively only by the Foreign Ministry. The point, however, was that though this allowance was given on monthly basis, the same could be lumped and the Ministry could say that the amount could be spent within a specified period but not beyond the financial year.

429. The Chairman observed that this was an administrative matter.

430. The objection was treated as settled.

431. *Overpayment of exchange compensation allowance (Para 6, page 18—Audit Report)*.—It was stated that the matter had been referred to the Finance Division for advice and their decision in the matter was still awaited. No further observation was made by the Committee on the para.

432. *Non-recovery of utility and service charges of Rs. 36,569 (Para 7, page 18—Audit Report)*.—The departmental representative informed the Committee that four out of five officials involved had been already directed to refund the utility charges paid by the Government on their behalf. As the amounts of recoveries in certain cases were heavy, they were being effected in instalments. The case of one officer, who had retired and since died, has been taken up for waiving the recovery.

433. After hearing the explanation, no further observation was made by the Committee.

434. *Short recovery of Income-tax (Para 8, page 18—Audit Report).*—This para was treated as settled subject to verification by the Audit.

435. *Non-submission of mortgage deeds against house building advances (Para 9, page 19—Audit Report).*—After hearing the departmental representative, the Auditor-General pointed out that, although the Ministry had moved in the right direction, the information supplied was at variance with the situation. A copy of the list, which had been prepared by Audit would be passed on to the Ministry showing as to where had mortgage been done, the people had not paid the entire advance or repaid the advance in full but not paid the interest. All the defaulters should be made to pay the outstandings. The departmental representative assured the Committee, that after receiving the list prepared by the Audit, further action would be taken promptly.

436. *Non-submission of mortgage deeds and non-refund of motor car advances (Para 10, page 19—Audit Report).*—After hearing the departmental representative the Committee made no further observation.

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

437. At the end the Committee took up examination of Appropriation and other Accounts pertaining to the Ministry of Petroleum and Natural Resources and the Report of the Auditor-General thereon.

438. The following departmental representatives were present :—

1. Mr. Manan Khan, Joint Secretary.
2. Ch. Ziaul Qayyum, Deputy Secretary (F.A.).

439. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Fuel, Power and Natural Resources Group head 'D' only	49
2.	Geological Survey	50
3.	Development Expenditure of Minister of Fuel, Power and Natural Resources Group head 'K' only	122
4.	Capital outlay on Mineral Development	142
5.	Capital Outlay on Fuel and Power	144

APPROPRIATION ACCOUNTS (1973-74)

440. *Grant No. 49 (Page 80—AA).* There was an excess of Rs. 14,54,790 under this grant. The departmental representative explained that the excess was due to wrong booking by Audit. The Audit representative submitted that, in this case, there had been reconciliation but adjustments had not been made. He further stated that they were looking into it and would take action against those responsible for the laxity.

441. *Grants No. 50, 122 and 142 (Pages 82, 180 and 202—AA).*—There was no material point under these grants.

442. *Grant No. 144 (Page 206—AA).*—The excesses of Rs. 3,09,938 and Rs. 1,26,31,347 under Group heads “A—Investment in oil companies” and “B—Oil and Gas Development Corporation” respectively, shown by Audit, were said to be due to wrong booking by the Audit.

443. The Audit representative informed the Committee that they were looking into these cases and action would be taken against the person(s) at fault.

COMMERCIAL ACCOUNTS

Indus Gas Company Limited, Hyderabad

444. In reply to a query by the Chairman as to what was the Managing Agency Commission, the departmental representative explained that they were paying five per cent of the profit plus expenses.

Pakistan Mineral Development Corporation—Coal Briquetting Plant, Quetta

445. *Working results (Para 198, page 197—A).*—It was stated that production during the year went down to 5,360 tons, as compared to last years' 12,450 tons mainly due to non-availability of coal from the Sharigh Mines. A member remarked that coal should have been purchased from Sore Range Mines. It would have cost Rs. 155, instead of Rs. 115 per ton from the Sharigh Mines. The departmental representative explained that the quality of coal dust from sore Range and Degari was not as good as that of Sharigh Coal.

446. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other paras in the Appropriation/Commercial Accounts or Auditor-General's Report thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

447. The Committee then adjourned to meet at 9 a.m. on Wednesday, the 30th May, 1979.

M. A. HAQ,
Secretary.

Islamabad, the 28th August, 1979.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 30th May, 1979

4th Meeting

448. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1973-74 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, Member former Secretary to the Government of Pakistan *Member.*
3. Mr. Abdul Qadir, former Chairman, Railway Board .. *Member.*
4. Mr. Yusuf Bhai Mian, Chartered Accountant *Member*

National Assembly Secretariat

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

Audit

1. Mr. 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. Khawaja Abdul Waheed, Director, Commercial Audit.
6. Mr. A. S. Ansari, Director of Audit, Defence Services.
7. Mr. Mashkoor-ul-Haq Usmani, Deputy Director, Audit and Accounts Works.

Ministry of Finance

1. Mr. Aish Bahader Khan, F. A. (Senate, National Assembly and Education).
2. Mr. M. Y. Qureshi, F. A. (Aviation, Defence and Defence Production).
3. Mr. M. A. Mumtaz, D.F.A. (I & B).
4. Mr. Taufiq A. Siddiqi, D.F.A. (Food and Agricultural and Livestock).

449. 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 Defence :
 - (a) Defence Division.
 - (b) Aviation Division.
 - (c) Defence Production Division.
4. Ministry of Education.
5. Ministry of Information and Broadcasting.
6. Ministry of Food and Agriculture and Cooperatives :
 - (a) Food and Agriculture Division.
 - (b) Livestock Division.

SENATE SECRETARIAT

450. The Committee took up examination of Appropriation Accounts pertaining to the Senate Secretariat and the Report of the Auditor-General thereon.

451. The following departmental representatives were present:—

1. Mr. Aslam Abdullah Khan, Secretary.
2. Mr. Akhtar Hussain Khan, Deputy Secretary.

452. This Secretariat controlled Grant No. 89—'The Senate'.

APPROPRIATION ACCOUNTS

453. *Grant No. 89 (Page 135—AA).*—Audit had pointed out that the entire supplementary grant of Rs. 10,18,000 had remained un-utilised in the 'Charged' section. However, an amount of Rs. 3,90,000 was surrendered. In the 'Voted' section, the original grant of Rs. 20,00,000 was got increased to Rs. 24,31,000 by obtaining a supplementary grant of Rs. 4,31,000. The saving of Rs. 69,523 was converted into an excess due to the surrender of Rs. 2,80,800.

454. It was explained that a technical error was committed inadvertently by re-appropriation of some 'Voted' expenditure to 'Charged' expenditure. Otherwise, while there was a saving of Rs. 11,80,306 under the 'Voted' section, there was an excess of Rs. 9,28,381 under the 'Charged' section. The Chairman remarked that even then the excess of Rs. 9,28,381 on the 'Charged' side shall have to be regularised.

NATIONAL ASSEMBLY SECRETARIAT

455. Examination of Appropriation Accounts for the year 1973-74 pertaining to the National Assembly Secretariat and the Report of the Auditor-General thereon was taken up next.

456. The following departmental representatives were present:—

1. Mr. M. A. Haq, Secretary.
2. Mr. M. A. Javed, Deputy Secretary.

457. This Secretariat controlled Grant No. 88—'National Assembly'.

APPROPRIATION ACCOUNTS 1973-74

458. *Grant No. 88 (Page 134—AA).*—There was no material point for consideration by the Committee under this grant.

DEFENCE DIVISION

459. Thereafter examination of Appropriation and other Accounts pertaining to the Defence Division and the Report of the Auditor-General thereon was taken up.

460. The following departmental representatives were present:—

1. Lt. Gen. Ghulam Jilani Khan, Secretary.
2. Mr. A. Rashid Sheikh, Additional Secretary.
3. Mr. Sajjad-ul-Hassan, Joint Secretary.

461. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Defence	12
2.	Other Expenditure of Kashmir Affairs Division (Group heads 'E' and 'F')	66
3.	Survey of Pakistan.	102

APPROPRIATION ACCOUNTS

462. *Grant No. 12 (Page 30—AA).*—It was observed that excesses of Rs. 85,935 and Rs. 45,853 occurred under the Group head "A—Secretariat", sub-heads "A—1 (3)—Allowances and Honoraria" and "A—1 (4)—Other Charges", respectively. It was explained that excess of Rs. 85,935 was due to revision of the sanctioned rate of House Rent, Conveyance and Senior Post Allowance etc., to officers, of Conveyance and LCA to non-gazetted staff and grant of TA to one Stenographer, who proceeded to Ankara.

463. The excess of Rs. 45,853 under sub-head "Other Charges" was attributed to excess expenditure incurred on entertainment at various official meetings, lunches, dinners, purchase of stationery in bulk, furniture, late sitting, conveyance charges to officers and staff, POL, purchase of motor cycle, purchase of electric and ordinary typewriters, etc.

464. The Chairman observed that what had not been explained was as to why was this not foreseen and supplementary demand asked for at the proper time. The departmental representative said that they had hoped that it would be possible for them to meet the expenditure by re-appropriation from anticipated savings in other sub-heads. However, this unforeseen expenditure towards the end of June, 1974 could not be so met and supplementary grant could also not be obtained therefor.

465. In reply to a query, the departmental representative submitted that expenditure had to be incurred due to breakdown in transport and one new motorcycle had to be purchased. Similarly, one electric typewriter, costing Rs. 11,000, was purchased and Rs. 24,000 was paid to a stenographer, who was posted in Ankara.

466. The Chairman observed that there was no justification for purchasing these items towards the end of the financial year when funds also were not available. Department should either have made provision for the items to be purchased or they should not have exceeded the grant. It was certainly not an operational expenditure and could have waited until the commencement of the new financial year as it pertained to the Secretariat. This was, therefore, an irregularity. The Department must hold somebody responsible for it and take suitable action for having incurred this expenditure without any provision.

467. *Discretionary Grant by the Minister.*—A saving of Rs. 10,000 under this sub-head was explained as having been due to non-utilization of the grant during the year. The Chairman, remarked that it should have been surrendered.

468. *Grant No. 172—Survey of Pakistan (Page 150—AA).*—The saving of Rs. 41,858 shown under Group head “A—Controlling and Administrative Staff” was claimed as having been due to non-booking of expenditure in respect of payment of International Union of Geodesy and Geophysics subscription by the Chief Accounts Officer through inadvertence and non-acceptance of certain bills by the Accounts Office at the fag-end of the year. In reply to a query, the Audit representative stated that they could not trace it. Audit was requested to check it and settle the final figures.

AUDIT REPORT (CIVIL)

469. *Outstanding Adjustment Memos (Para 1, page 16—Audit Report).* The departmental representative explained that some progress had been made and, out of 99 outstanding Memos, nine had been adjusted. The reason as to why the progress was slow was that vouchers pertaining to the period previous to 1962-63 were not easily available and attempts were being made to secure such vouchers from the Audit Office. But they had been informed unofficially that, because of fire in the AGPR Office in 1960, the records were not available. In reply to a query, the departmental representative informed the Committee that the total amount involved in these vouchers was Rs. 7,16,683.

470. The departmental representative was directed that the memos, for whose adjustment there may be no possibility, should be considered to be written off.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

Military Accountant General's Certificate

471. *Delay in linkage of stores (Para 3, page 4—AA Defence Services).*—It was pointed out that cases continued to recur in which consignees of the Defence Department Stores were not linking the goods received by them against the particular consignments, notified as having been despatched to them, and it was not possible for the internal audit to satisfy itself that such consignments had actually been brought to account by the consignees. The Chairman remarked that something must be done about it, because this was recurring feature in the Defence accounts.

472. The Committee reiterated its earlier recommendation that the procedure should be looked into so that the delay in linkage of goods with the consignments was minimised.

473. *Checking of authorised proportion (Para 4, page 4—AA—Defence Services).*—It was explained that all the warrants of stores, pertaining to P.N. units up to 1973-74, had been prepared and issued to the respective units. The para was, therefore, deemed settled subject to verification by Audit.

474. *Physical verification of stock (Para 5, page 4—AA—Defence Services).*—The departmental representative submitted that this objection pertained to several units formations. In some cases, action had already been finalised and in others regularization had been carried out. The Central Library stock verification had also since been carried out and necessary certificate rendered. No loss was detected.

475. A member remarked that from the replies in respect of cases of losses, etc., it appeared that no disciplinary action had been taken against anyone. All the irregularities were being invariably regularised. The departmental representative replied that it was not always so. Whenever an irregularity was noticed,

particularly on the Defence side, a Court of Inquiry was ordered and whatever the recommendation of that Court of Inquiry, action taken against any defaulter, regularisation had still to be done. So, regularisation might be the final action, but it did not mean that no action had been taken against the person responsible for the irregularity. The Committee observed that, if so, the reply should invariably indicate the nature of action, disciplinary, recovery, etc., taken in such cases.

476. The Auditor-General remarked that after full recovery had been effected, what more regularisation was called for? The departmental representative said that, even after the full recovery, it were Audit who asked the department to regularise the amount, including the amount recovered. The Auditor-General informed the departmental representative that this was not the correct procedure to be adopted in such cases. The Finance representative said that, if the Auditor-General thought that only the unrecovered amount had to be regularised, then the necessary instructions should be issued in this behalf. The Auditor-General informed the Committee that he had requested the F.A. (Defence) to issue necessary instructions about it.

477. *Non-recovery of rent due to incorrect classifications (Item I(i) 1, page 6—AA—Defence Services).*—After hearing the explanation, the Committee made no observation on this para, which was to be treated settled.

478. *Cash losses, overpayment, irrecoverable claims, etc. (Item II, page 6—AA—Defence Services).*—It was noticed that, in a number of cases, decisions of the arbitrator/court went in favour of the Contractor and such cases normally had to be regularised by writing off the loss. The departmental representative explained that the main reason for it was that the lawyers, who were deputed by the Law Division to represent the Government cases were paid at Rs. 300 or Rs. 400 for them. On the contrary, the lawyers representing the contractors were paid Rs. 20,000 to 30,000. Government cases were thus mostly lost by default.

479. The Chairman observed that, whenever there was risk and cost involved in a contract, it was found that Government wasted a good deal of money trying to recover the same. It should, therefore, be got examined as an issue of general application, whether any stipulation about risk and cost in contracts was at all desirable or a better security clause or provision of bank guarantee should be included in the contracts. Suitable instructions should then be issued to all the Ministries, etc.

480. The departmental representative was also directed to supply details in respect of item II (i) 6—Failure to contract Rs. 13,740 (Page 6—AA), stating the reasons as to why the case was not decided in favour of the Government in two courts viz, the Civil and the High Courts.

481. *Extra payment made to a contractor Rs. 29,144 (Item II (i) 7, page 6—AA—Defence Services).*—The explanation of the departmental representative failed to satisfy the Committee. As the Chairman observed that it was not possible to have this variation of Mild Steel viz. 0.167 and 0.222 lbs. per Rft. It was probably thinner bar.

482. *Cost of Stores short-landed from abroad Rs. 8,622 (Item II (i) 16, Page 6—AA—Defence Services).*—It was explained that the amount of loss represented the cost of stores short-landed less the amount received from the

Shipping Company under carriage of Goods by Sea Act. As the shipping regulations did not provide for the recovery of the entire amount, the balance amount was regularised under the orders of C.F.A. A member enquired as to why could not the full amount declared in the Bill of Lading? Had this been done, the entire amount could have been recovered. The departmental representative said that, in this case, there were spare parts and, hence, they did not declare the entire amount. Another member enquired if the Department could not ask their suppliers to declare the entire amount and put it in the Bill of Lading. The departmental representative replied that they were not insurable items.

483. The Chairman remarked that the procedure was that articles, which were more than £ 100 in value, could be declared to that whenever circumstances demanded the Department was in a position to claim the full amount. By not declaring the full amount on the Bill of Lading, the department concerned was indeed running a serious risk, as in that case the liability of the Shipper got limited to £ 100. The departmental representative was directed to have this issue examined in the light of the above observation for corrective action. This being a matter which could concern other Ministries also it should be got examined as a general issue for advising the Ministry etc. suitably.

484. *Loss of Log Book (Item II (iii) I, page 6—AA—Defence Services).*—It was explained that the loss of the log book was got investigated through a Station Court of Inquiry and, as per their findings, the individuals responsible were warned. As the departmental representative could not furnish satisfactory replies to the queries put by the Committee, the later desired that the departments should brief their representatives more thoroughly when they come to appear before the PAC. In this case the departmental representative was asked to find out the factual position and to report back to the Committee.

485. *Loss of Muster Rolls (Item II (iii) 3, page 6—AA Defence Services).*—The departmental representative informed the Committee that, in this case, disciplinary action was taken against the officer and he was reduced from the rank of Major to Captain. The others concerned were also punished and after the regularisation of loss, the case had been closed.

486. *Deficiencies in stores (Items 1—4, page 9—AA—Defence Services).*—After hearing the explanation, the Committee felt that all these cases, being over 25 years old, should have been regularised/written off, if there was no possibility of finding any more clues to them. The departmental representative said that the cases had already been regularised.

487. *Removal of certain portion of Taxi Way and hard standing (Items 1—8, page 9—AA Defence Services).*—The departmental representative confirmed that this case had already been regularised in 1973 and the loss written off.

488. *Expenditure incurred on account of renovation of a Shed, Chaklala Rs. 3,54,389 (Item 2, page 13—AA Defence Services).*—It was explained that the shed was renovated to accommodate the clothing factory of the POFs, Wah which was to be shifted to Rawalpindi as per the decision of the Defence Adviser. As living accommodation for the factory workers was not available at Rawalpindi, despite all possible efforts, it was decided in a meeting not to shift the factory from Wah. Hence the expenditure on the renovation of the shed in question became intractable. The same was later regularised in 1974. In reply to a query, the departmental representative submitted that the shed was

being used as stores depot. But, as it was not put to use for the purpose for which the money was spent, the expenditure became infructuous. Otherwise, the shed was physically in existence and use.

489. The Chairman observed that it was a case of bad planning and showed lack of foresight at the initial stage. He desired that the file be looked into to see as to what had actually happened. Those responsible for the mis-planning and avoidable expenditure should be at least located and taken to task, to prevent any such future wastages.

490. *Infructuous expenditure incurred against C. A. No. Oto—15/63—Rs. 21,623 (Item 4, page 13—AA—Defence Services).*—It was explained that, during the course of execution, the work was abandoned and the contract was terminated under its terms. The work executed before the termination of the contract was paid for to the contractor. This, being an infructuous expenditure, had been regularised. A member remarked that he thought that the departmental representative had not the correct answer readily available. It was better to find out the factual position and report back to the Committee next time.

491. The Committee desired similar action to be taken in respect of item 5, page 13—Expenditure incurred on the additions|alteration at Kucha Khuh. WAPDA.

AUDIT REPORT (DEFENCE SERVICES)

492. *Appropriation and control over expenditure (Para 2, page 1—Chapt. I—Audit Report).*—It was pointed out that, against the final grant of Rs. 4,76,15,00,000, the actual expenditure stood at Rs. 4,97,11,20,950. Thus there was an excess of Rs. 20,96,20,950. It was explained that the expenditure exceeded by 4.4% of the grant due to post-budgetary decisions about revision of pay-scales, sanction of dearness allowance, *ad-hoc* relief, etc. The total requirement of funds to meet the extra expenditure was Rs. 36 crores but only Rs. 29 crores was provided. The impression then was that at least a part of the expenditure would be transferred to the next year. Rs. 7 crores was due to this and a further, Rs. 5 crores had to be spent by the Army on flood relief, operations in Baluchistan, though the money was re-imbursable by the Provincial Government. A member remarked that, if it had not been re-imbursed, then the explanation would not be very satisfactory. The departmental representative said that he would verify it. He further stated that Rs. 2 crores had to be spent on the repatriation of POWs. In reply to a query, the departmental representative said that POWs were repatriated in October|November, 1973.

493. The Chairman observed that it would have been much better if all these details were furnished in writing. If there were any recovery, that should also have been mentioned in the explanation. This should be noted for furnishing explanation to the Committee in the future.

494. *Non-return of machinery issued on hire and non-recovery of hire charges—Rs. 2,49,911 (Para 1, page 3—Audit Report—Defence Services).*—It was explained that one Heater Bitumen was issued to GE (Const) Rawalpindi, one Pumping Set to GE (Air), Sargodha and two Tar Boilers to AGE(A), Abbottabad. The position of all the three was as under :—

- (i) *Heater Bitumen.*—A Station Court of Inquiry was ordered in December, 1972. It had not yet finalised its report.
- (ii) *Pumping Set.*—It had since been permanently transferred to the CMES (PAF), Sargodha.

- (iii) *Tar Boilers*.—These being not traceable, a Station Court of Inquiry was convened in 1967 to investigate the circumstances under which the machinery in question was lost. Their proceedings were finalised in 1977 and the Station Commander endorsed his final orders to the effect that the Tar Boilers be written off and charged to the State. While investigating the loss of the equipments, the Court did not enquire into the circumstances under which hire charges, amounting to Rs. 1,09,007, could not be recovered by the then AGE, Abbottabad from the contractors, to whom the equipment was issued. The case was again taken up with the Station Headquarter, Abbottabad, but they were reluctant to take up the old issue at this belated stage.

495. A member remarked that, although the tar boilers had been written off and charged to the State, the findings of the Court of Inquiry had not been summarised in the explanation. The departmental representative submitted that the equipment was issued to the Garrison Engineer concerned and had got lost. That is why the Court of Inquiry was held to find out as to who was responsible, and what were the outstanding hire charges.

496. The Audit representative pointed out that the pumping set, stated at No. (ii) as having been permanently transferred to Sargodha, was a different one and not the one referred to in the audit objection. The departmental representative was directed to check this up for taking the necessary action called for and also to see whether in respect of the things, written off, responsibility had been duly fixed for the loss and suitable action taken.

497. *Non-recovery of Rs. 1,74,713 on account of risk and cost (Para 2, page 3—Audit Report—Defence Services)*.—It was explained that Rs. 49,781 had since been recovered and the balance Rs. 1,65,065, being irrecoverable, the formation concerned had initiated a loss statement for write off action. As soon as the loss statement was sanctioned, the same would be produced to audit for settlement. In reply to a query as to why the balance was not recovered, the departmental representative explained that it could not be recovered due to the death of the contractor. He further added that, recently, they had come to know that there was some property dispute going on between his heirs and there were a couple of bungalows still in the name of the contractor. They had, therefore, referred the case to the Law Division. The member remarked that the reply stood amended to that extent.

498. *Non-accounting of material obtained from demolition of sheds—Rs. 1,17,321 (Para 3, page 3—Audit Report—Defence Services)*.—The departmental representative explained that two storage sheds were damaged beyond repairs due to heavy storms and it was recommended by senior officers that these should be demolished. They had taken over the charge of certain materials. But, when the audit took place, they found out that there should have been more material. The matter remained under correspondence between the Audit and the Department. Whatever material was found was taken on charge and auctioned. However, a Court of Inquiry was set up and its proceedings had been received in the GHQ only about 10 or 15 days back. The report would be put up to the Chief of Army Staff for final decision.

499. In reply to a query about the composition of Board of Inquiry, the departmental representative said that the President of the Board was invariably from the Army. Out of three, only one member came from the MES and the remaining two were not connected with the MES.

500. Audit representative pointed out that, in this case, there was first the demolition and then, auction. The Audit was of the view that, instead of demolition, there should have been direct auction on the basis of "as is where is". This would have saved the demolition expenses and also loss of material. The departmental representative said that there were certain regulations which had to be complied with. In reply to a query whether there was any regulation asking that demolition should precede auction, the departmental representative said that it depended upon the direction received from the higher ups.

501. Agreeing with Audit, the Committee desired that the department should have the procedure examined with a view to improving it, so that avoidable and unfruitful steps might be done away within appropriate cases.

502. *Irregular retention of hired bungalow resulting in loss of Rs. 17,187 (Para 7, page 7—Audit Report—Defence Services).*—After hearing the explanation, the Audit representative pointed out that this Bungalow had two portions—an upper and a lower one. Audit was referring to the lower portion and the department was talking about the upper portion.

503. The Audit was requested to reconcile the difference, in consultation with the department.

504. *Loss of revenue (Para 10, page 5—Audit Report—Defence Services).*—It was explained that the rent was recovered in accordance with rules 14 (i) (1) and 19 of "Quarter and Rent Rules", but the authorities were insisting on recovering the rent as assessed by the Engineering authorities, based on the floor area occupied by the contractors.

505. The Chairman remarked that the building had been given for a commercial purpose and asked as to why was the Engineer's estimate disregarded? The departmental representative replied that the rent was recovered in accordance with rules 14 (i) (1) and 19 of the Quarter and Rent Rules. The Audit representative pointed out that the rule was that, in case where the income of the person concerned was Rs. 100 or below, remission could be made and he could be charged rent at one rupee for the accommodation he was provided. The Audit's point was that in this way those very persons, to whom remission was allowed and whose income was determined as less than Rs. 100, were contributing to the Regimental Fund which was a private fund.

506. The Committee observed that the reply furnished by the Department needed to be more accurate. The department should, therefore, furnish more facts about this case, before it was finalised.

507. *Overpayment of Rs. 26,279 to a contractor due to incorrect application of rates (Para 11, page 6—Audit Report—Defence Services).*—The departmental representative informed the Committee that, in this case, the Court of Inquiry was in progress. The Committee deferred consideration of the para.

508. *Overpayment of Rs. 26,056 to certain contractors on miscellaneous grounds (Para 12, page 6—Audit Report—Defence Services).*—After hearing the explanation, the para was deemed settled subject to verification by the Audit of the facts as explained by the department.

509. *Overpayment of Rs. 65,756 to a contractor (Para 13, page 6—Audit Report—Defence Services).*—It appeared that the contract was awarded in 1955, work completed in November, 1956, the final bill prepared in March, 1959

and the account finally closed in April, 1970. Explaining the reasons for this extraordinary delay, the departmental representative said that, when the bill was in the final stages, a dispute arose with the contractor over deviations, which lingered on unresolved. Then there was a break due to the reorganisation of the MES in 1960. In reply to a query regarding the recovery of the amount, the departmental representative informed the Committee that none of those involved was alive and steps had been taken for the regularisation action and were in advanced stage.

510. The Committee observed that it should be expedited and the Audit should keep a watch over the progress of the case.

511. *Non-realization of Government rules against losses (Para 14, page 7—Audit Report—Defence Services).*—The departmental representative explained that recoveries of some arrears had since been made. Attempts were being made to recover the remaining arrears outstanding against private parties. The Audit representative confirmed that they had verified that some recoveries have since been made.

512. *Non-clearance of claims against shipping insurance agents—Rs. 1,32,86,175 (Para 18, page 10—Audit Report—Defence Services).*—From the statistics furnished by the departmental representative it was noted that all shipping insurance claims for the period from 1964 to 1973 had been settled, except the following:—

(a) Insurance Claims :

Year	No. of Claims	Amount
		Rs.
1964	1	178.90
1965	1	54.00
1966	3	3,137.10
1967	6	5,042.87
1968	10	91,155.08
1969	8	52,698.50
1970	—	—
1971	4	1,412.23
Total :	33	1,59,870.68

(b) Shipping Claims :

1968	2	4,152.46
1970	2	3,260.00
1971	7	2,09,775.72
Total :	11	2,17,188.38

513. The position of year-wise outstanding claims was as follows. The claims were lodged after January, 1973 :—

(a) Insurance Claims :—

Year	No. of Claims	Amount
		Rs.
1971	11	54,766.28
1972	12	82,117.99
Total :	23	1,36,884.27
(b) Shipping Claims.		
1971	3	3,05,527.53
1972	20	2,93,848.26
Total :	23	5,99,375.79
(c) 1973	242	70,48,581.50

514. It was stated that, in spite of repeated reminders/requests by Embarkation HQ, the Insurance claims pertaining to the period up to December, 1973 were not being paid by the Insurance Corporation because the premium had not been paid by the CMA. The position was being reported regularly in the monthly progress report to CMA.

515. It was further argued that the settlement of claims involved lengthy procedures. It involved dealing with various local and foreign agencies, who were naturally most reluctant to pay the claims and tried to turn down the claims on flimsy grounds. It was a continuous process and the position fluctuated with the settlement of old claims and addition of new ones.

516. The Committee expressed its dissatisfaction over the position and directed the departmental representative to have the clearance of the claims expedited.

517. *Non-regulation of loss of deficient stores (Para 19, page 10—Audit Report—Defence Services).*—The departmental representative explained that two Army Units, to whom this transaction related had been traced and the matter was being pursued actively with a view to settle it.

518. The Audit was requested to keep watch over the progress of the case and finalise it subject to regularisation action, if any.

519. *Loss of atta in transit (Para 20, page 10—Audit Report—Defence Services).*—The departmental representative explained that their enquiry from the Railway had revealed that the consignment was booked from Landhi for Kharian, but was erroneously delivered to the Station Supply Depot, Karachi instead of the Supply Depot Kharian. The Station Supply Depot, Karachi had confirmed the receipt of the said consignment. No payment of freight was involved. As such there was no loss. The para was treated as settled, subject to verification by Audit.

COMMERCIAL APPENDIX 1973-74

520. *Military Farms.*—In the Profit and Loss Accounts of this Farm, an amount of Rs. 38,38,093 was shown against item No. 17—“To condemnation

of cattle, transfer, adjustments etc". In reply to a query whether, in the case of condemned cattle, their meat was not sold by the Dairy Farms, the departmental representative said that such cattle were sold by public auction. Replying to another query, the departmental representative stated that they had a Reserve Fund to the tune of Rs. 50 million. Thereupon, a member remarked that nothing was being shown as liability. In reply to the remark that the sale was going down, the departmental representative submitted that it was not so. Only the subsidy had been increased. The rates were fixed as per the market rate and according to the production cost. The market price of milk, the departmental representative added, was Rs. 3.50 per litre whereas the Farms' selling price was @ Rs. 2 a litre.

521. *Outstanding items.*—The Audit pointed out that the Defence Division had not furnished necessary material in respect of certain grants, etc. The departmental representative was directed that necessary details about the outstanding items should be collected from the Audit and replies thereto made available during the next meeting.

522. *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, Commercial Appendix or the Auditor-General's Report thereon. These would be deemed as settled subject to such regularising action as might be necessary under the rules.

AVIATION DIVISION

523. Examination of Appropriation and other Accounts pertaining to the Aviation Division and the Report of the Auditor-General thereon was taken up next.

524. The following departmental representatives were present:—

1. Lt. Gen. Ghulam Jillani Khan, Secretary.
2. Mr. Mohsin Kamal, Joint Secretary.
3. Mr. Z. A. Shah, Deputy Secretary.

525. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Defence	12
2.	Meteorology	13
3.	Aviation	14
4.	Development Expenditure of Ministry of Defence (excluding group head I)	116
5.	Capital Outlay on Civil Aviation and Other Work	135

AUDIT REPORT (CIVIL)

526. *Misappropriation of Government money amounting to Rs. 45,225 (Para 2, page 16—Audit Report).*—It was explained that an advance of Rs. 45,225 was given to the Secretary, Golf Club at Sialkot for the execution

of work relating to the Golf Course. A detailed account of expenditure incurred against the advance was obtained from the Secretary, Golf Club, Sialkot and forwarded to the Director, Audit and Accounts (Works), Lahore.

527. In reply to other queries, the departmental representative further explained that the demand for the development of Golf Course was placed by the Ministry of Tourism on ADA, a work agency like PWD. The ADA, attached to the Civil Aviation Division, submitted an estimate of Rs. 45,000, which was accepted by the Ministry of Tourism, who transferred the amount to the ADA, which started the work. But the Golf Club authorities objected that the work, which was of a specialised nature, was not being carried out according to specifications. The matter was then discussed between the ADA and representative of Tourism Division and it was decided that this money should be taken away from the ADA and given to the Secretary, Golf Club on the condition that they would submit an account of the expenditure—for audit—to the Director, Audit and Accounts.

528. After hearing the departmental representative, the Committee observed that the para be deemed as settled.

APPROPRIATION ACCOUNTS (1973-74)

529. *Grant No. 12 (Page 30—AA).*—An excess of Rs. 7,17,013 was shown against the Group head "A—Secretariat". It was explained that the accounts related to the Defence Division, Aviation Division, Defence Production Division and other two Departments of Defence Services. As far as the Aviation Division was concerned, the actual expenditure was Rs. 5,95,800 against the Final Appropriation of Rs. 5,92,000 leaving an excess of Rs. 3,800 only. However, during reconciliation, it transpired that the AGPR, Karachi booked a sum of Rs. 5,02,480 under sub-head "A—2(4)—Other Charges", which related to the Ministry of Minority Affairs and Tourism and not to Aviation Division.

530. The Audit was requested to check it further and settle, unless a further submission to the Committee was deemed essential.

531. *Grant No. 13 (Page 31—AA).*—A saving of Rs. 6,06,659 was shown against Group head "A—Headquarters, Regional Offices and observatories". It was explained that the saving was mainly due to less booking of expenditure amounting to Rs. 4,79,072 by the Audit. The Audit representative undertook to verify the position.

532. *Grant No. 14 (Page 32—AA).*—It was claimed that the excess of Rs. 1,26,054 under Group head "A—Direction and Inspection" was due to wrong booking of Rs. 1.09 lakhs against this Group head, instead of Group head "B—Aerodrome and Air Route Service". The Audit representative stated that they had noted it for verification.

533. *C—Aeronautical and Communication Service.*—A saving of Rs. 1,55,499 under this Group head was explained as having been due to non-receipt of debits on account of sales tax and customs duty etc. on the import of spares of communication equipments. These debits were adjusted during 1974-75.

534. In reply to a query, the departmental representative submitted that the Aviation Division had no purchase agency of its own and was making its purchases through the IP&S. The debits in respect of cost of stores was raised by the Accounts Officer supplies and those in respect of customs duty by the COS.

535. The departmental representative was requested to have it examined as to why this cannot be co-ordinated between the Departments concerned and to evolve an improved procedure, if feasible.

536. *Grants No. 116 and 135 (Pages 172 and 194—AA).*—The Committee noted that there was a reconciliation problem. Audit was requested to verify the expenditure figures once again.

COMMERCIAL ACCOUNTS

Pakistan International Airlines

537. *Working results (Para 48, Page 77—CA).*—During a review of the working results, it was stated that fuel expenses during the period under review amounted to Rs. 18.80 crore as against Rs. 8.92 crore in 1972-73 which represented 111% increase over the previous year. If the impact of increase in fuel prices was eliminated and fuel expenses were brought at the level of 1972-73, the rise in expenses would be only 9% over that year as against an increase of 19.5% in the revenues. A member remarked that if there was increase in activity, claimed here to the extent of 20%, there would be increase in flights and then increase in the fuel prices cannot go without affecting the cost.

538. The Chairman remarked that the actual assessment as to the liability at that time had not been given. He enquired if the money was being kept within the business. The departmental representative confirmed the presumption. A member enquired as to what was the liability. It was also not known whether full provision for it had been made or not. The departmental representative said that the necessary figures could be made available.

539. *Exchange reserve (Para 50, page 77—CA).*—It was stated that the balance of reserve consisted of Rs. 6.30 crore as Capital Exchange and Rs. 1.39 crore as Revenue Exchange Reserve. The Revenue Exchange reserve was "Free Reserve" and the credit balances of free reserve were off-set against debit balances of un-appropriated profit and loss account amounting to Rs. 2 crore. As for the transfer of the provision of Rs. 2 crore for staff Gratuity, this was being done, in addition to the current year's charge, on the basis of actuarial assessment. Since movement in the Reserve had been made after arriving at the operating profit, it might not be correct to say that loss for the year had been under-stated. After hearing the departmental representative, a member remarked that the Committee would like to have more information on items, such as, Gratuity, Reserve and Exchange Reserve, advertisement and promotion expenses. In his opinion, the explanation was arguable. The Chairman observed that they were dealing with this particular year 1973-74 and they should admit that the percentage was too much. The departmental representative said that they were going into this aspect with a view to further reducing the expenses.

540. A member enquired if the Committee could have information as to the separate components of the advertising expenses, overseas advertisement, tourist agency, advertising expenses within and outside the country, sector-wise, and other promotional expenses. These should be gone into closely. The departmental representative promised that they would supply full details and also take further steps to bring down expenditure on these items. In reply to a query as to whether it was necessary to advertise within the country, the departmental representative said that they would have a good look at the proposition.

541. *Physical verification (Para 56, page 79—CA).*—It was pointed out that the financial effect of the excess and shortage, detected during the course of

physical verification, was not reflected in the accounts for want of proper reconciliation and intimation of the values by the Data Processing Centre in respect of technical items, which had since been computerised. The departmental representative explained that this was being done now. A member remarked that it was perhaps not being done before to the extent that it was being done now. The departmental representative was directed to satisfy the Audit.

542. *Delegation of powers (Para 57, page 79—CA).*—A member observed that all powers have been delegated to the Chairman. The departmental representative said that these had since been withdrawn. Another member remarked that these delegations changed with personalities. The departmental representative explained that the delegations were made during the time of Air Marshal Nur Khan and had been withdrawn after he left the PIA. In reply to a query, the departmental representative informed the Committee that it was the Board of Directors of the PIA which decided regarding borrowings.

543. *Points/paras not discussed to be treated as settled.*—The Committee did not make any remark on the other points/paras in the Appropriation/Commercial Accounts or the Report of the Auditor-General thereon. These would be deemed as settled subject to such regularising action as might be necessary under the rules.

DEFENCE PRODUCTION DIVISION

544. The Committee then took up examination of Appropriation and other Accounts pertaining to the Defence Production Division and the Report of the Auditor-General thereon.

545. The following departmental representatives were present :—

1. Mr. Tariq Mustafa, Additional Secretary.
2. Lt. Col. Abdul Rahim Khan, GSO. I.
3. Mr. M. M. Saeed, Member, P.O.F. Board.
4. Mr. C. M. Sharif, M.D., Wah Industries Ltd.

546. This Division controlled Grant No. 12—Ministry of Defence.

APPROPRIATION ACCOUNTS (CIVIL)

547. *Grant No. 12 (Page 30—AA).*—There was no material point for consideration by the Committee under this grant except reconciliation. Audit was requested to modify their figures after the necessary verification.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

548. *Overpayment of pay and allowances (Rs. 12,125) (Item II (i) 2, page 6—AA—Defence Services).*—The explanation of the departmental representative was considered to be satisfactory and the para treated as settled.

549. *Extra payment against contract Rs. 79,427 (Item II (i) 8, page 6—AA—Defence Services).*—The Committee was informed that the case had since been finalised and the amount written off. The para was, therefore, treated as settled.

550. *Waiver of liquidated damages against contractor—Rs. 8,794 (Item II (i) 11, page 6—AA—Defence Services).*—It was stated that an order for the supply of 59,992 IG Lubricating Oil Internal Combustion Engine Grade-10 or OMD-40 was placed in 12/68 on M/s. Burmah Shell Oil Storage and Distributing Company, requiring delivery during September, 1969. The firm delivered

the stores up to 20th March, 1971 and requested the DP (Army) for extension in delivery period up to 20th March, 1971, but the reasons for which the extension was asked for were not considered acceptable and 2% liquidated damages were imposed. On an appeal by the firm, the case was reviewed by the DGGP and the liquidated damages imposed were waived off.

551. A member remarked that it was a case of extension in the date of supply. Therefore, the question of write-off should not have arisen. The date had been extended by the Department itself. The Auditor-General also expressed the view that where the delivery period of a contract might have been extended by competent authority without the imposition of any liquidated damages, the question of write off should not arise. Another member remarked that the extension of delivery time should be independent of the waiver.

552. *Cost of stores short landed from abroad—Rs. 56,881 (Item II (i) 14, page 6—AA—Defence Services).*—It was explained that 161 bundles of Copper Cathodes were borrowed from the Government of Iran. Short landing of three bundles was reported. Accordingly, a claim for Rs. 60,309 was lodged against NSC, which was accepted for Rs. 3,429, being their maximum liability of £ 100 per package under the Carriage of Goods by Sea Act. The amount so recovered was credited in the Government Treasury and the remaining amount of Rs. 56,881 was regularised/written off.

553. The Chairman observed that, had the value of the cargo been declared in the Bill of Lading, the whole amount could have been recovered. The departmental representative submitted that this matter had been properly examined but it had not been found to be in the interest of the State to declare the full value in the Bill of Lading. The Committee directed the departmental representative to examine the existing procedure under which the value of the cargo was not being declared. As this matter concerned the other Ministries also, it needed to be examined for issuing general instructions as well.

554. *Loss of Mercury stolen from Explosives Factory (Item 1—5, page 9—AA—Defence Services).*—It was explained that an enquiry was conducted, but no particular person could be held responsible for the theft. A report was also lodged with the police, but they were also unable to trace out the culprit. Accordingly, the loss amounting to Rs. 5,173 had been written off as debitible to the State.

555. A member remarked that it reflected adversely on the security arrangement. Apparently, it was not effective, because no one could enter that area. Perhaps, extra precautions were called for. The departmental representative informed the Committee that the POFs security arrangements had since been tightened. A Court of Inquiry was also conducted and some remedial measures were suggested.

AUDIT REPORT (DEFENCE SERVICES)

556. *Non-recovery of liquidated damages—Rs. 30,958 (Para 4, page 3—Audit Report—Defence Services).*—The departmental representative informed the Committee that the case was being looked into and a definite reply would be submitted in the next meeting of the PAC. Consideration of the para was, therefore, deferred.

557. *Extra expenditure due to acceptance of offer other than the lowest Rs. 2,17,337 (Para 15, page 8—Audit Report—Defence Services).*—Audit pointed out that, after inviting quotations at indigenous and imported rates, a contract

was concluded @ Rs. 17 per gallon involving a total amount of Rs. 4,25,000 (including all taxes) free of cost at Karachi, ignoring the lowest offer of a foreign firm @ £ 0-8-3 (Rs. 4.71) per gallon free on rail, on the plea that the stores, which had been accepted, had been developed and were being manufactured in the country by an indigenous firm and also that the deal would not involve foreign exchange. The total cost involved was thus 177% higher than that offered by the foreign firm.

558. It was explained by the department that purchases were being made strictly according to the financial approval of FA (AF) and availability of currency for such purchases as communicated by the indenter. Therefore, the Directorate of Procurement could not, on their own, make purchases in foreign exchange if the approval for expenditure was in Pakistan currency.

559. On being asked about the stuff purchased, the departmental representative stated that it was a compound for fire fighting. In reply to another query whether it was imported or local, the departmental representative said that it was purchased from the local market because the financial approval for purchase was in Pak-currency and not in foreign exchange. A member remarked that, if the difference was so great, attention of the Ministry should have been drawn to the fact and fresh directions obtained. The departmental representative submitted that he agreed with the member and added that this aspect of the matter had been discussed internally and it had been agreed that, in such situation, attention of the indenter should invariably be drawn to the respective local and foreign prices and specific enquiry made from him whether, in the circumstances, he still insisted on local purchase. However, this did not happen often. The member then remarked that it might have happened often, but might not have come to notice so frequently.

560. The Chairman finally concluded that the FA should also be a little more careful while concurring in such purchases.

561. *Extra expenditure on purchase of tractors (Para 6, page 14—Audit Report—Defence Services).*—It was explained that an indent for the purchase of a tractor was received in April, 1969, stores tendered four times and, finally, in January, 1973 a contract was concluded for Rs. 15,60,000. The difference of rates received in the first tender Rs. 1,81,800 (single offer received) and the fourth tender Rs. 15,60,000 was Rs. 13,78,200. As suggested by Audit, a Court of Inquiry was held to inquire into the circumstances under which extra expenditure of Rs. 13,78,200 was incurred, resulting in an extraordinary loss to the Government. Their recommendations were that—

- (i) there had been no loss to the State, since the price difference occurred due to change in specifications by the indenter and delay was due to the purchase procedure involved. As such, no one was to be blamed.
- (ii) price difference be written off against the State.

The recommendations of the Court of Inquiry and DP (Army) had been accepted by the competent authority and the amount involved written off.

562. During further discussion, a member remarked that, if the authority could do without it for four years, it could perhaps do without it. The departmental representative replied that bulldozers were always welcome and, even after four years, they were very much in need thereof. Besides, the steep difference in price was because of inflation also. The member remarked that, in January, 1972 there was not so much inflation. The departmental representative, thereupon said that a full enquiry had already been instituted into this.

COMMERCIAL APPENDIX TO APPROPRIATION ACCOUNTS
(DEFENCE SERVICES)

563. *Writing off of preliminary expenses (Para 42, Page 25—Commercial Appendix).*—It was pointed out that the preliminary expenses, amounting to Rs. 8,96,37,676, incurred on old units in the earlier stages were being shown in the statement of Assets and Liabilities for quite a long time. From the Commercial Accounting considerations, these expenses should have been eliminated from the statement of Assets and Liabilities proportionately each year by charging to production.

564. The Chairman observed that the main question was as to how to write off the preliminary expenses.

565. The departmental representative explained that the preliminary expenses incurred on old units were being exhibited in the accounts in accordance with the guideline of the Finance Division to the effect that an expenditure which had in fact been incurred on a project, should not be eliminated from the "Balance Sheet" as it would be contrary to the factual position and normal commercial practice.

566. A member remarked that the point whether such expenditure should be taken as part of the costs was discussed by the Committee in their last meeting as well. The position was that, if expenditure was incurred on the training of people to run specific machines or on installation of a particular factory and such expenditure was added to the cost of those factories, then it should be written off, whether at one go or in instalments. The Department could not keep this amount of Rs. 8 or 9 crore to show it as an asset when actually there was no asset in existence. It was, therefore, only a question of how to write it off. Such an amount could either be added to the cost and depreciated, if it related to and had been incurred on a project, but if it was related to some project which had been established, then it could be added to the cost of the factory. However, the loss should then be shown, separately, in the profit and loss Accounts.

567. The departmental representative promised to get this point re-examined.

568. *Store accounts (Para 43, page 25—Commercial Appendix).*—It was pointed out that the stores accounts of the POFs for 1973-74 revealed that the POFs had sustained a differential loss of Rs. 11,44,083 as against a loss of Rs. 16,776 sustained during the preceding year on the sale of stores much below the book value. The loss had been finally adjusted by reducing the same amount from the total value of the stores in hand, held at the end of the financial year.

569. It was submitted that Note 3, below item 57, (Appendix I) of Fundamental Rules, Part II envisaged that a loss, due to difference between the book value and sale proceeds of stores disposed of by or under the orders of the central disposal organisation or other orders, is not to be viewed as a loss. The disposal of surplus/waste stores had, therefore, correctly taken place under the POFs Board's letter dated 25-5-1973 and it did not involve any irregularity.

570. The Auditor-General confirmed that, technically, it was not a loss. The para was accordingly treated as settled.

571. *Drop in production (Para 54, page 41—Commercial Appendix).*—It was pointed out that goods worth Rs. 4,66,07,982 were produced during the year 1973-74, whereas goods worth Rs. 7,32,20,551 were manufactured during the previous year, despite the fact that expenditure on certain heads was incurred in excess as compared to the previous year.

572. After hearing the departmental explanation, the para was dropped.

573. *Deficiency of stock (Para 55, page 41—Commercial Appendix).*—It was pointed out that the figure of Rs. 7,367, appearing in the Stores Accounts against deficiency of stock, represented the value of cloth found short during stock verification in 1973-74.

574. It was explained that, out of Rs. 7,367, an amount of Rs. 580 was recovered from the pending bill of the firm. Spot verification of the above recovery was also made by the Commercial Audit Authorities. As regards the remaining amount, a Court of Inquiry was constituted to investigate into the circumstances and fix the responsibility. The proceedings of the Court had been completed and submitted to the C.F.A. for obtaining the final orders.

575. On a query, the departmental representative informed the Committee that the Court of Inquiry was likely to hold someone responsible and he would be then penalised according to the rules. The departmental representative was directed to expedite this process.

576. *Outstanding amount (Para 57, page 41—Commercial Appendix).*—It was pointed out that certain debts, amounting to Rs. 31,85,784 and pertaining to the years 1967-68 to 1973-74 as detailed below, were lying outstanding on 30-6-1974 under the head "payments made during the year but stores awaited" :—

Year							<i>Payment made but stores awaited.</i>
							Rs.
1967-68	..	..	..	..	..	..	33,365
1968-69	..	..	..	..	..	..	750
1969-70	..	..	..	..	..	..	11,179
1970-71	..	..	..	..	..	..	20,997
1971-72	..	..	..	..	..	..	3,03,303
1972-73	..	..	..	..	..	..	1,80,219
1973-74	..	..	..	..	..	..	26,35,971
						Total:	31,85,784

577. The departmental representative explained that Rs. 24,39,792 had since been cleared/adjusted, leaving a balance of Rs. 7,45,992 only. Efforts were being made to clear the outstanding balance, as early as possible. In reply to a query as to how much had been recovered from the old balances between 1967-68 to 1970-71, the departmental representative submitted that they had worked out the balances for the years 1971-72 to 1973-74. In 1971-72 the amount was Rs. 34,000 in 1972-73 it was Rs. 1.08 lacs and in 1973-74 it amounted to Rs. 6 lacs.

578. *Working results (Para 80-81, page 61—Commercial Appendix).*—A comparison of the working results of the Wah Industries Limited for 1973-74 with those of 1972-73 showed that the percentage of Gross and Net Profits fell down from 13.02 and 13.63 for 1972-73 to 4.06 and 4.56 during 1973-74.

579. The reasons for the abnormal fall in profits were given to be (i) restriction of profits on the sale of unserviceable and scrap items of the POFs to 7½ per cent in 1973-74 as against 20 per cent on disposal sales during 1972-73; (ii) grant of fringe benefits and rise in the salaries of employees, and (iii) payment of Rs. 7 lakh to the POFs Workers, Welfare Fund.

580. After some discussion, the Committee directed the departmental representative to let it know for its information, the rate of profit earned on their civil production worth Rs. 37 millions, and the break-down of the sales and percentage of loss/profit against each.

581. The departmental representative undertook to supply necessary information to the Committee.

582. *Statement of Assets and Liabilities of Ordnance Factory as on 30-6-1974 (Para 49, page 36—Commercial Appendix).*—The statement showed the "Net Capital" as on 30-6-1974 stood at Rs. 1,68,90,38,162. A member enquired whether this amount was an agreed/reconciled one. The departmental representative replied that this represented the difference between the total assets and liabilities and this had been reconciled.

583. The departmental representative was, thereupon, directed to furnish to the Committee the reconciled statement, for its information. The departmental representative promised to do so.

584. Referring to the statement of "Assets and Liabilities", a member remarked that, on the liabilities side, the "Amount remaining unpaid" has been shown to be Rs. 18,72,82,397. These were, presumably, items for which payment had been made during the year and the receipt of stores against the payment was awaited. But it needed to be clarified that payments made during the year but stores awaited did not go as far back as to 1948 or 1952. The member enquired if these had been listed out by anyone?

585. The member also referred to item 3 (e) on the Assets side and to item 5 on the liabilities side, viz "Profit on sale of stores amounting to more than Rs. 10,000 not chargeable to production" which carried the figure of Rs. 19,25,591, and remarked that either it was price equalisation or profit or loss. Either they meant to reduce future prices to give back this amount to Defence or they were going to retain this amount and even increase it.

586. The member further invited attention to item 3 (d) on the 'Assets' side viz., "Value of machinery (Europe) invoiced but not received" which amounted to Rs. 3,27,15,565 for 1972-73 and to Rs. 3,27,69,681 in 1973-74, and enquired if anything had been cleared from these amounts

587. The departmental representative was requested to look into the above points and intimate the position to the Committee, for its information and further discussion with the department, if necessary.

588. *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, Commercial Appendix to the Appropriation Accounts (Defence Services) or the Reports of the Auditor-General thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF EDUCATION

589. Thereafter examination of Appropriation and other Accounts pertaining to the Ministry of Education and the Report of the Auditor-General thereon was taken up.

590. The following departmental representatives were present:—

1. Dr. M. A. Kazi, Secretary.
2. Dr. Tahir Hussain, Joint Secretary.

591. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Education and Provincial Coordination	17
2.	Education	19
3.	Government Schools and Colleges	20
4.	Stationery and Printing	21
5.	Development Expenditure of Ministry of Education and Provincial Coordination	117
6.	Capital Outlay on Printing Corporation	136

APPROPRIATION ACCOUNTS

592. *Grant No. 17 (Page 35—AA).*—Regarding the saving of Rs. 8,27,638, shown against Group head “A-Secretariat” the departmental representative stated that it was mainly due to non-booking of Rs. 9,93,170 paid to the UNESCO as Pakistan’s Contribution. The Audit was requested to check and rectify the omission.

593. *E—Education Offices in Foreign Countries.*—There was an excess of Rs. 1,05,154 under this Group head. It was stated to be due to (i) overpayment by the Education Division, London to an official without obtaining the approval of the competent authority, (ii) payment of salary to an officer from the Budget of the Education Division, London, after his transfer to the Ministry of Foreign Affairs, and (iii) expenditure under the Students Hostel, London, which was not regularised by the Education Division, London through an oversight. As regards expenditure at (ii), the departmental representative submitted that they had taken up the matter with the Ministry of Foreign Affairs for necessary adjustment.

594. Regarding items (i) and (iii), the Chairman observed that the department should fix responsibility and take necessary action against those found responsible for the negligence.

595. *Grant No. 19 (Page 37—AA).*—There was no material point under this grant, except reconciliation problem. Audit was requested to check the entire grant and settle.

596. *Grant No. 20 (Page 38—AA).*—Excesses of Rs. 69,061 and Rs. 1,49,175 appeared under Group heads “A-University”, sub-head “A-Government colleges” and “B-Secondary-Central Government Secondary Schools”, respectively. The excesses were explained as having been mainly due to inaccurate assessment of expenditure while determining the final grant and inadvertent surrender of an amount of Rs. 58,330 as saving, which was not actually available. The Chairman observed that it should be checked up as to who committed these mistakes and suitable action should then be taken against him.

597. *Grant No. 117 (Page 173—AA).*—There was no material point under this grant, except reconciliation. The Audit was requested to check it and settle.

598. *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 Report of the Auditor-General thereon. These would be deemed as settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF INFORMATION AND BROADCASTING

599. The Committee then took up examination of Appropriation and other Accounts pertaining to the Ministry of Information and Broadcasting and the Report of the Auditor-General thereon.

600. The following departmental Representatives were present:—

1. Mr. Masoodur Raouf, Additional Secretary.
2. Mr. Muhammad Tufail, Joint Secretary.

601. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Information Services Abroad	47
2.	Ministry of Information and Broadcasting Auqaf and Haj. (excluding Group head ‘D’)	71
3.	Department of Films and Publications	72
4.	Press Information Department	73
5.	Broadcasting Stations	73-A
6.	Other expenditure of Ministry of Information and Broadcasting, Auqaf and Haj.	74
7.	Development Expenditure of Ministry of Information and Broadcasting, Auqaf and Haj	128
8.	Capital Outlay on Broadcasting	145-A.

AUDIT REPORT

602. *Irregular payment of demurrage charges amounting to Rs. 6,356 (Para 26, page 24).*—It was explained that the Ministry of Finance had been moved for the grant of necessary *ex-post facto* sanction and their approval was awaited. In reply to a query by the Chairman about the latest position, the departmental representative submitted that the case had been returned by the Ministry of Finance with the remarks that the orders of the Public Accounts Committee may be awaited.

603. The Chairman observed that the competent authority to decide it was the Ministry of Finance and not the PAC. They should do so. The departmental representative was directed to inform that Ministry accordingly.

APPROPRIATION ACCOUNTS

604. *General.*—The Audit representative pointed out that, as the replies of this Ministry had been received on the 28th May, 1979, they were still trying to find out the facts. The Chairman observed that much reconciliation might not be required. However, if there be anything for the Committee's decision, it might be brought up before them in the next meeting.

605. *Grant No. 47 (Page 77—AA).*—The Audit pointed out that, in view of the final saving of Rs. 11,78,745, the supplementary grant of Rs. 8,00,000, obtained by the Ministry, proved wholly unnecessary. It was explained that the Special Publicity Projects, for which the supplementary grant had been sanctioned, could not materialise, because due to the very late allocation of the supplementary grant, the Missions expressed their inability to produce worthwhile publicity material at a short notice.

606. A member remarked that this seemed to be no explanation as the need for publicity was indisputable, while the Ministry did not do any publicity. Special funds were sanctioned by the Government for publicity abroad and these are meant to be utilised in time. The Ministry had got its Press Attaches directly under their own control and not under the Ministry of Foreign Affairs. Another member remarked that, in the year 1973-74, Government did good publicity. The departmental representative explained that this matter related to a time when external publicity was under the Ministry of Foreign Affairs.

607. *Grant No. 71 (Page 112—AA).*—Explaining the excess of Rs. 1,02,944 under the Group head "G—Publicity of Government Activities on Television", the departmental representative explained that the exact amount of excess was Rs. 1 lac only. This amount was duly sanctioned by the Finance Division by a supplementary grant in the last week of June, 1974 but the same did not appear in the Book of Supplementary Demands. Hence the excess of Rs. 1 lac.

608. A member enquired as to what was the Television spending on, because they were not putting on very worthwhile programmes for the viewers, e.g. after the news, there is cricket match between Pakistan and some other country or similar other items. The departmental representative replied that they had to buy such programmes. The member remarked that nonetheless, the viewers seemed to be fed up with a number of programmes like 'Nilam Ghar'. The departmental representative submitted that the point had been well taken and they were themselves going to make some changes in the programmes from the next quarter. However, he maintained that some programmes like the "Nelam Ghar" were very paying programmes.

609. *Grant No. 72 (Page 113—AA).*—The Committee noted the reconciliation problem under this grant and requested the Audit to verify it.

610. In reply to a query, the departmental representative informed the Committee that their films on the Karakurram High Way and Allama Iqbal were going to be completed soon. A member enquired as to what happened to the film that was previously made on Allama Iqbal. The departmental representative said that it had been partly disapproved by the President. In reply to another query, the departmental representative informed the Committee that they were planning to produce one film on the Quaid-i-Azam.

611. *Grants No. 73, 73-A, 74, 128 and 145 (Pages 114-16, 187 and 210—AA).*—There was no material point for consideration under these grants.

COMMERCIAL ACCOUNTS

Pakistan Television Corporation

612. *Interest payable on long term loans (Para 213—CA).*—It was pointed out that the interest payable on long term loans as on 30th June, 1974 stood at Rs. 3,48,25,725. Although Rs. 1,17,81,400 was provided for the payment of interest on loans in the Budget Estimates for 1973-74. Rs. 5,94,872 as interest of the I.D.B.P. loan was paid during the year under review, as a result of which the liability on this account remained unliquidated.

613. It was explained that Rs. 3.48 crore was payable by the Corporation on account of interest on Government loans up to the 30th June, 1974. The Corporation was not in a position to clear its liabilities due to its bad liquidity, resulting from (i) short fall in the T.V. Licence Fee, and (ii) inadequate payment by the Government on account of Government publicity programmes on Television.

614. Explaining whether there had been any progress on the Corporation's request for additional funds, the departmental representative stated that they had received an interim report which was being discussed with the Ministry of Finance. A member remarked that interest to the tune of Rs. 3.48 crore is payable, but there were no funds. The departmental representative explained that it should be over by June, when the T.V. was also likely to become a statutory Corporation like the P.B.C. and the entire financial structure would change. They would be going to the Cabinet for its de-control from the Government.

615. A member enquired as to what was the Corporation supposed to get as re-imbusement or payment for the time consumed on Government publicity. If ECNEC had ruled that the Corporation ought to be paid, then who was not observing the ECNEC's decision. The departmental representative replied that they took their bills to the Finance Division, who either did not agree or agreed only partly. A member enquired whether Government was advancing money to the Corporation as loan. The Chairman observed that the question was as to how did they prepare their accounts. There was no hard and fast rule laid down yet for the purpose. The member remarked that then it was time that a decision was taken about this matter.

616. After some discussion, the departmental representative was directed to let the Committee have a paper about publicity for the Government and payments therefor. The departmental representative undertook to do so both for the T.V. and the P.B.C.

617. *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 Report of the Auditor-General thereon. These would be deemed as settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF FOOD AND AGRICULTURE

618. At the end the Committee took up examination of Appropriation and other Accounts pertaining to the Ministry of Food and Agriculture and the Report of the Auditor-General thereon.

619. The following departmental representatives were present :—

1. Mr. A. Sami Qureshi, Secretary.
2. Mr. Manzoor Ahmad, Additional Secretary.
3. Mr. Alamdar Raza, Joint Secretary.

620. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Food and Agriculture and Under-Developed Areas	40
2.	Plant Protection Measures	41
3.	Other Agricultural Services	42
4.	Fisheries	43
5.	Grants-in-Aid by Federal Government to Provincial Governments	44
6.	Capital Outlay on Purchase of Fertilizers	105
7.	Capital Outlay on Purchases by Food and Agriculture Division	106
8.	Development Expenditure of Food, Agriculture and Under-developed Areas	121
9.	Capital Outlay on Fisheries	140
10.	Capital Outlay on Food Storage and Other works	141

AUDIT REPORT

621. *Loss of imported wheat worth Rs. 6,01,839 (Para 3, page 17—Audit Report).*—After hearing the departmental representative, the Committee directed that arrangements should be made for a physical stock taking of all the imported food-stuffs at any appointed date, say the 30th June and separate accounts should be kept for different items.

APPROPRIATION ACCOUNTS

622. *Grants No. 40, 41, 42, 43, 44 and 140 (Pages 70—74 and 200—AA).*—There was no material point for consideration under these grants except reconciliation. Audit was requested to check and settle.

623. *Grants No. 105 and 106 (Pages 155—157—AA).*—The departmental representative furnished a statement to the Committee, which then discussed briefly matters like recovery, subsidy, shipment, etc. The departmental representative was directed to have the statement verified in the light of the points raised by the Committee and let the Committee know the result, for its information.

624. *Grant No. 121 (Page 187—AA).*—There was an excess of Rs. 1,71,67,186 under Group head "O—Agriculture (Voted)". It was explained that the excess represents debits of the previous years booked by the Audit Office after the close of the financial year. Replying to the query whether this had been reconciled, the departmental representative said that this had been booked by AGPR after reconciliation.

625. *Z—Grants-in-Aid to Provincial Governments.*—A member enquired as to what were these Grants-in-Aid to the Provincial Governments and how were they different from the others. The departmental representative replied that these grants-in-aid were in respect of fertilizers and tube-wells. Subsidy had been shown against this head. The member remarked that the presentation of the figures must be simplified because they have been shown at different places and no one could know about the correct position at a glance. The Chairman observed that there was a complex arrangement for subsidy, because it was not like subsidy on wheat, where the same was straight and could be seen easily.

626. *Animal Husbandry: Deduct—Amount met from Prime Minister's Flood Relief Fund.*—A saving of Rs. 60,00,000 appeared under this sub-head. It was explained that the amount had been ultimately placed at the disposal of the Ministry of Food and Agriculture during 1976-77 and expenditure had been incurred there against the purchase of medicines, vaccines, etc.

627. *Grant No. 141 (Page 201—AA).*—There was no material point for consideration by the Committee under this grant.

628. *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 Report of the Auditor-General thereon. These would be deemed as settled subject to such regularisation as might be necessary under the rules.

629. The Committee then adjourned to meet at 9. a.m. on Thursday, 31st May, 1979.

Islamabad,
the 28th August, 1979.

M. A. HAQ,
Secretary.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday the 31st May, 1979

5th Meeting

630. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1973-74 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 | .. | <i>Chairman.</i> |
| 2. Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan. | | <i>Member.</i> |
| 3. Mr. Abdul Qadir, former Chairman, Railway Board | .. | <i>Member.</i> |
| 4. Mr. Yusuf Bhai Mian, Chartered Accountant | .. | <i>Member.</i> |

National Assembly Secretariat

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

Audit

1. Mr. Abdur Raouf, Auditor-General of Pakistan.
2. Mr. M. A. Muid Khan, Deputy Auditor-General (Sr.).
3. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
4. Syed Shaukat Hussain, Accountant General Pakistan Revenues.
5. Khawaja Abdul Waheed, Director, Commercial Audit.
6. Mr. Zia-ul-Haq Khan, Accountant General, Pakistan Telephone and Telegraph.
7. Mr. S. I. Shabbir, Director, Railway Audit.

Ministry of Finance

1. Mr. Aish Bahader Khan, F.A. (Culture and Tourism).
2. Mr. Jamil-ullah Khan, F.A. (Railways, Communications, Works, Labour, Manpower and Science & Technology).

631. The accounts of the following Ministries/Divisions were examined during the course of the day :—

1. Ministry of Culture and Tourism :
 - (a) Culture & Youth Affairs Division.
 - (b) Tourism Division.
2. Ministry of Labour and Manpower :
 - (a) Labour Division.
 - (b) Manpower Division.
3. Ministry of Science and Technology.
4. Ministry of Communications.
5. Ministry of Railways.

CULTURE AND YOUTH AFFAIRS DIVISION

632. The Committee resumed examination of Appropriation and other Accounts for the year 1973-74 pertaining to the Culture and Youth Affairs Division and the Report of the Auditor-General thereon.

633. The following departmental representatives were present :—

1. Mr. Iqbal Masud, Secretary.
2. Mr. Asghar Butt, Joint Secretary.
3. Munawar Ahmed, Vice-Chairman.

634. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Education and Provincial Coordination (Group head 'C')...	17
2.	Archaeology and Museums.	18
3.	Ministry of Information and Broadcasting, Auqaf and Haj (Group head 'D').	71
4.	Development Expenditure of Ministry of Education and Provincial Coordination (Group head 'K')	117

APPROPRIATION ACCOUNTS

635. *Grant No. 17 (Page 35—AA).*—There was no material point for consideration by the Committee under this grant.

636. *Grant No. 18 (Page 36—AA).*—There were some savings/excesses under this grant which were explained as having been due to less/wrong postings. The Audit representative was directed to reconcile the differences after verification.

637. Replying to a question whether Archaeology and Museum was a Central subject, the departmental representative submitted that there were Provincial as well as Federal Museums. Federal Museums are the National Museums Karachi, Taxila, Swat, Mohenjo Daro and Harrappa. There was a proposal to set up a National Museum at Islamabad also. The Lahore, Peshawar and Chak-dara Museums were Provincial ones.

638. A member invited the attention of the departmental representative to repeated large scale smuggling of precious antiquities from Pakistan to foreign countries and enquired as to what steps were being taken for its prevention. The departmental representative explained that a Committee had been set up by the Cabinet under the Defence Division precisely for this reason. Government were already seized of this problem and experts on the Committee were looking into the matter. As soon as a report was received from the Committee, decisions would be taken on their recommendations. A member remarked that the smuggling of large pieces could anyway, be prevented. The departmental representative submitted that there was a check but diplomats could take them out in their suit-cases, which were exempt from search. Besides, there was normally no Customs check for out-going passengers and small antiquities could be carried along by them. Some of the antiquities are said to have gone out with the foreign excavation missions, which came here.

639. *Grant No. 71 (Page 112—AA).*—There were some excesses under various sub-heads, which were explained as due to (i) frequent official tours of officers, and (ii) shifting of office premises from Chaklala to Islamabad. The Chairman remarked that no explanation had been given as to why supplementary grant was not asked for to cover the excesses. The departmental representative submitted that the offices were shifted on short notice under the Minister's orders in April and the Ministry could not make a budgetary provision for it. The Chairman observed that the Ministry should have asked for a supplementary grant and somebody in the accounts section should have been vigilant. The departmental representative explained that there was generally an impression that there was no need to go for a supplementary demand, for small amounts like this. The Committee did not press the point further.

640. *Grant No. 117 (Page 173—AA).*—There was no material point for consideration by the Committee under this grant except reconciliation. The Audit was requested to verify and settle.

641. *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 Auditor-General's Report thereon. These would be treated settled subject to such regularising action as might be necessary under the rules.

TOURISM DIVISION

642. Thereafter examination of Appropriation and other Accounts pertaining to the Tourism Division and the Report of the Auditor-General thereon was taken up.

643. The following departmental representatives were present :—

1. Mr. M. T. R. Khan, Joint Secretary.
2. Mr. Moïnuddin Ahmad, O.S.D. (F & A).

644. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Minorities Affairs and Tourism (Group head 'B')..	86
2.	Development Expenditure of Ministry of Minorities Affairs and Tourism	131

APPROPRIATION ACCOUNTS

645. *Grants No. 86 and 131 (Pages 132 and 190—AA).*—There was no material point for consideration by the Committee under these grants.

LABOUR DIVISION

646. Examination of Appropriation and other Accounts pertaining to the Labour Division and the Report of the Auditor-General thereon was taken up next.

647. The following departmental representatives were present :—

1. Mr. Imtiaz Ahmad Choudhry, Joint Secretary.
2. Mr. M. S. H. Tirmzy, Deputy Secretary.

648. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Labour and Local Bodies Division	75
2.	Other Expenditure of Labour and Local Bodies Division ..	77
3.	Development Expenditure of Labour and Local Bodies Division ..	129

APPROPRIATION ACCOUNTS

649. *Grant No. 75 (Page 117—AA).*—The excess of Rs. 1,06,262 under the Group head "A—Secretariat" was not acceptable to the departmental representative on the ground that the figure of expenditure under this Group head, as reconciled with the Audit, was F\$ 28,70,430 against Rs. 29,03,855 shown in the Appropriation Accounts, indicating an excess of Rs. 82,837 due to more expenditure on telephones. In reply to a query from the Chairman, the Audit representative conceded that, after the reconciliation, some adjustments had been made. He assured the Committee that, in the future, such adjustments would be brought to the notice of the Department concerned in due time.

650. *Grant No. 77 (Page 119—AA).*—A saving of Rs. 50,00,000 was shown against the Group head “D—Block Grant for Transfer to Workers’ Fund.” It was explained that the amounts were transferred to the Workers’ Welfare Fund on the basis of actual|estimated receipts in the General Revenues on this account. But, as the figures of actual|estimated receipts for 1973-74 were not available till the close of the year, it was considered advisable, in consultation with the F.A. Wing, to restrict the transfer of the amount to the Fund.

651. In reply to a query as to why the remaining amount was not surrendered, the departmental representative submitted that it became too late to do so, because they received information from the Central Board of Revenues on the 30th June, 1974.

652. During the course of further discussion, the departmental representative informed the Committee that the collection did not go directly to the Head “Welfare Fund”. Actually, on the receipt side, there was no separate Head under which this collection could go. A member remarked that it appeared necessary to have a receipt head under which this collection should go. The Chairman observed that this needed to be examined. The Auditor-General promised to submit a paper on the subject for the consideration of the Committee.

653. *Grant No. 129 (Page 186—AA).*—A member invited the attention of the departmental representative to the Group head “Z—Grants-in-Aid to Provincial Governments” and enquired if these Grants went to the Provincial Governments and they used them to help the labour? He replied in the affirmative. Asked as to what was covered under “welfare”, the departmental representative stated that, mostly, residential accommodation and development of plots.

654. In reply to another query, the departmental representative submitted that, presently, the yearly income on this account was Rs. 5 crores. About Rs. 2.5 crores came from other sources. The fund was deposited in the “Khas Deposit Fund” and, according to the approved formula, most of these go to Sind and Punjab where the bulk of the workers’ population resides.

655. *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 Auditor-General’s Report thereon. These would be deemed settled subject to such regularisation action as might be necessary under the rules.

MANPOWER DIVISION

656. The Committee then took up examination of Appropriation and other Accounts pertaining to the Manpower Division and the Report of the Auditor-General thereon.

657. The following departmental representatives were present :—

1. Mr. Imtiaz Ahmad Choudhry, Joint Secretary.
2. Mr. Khalleq Ahmad, Deputy Secretary.

658. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	National Affairs, Overseas Pakistanis and Prisons Division ..	3
2.	Manpower Division	76

APPROPRIATION ACCOUNTS

659. *Grant No. 3 (Page 19—AA).*—A saving of Rs. 41,527 under Group head "A—Secretariat" was reflected in the accounts. Asked about the reasons therefor, the departmental representative stated that the Overseas Pakistanis Wing was functioning as a compact unit of the National Affairs, Overseas Pakistanis and Prisons Division during 1973-74. Neither a separate provision was made in the budget for Overseas Pakistanis nor the relevant records were transferred to the Manpower Division. Hence the Manpower Division was not in a position to explain the reasons for these savings.

660. The departmental representative disclosed that, although the subject was transferred to the Manpower Division during 1977, the records were still with the Education Division, who had been refusing to part with them. The Committee later found out to its surprise that, though the subject had been transferred to the Manpower Division two year ago, the latter had not even addressed the Education Division for the transfer of records as yet. The departmental representative explained that the major portion of the records had gone to the Education and Interior Divisions and only a small portion, pertaining to Overseas Pakistanis, were transferred to the Manpower Division. Previously, the subject of National Affairs, Overseas Pakistanis and Prisons were under the Cabinet Division. Then, in 1974, Prisons went to the Interior Division and the subject of Overseas Pakistanis to the Manpower Division. Again in March, 1976, the latter was transferred to the Religious Affairs Division. Then, in October, 1977, it again came back to the Manpower Division.

661. Asked about the sanctioned strength of the Division, the departmental representative said that the Manpower Division consisted of only two sections, with two Section Officers and one Deputy Secretary, but he could not say off-hand as to how many files on this subject were being dealt with in the Division.

662. The Chairman observed that, first of all, it should be explained as to why were the relevant files not got transferred when two Section Officers and one Deputy Secretary had been working for this subject for the last 1-1/2 years. Actually, they had, in fact not even requested for their transfer so far. The departmental representative explained that the policy files were received in the Manpower Division immediately on the transfer of the subject, but only the accounts files had not been received so far. He admitted that they had not asked for the accounts files as yet. The Chairman concluded by saying that it should be pointed out that the accounts were not considered important enough by the Division. They must, however, try to secure them now.

663. *Grant No. 76 (Page 118—AA).*—There was no material point for consideration by the Committee under this grant.

APPROPRIATION ACCOUNTS (1972-73)

664. *Grant No. 77—Other Expenditure of Labour and Local Bodies Division (Page 129—AA).*—There was no material point worth consideration by the Committee under this grant

MINISTRY OF SCIENCE AND TECHNOLOGY

665. Thereafter examination of Appropriation and other Accounts pertaining to the Ministry of Science and Technology and the Report of the Auditor-General thereon was taken up.

666. The following departmental representatives were present :—

1. Prof. Dr. Nisar Ahmad, Additional Secretary.
2. Mr. Basit Hasan, Deputy Secretary.

667. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Science and Technology	101
2.	Zoological Survey Department	103
3.	Other Expenditure of Ministry of Science and Technology ..	104
4.	Development Expenditure of Ministry of Science and Technology	134
5.	Capital Outlay on Scientific and Technological Research ..	156

APPROPRIATION ACCOUNTS

668. *Grant No. 101 (Page 149—AA).*—There was no material point for consideration by the Committee under this grant except reconciliation. Audit was requested to reconcile the figures.

669. *Grant No. 103 (Page 152—AA).*—The excess of Rs. 2,25,000 under the Group head “H—Grants-in-Aid to Medical Research Council”, was claimed as having been due to wrong booking by the A.G.P.R., Rawalpindi. The Audit representative said that they had taken up this question with the concerned authorities.

670. *Grant No. 104 (Page 153—AA).*—There was no material point for consideration by the Committee under this grant.

671. *Grant No. 134 (Page 193—AA).*—A saving of Rs. 3,40,000 was shown against the Group head “C—Irrigation, Navigation, Embankment and Drainage Works”. The departmental representative explained that, according to the departmental figures, duly reconciled, the figures of both the final appropriation and actual expenditure were, Rs. 14,00,000. As such, there was neither saving nor any excess. The Audit representative said that they had noted this for verification.

672. *Grant No. 156 (Page 222—AA).*—There was no material point for consideration by the Committee under this grant.

673. Replying to a question about the activities of the Ministry, the departmental representative explained that, to start with they had the Pakistan Industrial Designs Centre (PIDC) which used to import technology in this country. Now, there was a gap, because the PCSIR were doing the research work but the result thereof whatever, was not being converted into technology. They had drafted a science policy document in which all these things had been described and the gaps also pointed out.

674. Asked whether someone outside the country had exploited the discoveries/inventions made by them, the departmental representative said that, whenever they needed a technology to be created, they had to first calculate the basic parameters thereof. New methods could help produce a product cheaper and

thus make a contribution to the economy. Even if they evolved such processes presently they were not being able to exploit the same commercially. Still they had done quite a few worthwhile exercises and created technologies for Defence and Agriculture. They had compiled a report also, a copy of which would be made available to the Committee.

675. *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 Auditor-General's Report thereon. These would be deemed settled subject to such regularising action as would be necessary under the rules.

MINISTRY OF COMMUNICATIONS

676. Examination of Appropriation and other Accounts for the year 1973-74 pertaining to the Ministry of Communications and the Report of the Auditor-General thereon was taken up next.

677. The following departmental representatives were present :—

1. Maj. Gen. Shafqat Ahmed Syed, Secretary.
2. Mr. S. Ather Mahmud, D.G.P.P.O.

678. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Political Affairs and Communications ..	90
2.	Department of Shipping Control and Mercantile Marine ..	93
3.	Light Houses and Light Ships	94
4.	Other Expenditure of Ministry of Political Affairs and Communications (Excluding Group heads 'E' and 'F')	95
5.	Development Expenditure of Ministry of Political Affairs and Communications	132
6.	Capital Outlay on Ports and Shipping	151
7.	Capital Outlay on Communication Works	152

APPROPRIATION ACCOUNTS

679. *Grant No. 132 (Page 191—AA).*—The excess of Rs. 6,50,000 under the Group head "Y—Miscellaneous" was claimed due to wrong booking by the Audit. In fact there was no sanctioned grant under this Group head. The Audit representative admitted the position and said that they had made note of this for verification.

680. *Grant No. 132 (Page 191—AA).*—An excess of Rs. 4,39,533 was shown against recoveries (H—Light Houses and Light Ships—Deduct—Amount Financed from Light Houses and Light Ships General Reserve Fund). It was explained that, against the budget allocation of Rs. 12,00,000 an amount of Rs. 7,60,400 was surrendered, leaving a balance of Rs. 4,39,600 as final grant against which an expenditure of Rs. 4,39,533 was incurred during the year, leaving a saving of Rs. 67 only. The Audit representative said that they had adopted the amount in the revised estimates. The Chairman remarked that Audit should have gone by the original estimates. The Auditor-General said that this had been noted for the future.

681. *Grant No. 151 (Page 217—AA).*—A saving of Rs. 3,50,000 was depicted against the Group head "A—Development of Ports". It was explained that, out of a budget provision of Rs. 5,06,00,000, Rs. 5,00,50,000 pertained to the Port Qasim Project, while Rs. 6,00,000 related to the Seamen's Training Centre. The saving of Rs. 3,50,000 was under the demand of Seamen's Training Centre. This amount was placed at the disposal of the Pak. P.W.D., for expenditure on survey and preliminary construction of a permanent campus for the Centre. The Audit representative admitted that the Department had issued a sanction letter for Rs. 3.50 lac, which could not be accounted for. Audit was requested to check up and reconcile the figures.

682. *Grant No. 152 (Page 218—AA).*—A saving of Rs. 40,40,470 appeared under the Group head "A—Communication Works". It was stated that, according to the Departmental figures, the saving amounted to Rs. 40,00,419. The main reason for the saving was non-adjustment of a sum of Rs. 1,67,00,000 during the year. A member remarked that, in that case, there would be an excess of Rs. 1.27 crore, which has not been explained.

683. The departmental representative was directed to furnish a revised explanation, after verification from the records and the Audit office, for consideration by the Committee.

684. *Grants No. 90, 93 and 94.*—There was no material point for consideration by the Committee under these grants except reconciliation. Audit was requested to verify the discrepancies.

COMMERCIAL ACCOUNTS

National Shipping Corporation

685. *Loss of Rs. 1,21,810 in disposal of luxurious assets (Para 6, page 13—CA).*—It was explained that two buses were ordered by the then Managing Director, as it was proposed to provide transport to the N.S.C. staff on the pattern of PIA. Subsequently, in view of the deteriorating liquidity position, the proposal was dropped and it was decided to sell the buses to the highest bidder, namely the Seamen's Training Centre, Karachi, for Rs. 2 lac as the other bids were still lower.

686. Explaining the position further, the departmental representative stated that the expenditure of Rs. 3,21,810 incurred on the purchase of these buses, included the cost of the buses, duty, freight, etc. These were luxury buses requiring heavy expenditure on maintenance, spare parts, etc. The Audit representative remarked that the Department should not have purchased those buses. The Chairman concluded that this did not call for any further action.

687. *Freight tonnage carried and carrying capacity of Vessels (Para 29, page 52—CA).*—It had been pointed out that, for the year ending June, 1974 the freight tons carried stood at 10.80 lacs as against the last year's 6.35 lacs, but the Audit objection was that the carrying capacity and the utilised capacity of the vessels had not been mentioned in the report. In the absence of the above information, Audit could not verify whether the capacity available during the year had been fully utilised or not.

688. It was explained that the carrying capacity of a ship is its deadweight. The extent of capacity utilisation depends upon the cargo mix, i.e. some cargo is bulky, but lighter in weight (cubic cargo), while other is weighty though

occupying lesser space (dwt. cargo). It was, therefore, not possible to work out the capacity utilisation, as suggested by the Government Audit. The normal measure of efficient utilization of a ship's capacity was freight tons per dead-weight tons, which was 2.8 in 1973-74 as compared to 2.2 in 1972-73.

689. Replying to a query about the position in 1977-78, the departmental representative confirmed that it was 2.8 but attempts were being made to improve it further. In reply to another query as to how many tons were being carried at a time, the departmental representative said that this depended on the size of the ships. However, roughly it was about 11,000 tons. Asked whether the N.S.C. was refusing any cargo at present, the departmental representative replied in the negative and said that on the other hand, they had been seeking for cargo on more remunerative routes.

690. *Freight receivable (Para 31, page 52—CA)*.—It was pointed out that freight receivable increased from Rs. 1,58,76,000 to Rs. 2,01,25,174 as compared to the preceding year. The departmental representative explained that the size of freight outstandings on 30th June, 1974 had been reduced to Rs. 36,32,000 as on 31st December, 1978, though some of it was dated as far back as 1964-65. This amount was due from various Government and Semi-Government agencies and efforts were continuing to recover the outstandings. The major arrears as were due from them are :—

	Rs.
1. The Ministry of Agriculture	8,85,000
2. Embarkation Commandant	6,67,000
3. W.P.A.D.C	5,69,000
4. A.G., W.P., Lahore	3,36,000
5. P.O. Fs, Wah	2,33,000
6. C.M.A.	2,20,000
7. P.W.R.	78,000

691. Asked as to why was so heavy cash being kept abroad, the departmental representative explained that they have to do so for paying to the agents in New York and London, etc. The amount is, however, kept abroad for about six months. He further added that, although there was no difficulty in bringing back the foreign exchange and then taking it out, yet they keep a certain ceiling abroad to meet the requirements there from day to day. For example, they keep the cash in London to meet the cost of ship repairs, to pay for insurance and to other expenses. They were also getting interest on it.

692. The Committee directed the departmental representative to let the Committee know the reasons for bye-passing the State Bank while making these transfers.

693. *Physical verification of equipment fixed assets, stores and spares (Para 34, page 53—CA)*.—It was pointed out in the para that the physical verification of equipment on board, fixed assets and stores and spares as on 30th June, 1974, revealed certain shortages and excesses. The departmental representative explained that efforts were made to determine the source of shortages and excesses, but the Government Audit could not provide the requisite information, in the absence of which it had not been possible to offer any comments. However, the shortages/excesses found, as a result of physical verification of assets up to 30th June, 1975, had already been investigated into and adjusted.

694. A member remarked that shortages had to be recovered and not adjusted. The departmental representative submitted that, in army units, one unit might be carrying lesser but the other unit more of the same item and, most of the time, this evened out. Thus, if the accounting was correct, there should be theoretically no shortage or excess. But these things did occur and main discrepancies were pointed out after adjustments.

695. The Chairman remarked that the thing that should be taken care of was that there was no *mala fide* in adjustments.

Karachi Shipyard and Engineering Works Ltd.

696. *Strikes in the Shipyard*.—A member invited the attention of the departmental representative to the news-item appearing in the newspapers regarding strike in the Shipyard and enquired that, only last year, there was an agreement between the management and the Workers' Union for two years. The departmental representative informed the Committee that the Union were now demanding reinstatement of those dismissed or whose cases were in the Court. The Chairman remarked that this was a bigger problem than accounting.

697. *Contingent Liability (Para 44, page 72—CA)*.—It was pointed out that there was a Contingent Liability of Rs. 22,20,000 on account of a claim lodged by Pan Islamic Co. against the Shipyard due to loss by fire on 1st January, 1971 on M.V. SAYAHAT, which was under repairs in the Shipyard.

698. It was explained that as the KSEW had not acknowledged the claim of Pan Islamic Steamship Co. in respect of the fire on M. V. SAYAHAT, the claim of Rs. 22,20,000 had not been provided in the Books of Accounts for the year under discussion. However, Suit No. 13/72, filed by the party, was pending adjudication before the High Court of Sind.

699. When enquired about the grounds for denying the claim, the departmental representative said that the Insurance Co. ascribed the loss to negligence on the part of KSEW but the KSEW disputed this conclusion. Explaining the circumstances resulting in the claim, the departmental representative informed the Committee that a Shipyard worker used petrol to wash the generator in a compartment when another man started welding at the same place. A member enquired that if the Insurance Company had refused to make good the loss, then what would happen to the claim?

700. The Committee directed the departmental representative to lay the full facts of the case before the Committee.

PAKISTAN POST OFFICE DEPARTMENT

APPROPRIATION ACCOUNTS

701. *Grant No. 91 (Charged)—Expenditure on Revenue Accounts—Non-Development*.—There was an excess of Rs. 4,53,990 under this head. It was explained that the excess was due to (i) change in the rate of interest, for which orders were received after the end of the subsequent financial year, and (ii) taking incorrect figures of deficit for the year 1972-73, which continued up to 1975-76. That mistake had been rectified in the accounts for 1976-77.

702. The Chairman remarked that the excess, being entirely on the Charged section, it did not call for any further comments.

703. *Grant No. 91 (Other Expenditure)*.—An excess of Rs. 1,84,30,354 was shown under this head. It was explained that the excess had been shown by Audit correctly as the supplementary grant of Rs. 2,04,72,000 had not been taken into account. The departmental representative contended that, instead of excess there was a saving of Rs. 20,41,646. The Audit was requested to verify the position and settle the figures.

704. *Grant No. 149—Major Head “69—Capital Outlay on Post Office Department”*.—Explaining the excess of Rs. 11,45,823 under the sub-head “A—I—Capital Outlay on New Assets”, it was stated that there was a supplementary grant of Rs. 25,00,000 which had not been accounted for. This was for repairs of a building. Moreover, there was a saving of Rs. 9,49,913 under sub-head “A—II—Expenditure debitible to Renewals Reserve Fund”. Thus, there was an excess about two lakhs, due to the fact that a certain amount had been paid for the acquisition of land and was still lying under “P—Deposits”. This had now been shown as credit to the grant. The Committee did not make any further observation regarding this grant.

705. *Grant No. 149—Progressive savings or excess (Para 5(2), page 14—AA—P. T & T)*.—The percentages of saving and excesses, as reported by the Audit were disputed and the correct figures were claimed to be as under :—

1971-72	1972-73	1973-74
(+) 5.30	(+) 1.43	(+) 2.03

706. It was explained that the excess was due to the credit of Rs. 2,28,255, afforded by the Land Acquisition Collector, Rawalpindi in respect of College and Hostel at Islamabad, had been misplaced under the head “Advances Recoverable”, instead of charging the same against the project concerned. This caused an increase in the percentage for 1973-74, as compared to 1972-73, though the position was still better as compared to 1971-72.

707. On a further query, the departmental representative said that the money in question was still lying in deposits and advances had not been adjusted. It was brought to the Post Office Accounts with the assumption that it would be adjusted. But now the Audit had asked for the supply of exact details *vide* their letter received on 30th May, 1979. The Chairman remarked that this showed that the department was doing good work.

708. Asked about the reasons for the prevailing shortage of envelopes, stamps etc., the departmental representative explained that the Department had been facing trouble during the last one and a half years, but now things were improving. He added that the envelope price of 20 paise was extremely low. It should be 50 to 60 paise per envelope. That is why the Post Office had been running at a loss. A member remarked that everywhere in the world, Post Office is regarded as a public utility service and runs at a loss.

PAKISTAN TELEPHONE AND TELEGRAPH DEPARTMENT

709. *Grant No. 92—Sub-head D—Audit and Accounts*.—The excess of Rs. 3,45,697 under this sub-head was explained as having been due to lesser accounting of sanctioned grant by the Audit. The Chairman remarked that about Rs. 3 lakhs were surrendered by the Department from out of the original grant. Therefore, Audit could not be blamed for their pointing out the excess. In reply, the departmental representative said that the figures for the original budget, modifications, if any, herein and the final grant were all adopted by the Audit themselves. If there were any excesses then the department should not be hauled up. In reply to a query from the Chairman, the departmental representative submitted that the grant was got reduced on the advice of Audit.

710. *Sub-head F—Engineering and Wireless expenses—F. II Divisional Office.*—It was explained that the excess of Rs. 5,85,367 under this sub-head was due to incorrect assessment by the units. The Chairman remarked that, if it was incorrect assessment, then who made it and why was any action not taken against him? Secondly, if the assessment was incorrect, then the units should not have exceeded the amount originally placed at their disposal, because they should have known that they had exhausted the grant. The departmental representative submitted that there were about 150 Divisions and allocations were made to all of them separately. This head constituted a very big chunk of the T & T Department. In reply to a query whether the Department gave them any permissible excess limit, the departmental representative said that the ceiling for it was Rs. 1,000 only. The Chairman pointed out that the Department, when asking for a supplementary grant, should have asked for more funds. The departmental representative submitted that the excess was mainly on account of revision of pay scales. The Committee did not make any further observation.

711. *Sub-head I.—Maintenance of Assets (Page 69—AA).*—It was explained that overall excess of Rs. 54,47,398 under the Major Head "XIX-A" occurred because this was a year when there were floods. The Department obtained a supplementary grant of Rs. 6.90 lacs, for restoring long distance telecommunication network and wanted to economise on part of the expenditure in the local switching telephone system. The Department transferred some funds for this purpose, but despite their best estimation, they could not cover the entire expenditure. A member remarked that the Department failed to cover Rs. 50 lakh which is not a small amount. The departmental representative said that the floods came in August-September, but all the damage caused by floods did not become visible immediately. Certain sections of the cable remained submerged in water for four to five months and could not be handled. In the circumstances, fault continued coming to notice over a period of time. It was further stated that the money was spent by all the 150 Divisions. The departmental representative further said that, when a fault developed in a particular Division, it was removed by that Division and it was only through the Accountant-General, Post and Telegraph, Lahore, that the Department got the figures of expenditure incurred by various Divisions from month to month. Sometime, the figures of April would be received by the middle of June.

712. The Chairman observed that this meant that the Divisions had a general tendency to incur expenditure, without any specific allocation. The departmental representative said that they had a separate allocation for operation and maintenance and, within that allocation, they kept on drawing without a strict limit.

713. The Audit representative pointed out that the Committee was discussing "Apparatus and Plant" whereas the flood affected mostly telephone lines, and telegraphs and radio communication. As such the explanation of the Department was not to the point. A member added that there were three main items of expenditure, namely (i) buildings, (ii) telegraphs, telephone lines and radio communications, and (iii) Apparatus and Plant. The point, therefore, basically is that, by January or February, the Department should have known about the condition of cables and asked for additional funds. The Chairman remarked that the Department had not explained as to why additional funds were not asked for. The departmental representative informed the Committee that they asked for a supplementary grant but the same was not enough. The Committee did not press the point any further.

714. *Grant No. 150—Major Head 69—A—Capital Outlay on Telegraph and Telephone Department.*—The excess of Rs. 3,91,31,375 under sub-head "B—I.—Capital Outlay on New Assets—II. 3—Apparatus and Plant", was explained as having been due to accelerated progress of works. The Chairman

remarked that this should have been foreseen. The departmental representative regretted that as they had to base their demands on figures collected from various Account Circles, it involved a considerable delay. They promised to improve their method and procedures further.

715. The Chairman observed that some explanation was necessary because Rs. 4,78,70,900 was surrendered by the Department and then they found themselves in trouble. The departmental representative explained that nearly 50 per cent of the expenditure on development work in the T & T consisted of foreign exchange, which was controlled by the State Bank of Pakistan. After the order was placed by the T & T, it took between five to six months for the letters of credit to be retired and payments getting effected.

716. The Chairman asked the departmental representative to explain in detail as to how did the department get this debit of Rs. 3,91,31,375. The departmental representative said that the final grant under this Major head was Rs. 27,50,00,000 and the excess Rs. 3,40,46,951. The accounts for the period up to April, 1974 were received in the department on the 17th June, 1974. When the total expenditure booked amounted to Rs. 4,77,00,000. Thereupon, the Chairman observed that the procedures need to be streamlined to obviate the time-gap in the real picture of expenditure coming to notice. In reply to a query, the departmental representative explained that the bills received after the 17th June, 1974 were payable. These were paid by January next year and debited to the previous year's accounts.

717. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on any other point/para in the Appropriation/Commercial Accounts or the Auditor-General's Report thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF RAILWAYS

718. At the end the Committee took up examination of Appropriation Accounts for the year 1973-74 pertaining to the Ministry of Railways and the Report of the Auditor-General thereon.

719. The following departmental representatives were present :—

1. Mr. Hasan Zaheer, Secretary.
2. Mr. K. Shafqat Ali, Member Finance.
3. Mr. R. A. Qureshi, Financial Adviser.
4. Mr. Ghulam Mustafa, Deputy Secretary.

720. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
CIVIL		
1.	Capital Outlay on Investment in Railway	114
2.	Capital Outlay on Railways	148
PAKISTAN RAILWAYS		
1.	Ordinary working Expenses—General Administration (Other than charged)	
2.	Ordinary Working Expenses—Repairs and Maintenance (Other than Charged)	1
3.	Ordinary working Expenses—Operating Expenses (Other than charged)	2
4.	Improvement and welfare (other than charged)	
5.	Appropriation to Funds and Payment of Return on Federal/Provincial Governments Capital Investments and Miscellaneous	3
	Other Expenditure	4
		5
6.	Expenditure not met from Revenue (Other than Charged)	6

APPROPRIATION ACCOUNTS (CIVIL)

721. *Grants No. 114 and 148 (Pages 169 and 216—AA).*—There was no material point for consideration by the Committee under these grants.

APPROPRIATION ACCOUNTS (PAKISTAN RAILWAYS)

722. *Grant No. 2—Repairs and maintenance.*—There was an excess of Rs. 54,23,652 under this grant. The Chairman remarked that, although the excess had been explained, the question was as to when did this excess arise and why was a supplementary grant not asked for? The departmental representative explained that it was a flood year. Things were uncertain, giving rise to a bit of confusion.

723. *Grant No. 4—Improvement and Welfare.*—The saving of Rs. 42,58,000 under this grant was explained as having been due to—

Rs.

- | | |
|---|--------------|
| (i) Less advances applied for and granted to staff than anticipated | (—)2,85,000 |
| (ii) Less carrying out of certain works due to un-expected delay in the receipt of requisite material | (—)38,46,000 |
| (iii) Other various minor variations | (—)1,27,000 |

A member invited the attention of the departmental representative to item (ii) above and enquired if a list of the works could be made available. The departmental representative said that the works were mostly small in nature, like foot-hold bridges, platforms and shelters etc. and there were estimates against each. The member added that, in the original budget, there must have been some provision for electrification. The member asked what was the provision for it and how much of it was actually spent? If the Department came with an answer about the above, they must be prepared to support the same with details. A generalised statement on specific points should always be avoided.

724. After further discussion, the departmental representative was directed to furnish the details to Audit for their checking the accuracy thereof.

725. *Large savings (Para 6, page 3—Audit Report-Railways).*—It was pointed out that there was a saving of Rs. 54,88,535, under Grant No. 1—General Administration. The saving was explained as having been mainly due to less expenditure on settling the Provident Fund and Gratuities.

726. The Chairman observed that, if this was a result of economy measure and also known to the Department, then why was the saving of Rs. 54.88 lakhs not surrendered. The departmental representative submitted that, even if the saving was not formally surrendered, the money was not spent. The Chairman remarked that it was a question of budgeting and expenditure control and, though he had doubts about the utility of the provision for surrenders, they must be followed so long as they exist.

727. The Chairman further observed that quite a lot of variations were being pointed out under all the Heads of Accounts, mostly in the shape of savings and excesses. The Committee has, from the very beginning, been of the view that, very large savings apart, it is the excesses which need to be gone into in detail and

for which full explanations in each case will be called for. It is the excesses in expenditure which militate against financial discipline and must, therefore, be visited with strict disciplinary action.

728. *Grant No. 1—General Administration.*—There was an excess of Rs. 8,99,013 under the sub-head "Administration". The Chairman remarked that this was quite a substantial amount and enquired as to the reasons therefor. A member enquired as to why was this excess not foreseen and a supplementary grant not obtained. The departmental representative promised to furnish the required information.

729. *Grant No. 2—Repairs and Maintenance.*—There were excesses of Rs. 79,18,173 and Rs. 24,68,653 under the Group heads "B—Rolling Stock" and "C—Electrical Services" respectively. The Chairman remarked that there were quite a few excesses all along the line. As compared to the final grant, there should normally not be much variation and, by the end of the year, the Department should know as to what was their expenditure by April or May. The departmental representative submitted that, out of a total grant of Rs. 30,81,12,000, there was an excess of Rs. 54,23,652 only, which did not look so bad.

730. The Chairman remarked that it only disclosed that the Department did not know their expenditure till very late in the year. The departmental representative said that at the end of the year, many inescapable items of heavy expenditure came to notice. Thereupon, the Chairman remarked that the Department could have asked for a supplementary demand. Apparently, the Department did not have the up-to-date expenditure figures properly maintained to assist them in formulating their future requirement for funds during the year. Probably there were so many reporting officers and the Department did not get their accounts in time. The departmental representative said that, so far as the excess in Group head "B-Rolling Stock" was concerned, the coaches were not being regularly overhauled. The Chairman observed that the original grant under this Group head (Rolling Stock) was Rs. 15,78,63,000, which was raised to Rs. 16,44,27,000 through a supplementary grant of Rs. 65,64,000. Then the Department re-appropriated a sum of Rs. 1,60,47,000, because they thought that it was not required. The Department could not have it both ways. On the one hand, they said that more expenditure had to be incurred towards the end of the year but, on the other, a sum Rs. 1,60,47,000 was surrendered by them. This could be avoided if the procedures were so streamlined that the Department could be aware of the position of up-to-date expenditure all the time. The departmental representative was directed to work on this line to meet the situation. The Audit might also help the Department in evolving an appropriate procedure.

731. *Grant No. 3—Operating Expenses.*—There was saving of Rs. 1,28,03,539 under the Group head "A-Operation Fuel" and excesses of Rs. 33,04,703 and Rs. 80,09,340 under the Group heads "B-Operating staff" and "C-Operation other than Staff and Fuel", respectively. The Chairman remarked that here also the same position obtained as in Grant No. 2.

732. In reply to a query, the departmental representative said that the reduction in traffic was due to the train services having remained suspended on account of floods.

733. *Appropriation and Control over expenditure (Para 6, page 2—Audit Report).*—It was pointed out that there was a saving of Rs. 8,30,99,416 on the Revenue Account and of Rs. 9,39,74,429 on Capital expenditure, outside the

MINISTRY OF RAILWAYS

Revenue Account. The Chairman remarked that the department had surrendered some money on the Capital account, but it was not sufficient. As such, there was un-surrendered saving at the end. The departmental representative explained that the Department had invited tenders for sleepers, one of which was accepted. The manufacturers represented about the end of the year that, due to increase in cost, they would not be able to supply the material. Therefore, the Department could not complete the programme.

734. The Chairman observed that the variations had not been fully explained, on the revenue side, showing that there was lack of control over expenditure. Then, there was also lack of knowledge about the expected expenditure on the Capital account. Thus, either too much budget had been asked for the projects or the Department was not in a position to implement them or some hitch had come in the way of fuller utilisation, which had not been explained.

735. It appeared that, towards the end of the year, they were trying to pile up stocks which was a mistake. The departmental representative submitted that their difficulty was that the sleepers became useless. The Haripur Bund was inundated and this made the track ineffective. Moreover, their Kerosene Oil factory also could not function properly. A member remarked that the main reason was, perhaps, non-availability of rails from foreign countries because of which large amounts could not be spent. The departmental representative explained that, in 1974-75, the annual development programme utilisation was 73%, in 1975-76 112% and in 1976-77 92%. The Chairman concluded by saying that 1973-74 was perhaps one of the worst years for implementation, for the reasons furnished.

736. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on any other point|para in the Appropriation Accounts (Civil as well as Pakistan Railways) or the Report of the Auditor-General thereon. These would be deemed settled subject to such regularisation action as would be necessary under the rules.

737. With the completion of the examination of the accounts of the Pakistan Railways, the Committee completed its examination of the 1973-74 Federal Accounts and the Reports of the Auditor-General of Pakistan thereon.

738. The Committee finally discussed its future programme and decided to take up the examination of the Federal Accounts for 1974-75 and the Report etc. of the Auditor-General thereon in its next session, to commence from July 21, 1979.

739. The Committee then adjourned to meet on the 21st July, 1979.

M. A. HAQ,
Secretary.

Islamabad, the 28th August, 1979.

APPENDIX I

(133-134)

Appendix I

(See para 379 of Annex I)

COPY OF D.O. LETTER No. 3 (5) FAA-III/72, DATED FEBRUARY 26, 1979

Kindly refer to your d.o. letter No. F. 2 (1) BV/79-201, dated the 8th February, 1979 regarding the points raised by *Ad hoc* Public Accounts Committee in its last meeting about the reconciliation of Foreign Aid Accounts by this Division with the agencies/departments concerned.

2. In this connection it may be stated that in accordance with the provisions of para 12 of the booklet "Revised Consolidated Procedure for Accounting of Foreign Economic Aid to Pakistan" and para 28 of the booklet "Procedure for Accounting of Foreign Loans and Credits to Pakistan", the responsibility for the maintenance of Accounts of Foreign Aid Loans/Credits/Grants devolves on the A.G.P.R. and other Accounts Officers concerned. Such accounts are to be maintained by them on the basis of advices issued by Economic Affairs Division. Further the local audit of all projects for which Foreign Aid has been received also constitutes the responsibility of Pakistan Audit Department as laid down in para 45 of the booklet R. C. A. P. The provisions of both the booklets which have been issued by Finance Division have been drawn with the concurrence of Auditor-General of Pakistan and as such there cannot be any dispute about the responsibility of Pakistan Audit Department as stated above. The reconciliation of Foreign Aid Accounts with the agencies/departments concerned is thus collected at two stages. At the first stage the Departmental Officers/Administrative Ministries/Divisions etc. carry out the reconciliation of expenditure in respect of Foreign Aid booked under the relevant Service Capital or other heads of Account under the respective demands or Appropriations in the same manner as is done in the case of expenditure from own resources. At the second stage the reconciliation is effected when local audit of the Foreign Aided Projects is carried out by Audit Department and accounts of those projects are examined to verify that the Aid received in different shapes has been correctly incorporated in those accounts. The report on the reconciliation of accounts of Foreign Aid, therefore, can be furnished by the Auditor General of Pakistan and the same may be obtained from him.

3. I would like to point out that the department officers/Administrative Ministries/Divisions seem to have absolved themselves from all the responsibility concerning the transactions of Foreign Aid relating to the Projects under their Administrative Control. They have wrong impression that where Foreign Aid is involved it is the Economic Affairs Division who has to bear all the responsibilities and this misunderstanding of their's was also echoed in the last meeting of *Ad hoc* P.A.C. The correct position is that once the Agreement for Aid has been signed, the executing Agencies/Project Authority have to take necessary action for the utilisation of Aid (except in the case of Cash Aid). These authorities have also the first hand information of all the aid received for the Project because all aid in blind is received by project authorities direct without being routed through this Division or Finance Division as is the case with Cash Aid. The Executing Agencies/Project Authorities have, therefore, to share full responsibility for the utilisation of Aid. They have also to maintain complete Accounts of Foreign Aid in accordance with directions issued in this connection from time to time. Last such direction was issued *vide* No. 3 (1) FAA-III/64 dated 31st December, 1970. It may also be stated that provision for expenditure in respect of Foreign Aid for projects under the Administrative control of other Ministries and Divisions are made in the Demands/Appropriation of the respective Ministries and Divisions. The Ministries and Divisions have therefore, to exercise necessary control over expenditure against Foreign Aid as laid down in Rule-88 of the General Financial Rules Vol-I. They are

also responsible jointly with the Audit Department for the reconciliation of the expenditure against Foreign Aid as laid down in Rules 89,4 (viii) and 90 of General Financial Rules Vol-I. Any discrepancy between the figures booked by the Accountant General and the figures as per accounts maintained by the Departments has to be pointed out by the Departmental representative and got adjusted in the accounts expeditiously. Ministries and Divisions, however, do not seem to realise their responsibilities. The desirability of issuing necessary directions by Finance Division to all the Ministries/Divisions for the proper maintenance of accounts and reconciliation of these accounts with the Audit figures may, therefore, be considered.

With regards.

Yours sincerely,

RAHATULLAH KHAN.

**Mr. Inamul Haq,
Joint Secretary (B),
Finance Division,
Government of Pakistan,
Islamabad.**

ANNEXURE II

(137-138)

Annexure II

(See para 8 of Report).

COPY OF PARAS 11—13 FROM THE PAC REPORT ON THE ACCOUNTS FOR 1972-73**(3) FINANCIAL INDISCIPLINE****Excesses not covered by matching grants**

11. Under its terms of reference, the Committee was required to satisfy itself that money, shown in the accounts as disbursed, were legally available for the purpose for which they were charged and the expenditure conformed to the authority. It was noticed that, as in past years, instances abounded where excess expenditure was incurred over sanctioned grants and the departments concerned failed to foresee the need for additional funds, when preparing their Revised Estimates and to ask for and obtain matching Supplementary Grants, in time. Such excesses usually betrayed a lack of budgetary control and timely assessment of funds requirements on the part of Principal Accounting Officers, a poor inbuilt system of the latter being posted with up-to-date expenditure and/or an inadequate effort to keep the expenditure within the sanctioned grant. Paras 124, 145, 148, 153, 211, 335, 338, 409, 497, 503, 798, 800, 848 and 965 in Annexure I, may be seen as instances in point. The excess expenditure incurred in these cases were, thus irregular.

12. In some cases, excesses were explained as being either due to the additional funds asked for having been refused by the Ministry of Finance or reduced allotments *vis-a-vis* the amounts originally asked for. The above explanations did not impress us, because the Ministries/Divisions etc. concerned had no authority to incur any expenditure in excess of the sanctioned grants or later concurred in by the Ministry of Finance.

13. The Committee has, therefore, to reiterate its earlier recommendation in para 16 of the Report on the Accounts for 1971-72, namely that this recurring financial indiscipline be brought home by the Finance Division to the Principal Accounting Officers of Ministries/Divisions, setting out clearly their responsibilities and need for their closer supervision in this behalf. They should be asked to ensure that anyone found guilty of such financial indiscipline, due to negligence, carelessness or deliberate disregard of rules, is brought to book, under the rules.

ANNEXURE III

(141—142)

Annexure III

(See para 20 of Report).

1. Copy of Para 19 from the PAC Report on the Accounts for 1970-71

19. Cash payment in lieu of book adjustment in inter-departmental transactions. The Committee also found much confusion in the Accounts resulting from the existing system of book adjustments in inter-departmental transactions. Savings and excesses in most of the grants occurred because of non-receipt of timely information about credit/debit through book adjustments from the concerned quarters. To improve budgetary control and settlement of accounts by the end of each financial year, we suggest that consideration be given to the system of cash payments in inter-departmental transactions.

2. Copy of Para 15 from the PAC Report on the Accounts for 1972-73***Belated Adjustments :***

15. It is noted with concern that one of the reasons advanced for excesses in grants was belated receipt of book-debits. In some cases, savings were also ascribed to non-receipt of book-debits by the spending agencies, in time. It is recommended that, to get over these problems, the departments should maintain a ledger of account, showing details of all likely adjustable debits during the year. These should be taken into account, while preparing the next budget estimates. Similarly, the departments must also maintain a record of all the transactions entered into and financial commitments made, but not paid for, during the year. Without a proper record of the payables at the beginning of each year and the unpaid bills at the end thereof, no correct assessment of belated adjustments could be possible.

ANNEXURE IV
STATEMENTS NOS. 1—5

(145—146)

Annexure IV

(See para 81 of the Report).

STATEMENT No. 1
Summary of Results of Appropriation Audit
(Appropriation Accounts 1973-74)

(In lacs of Rupees)

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Variation Excess + Saving—	Percentage
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
Voted					
Expenditure met from Revenue :					
Civil	2,79,03	5,53,99	4,94,36	—59,63	10.76
Defence	4,25,00	4,76,15	4,97,11	+20,96	4.40
Posts, T&T	34,32	37,69	37,50	—19	0.50
Railways	92,47	1,08,87	1,02,28	—6,59	6.05
Total	8,30,82	11,76,70	11,31,25	—45,45	3.86
Expenditure met from Capital :					
Civil	5,59,35	7,25,38	6,82,09	—43,29	5.97
Defence	—	—	—	—	—
Posts, T&T	28,20	28,45	31,87	+3,42	12.02
Railways	20,86	20,86	11,46	—9,40	45.06
Total	6,08,41	7,74,69	7,25,42	—49,27	6.36
Disbursement of Loans and Advances...	1,44,15	1,54,37	1,16,24	—38,13	24.70
Total (Voted)	15,83,38	21,05,76	19,72,91	—1,32,85	6.31
Charged					
Expenditure met from Revenue :					
Civil	2,22,87	2,23,79	2,15,54	—8,25	3.69
Defence	—	—	—	—	—
Posts T&T	4,61	5,24	11,70	+6,46	123.28
Railways	14,25	14,25	12,53	—1,72	12.07
Total	2,41,73	2,43,28	2,39,77	—3,51	1.44
Expenditure met from Capital :					
Civil	—	1,26	1,12	—14	11.11
Disbursement of Loans and Advances	1,73,14	1,74,06	1,69,61	—4,45	2.56
Repayment of Debt.	25,71,65	27,29,67	27,82,46	+52,79	1.93
Total (Charged)	29,86,52	31,48,27	31,92,96	+44,69	1.42
Total Expenditure met from Revenue	10,72,55	14,19,98	13,71,02	—48,96	3.45
Total Expenditure met from Capital	6,08,41	7,75,95	7,26,54	—49,41	6.37
Total Disbursement of Loans and Advances	3,17,29	3,28,43	2,85,85	—42,58	12.96
Total Repayment of Debt	25,71,65	27,29,67	27,82,46	+52,79	1.93
Grand Total	45,69,90	52,54,03	51,65,87	—88,16	1.68

STATEMENT No. 2

Analysis of Savings and Excesses by Main Departments

(In lacs of Rupees)

1	Final Grant	Expenditure	Saving— Excess +	Percentage
2	3	4	5	
	Rs.	Rs.	Rs.	Rs.
(a) As Compared with Gross Grants including surrenders within the Grants				
Civil	45,62,52	44,61,42	—1,01,10	2.22
Defence	4,76,15	4,97,11	+20,96	4.40
Posts, T&T	71,38	81,07	+9,69	13.58
Railways	1,43,98	1,26,27	—17,71	12.30
Total ..	<u>52,54,03</u>	<u>51,65,87</u>	<u>—88,16</u>	<u>1.68</u>
(b) As Compared with Net Grants excluding surrenders within the Grants :				
Civil	44,41,14	44,61,42	+20,28	0.46
Defence	4,76,15	4,97,11	+20,96	4.40
Posts, T&T	70,94	81,07	+10,13	14.28
Railways	1,31,39	1,26,27	—5,12	3.90
Total ..	<u>51,19,62</u>	<u>51,65,87</u>	<u>+46,25</u>	<u>0.90</u>

STATEMENT No. 3

Analysis of the Savings and Excesses under Revenue, Capital and
Loans and Advances

(In lacs of Rupees).

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Ex- penditure	Excess + Saving—	Percen- tage
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	Rs.
Civil					
Expenditure met from Revenue :					
Voted	2,79,03	5,53,99	4,94,36	—59,63	10.76
Charged	2,22,87	2,23,79	2,15,54	—8,25	3.69
Total	5,01,90	7,77,78	7,09,90	—67,88	8.73
Expenditure met from Capital :					
Voted	5,59,35	7,25,38	6,82,09	—43,29	5.97
Charged	—	1,26	1,12	—14	11.11
Total	5,59,35	7,26,64	6,83,21	—43,43	5.98
Disbursement of Loans and Advances :					
Voted	1,44,15	1,54,37	1,16,24	—38,13	24.70
Charged	1,73,14	1,74,06	1,69,61	—4,45	2.56
Total	3,17,29	3,28,43	2,85,85	—42,58	12.96
Repayment of Debt :					
Charged	25,71,65	27,29,67	27,82,46	+52,79	1.93
Total (Civil)	39,50,19	45,62,52	44,61,42	—1,01,10	2.22
Defence					
Expenditure met from Revenue :					
Voted	4,25,00	4,76,15	4,97,11	+20,96	4.40
Expenditure met from Capital :					
Total Defence	4,25,00	4,76,15	4,97,11	+20,96	4.40
Posts, T&T					
Expenditure met from Revenue :					
Voted	34,32	37,69	37,50	—19	0.50
Charged	4,61	5,24	11,70	+6,46	123.28
Total	38,93	42,93	49,20	+6,27	14.61
Expenditure met from Capital :					
Voted	28,20	28,45	31,87	+3,42	12.02
Total (Posts, T&T)	67,13	71,38	81,07	+9,69	13.58
Railways					
Expenditure met from Revenue :					
Voted	92,47	1,08,87	1,02,28	—6,59	6.05
Charged	14,25	14,25	12,53	—1,72	12.07
Total	1,06,72	1,23,12	1,14,81	—8,31	6.75
Expenditure met from Capital	20,86	20,86	11,46	—9,40	45.06
Total (Railways)	1,27,58	1,43,98	1,26,27	—17,71	12.30
GRAND TOTAL	45,69,90	52,54,03	51,65,87	—88,16	1.68

STATEMENT No. 4

Statement showing Excess over Grants which require to be regularised
(See Paragraph 83(ii) on page 19 of the Report)

Sl. No.	No. and Name of the Grant	Final Grant	Actual Expenditure	Excess
1	2	3	4	5
	CIVIL	Rs.	Rs.	Rs.
1.	5.—Federal Public Service Commission	14,38,000	14,47,318	9,318
2.	6.—Rehabilitation of War Displaced Persons ..	25,71,59,000	32,07,94,062	6,36,35,062
3.	9.—Ministry of Commerce	1,92,35,000	2,01,93,635	9,58,635
4.	12.—Ministry of Defence	32,33,000	40,02,973	7,69,973
5.	18.—Archaeology and Museums	43,79,000	2,58,52,680	2,14,73,680
6.	20.—Government Colleges and Schools ..	49,88,000	51,13,845	1,25,845
7.	22.—Finance Division	1,31,05,000	1,38,52,603	7,47,603
8.	23.—Audit	4,68,39,000	4,77,45,468	9,06,468
9.	26.—Superannuation Allowances and Pensions ..	3,90,61,000	3,91,58,823	97,823
10.	30.—Sea Customs	1,65,08,000	1,65,09,918	1,918
11.	32.—Taxes on Income, Corporation Tax, and Sales Tax	1,95,22,000	1,98,63,076	3,41,076
12.	35.—Economic Affairs Division	46,20,000	55,04,331	8,84,331
13.	37.—Technical Assistance Schemes	6,37,40,000	7,29,52,637	92,12,637
14.	41.—Plant Protection Measures	52,52,000	52,72,824	20,824
15.	45.—Ministry of Foreign Affairs	1,50,90,000	1,53,34,971	2,44,971
16.	46.—Foreign Affairs	9,23,92,000	9,74,67,514	50,75,514
17.	49.—Ministry of Fuel, Power and Natural Resources	31,81,000	46,35,790	14,54,790
18.	56.—Interior Division	35,26,000	36,58,396	1,32,396
19.	57.—Passport Organisation	67,27,000	69,69,109	2,42,109
20.	60.—States and Frontier Regions Division ..	20,51,000	20,99,900	48,900
21.	62.—Centrally Administered Tribal Areas ..	2,57,06,000	2,68,35,982	11,29,982
22.	64.—Other Expenditure of States and Frontier Regions Division	58,000	67,737	9,737
23.	67.—Ministry of Industries	26,11,000	26,46,966	35,966
24.	69.—Department of Investment Promotion and Supplies	60,98,000	62,25,128	1,127,128
25.	70-A.—Subsidy on Edible Oil	26,91,44,000	26,91,44,300	300
26.	71.—Ministry of Information and Broadcasting, Auqaf and Haj	79,78,000	88,75,362	8,97,362
27.	73-A.—Broadcasting Stations	—	2,54,060	2,54,060
28.	74.—Other Expenditure of Ministry of Information and Broadcasting, Auqaf and Haj	3,57,39,000	3,60,60,775	3,21,775
29.	75.—Labour and Local Bodies Division ..	30,10,000	31,13,700	1,03,700
30.	79.—Civil Works	6,17,86,000	9,80,75,530	3,62,89,530

1	2	3	4	5
31.	83.—Elections	24,85,000	26,88,292	2,03,292
32.	85.—Other Expenditure of Ministry of Law and Parliamentary Affairs	42,28,000	43,65,977	1,37,977
33.	90—Ministry of Political Affairs and Communications	37,75,000	38,09,877	34,877
34.	97-A.—Other Expenditure of Production Division ..	99,000	99,276	276
35.	104.—Other Expenditure of Ministry of Science and Technology	2,86,76,000	2,90,75,646	3,99,646
36.	119.—Development Expenditure of Economic Affairs Division	1,79,22,000	2,62,14,069	89,92,069
37.	125.—Development Expenditure of Centrally Administered Tribal Areas	4,16,32,000	6,13,05,967	1,96,73,967
38.	125-A.—Development Expenditure of States and Frontier Regions Division	—	22,18,969	22,18,969
9.	130.—Development Expenditure of Works and Rehabilitation Division	9,20,000	33,84,833	24,64,833
	147.—Capital Outlay on Rehabilitation of Displaced Persons from Kashmir	1,00,000	1,00,332	332
PAKISTAN POST OFFICE, TELEGRAPH AND TELEPHONE				
a	92.—Telegraph and Telephone Department ..	21,80,27,000	21,81,77,810	1,50,810
r	149.—Capital Outlay on Post Office Department..	94,56,000	96,51,919	1,95,919
	150.—Capital Outlay on Telegraph and Telephone Department	27,50,01,000	30,90,46,951	3,40,45,951
DEFENCE				
	16.—Defence Services	4,76,15,00,000	4,97,11,20,950	20,96,20,950
PAKISTAN RAILWAYS				
	2.—Repairs and Maintenance	30,81,22,000	31,35,35,652	54,23,652

STATEMENT No. 5

Statement showing Excess over charged Appropriation which require to be *repaired* (See paragraph 83(ii) on page 19 of the Report)

Sl. No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
1		2	3	4
		Rs.	Rs.	Rs.
CIVIL				
1.	23.—Audit	39,90,000	46,32,747	6,42,747
2.	79.—Civil Works	16,49,000	20,05,107	3,56,107
3.	88.—National Assembly	1,27,000	1,27,164	164
4.	Staff, Household and Allowances of the President	41,89,000	51,38,445	9,69,445
5.	Repayment of Debt	27,29,66,99,000	27,82,46,12,159	52,79,13
PAKISTAN POST OFFICE, TELEGRAPH AND TELEPHONE				
6.	91.—Post Office Department	55,22,000	59,75,990	4,53,990
7.	92.—Telegraph and Telephone Department	4,68,20,000	11,10,05,129	6,41,85,129