



REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF THE

GOVERNMENT OF PAKISTAN

FOR THE YEAR

1974-75



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The recommendations of the Committee, summarised in para 77 of the Report, were approved by the President on the 13th March, 1980.

GOVERNMENT OF PAKISTAN

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NATIONAL ASSEMBLY SECRETARIAT

REPORT OF THE AD-HOC PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEAR 1974-75.

Preliminary :

This Fifth Report of the *Ad-hoc* Public Accounts Committee, set up by the Government under Notification, dated the 25th March, 1978 relates to the Federal Accounts for 1974-75. The Appropriation and other Accounts of the Federal Government for 1974-75 and the Auditor-General's Reports thereon were examined by the Committee in its meetings held in the National Assembly Secretariat, State Bank Building, Islamabad from the 21st to 24th July, 1979. The Chairman and all the other members attended the meetings except Mr. Mushtaq Ahmad, a member, who was reportedly ill.

Up-to-date Position of Backlog

2. With the submission of this Report, the backlog since 1970-71 would have been largely cleared. However, the Committee continued its relentless effort to liquidate the remaining arrear Accounts. The Federal Accounts and the Reports of the Auditor-General thereon for 1975-76 were circulated by the Finance Division to Ministries|Divisions in September, 1979 for replies and the Committee examined them from the 13th October, 1979. The compilation|printing of the Federal Accounts for 1976-77 was also reportedly in hand and these Accounts are expected to be ready with the Auditor-General for submission to the Ministry of Finance by the end of October, 1979. Further progress in this behalf will be touched upon in the Report on the Accounts for 1975-76.

Proceedings of the Committee as part of this Report

3. The proceedings of the Committee, during its sittings from the 21st to 24th July, 1979 are attached as Annexure I. The specific recommendations|observations made and directions given by the Committee during its deliberation are incorporated in the proceedings and may be deemed to form part of this Report.

Lapses noted in the Accounts for 1974-75

4. Some common lapses, which were pointed out by the Committee in its Reports for 1970-71 and subsequent years were also found to have occurred during the year 1974-75. Persistent efforts must be made by all concerned to eliminate them and prevent their recurrence. The typical ones of these, in addition to the recommendations, observations and directions contained in Annexure I, are brought out under relevant "heads" below, for information and suitable action.

(1) FINANCIAL INDISCIPLINE|IRREGULARITIES

5. We regret to point out that, as in the previous years, excess expenditure of considerable magnitude over the sanctioned grants without obtaining and, in some cases, even asking for matching supplementary grants, continued to be

incurred by the Ministries|Divisions during the year under report. Paras 51, 90, 94, 97, 101, 113, 114, 118, 336, 348, 387, 482, 495, 572, 576, 626, 644, 694, 817, and 881 in Annexure I relate to this irregularity. All such excess expenditure was *irregular*. The Committee would, therefore, reiterate the recommendations made by it in paras 12 and 13 of its Report on the Accounts for 1972-73 (copy at Annexure II) and emphasise once again the need to enforce the implementation of the recommendations made therein.

(i) Non-surrender of savings

6. The Accounts revealed that Ministries|Divisions have also not been following the rule about surrender of anticipated savings, before the close of the financial year. Paras 10, 38, 102, 105, 107, 274, 278, 279, 312, 407, 410, 459, 471, 820 and 883 in Annexure I contain such cases in point. These instances of non-surrender of savings denote a laxity of control over expenditure on the part of Ministries|Divisions and a lack of timely assessment of funds requirements by the Principal Accounting Officers. The Committee would like the Ministries|Divisions to take remedial steps, by evolving suitable procedures, so that they would remain fully posted with the up-to-date figures of expenditure and recurrence of the above irregularities is avoided in the future.

(ii) Incurring expenditure after refusal by Finance Division

7. Instances of the above nature will be found in paras 95, 333, 513, 573 and 578 of Annexure I. As the expenditure in all these cases had taken place in blatant disregard of financial rules and specific Government instructions this irregularity must be viewed seriously and suitable disciplinary action taken against the defaulters, where called for.

(iii) Obtaining unnecessary supplementary grant

8. The supplementary grants obtained by Ministries|Divisions in the cases referred to in paras 479, 578 and 615 of Annexure I, later proved to be unnecessary. This again showed a lack of budgetary control and maintenance and timely communication of up-to-date accounts of expenditure on the part of the concerned authorities, underlining the necessity of rectifying this weakness in the system.

(iv) Irregular expenditure on renovation etc.

9. The Ministry had asked for a supplementary grant of Rs. 32 lac to renovate the Foreign Office Building, but only Rs. 24 lac was sanctioned and Rs. 2.95 lac was squeezed out of economy elsewhere. However, a supplementary grant for the balance was requested for on the 14th May. Notwithstanding the refusal of the Ministry of Finance to sanction additional funds, the Ministry continued to incur expenditure in complete disregard of rules.

10. In the Committee's view, the Ministry had no authority to incur expenditure in excess of the sanctioned grant, particularly after the same had been categorically refused by the Ministry of Finance. The expenditure so incurred stood

out as a glaring instance of financial indiscipline. To deter people from indulging in this serious irregularity, the Departments should invariably fix responsibility for approving incurring excess expenditure, particularly after refusal by the Ministry of Finance to sanction the matching supplementary grant, and take strict action against those responsible.

(Paras 572—74)

(v) Irregular|un-authorised|avoidable expenditure

11. During the examination of the accounts of Manpower Division, the Committee noticed that an allocation of Rs. 11.6 million was obtained for the NDVP in 1973-74, Rs. 47.96 million in 1974-75, Rs. 15.24 million in 1975-76 and Rs. 8.05 million in 1976-77, even though the PCI proforma for the Scheme was not yet approved. It was stated that the Scheme had since been submitted to the Planning Division and was being processed by them. The fact that expenditure of the above amounts had been incurred during the said 4 years, without any approved Scheme, needs to be looked into by the Finance and Planning Divisions for suitable preventive action.

(Paras 258—62)

(vi) Incurring expenditure of Rs. 20,26,784 without sanctioned estimates and provision of funds.

12. The Committee noted that a Department incurred the above-mentioned expenditure in 1974-75 against eleven estimates, without proper sanctions etc. Nine of them had since been reportedly sanctioned, but two are under investigation and still awaiting approval, as they relate to very old works, details of which are not easily forthcoming. The recurrence of this kind of financial indiscipline has been repeatedly pointed out by the Committee in its Reports for earlier years. It is again recommended that strict instructions be issued forewarning all concerned against this lapse in the future.

(Para 684)

(vii) Disciplinary proceedings for financial irregularities, non-observance of codal formalities or exceeding financial|administrative powers delegated to subordinate authorities.

13. A few instances of financial irregularities have been pointed out in paras 343, 351, 359 and 684 of Annexure I. The Committee recommends that a directive be issued, requiring the heads of departments and Principal Accounting Officers to initiate disciplinary action against all those who may be found, in disregard of the allocations, to have authorised expenditure beyond the sanctioned grant, approved the execution of works without the completion of codal formalities in advance or accorded sanction for expenditure beyond their competence.

(2) ACCOUNTING DEFECTS

(i) Non-reconciliation|Incorrect posting of Accounts

14. Like the accounts for the previous year, the accounts for 1974-75 also abounded in inaccuracies and non-reconciliation|non-posting|mis-postings of

accounts. Paras 64, 89, 105, 107, 113, 159, 169, 235, 242, 273, 279, 289, 414, 449, 450, 459, 485, 595, 601, 603, 628, 641, 697, 780, 880 and 883 in Annexure I contain such instances in point.

15. In some cases, where the figures appearing in the Appropriation Accounts, presented by Audit, were contested by the departments, the Committee felt obliged to direct the latter to re-check|verify the figures before finalising them. The root causes of discrepancies between the figures furnished by Audit and the departments were identified to be irregular postings of expenditure and non-reconciliation of accounts.

16. The Committee would, therefore, like to reiterate the recommendation made by it in its earlier reports that a more workable procedure of periodical reconciliation of accounts is laid down, preferably in consultation with the Ministries|Divisions etc., so that one agreed set of appropriation and expenditure figures are reflected in the Appropriation Accounts. This will save the Committee from having frequently to listen, in its meetings, to inconclusive contentions between the representatives of Audit and the Departments about each others figures. Unless effective steps are taken to implement a suitably devised procedure and disciplinary action taken against those disregarding the same, the position in this regard is likely to remain unsatisfactory, as hitherto.

(ii) Evolution of new procedure|system for maintenance of stores account

17. Audit had pointed out that Rs. 32,04,406, being the balance cost of the 1966-67 crop against an advance of Rs. 18,50,00,000, could not be paid to the Government of West Pakistan, as qualitative accounts had not been finalised as yet. The Committee came to the conclusion that the department should start with the opening stocks before one crop|season, add to it the purchases made during the fiscal year and subtract therefrom the outgoings, to arrive at the net holding by the end of that crop|season. The Department should try to maintain their accounts, crop|season-wise. Audit was also requested to examine the proforma that may be prescribed for maintaining these accounts.

(Paras 296—97)

(iii) Project Cost

18. It was pointed out that certain projects had been already completed and handed over to the Irrigation Department, but their costs were still borne on the books of WAPDA's IBP Division. The departmental representative explained that non-transfer of the cost of completed projects to the departments, who had taken them over from WAPDA, did not necessarily encumber the Authority's accounts, as the operating agencies were not unaware of their cost. On the other hand, the figures were indicative of the total development work done by WAPDA and the sums received and expended by it. This did not appear to the Committee to be logical. If the WAPDA did not own any irrigation projects, there was no reason why the latter's accounts should continue to remain on the formers books.

19. The Committee recommends that WAPDA should take this issue up with the Government. Such projects should be, appropriately, transferred to Government.

20. When asked about the Indus Basin Works Accounts, the Committee was informed that these were being prepared separately. For a full and complete picture thereof, it was suggested that names of individual governments, who may have provided any funds or loans, should also be included in the Accounts, indicating their contributions, separately.

(Paras 184—88)

(3) LOSSES TO GOVERNMENT

21. The Committee came across several instances of major and minor losses to Government in the Accounts for 1974-75. They have been discussed in detail in the proceedings at Annexure I. Some of the notable instances of financial losses to Government, due to infructuous expenditure, mis-appropriation, embezzlement, fraudulent payment, non-acceptance of lowest tender, irregular/unauthorised expenditure etc., are dealt with below.

(i) Infructuous expenditure of Rs. 15,50,546

22. The Audit pointed out that the Board of Directors of the National Shipping Corporation had decided, in 1970, to establish a first class restaurant in the NSC building, to cater to the occupants of the building, and attract foreign tourists. A sum of Rs. 15,50,546 (Rs. 7,48,308 in foreign exchange) was accordingly spent on the scheme and many of the purchases for it were also made in violation of the Customs Act. Later, the project was found to be impractical and abandoned. The Board, however, refused to approve the scheme, as it seemed to have been taken up under political pressure.

23. The Committee has directed the Audit to have it checked whether any of the expenditure incurred on the Scheme could now be retrieved and then report to the Committee for its further consideration of this case. This infructuous expenditure is brought to the notice of the Government, for suitable action and issuing instructions to prevent future recurrences of this nature.

(Paras 651—53)

(ii) Misappropriation of pay and allowances of Rs. 8,974

24. Though pertaining to 1974-75, this case has not been finalised as yet. The Committee was informed that the Cashier involved has been under suspension for the last five years, but it was not satisfied with the departmental explanation. It would like the Ministry to finalise action on it, as expeditiously as possible.

(Paras 769—70)

(iii) Embezzlement of about Rs. 3,50,000 in the sale of tickets

25. The Committee noted, with surprise, that the persons involved in this case were re-instated after the Court's decision, while the case itself was not pursued in the Court properly and was decided against the Department in default. Not only this, five of the defaulters were still working with the Railways, three of whom had since been promoted and one had retired with full pensionary benefits. The Committee was not satisfied with the manner in which this case was handled by the Department and directed that a fuller report be submitted to it, for its consideration.

(Para 822)

(iv) Fraudulent payment

26. In 1975, Audit detected some fraudulent payment made by officials in the Railways department to a quarry contractor. The Committee was informed that the findings of the Inquiry Committee were challenged by the contractor. As a result, the matter had been referred again to the Inquiry Committee, whose findings are awaited. The department has been requested to supply a copy of the Inquiry Report to the Audit, for reporting back the case to the Committee, if necessary. The Department should be asked to have inquiries of this nature finalised without inordinate delay and take prompt action against the defaulters, in future.

(Paras 824—27)

(v) Fraudulent drawal of travelling allowances

27. The Railway Administration detected a fraud, committed by certain relieving staff of a Division, in the drawal of their travelling allowances, and constituted an Inquiry Committee in September, 1974. It was noted that the relieving staff used to be booked to work at different stations against fictitious shortages or leave vacancies, without demand from these stations or posting orders by the competent authority. The relieving staff, in collaboration with the relief clerk, claimed bogus travelling allowances, amounting to Rs. 2,25,456. This fraud became possible due to non-observance of the existing procedures and laxity of control by the supervisory officers. The Committee was informed that the matter was still under investigation with the FIA; the recovery of the amount, fraudulently drawn by each individual, had been taken in hand and the penalty of stoppage of annual increment for one year, on the basis of recommendation of the Inquiry Officer, had also been imposed on each of the officials involved.

28. Mere stoppage of increment for one year as a disciplinary measure was too light a punishment for such a grave offence. It needs to be once again impressed upon the competent authorities that a punishment loses its very object if it is patently too lenient and not commensurate with the gravity of the offence.

(Paras 828—32)

(vi) Extra expenditure (Rs. 5,96,418) and cost of sugar (Rs. 12,86,260) despatched in excess to Afghanistan.

29. 15,666 tons of sugar were reportedly despatched to the Afghan Government during 1974-75, instead of 15,000 tons. The departmental explanation was not found to be satisfactory, as the bags in which sugar was so despatched had been standardised by the department and they could know in advance the total quantity of sugar from the number of bags sent. Accordingly, there should have been no excess despatch of 666 tons of sugar. The Committee was informed that a claim for the cost of additional supply of sugar had been lodged with the Afghan Government, who had not yet accepted the same. It seems that the excess supply might have been effected due to some procedural defect. The supply procedure should, therefore, be reviewed by the department, to obviate a recurrence of such incidents.

(Paras 267-71)

(vii) Extra expenditure of Rs. 6,80,750 due to non-acceptance of the initial lowest rates.

30. The details of the case are contained in paras 354-55 of Annexure I. This appreciable loss occurred mainly due to the non-observance of the required codal formalities before the floating of tenders. The Additional Chief Engineer was said to have been responsible for the irregularity, but he is no longer in service. The Committee would recommend that peremptory instructions be issued, enjoining upon all concerned a strict observance of codal formalities regarding the calling of tenders. Those found guilty of violating the instructions should be taken severely to task.

(viii) Losses due to delay in finalising contract and non-recovery of risk and cost from the defaulting firm.

31. Against the dead-line of 31st August for the purchase of certain stores, the department finalised the contract on the 16th September, resulting in an extra payment of Rs. 50,000. Unfortunately, it took two years to finalise the purchase of the stores, locally, and the delay was ascribed to some technical man not having been available to examine the goods. The Committee could not but share the view of Audit that there was a deliberate delay in the procurement, to afford an advantage to the firm. There were number of defaulting firms under this contract, but no action was taken against them for recovery and none was black-listed.

32. The Committee recommends that the Department should scrutinise this transaction once again and initiate action against the suppliers, departmental officials, as may be warranted.

(Para 326)

(ix) Extra expenditure of Rs. 46,229 due to abnormal delay in the finalisation of a supply contract.

33. The tender, in this case, was opened on the 28th of September but was put up to the Commandant, Log Area, on the 7th November i.e. after about a month and a half and to the QMG, for approval, still later. It was contended that the department had 40 to 60 contracts to process between 28th September, 1973 to 7th November, 1973 and 1½ months was a normal period before a tender, after its receipt, could be submitted to the GHQ. The Committee considered it too long a period. During further discussion, the Audit pointed out that, according to the departmental Manual, the officer responsible for dealing with the tenders is required to make his recommendations, with reasons therefor, in the comparative statement of tenders and send to the GHQ "at once" the tender recommended by him for acceptance.

34. As the word "at once" itself occurs in the rules, it is recommended that the Department should examine whether the procedure for the submission of the finally acceptable tender needs to be more simplified. Simultaneously, the Ministry and the Audit should examine whether any new definitions should be laid down in the rules

(Paras 732—34)

(x) Shortage of rice valuing Rs. 2,03,43,776.

35. The Audit pointed out that the Director General, Food had transferred a book balance of 1,83,130 metric tons of coarse rice stock on 1st May, 1975, whereas the handling agents, the custodian of that rice, had acknowledged the receipt of 1,62,296 metric tons only. The Rice Export Corporation had neither reconciled the difference of 20,834 metric tons valued at Rs. 2,03,43,776, nor fixed the responsibility of its loss on anyone.

36. After hearing the departmental explanation, the Committee came to the conclusion that it was a case of misappropriation, as 20,834 tons of rice remained physically unaccounted for. The loss involved in this case being quite substantial, an inquiry seemed called for.

(Paras 134—39)

(xi) Loss of Railway Track Material worth Rs. 34,736 imported by WAPDA

37. In this case, a certificate for the short landing of the above material in 1967 was demanded by the WAPDA from the Railways, but the same did not come forth. Correspondence about it continued at the level of the Station Master, for four/five years, after which the Railways informed the WAPDA that they had destroyed the records and could not do anything about it. Thereupon, the WAPDA went to the Insurance Co., who held the claim to be time-barred. The Department did not care to write to the Chief Commercial Manager about it, but set up an Inquiry Committee in 1970, which concluded that the loss had occurred due to the negligence of WAPDA.

38. It was impossible to recover the loss now, as none of the persons responsible for it would be available. Obviously, the case was mis-handled throughout. No legal notice was given to the Railways nor a claim lodged in time with the Insurance Company, who would have then become responsible to effect the recovery from the Railways. This is a typical instance of how the Department had to incur a loss due to poor handling of a case and, particularly, delayed filing of claim with the Insurance Company. Strict instructions should be issued to all concerned in the Department to guard against a recurrence of this nature in the future.

(Paras 179-80)

(xii) Loss due to acceptance of impure tin (Rs. 2.15 275) and non-recovery of liquidated damages (Rs. 2,588).

39. In this case, a contractor had, initially, furnished one kind of sample, but supplied something different. It was stated that the Director, Inspection, WAPDA was to carry out a check, but he did not do so. In November, 1972, WAPDA informed Audit that action was being taken against the defaulting persons whereas, in fact, the charges were dropped in January, 1972. It further came to notice that the Special Judge had observed that the department had entered into a conspiracy to afford benefit to the contractor.

40. On the departmental representative contending that the matter had been duly enquired into, the Audit representative pointed out that even then no action had been taken against anyone in the Department or the supplier, who had cheated the Authority. The departmental representative stated that, as the entire records were with the Court, they will take the necessary action, after the records are received back.

41. This was a bad case in which no action seemed to have been taken against anyone of those involved. It is, therefore, brought to notice, for suitable action/direction. Meantime, the Committee has directed the departmental representative to supply a copy of the Inquiry Report to the Audit for coming back to the Committee with their comments, if necessary.

(Paras 192—93)

(xiii) Possible loss of Rs. 17,43,112 due to default of a General Sales Agent

42. M/s. Travomars were appointed as General Sales Agent of the PIA in Colombo under an agreement dated the 1st December, 1967. They continued to send remittances until February, 1971, whereafter they stopped doing so. As a result, till February, 1975, CER 11,93,912, equivalent to PAK Rs. 17,43,112, became due from them. The Bank Guarantee dated 19th February, 1970, amounting to PAK Rs. 1,00,000, furnished by them, had expired on 18th February, 1971 after which they deposited cash, amounting to Rs. 1,00,000 on the 8th September, 1971 in lieu of the Guarantee. The agency was terminated by

the PIA on the 15th February, 1975, but the amount due from them has not been realised as yet. The responsibility for not having revised the Bank Guarantee and having accepted delayed remittances and continued to issue documents to the Agent, even after their stopping the remittances since February, 1971, lay with Mr. Yasin Omer, then District Manager, PIA, Sri Lanka, whose services were terminated on 20th November, 1974, for negligence. Simultaneously, a suit for the recovery of dues was filed against the Agent in a Colombo court and is still *sut-judice*.

43. The departmental explanation that such a large amount fell into arrears from the Agent only because the District Manager in Sri Lanka did not advise the Head Office in time was not found to be satisfactory. In this case, the Accounts department at the Headquarters were also responsible to keep a check on remittances from Agents and detect defaults in time, for necessary action. The Committee considered that the officials concerned at the Head Office could not be completely absolved of responsibility in regard to the above loss and directed the departmental representative to take suitable action against those responsible for this omission there.

(Paras 782—83).

(4) OUTSTANDING RECOVERIES

(i) Non-recovery of water and electricity charges from Mosques, Imambaras and Government Institutions etc. (Rs. 1,59,220).

44. Of an amount of Rs. 1,23,750, outstanding on account of water, electricity charges etc., a sum of Rs. 70,180 was recoverable from Mosques, Imambaras and Government Institutions and another sum of Rs. 53,570 from private parties. The Institutions from which Rs. 70,180 was recoverable claimed to be exempt from this payment. But no orders were produced before the Audit to establish this claim. The departmental representative contended that an authority in support of such exemption had been produced, but was not acceptable to Audit. However, the department could not, at this stage, make the recoveries through the Court, as the dues would have already become time-barred after a passage of three years.

45. As for private parties, the Committee was informed that Rs. 17,330 had since been recovered, leaving a balance of Rs. 36,240. Vigorous efforts, by way of issuing notices etc., were being made and action had also been taken to disconnect water and sewerage connections of the defaulters. But it was not feasible to disconnect the connections of Mosques and Imambaras. The Committee recommends that the department should lay down a clear-cut policy about this matter, after obtaining Government orders, if necessary, and then implement that policy faithfully, in the future.

46. As for the past dues, the departmental representative informed the Committee that they will have to make a special request for exempting a few mosques. Part recoveries had been made from them, but the major portion of dues from them was still outstanding. The Audit, thereupon, suggested that a suitable course, in the circumstance, may be for the department to obtain a condonation from the Government for the past dues, but the future bills must be collected regularly unless Government laid down a policy for free supply of power to such institutions.

(Paras 361—63).

(ii) Freight outstanding on 30th June, 1975

47. It was brought to the notice of the Committee that the freight receivable by the National Shipping Corporation, as on 30th June, 1975, totalled Rs. 3,01,83,000 as against Rs. 2,35,97,000 in the previous year, an increase of about 28%. Against the above, about Rs. 2 crore was outstanding against Government departments. The Committee was, however, gratified to learn that the size of freight outstanding, as on 31st December, 1978, stood only at Rs. 38,24,258, due mainly from Government and semi-Government agencies, the major ones among them being :—

	<i>Rupees</i>
1. Ministry of Agriculture	8,85,000
2. Embarkation Commandant	6,67,000
3. WPIDC	5,69,000
4. Accountant General, W.P., Lahore	3,36,000
5. PCFs, Wah	2,33,000
6. Controller of Military Accounts	2,20,000
7. P.W.R.	78,000

48. These outstandings should also be got settled through the Ministries/Divisions concerned, at the earliest possible.

(Para 655).

(iii) Avoidable expenditure of Rs. 48,29,331 on airfield and aircraft and non-recovery of air-fare, amounting to Rs. 3,98,925.

49. On being asked as to why had WAPDA to maintain two aircrafts in 1974-75, the departmental representative explained that the Chairman, WAPDA, and Ministers were obliged to use them, when extremely short of time, as cars took comparatively longer time to travel. As the reply was not found to be convincing, the departmental representative was requested to furnish details of the actual cost, including maintenance of air-strips, payment of wages to the staff, recoveries, etc. with full justification therefor, for consideration by the Committee.

(Para 171)

(5) MISCELLANEOUS**(i) Cases lingering on for years**

50. The Committee came across several cases which had been lingering on for years, mainly due to their having been pursued lukewarmly. It recommends that, where cases may have got delayed for ten to twelve years, realistic deadlines should be laid down for their finalisation and they should not be allowed to linger on without decisions, beyond those deadlines.

(Para 198)

(ii) Inquiry Reports

51. The Committee came across several instances in which reports from Inquiry Officers were still awaited. Paras 707, 717, 753 and 838 in Annexure I are instances in point. The Committee considers that inordinate delays in the submission of reports by Inquiry Officers can defeat the very purpose of instituting such inquiries. The Inquiry Officers should, in all cases, be given clear time-limits by which they must submit their reports and these time-limits must be rigidly enforced by the competent authority.

(iii) Linkage of goods

52. Cases again came to the Committee's notice in which consignees of the Defence Department Stores did not link the goods, received by them, against particular consignments, notified as having been despatched to them. The internal audit were, in the circumstance, not finding it easy to check that the consignments in question had been actually brought to account by the consignees. Delay in linking the goods against specific consignments was explained by the department as having been due to less quantity of stores received from the consignors abroad, late receipt of vouchers|invoices and non-existence of packing accounts numbers on the invoices, thereby causing delay in the timely accounting of the vouchers.

53. The Committee was assured that, in the future, a list, containing the invoice numbers, dates and the amounts involved, will be duly furnished by the MAG| Controller of Accounts at the time of completing the Accounts, to facilitate the linkage of the goods with specific consignments.

(Paras 742—44)

(iv) Warrants of Stores

54. It was pointed out that Warrants of Stores in respect of Naval Establishment had not, so far, been issued by the Warrants of Stores Committee, formed in the Navy under the instructions of Government. The Naval Establishment, presently, continued to draw their requirements as per provisional Warrants of Stores, prepared by the previous Warrants of Stores Committee, appointed by the N.H.O., and implemented under the Chief of Staff's orders.

55. It was explained that most of the Naval Establishments had their Warrants of Stores approved by the Government. Cases for the issuance of Warrant of Stores to a few Shore Establishments and newly commissioned ships were under active consideration in the Naval Headquarters and will be subsequently approved by the Government, after receiving the recommendation of the Warrant of Stores Committee.

56. The Audit representative stressed that there was an acute need of evolving a suitable system in all the establishments of the Navy. The Committee directed that the Warrant of Stores should be standardised for the Navy also, as it had been done for the Army and the Air Force.

(Paras 745—48)

(6) REVIEW OF COMMERCIAL ENTERPRISES

(i) Pakistan Tourism Development Corporation

57. The Corporation claimed to have earned a net profit of Rs. 13,62,634 during 1974-75, against a net loss of Rs. 6,08,354 during the previous year. The profit was mainly due to the inclusion of the net operating income of Rs. 19,09,875 from the Associated Hotels of Pakistan Limited in the consolidated accounts. In case the net income from the hotels was excluded, there would be a net loss of Rs. 5,47,241, underscoring the need, on the part of the Corporation, to control the increasing trend of their expenditure.

58. It was explained that the PTDC had acquired the four AHP Hotels, namely, Flashman's, Rawalpindi; Faletti's, Lahore; Deen's, Peshawar and Cecil's, Murree, on long term leases with effect from 1st March, 1974 and were paying lease rentals at Rs. 5 lac per annum to AHP Limited. As such, the net operating income of Rs. 19,09,875 from these hotels, after paying the lease money, belonged to the PTDC. The statutory auditors had certified that the Balance-sheet and Profit and Loss Account had been drawn up in conformity with the law.

59. The Committee was told that, while Flashman's and Faletti's were giving good profit, the Cecil's and Deen's were not profitable hotels. The Committee recommends that the Corporation should see that good return is obtained for the money invested in these hotels.

(Paras 42—43)

(ii) Cotton Export Corporation of Pakistan Ltd.

60. The closing stocks, as on 30th June, 1975, were valued at Rs. 63,46,85,566 against the sale of Rs. 2,10,36,61,021 during the year under review. These worked out to about 30 per cent of the sales and were heavier in view of the fact that the price of cotton had gone down in the subsequent year. The need of co-relating the sales and purchases of cotton, to minimise the blockade of funds in the closing stocks and also over-head expenses thereon, needed the particular

attention of the management. The Corporation had the following cotton stocks for disposal during 1974-75 :—

Carry-over as on 1st September, 1974 = 3,25,699 bales.

Purchased during 1974-75 = 21,78,287 bales.

61. The world-wide recession during 1974-75 had considerably reduced the global consumption and demand for cotton and posed a challenge for the exporting countries like Sudan, Egypt and Turkey where, even after reducing the carrying charges, they were able to sell during the year only 50 per cent of their cotton. The CEC, however, followed an aggressive export policy to meet the challenge and succeeded in the export sales of their total surplus from both the 1973-74 and 1974-75 crops, in a record period of nine months.

62. The Committee hoped that the Corporation would continue to follow aggressive sales policy, with added vigour.

(Paras 125—28)

(iii) Rice Export Corporation of Pakistan Ltd.

63. The Corporation had prepared two separate final accounts for the year 1974-75, one of which depicted the results of its functions as an agent of the Federal Government and the other its own income from charges, realised as Commission @ Rs. 2 per maund of the quantity exported and actual expenses, etc. on the management of the Corporation. The Corporation was acting as an agent of the Federal Government, who were making the Corporation pay the normal income-tax.

64. The Committee was of the opinion that the Ministries of Commerce and Finance should decide finally whether the Corporation should be taxed or not.

(Paras 129—31)

(iv) Trading Corporation of Pakistan

65. The Corporation sustained a net loss of Rs. 6.45 crore during the year under review as against a net profit of Rs. 3.78 crore in the previous year. According to the departmental representative, the Corporation never sustained any loss during its entire existence except in 1974-75. This year witnessed a sudden economic recession and an abnormal declining trend in the prices of raw materials handled by the TCP, which continued unabated. Because of this, the Consumers of TCP, specially in the private sector, on whose behalf imports were made, did not lift their allocations in time. The losses were claimed to have been recouped during the next two years.

66. While taking note of the situation prevailing at that time, the Committee recommends that the Corporation should continue to make efforts to achieve better results in the future.

(Paras 143-44)

(v) Export Credit Guarantee Scheme

67. The Export Credit Guarantee Scheme provides primarily two types of covers to support the export trade of the country, viz. :—

- (i) Post-shipment Comprehensive Guarantee against non-realization of the sale proceeds of goods, exported by Pakistani exporters on credit terms, and
- (ii) Pre-shipment Export Finance Guarantee, enabling the prospective Pakistani exporters to obtain credits from Banks, provided that they have Letters of Credit or Export Orders in hand.

68. During the year under review, the Scheme granted a total cover of Rs. 3.13 crores, (i.e. Rs. 1.66 crores under the Post-shipment Guarantee Scheme and Rs. 1.47 crores under the Pre-shipment Export Finance Guarantee Scheme) as against a total cover of Rs. 2.60 crores during 1973, under both the types of Schemes.

69. The working results showed that the net loss for the year was Rs. 46,494 against a net loss of Rs. 8,692 during 1975.

70. The departmental representative complained that countries like Thailand, Philippines etc. were competing with Pakistan and were offering the suppliers' credit, with the result that they were able to wean away our customers. In Pakistan, the exporters were not offering credit to the suppliers in any big way. The Committee felt that this matter deserved a careful examination by the Government, to boost up exports.

(Paras 149—53)

(vi) Agriculture Development Bank of Pakistan

71. The information furnished by the Corporation showed that the total accumulated dues amounted to Rs. 150.16 crores, including the current dues of Rs. 35.32 crores and past dues, required to be recovered during the year under review, amounting to Rs. 26.49 crores. Out of the current dues, Rs. 17.73 crores (i.e. 50.19%) was recovered, leaving a balance of Rs. 17.59 crores. Similarly, out of the past recoverable dues of Rs. 26.49 crores, a recovery of Rs. 8.41 crores (31.72%) was made, leaving a balance of Rs. 18.08 crores. The recovery totalled Rs. 26.14 crores, against the recovery target of Rs. 30 crores fixed for the year, resulting in a short-fall of 12.37%. However, a recovery of Rs. 17.37 crores was made against the target of Rs. 17 crores (100%) fixed for the preceding year. The shortfall in 1974-75 was ascribed to damage caused to the Kharif crop by pests and shortage of irrigation water.

72. The Committee recommends that the Bank should continue to make efforts to improve the position of 'recoveries'.

(Para 497)

(vii) House Building Finance Corporation

73. The departmental representative informed the Committee that they expected a profit of Rs. 1 crore during the current year. The total amount of loans on the 30th June, 1979 stood at Rs. 240 crores and all the loans were fully secured. Mortgage was invariably enforced in case of default. Only in a very few cases were the Corporation obliged to go to the court.

74. Asked about the overdue amounts of loans, the Committee was informed that from the Computer programming in vogue, this information was not available. The Committee recommends that the Corporation should discuss the matter with the experts and let the Committee know of the result in due course whether it was feasible to take action to obtain the figures of overdues separately.

(Para 500)

(viii) Pakistan Post Office Department

75. The Department incurred a loss of Rs. 4,94,42,000 in 1974-75. Regarding their present operating results, the Committee was informed that the Department were still undergoing a loss, which was constantly increasing because the Postal rates had remained almost static for the last ten years, whereas costs had gone up manifold. Only during the current year had some substantial increase been allowed by the Government in the postal tariff. Moreover, the Department was of the view that it should not be made to pay any interest to the Government on the latter's financing the Department's losses. Although the Government had not asked the Department to pay interest on the accumulated deficit which worked out to above Rs. 22 crores at the end of 1977-78, they had not as yet converted the loan into grant, as already decided. The Committee observed that it was meaningless for Government to make a loan to a Government department which did not have a separate corporate existence.

(Paras 662—65)

RECOMMENDATIONS OF THE COMMITTEE

76. The following statements are appended as Annexure III to the Report :—

- (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 Appropriation, which require to be regularised.

77. 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 76 (4) and (5) above and appended to the Report as Annexure III, be regularised, in accordance with the provisions of the Constitution.

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

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 12th January, 1980~~

26 MAR 1980

ANNEXURE I

PROCEEDINGS

OF

PUBLIC ACCOUNTS COMMITTEE

(19—20)

NATIONAL ASSEMBLY SECRETARIAT

**PROCEEDING OF THE MEETINGS OF THE AD-HOC PUBLIC ACCOUNTS
COMMITTEE ON THE FEDERAL ACCOUNTS FOR THE YEAR 1974-75**

Saturday, the 21st July, 1979

1st meeting

The seventh session of the *Ad-hoc* Public Accounts Committee commenced in the State Bank Building, Islamabad, at 10 a.m., on Saturday the 21st July, 1979, to take up the examination of the Appropriation and other Accounts of the Federal Government for the year 1974-75 and the Report 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. | <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. Kh. Abdul Waheed, Director, Commercial Audit.
6. Mr. Abdul Majeed Khan, Director, WAPDA Audit.
7. Mr. Ahmad Khan, Deputy Director, Audit and Accounts (Works).

Ministry of Finance

Mr. Inamul Haq, Joint Secretary.

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

- (1) Ministry of Local Government and Rural Development.

- (2) Ministry of Culture and Tourism :
 - (a) Culture, Sports and Youth Affairs Division.
 - (b) Tourism Division.
- (3) Ministry of Science and Technology.
- (4) Ministry of Law and Parliamentary Affairs :
 - (a) Law Division.
 - (b) Parliamentary Affairs Division.
- (5) Supreme Court of Pakistan.
- (6) Election Commission of Pakistan.
- (7) Ministry of Interior.
- (8) Ministry of Commerce.
- (9) Ministry of Water and Power.

PREPARATION OF ACCOUNTS IN REVISED FORM

3. The Audit representative explained at the outset that in its earlier sessions, the *Ad-hoc* Public Accounts Committee had expressed the view that the surrender of un-spent amounts made on the last day of the financial year did not serve any practical purpose. Similarly, the 'Re-appropriations' made within different group heads of the same grant/appropriation, which were within the competence of the Administrative Ministries/Divisions, were not of material worth. In view of this position and since the arrears of accounts were to be fast liquidated, the Appropriation Accounts for the years 1974-75 and 1975-76 had been prepared in a revised form approved by the Finance Division. In the revised form re-appropriation and surrenders had not been accounted for while arriving at the figures of final grant of various group heads. These were left to be explained by the Ministries in their replies to the Committee.

4. The Committee may come across some departmental replies complaining of this 'skip over'. To avoid such a criticism in the future, it is proposed that details of 'Final grant' may be shown against each group head as under:—

Final Grant/Appropriation

A.	87,78,000	
B.	25,03,000	61,31,000
	— 4,000	
Surr. —50,00,000		

5. This proposal would be given effect in the accounts for the year 1976-77 onwards. Meanwhile, Audit would check the re-appropriation, surrenders etc., and confirm the position, during the examination of Accounts by the PAC. The Ministries would also be advised to begin their replies with an examination of

the grant as a whole, shown on the top of the page under each grant, and follow it with an explanation against each group head, indicating re-appropriations, surrenders etc., against each group head.

6. The Committee agreed to the above proposal of the Audit.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

7. The Committee took up examination of Appropriation Accounts for the year 1974-75 pertaining to the Ministry of Local Government and Rural Development and the Report of the Auditor-General thereon.

8. The following departmental representatives were present :—

1. Mr. Inamul Haq, Joint Secretary.
2. Mr. Habibur Rehman Malik, Director.

9. This Ministry controlled Grant No. 78—"Ministry of Labour and Local Bodies (Group head D-miscellaneous)".

APPROPRIATION ACCOUNTS

10. *Grant No. 78 (Group head "D"—Miscellaneous)*.—Explaining the non-surrender of a saving of Rs. 9,49,807 under this group head, the departmental representative explained that 60 per cent of the expenses for certain items, like pay of staff in the Local Government and the staff posted in the training institutions, used to be borne by the Federal Government. According to the practice then in vogue, the expenditure was initially incurred by the Provincial Governments and, thereafter, reported to the Federal Government who then released the amount. This usually involved delay and the accounts could not be finalised by the close of the financial year.

11. During the year under review, the actual expenditure reported by the Provincial Governments was less than the total amount sanctioned in the budget. Hence the saving. As information was received late, saving could not be surrendered.

12. The departmental representative further stated that this practice had been discontinued from 1975. He further explained that, so far as he was aware, this saving had been surrendered, but he would like to ascertain the position further from the records.

13. The Audit representative informed the Committee that some amount had been shown in the Appropriation Accounts as surrendered but, as the Ministry was not sure about the same, the correct position will have to be verified.

14. The Committee directed the Audit to verify the position.

Delayed receipt of replies

15. The Audit representative complained that, though they were aware of the need for extra-ordinary efforts to make the departmental replies available to the Audit and the Committee well in time, the Ministries|Divisions did not appear to have put in the required effort as seen from the position of 'replies' received upto 20th July, 1979 given below:—

- (i) Only 7 Ministries|Divisions sent their replies in time (one of them incomplete).
- (ii) Replies of 36 Ministries|Divisions were collected|received by Audit from the National Assembly Secretariat.
- (iii) Reply of one Ministry was still awaited.

16. Since Audit is to assist the Committee in the examination of these replies, they needed sometime to prepare their comments before the commencement of the PAC's meeting. The late receipt of replies placed the Audit and Accounts Offices, scattered all over the country, in a very tight position. Their comments had in the circumstances, to be prepared hurriedly and in most cases facts could not be verified satisfactorily.

17. Ministries are invariably requested to furnish replies in advance of the Committee's meetings. They are usually given at least one month's time for it. But the response from them has been discouraging, as the above position would indicate. The Committee has been extremely keen to update the Accounts and Reports. It is, therefore, imperative that Ministries also work on a priority basis, to furnish their replies to the Audit and the Committee well in time.

18. The Committee agreed with the Audit and desired that Ministries|Divisions be requested to send them replies promptly.

19. *Grants No. 38 [(Group head "B") and 124 (Group head "Y") (Pages 55 and 144—AA)].*—Audit pointed out that replies in respect of the above-mentioned grants had not been supplied by the Ministry. The departmental representative submitted that they had received intimation only in respect of Grant No. 78 and not the above group heads. A member remarked that, as "Rural Development" was with the Ministry of Local Government and Rural Development, it should have been known to the Ministry. The departmental representative submitted that they had got a Rural Development Wing, which is self-administered and maintains its own accounts. However, he apologized for the omission and promised to furnish the necessary material in respect of the remaining items.

20. *Compliance reports in respect of general|specific observations|recommendations contained in the PAC's Report for 1970-71.*—There was no material point for consideration by the Committee in the Compliance Reports.

CULTURE AND YOUTH AFFAIRS DIVISION

21. Thereafter examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Culture and Youth Affairs Division and the Report of the Auditor-General thereon was taken up.

22. The following departmental representatives were present :—

1. Mr. Hasan Mustafa, Joint Secretary.
2. Mr. Salim Akhtar, Deputy Secretary.
3. Sh. Khurshid Hasan, Deputy Director, (Archaeology).

23. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Education and Provincial Coordination .. (Group heads 'C' and 'J')	18
2.	Archaeology and Museums	19
3.	Development Expenditure of Ministry of Education and Provincial Coordination (Group head 'K') ..	122

APPROPRIATION ACCOUNTS

24. *Grant No. 18 (Page 33—AA).*—A saving of Rs. 4,22,533 appeared under the group head "C—Directorate of Archives" which was explained as having been due to the fact that this group head related to two departments, viz., Departments of Archives and Libraries. The Department of Archives was under their control, while the Department of Libraries was under the Ministry of Education. Only saving of Rs. 2,34,613 pertained to the Department of Archives and was due to the reasons that (i) a few posts remained vacant, (ii) the National Archives Commission could not be established, and (iii) some staff could not be shifted due to non-availability of suitable accommodation. The departmental representative further informed the Committee that the saving in question was duly surrendered.

25. In reply to a query that, if the National Archives Commission was not established, then on what was Rs. 5,000 spent, the departmental representative submitted that the Archives Commission was already in existence as an advisory body and this amount was spent on some meetings of that body.

26. The Committee directed that the facts about surrender etc. should be furnished in writing to the Audit, so that the same may be placed on the record.

27. *Group head 'J'—Central Board of Film Censors (Page 33—AA).*—Contesting the figure of Rs. 85,306 exhibited as saving under this group head, the

departmental representative explained that the actual expenditure was Rs. 4,78,794 and not Rs. 4,22,394, as shown in the Appropriation Accounts. An expenditure of Rs. 56,400, relating to the Film Censor Board, Karachi, had not been booked. The Audit representative promised to verify the position from their Karachi Office.

28. As for the remaining saving, it was stated that, at that time, the Film Censor Board was housed in the Melody Cinema which was burnt. As such, they had to shift from that building to another building. There was some controversy about the payment of rent. Hence the amount provided for this purpose remained unutilised. Moreover, the proposal for the purchase of a scooter did not materialise because of non-recruitment of the Despatch Rider.

29. *Grant No. 19 (Page 34—AA).*—An excess of Rs. 2,61,387 under group head "A—Directorate" was attributed to the non-accounting of the re-appropriation orders issued by the Ministry. The Audit representative confirmed the position. In reply to a query, the Audit representative stated that the discrepancy was pointed out by the Department after the printing of the Accounts. The Committee made no objection.

30. *Grant No. 122 (Page 142—AA).*—An excess of Rs. 28,73,234 was depicted under the group head "K—Scientific Department" which was not acceptable to the departmental representative according to whom the actual expenditure was Rs. 41,50,000 and not Rs. 61,23,234 as shown by the Audit. He further contended that the difference of Rs. 9 lac between the departmental and the Audit figures of final grant (Rs. 41,50,000 and Rs. 32,50,000) was due to the fact that the Audit had not taken into account the re-appropriation of Rs. 9 lakh made by the Ministry of Education *vide* their letter No. F. 1-8/75-Budget, dated 30th May, 1975.

31. The Committee appreciated that the Department had done a good job of work in regard to the Accounts for the year under review.

32. *Compliance reports in respect of the general/specific observations/recommendations made in the PAC's Report for 1970-71.*—There was no material point for consideration by the Committee in the compliance reports.

TOURISM DIVISION

33. Examination of Appropriation and other accounts for the year 1974-75 pertaining to the Tourism Division and the Report of the Auditor-General thereon was taken up next.

34. The following departmental representatives were present:—

1. Mr. M. Jameelur Rehman Khan, Joint Secretary.
2. Mr. Moinuddin Ahmed, O.S.D. (F&A).

35. 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.	Other Expenditure of Ministry of Minorities Affairs and Tourism	87
3.	Investment in Tourism	115-A
4.	Development Expenditure of Ministry of Minorities Affairs and Tourism	137

APPROPRIATION ACCOUNTS

36. *Grant No. 86 (Page 105—AA).*—An excess of Rs. 19,99,065 reportedly occurred under the group head " A—Secretariat " and a saving of Rs. 20,90,835 under the group head " B—Bureau of Tourism ". The departmental representative explained that this was a combined grant pertaining to (i) Ministry of Minorities Affairs, and (ii) Tourism Division. The final appropriation pertaining to the Tourism Division was Rs. 85,71,000. Against this, the actual expenditure was Rs. 33,85,048, whereas an amount of Rs. 28,100 was transferred to the Minorities Affairs Division through re-appropriation orders, dated 11th January, 1975 and 30th June, 1975. Thus, there was a net saving of Rs. 1,57,852 against which an amount of Rs. 1,59,415 was surrendered. The departmental representative regretted the excess surrender of Rs. 1,563.

37. The Audit representative confirmed the surrender of the saving.

38. *Grant No. 87 (Page 106—AA).*—A saving of Rs. 5,00,000 was exhibited against this grant. In reply to a query as to why was the saving not surrendered, the departmental representative admitted that it was an omission.

39. *Grant No. 115-A (Page 135—AA).*—Explaining the saving of Rs. 75,00,000 under this grant, departmental representative stated that, in this case, a supplementary grant of Rs. 75 lakh was obtained on account of Government Investment in the share capital of PTDC during the year 1974-75, but no cash release, out of this grant, was contemplated. Instead, book adjustment was advised to the AGPR, Karachi *vide* letter No. T. 7 (14)71-Dev., dated 13th January, 1975, with the concurrence of the Ministry of Finance. The Audit representative requested that a copy of the letter may be supplied to them. The departmental representative promised to do so.

40. The Committee directed the Audit to rectify the omission.

41. *Grant No. 137 (Page 158—AA).*—There was no material point for consideration by the Committee under this grant.

COMMERCIAL ACCOUNTS

Pakistan Tourism Development Corporation

42. *Working Results (Para 417, page 470—CA).*—It was pointed out that the Corporation earned a net profit of Rs. 13,62,634 during the year 1974-75 against a net loss of Rs. 6,08,354 during the previous year. The profit was mainly due to the inclusion of the net operating income of Rs. 19,09,875 of Associated Hotels of Pakistan Limited in the consolidated accounts. In case, the net income of the hotels was excluded, there would be a net loss of Rs. 5,47,241, underscoring the need on the part of the Corporation to control the increasing trend of their expenditure.

43. It was explained that the PTDC had acquired four AHP Hotels, namely Flashman's Rawalpindi; Faletti's, Lahore; Deen's, Peshawar and Cecil's Murree, on long term leases *w.e.f.* 1st March, 1974 and paying the lease rentals at Rs. 5 lakh per annum to AHP Limited. As such, the net operating income of Rs. 19,09,875 from these hotels, after paying the lease money, belonged to the PTDC and had rightly been included in the P&L account of the Corporation. The statutory auditors had also certified that the Balance-sheet and P&L accounts had been drawn up in conformity with the law.

44. In reply to a query, the departmental representative informed the Committee that the Associated Hotels had some private share-holders also like the Khan of Kalat, etc. The majority shares were, however, with the PTDC. The Cecil's and Deen's were not profitable, whereas Flashman's and Faletti's were yielding good profits. Government has 95 per cent shares in the PTDC and the PTDC enjoyed the same position in the AHP.

COMPLIANCE OF PAC'S REPORT FOR 1970-71

45. *Supply of details of expenditure—Grant No. 26 (Paras 551-52, page 106—PAC's Report for 1970-71).*—The department duly furnished necessary details of expenditure. Audit was requested to check the same.

46. *Maintenance/reconciliation accounts—Grant No. 112 (Para 554, page 160—PAC's Report for 1970-71).*—The departmental reply was not considered satisfactory. The departmental representative was directed to come prepared in the next meeting of the Committee with the necessary figures and other relevant information in regard to this grant.

47. *Drawal of advance in anticipation of demand (Para 562 of PAC's Report for 1970-71 read with para 16, page 52 of Audit Report for 1969-70).*—It was explained that the matter was still under correspondence with the AGPR, Karachi, who had sought for certain clarification/information. Effort was being made to trace out the old records without much success so far. The Audit was asked to pursue the matter so as to get it finalised.

MINISTRY OF SCIENCE AND TECHNOLOGY

48. The Committee then took up examination of Appropriation Accounts for the year 1974-75 pertaining to the Ministry of Science and Technology and the Report of the Auditor-General thereon.

49. The following departmental representatives were present :—

1. Mr. Hasan Nawab, Joint Secretary.
2. Mr. S. Abbas Ali Naqvi, O.S.D. (F&A).

50. 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	140
5.	Capital Outlay on Scientific and Technological Research ..	161

APPROPRIATION ACCOUNTS

51. *Grant No. 101 (Page 119—AA).*—As the departmental representative failed to explain satisfactorily the excess of Rs. 2,95,216 under this grant, he was directed to submit a revised explanation.

52. *Grants No. 103 and 161 (Pages 121 and 185 AA).*—There was no material point for consideration by the Committee in regard to these grants.

53. *Grant No. 104 (Page 122—AA).*—An excess of Rs. 61,000 was shown against group head “A—Grants-in-Aid to National Science Council”. The departmental representative contended that the excess was due to non-accountal of the re-appropriation order for Rs. 61,000, issued by the Ministry. The Audit representative confirmed the position.

54. In reply to a query as to what did the Pakistan Science Foundation do which was not being done by the Pakistan Council of Scientific and Industrial Research, the departmental representative explained that the Pakistan Science Foundation was a funding body and tried to help out institutions where medium-size help was needed, e. g., if some institutions or individuals wanted instruments or apparatus, the Foundation provided the needed financial help to them.

55. In reply to a query, the Audit representative informed the Committee that the Foundation was a body set up by the Government and the disbursements made by it are subject to audit. Thereupon, a member remarked that, if so, then the foundation should have figured somewhere in one of the Audit Reports, in one form or the other, and this remark should also apply to the Council for Works and Housing Research.

56. *Grant No. 140 (Page 161—AA).*—The saving of Rs. 20,65,000 under the Group head “C—Irrigation, Navigation, Embankment and Drainage Works” was explained as having been due to non-approval of certain schemes.

57. In reply to a query, the departmental representative informed the Committee that the Ministry of Science and Technology was also responsible for having research conducted on flood control. There is a Council of Irrigation and Flood Control Research under the Ministry, which conducts research on flood control, prevention of deserts etc.

58. *Compliance reports in respect of general|specific observations|recommendations in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

LAW DIVISION

59. Appropriation Accounts for the year 1974-75 pertaining to the Law Division and the Report of the Auditor-General thereon were examined next.

60. The following departmental representatives were present :—

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

61. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Law and Parliamentary Affairs (Group head 'A' only)	84
2.	Other Expenditure of Ministry of Law and Parliamentary Affairs (excluding Group head 'E')	85

APPROPRIATION ACCOUNTS

62. *Grant No. 84 (Page 103—AA).*—There was no material point for consideration by the Committee under this grant.

63. *Grant No. 85 (Page 104—AA).*—The saving of Rs. 1,13,173, depicted under the group head “C—Criminal Courts”, was contended as having been due to wrong-booking by the Audit under the group head “B—Law Officers”.

64. A member remarked that, since reconciliation had not yet been carried out, the departmental explanation could be a speculation. The departmental representative said that he had been informed that, as the accounts had been closed, they could not be reconciled now. Thereupon, the member observed that even if adjustments may not have been made in a particular year's account, the accounts must be got finally reconciled after identifying the reasons for the difference, e.g., whether it was because of wrong posting or the Ministry did not take up the issue or the Audit had made an error by making adjustment against someone else's expenditure etc. ? Till the above position is ascertained there cannot be any meaningful explanation. The basic point is, therefore, of carrying out reconciliation with Audit, which should be done by the Ministry.

65. *Compliance reports in respect of general|specific observations|recommendations in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

PARLIAMENTARY AFFAIRS DIVISION

66. Thereafter examination of Appropriation Accounts for the year 1974-75 pertaining to the Parliamentary Affairs Division and the Report of the Auditor-General thereon was taken up.

67. The following departmental representatives were present :—

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

68. This Division controlled Grant No. 84—“Ministry of Law and Parliamentary Affairs—(Group head “B”)”.

APPROPRIATION ACCOUNTS

69. *Grant No. 48 [(Group head 'B') (Page 103—AA)].*—It was explained that against a saving of Rs. 93,787 exhibited under this sub-head, Rs. 93,027 was surrendered during the year, and the actual saving was of Rs. 760 only. Audit accepted the position.

70. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71).*—There was no material point for consideration by the Committee under the compliance reports.

SUPREME COURT OF PAKISTAN

71. The Committee then took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Supreme Court of Pakistan and the Report of the Auditor-General thereon.

72. The following departmental representatives were present :—

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

APPROPRIATION ACCOUNTS

73. *Supreme Court (Page 191—AA).*—The Committee noted that there was no material point in respect of this Appropriation except that reconciliation had not been done. The Audit Representative informed the Committee that, after November, 1974 the Supreme Court had shifted from Lahore to Islamabad. Up-to November, 1974, therefore, the expenditure was booked by the Accountant General, Punjab and, from December, 1974 onwards by the AGPR. The Accountant General, Punjab's figures were available, but the AGPR's were not.

74. Audit was requested to reconcile the variations.

75. *Compliance Reports in respect of general|specific observation|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

ELECTION COMMISSION OF PAKISTAN

76. Examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Election Commission of Pakistan and the Report of the Auditor-General thereon was taken up next.

77. Mr. S. A. Wahab, Deputy Secretary, represented the department.

APPROPRIATION ACCOUNTS

78. *Elections (Page 189—AA).*—There was no material point for consideration by the Committee under this appropriation.

79. *Compliance reports in respect of general|specific observations|recommendations contained in the PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

MINISTRY OF INTERIOR

80. Thereafter examination of Appropriation Accounts for the year 1974-75 pertaining to the Ministry of Interior and the Report of the Auditor-General thereon was taken up.

81. The following departmental representatives were present :—

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

82. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	National Affairs, Overseas Pakistanis and Prisons Division (Group head ' B ')	8
2.	Civil Armed Forces (Excluding Accounts II)	16
3.	Planning and Development Division (Group head ' B ')	36
4.	Interior Division	64
5.	Passport Organization	65
6.	Registration Organisation	66
7.	Civil Defence	67
8.	Other Expenditure of Interior Division (Excluding Group head ' F ')	68
9.	Frontier Regions (Sub-head ' A-8 ')	70
10.	Development Expenditure of Ministry of Defence (Group heads ' F ' and ' I ' only)	121
11.	Development Expenditure of States and Frontier Regions Division	132
12.	Development Expenditure of Civil Armed Forces.	134-A

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83. *Grant No. 8 (Page 23—AA).*—A saving of Rs. 2,00,000 was shown against the group head "B-Lump Provision for Central Jail Training Institute". It was explained that the Institute came over from the National Affairs, Overseas Pakistanis and Prisons Division to the Interior Division on 18th December, 1974. Against the final grant of Rs. 2,00,000, an expenditure of Rs. 31,236 was actually incurred but was not booked by Audit under this group head. The saving of Rs. 1,68,764 should have been surrendered by the National Affairs, Overseas Pakistanis and Prisons Division, but they did not do so.

84. Asked as to why the funds did not get transferred to the Interior Division, the departmental representative informed the Committee that the grant is not transferred automatically along with the work. The Audit representative added that, in such cases, the grant portion relating to a particular item, which is transferred, stays where it was, but is allowed to be operated by the new controlling agency. Alternatively, it is surrendered under that grant and a supplementary of like amount is obtained by the new Division. A member remarked that this was not done in this case and the Department only asked for a supplementary grant.

85. No further observation was made by the Committee in regard to this grant.

86. *Grant No. 16 (Page 31—AA).*—As the discrepancy under this Grant could not be explained to the satisfaction of the Committee, the departmental representative was directed to submit a fresh explanation, in which it may also be stated as to what was the quantum of saving during 1973-74.

87. Audit was also requested to go into the entire grant as there were a lot of discrepancies in the accounts. Audit noted this for compliance.

88. *Grant No. 36 (Page 53—AA).*—The excess of Rs. 43,62,620 was attributed to the fact that a supplementary grant of Rs. 45,00,000 had not been taken into account by the Audit. The Audit representative contended that the supplementary grant had been taken into account while finalising the Appropriation Accounts.

89. The Committee observed that it appeared that figures had not been got reconciled by the Ministry. The departmental representative was directed to get the figures reconciled with Audit. He undertook to do so.

90. *Grant No. 64 (Page 81—AA).*—The excess of Rs. 93,415, exhibited under the group head "A-Secretariat" was not acceptable to the departmental representative, who contended that it should have been Rs. 83,070. The excess was explained as having been due to the creation of a Special Security Cell *w.e.f.*, 15th March, 1975, involving an expenditure of Rs. 17,75,800 to be financed from savings under the Budget allocation. Savings did not materialise to the extent visualised.

91. In reply to a query, the departmental representative explained that the function of the Special Security Cell was to look after anything abnormal happening in the country. Generally, it collected information and kept the same handy. The Cell also used to be in direct touch with the Provincial Control Rooms. A member remarked that there seemed to be many such bodies performing the same functions *e.g.*, D.I.B. was supposed to be doing this job. The departmental representative said that, when the DIB was a part of the Ministry of the Interior and before its administrative control was transferred to Cabinet Division it was not necessary to have such a Cell. Thereupon, the member remarked that it was a sort of duplication. Such un-essential expenditure should be avoided.

92. The departmental representative submitted that the former Prime Minister's order to create a Special Security Cell was received on 14th February, 1975. On the 25th February, 1975, a supplementary grant of Rs. 2.5 lac was requested for. Then the Ministry of Finance sanctioned Rs. 1.75 lac for the establishment of this Cell. However, during 1974-75, expenditure on it was to be met from the savings. The Auditor-General pointed out that, since this was a new service, a token supplementary provision, even if it were of five rupees, should have been obtained. This was an omission on the part of the Ministry.

93. The Chairman agreed that, as it was a new service, a supplementary grant should have been obtained.

94. *Grant No. 65 (Page 82—AA).*—The excess of Rs. 3,30,756 occurring under the group head “A-Passport Organisation” was refuted by the departmental representative who maintained that the actual expenditure was only Rs. 72,75,950 and not Rs. 73,25,756 and, therefore, the excess amounted to Rs. 2,80,950 only.

95. The Chairman asked as to why the Ministry did not account for the expenditure and ask for a supplementary grant. The departmental representative informed the Committee that supplementary grant was asked for but refused. However, in February, 1975 it was decided to open two new Passport Offices at Gujrat and Kohat. Moreover, there was some excess on account of payment of arrears of pay and it was difficult to foresee this expenditure either. Asked whether the Minister was told that there were no funds to meet the expenditure, the departmental representative replied in the negative.

96. Thereupon, the Chairman remarked that this explanation could not be accepted by the Committee. On the contrary, it makes the irregularity worse, in that whereas the Government had specifically refused the funds asked for the Department went on incurring expenditure on opening new offices. Such a defiance of Government orders and financial indiscipline should not be allowed to go unnoticed. The Ministry should, therefore, go into this matter, locate responsibility and take appropriate action against the defaulters.

97. *Grant No. 66 (Page 83—AA).*—The excess of Rs. 25,87,995 shown against the group head “A-Registration Organisation” was explained as being due to the surrender of Rs. 14,11,000 not having been reflected in the Accounts. It was claimed that there was an excess of Rs. 39,98,995, instead of Rs. 25,87,995 as shown by the Audit. The main reason of excess was that the Post Office Department, to whom the work of collection of forms and issue of Identity Cards, etc. was entrusted on payment basis, did not intimate the actual figures till 24th November, 1975. It was then too late to regularise it.

98. Replying to queries about the department's registration activities, he stated that they had covered about 87% of the population—100% Urban and about 75% Rural. These figures were based on the monthly figures, received from the districts. The figures supplied by the districts had also been verified by them. Recently, the Director-General had written to the Chief Secretaries of Provinces, requesting them to ask the Deputy Commissioners to select one village in each of the particular districts, where registration work may be claimed to have been completed, and then to exercise a total check and report the position to the Directorate General. He further stated that registration was a continuous process, because every person attaining the age of 18 years is required to be registered. Similarly, the name of a dead person has to be struck off. Until the task envisaged by the scheme, is itself done away with, the organisa-

tion will have to continue. A member remarked that this was an all-round waste of money.

99. *Grant No. 67 (Page 84—AA).*—There was no material point for consideration by the Committee under this grant.

100. *Grant No. 68 (Page 85—AA).*—The departmental representative contended that, instead of an excess of Rs. 2,31,761, shown by the Audit against group head “B-Lump sum charges paid to Provincial Governments”, there was a saving of Rs. 33,0’0. The Audit accepted the position.

101. *Group head D-Security Measures (Page 85—AA).*—The excess of Rs. 26,27,827 under this group head was attributed to adjustment of debit for 1973-74 on account of cost of Tear Gas Equipment and M.T., raised by the Audit Officer, I.S.&F, Karachi during 1974-75. Asked about the saving during 1973-74 on this account, it was stated that a saving of Rs. 1.54 crore had occurred in that year. Of this, Rs. 51,81,350 pertained to tear gas and Rs. 1,01,70,000 to M.T. These debits were awaited in 1974-75. However, debits to the extent of only Rs. 26 lac, pertaining to tear gas, had been received. Debit for M.T. was expected to follow in the next year. The member observed that, if so, necessary provision for funds should have been made in the following year, otherwise supplementary grant could be asked for.

102. *Group head E-Rewards for Anti-smuggling Measures (Page 85—AA).*—The actual saving under this head was claimed to be Rs. 18,98,000, instead of Rs. 23,77,502, as shown by Audit. The departmental representative, however, regretted the non-surrender of the saving and informed the Committee that the amount was placed at the disposal of the Coast Guards, because names of informants are kept secret by them. The D.G., Coast Guards or D.G., Rangers makes the disbursements and there is an Administrator who checks that the expenditure is actually incurred and only then a certificate was issued.

103. The Committee observed that the person who is supposed to make the disbursements and the Secretary, Interior should both certify the payment to the informer in such cases. Further, since this expenditure had no been classified as secret and the awards were being paid openly, their accounts should be got duly audited.

104. *Grant No. 70 (Page 87—AA).*—There was no material point for consideration by the Committee under this grant.

105. *Grant No. 121 (Page 141—AA).*—The saving of Rs. 8,87,897, reported in the accounts against the group head “I-Frontier Regions” was contested by the departmental representative to be only Rs. 39,143. Audit was requested to verify and reconcile the figures.

106. *Grant No. 132 (Page 152—AA).*—An excess of Rs. 40,53,511 was shown against group head “I-Frontier Regions”. The departmental representative claimed that, in fact, there was a saving of Rs. 5,01,221. The Audit was requested to verify the position.

107. *Grant No. 134-A (Page 155—AA).*—The departmental representative contended that, instead of an excess of Rs. 35,86,929, as shown by Audit, there was actually a saving of Rs. 14,48,729. Audit was requested to verify and reconcile, the figures.

108. *Compliance in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

109. *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 deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF COMMERCE

110. The Committee then took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Commerce and the Report of the Auditor-General thereon.

111. The following departmental representatives were present :—

1. Mr. K. N. Cheema, Joint Secretary.
2. Mr. Shahid Yousuf Baghpati, Deputy Secretary (F&A).
3. Mr. M. H. Jafa, Finance Director, RECP.
4. Mr. M. Siddiq, Secretary, PTB.
5. Mr. Aftab Ahmed, Chairman, T.C.P.
6. Mr. S. Nusrat Hasan, Chairman, C.E.C.
7. Mr. Akhtarul Islam Khan, Director of Export Promotion Bureau.
8. Mr. S. M. Siddique, Executive Director, Pakistan Insurance Corporation.

112. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Commerce	10
2.	Export Promotion	11
3.	Other Expenditure of Ministry of Commerce	12
4.	Capital Outlay on Exports	110

APPROPRIATION ACCOUNTS

113. *Grant No. 10 (Page 25—AA).*—The excess of Rs. 21,88,576, exhibited against the group head "A—Secretariat" in the Appropriation Accounts, was

contested by the departmental representative, who claimed that, according to the reconciled figures, the excess was of Rs. 5,06,235 only. The Audit representative informed the Committee that there appeared to be some mistake and they had already noted it for verification.

114. The excess of Rs. 2,10,100 against the sub-head "A—5—Delegations to Foreign Countries", was ascribed to additional expenditure on delegations from foreign countries. A member pointed out that the expenditure was meant for delegations to foreign countries. The departmental representative submitted that it was meant for both the incoming and out-going delegations.

115. The Committee observed that, in that case, the heading was not correctly worded. The nomenclature of the sub-head should be corrected to reflect the correct position. The Audit was also requested to look into it.

116. In reply to a query, the departmental representative informed the Committee that a sum of Rs. 2.46 lakh was spent on incoming delegations. He admitted that a supplementary grant should have been asked for, but the same was not obtained.

117. The Chairman observed that this being so, the department should locate the responsibility for the lapse and take appropriate action against those who had defaulted.

118. *Group head B-Foreign Trade Control (Page 25—AA).*—There was an excess of Rs. 5,15,401 against sub-head "B—3—Allowances, Honoraria, etc.", which was explained as being due to post-budget grant of allowances, viz., Special and Additional Dearness Allowances, sanctioned to officers and staff by the Government. A member remarked that the allowances were substantial and the department could have easily asked for a supplementary grant. The departmental representative expressed his regret that, at that time, it was not asked for.

119. *Grants No. 11, 12 and 110 (Page 26, 27 and 128—AA).*—There was no material point for consideration by the Committee under these grants.

COMMERCIAL ACCOUNTS

(AUDIT REPORT)

Cotton Export Corporation

120. *Loss of interest amounting to Rs. 1,83,766 due to late negotiation of L.Cs (Para 12, pages 13-14—CA).*—During the period from May to September, 1975 Cotton Export Corporation sold cotton bales to certain parties against irrevocable letters of credit. As a rule, letters of credit should have been negotiated immediately after delivering the goods, but it was observed that, in a number of cases, letters of credit were negotiated as late as 4 to 127 days (average 41 days) from the dates of delivery, resulting in un-necessary blocking of the Corporation's money and consequential loss of interest, amounting to Rs. 1,83,766, calculated at the rate of 13 per cent.

121. The departmental representative stated that the delay pertained to 6 L.Cs. only which was due, among others, to intricate procedures and non-observance by agents of these procedures, resulting in discrepancies which required amendments in various documents involving considerable delay.

122. The Chairman observed that delays took place mainly in cases of three textile mills, namely, the Sind Colony and Elahi Textile Mills. These delays ranged from about a month to four months. He took up, as a test case, the case of Elahi Textile Mills in which delay took place from the 16th May, 1975 to the 19th September, 1975. The departmental representative stated that, in this case, the L.C. had to be re-negotiated and corrected five times. A member remarked whether there could be any possibility of collusion between the agent and the Mill.

123. The Chairman further observed that these contracts were entered into with the Mills by agents. L.Cs. were opened which bore certain conditions. Accordingly, no sooner was the cotton delivered to the Mills the Corporation should have got the money therefor automatically. Actually this was not so, because the bank rejected the papers.

124. After some more discussion, the departmental representative was directed to look into the case again and submit a factual explanation to the Committee at its next meeting.

Cotton Export Corporation of Pakistan Ltd.

125. *Working results (Paras 183—85—CA).*—It was pointed out that the closing stock as on 30th June, 1975 was Rs. 63,46,85,566 against the sale of Rs. 2,10,36,61,021 for the year under review. This worked out to about 30 per cent of the sales and was heavier in view of the fact that the value of cotton got reduced in the subsequent year. The need of co-relating the sale and purchases of cotton was stressed upon the management in order to minimise the blocking of funds in the closing stock and also to minimise the overhead expenses thereon.

126. It was explained that the Corporation had the following cotton stocks for disposal during 1974-75 :—

Carry over as on 1st September, 1974 = 3,25,699 bales.

Purchases during 1974-75 = 21,78,287 bales.

127. The persistent and growing world-wide recession during 1974-75 considerably reduced the global consumption and demand for cotton and posed a big challenge to the exporting countries like Sudan, Egypt and Turkey, where they even reduced the carrying charges but were not able to sell their Cotton. 50 per cent of their cotton was sold only later on. The CEC followed a realistic and aggressive export policy to meet this challenge and succeeded in the export sales of their total surplus from both the 1973-74 and 1974-75 crops in a record period of nine months.

128. A member remarked that the Corporation seemed to have suffered a loss of Rs. 22 crore during 1974-75. The departmental representative explained that, mostly, there was a loss, because Government had fixed a price of Rs. 370 per maund whereas it was given to the local mills at Rs. 325, involving a subsidy of Rs. 45 per maund. This amounted to Rs. 30 crore. The subsidy in this case, should not be called a loss, but as subsidy to the grower. The Chairman remarked that the crux of the matter was that the Government was fixing a remunerative price for the farmers, at the time of the sowing. Later international price could be lower/higher than the price so fixed.

Rice Export Corporation of Pakistan Ltd.

129. *Preparation of accounts (Para 202, page 239—CA).*—It was pointed out that the Corporation had prepared two separate final accounts for the year 1974-75, one of which depicted the results of its functions as an agent of the Federal Government and the other showed its own income from the Commission charged @ Rs. 2 per maund of the quantity exported and expenses, etc. on the management of the Corporation.

130. The departmental representative stated that this became necessary, as the Corporation were acting only as an agent to the Federal Government and Government were making the Corporation pay the income-tax.

131. A member remarked that, if the Corporation was acting as agent to the Federal Government, there should be a separate account for the agency work. After some further discussion, the member added that the Corporation should continue to argue their case for non-payment of income-tax but keep their account separately. The Ministries of Finance and Commerce should decide finally whether the Corporation should be taxed or not. In any case, part of the tax will have to come from the Government side of the account. As such, keeping of separate accounts was the right course.

132. *Charging of Commission (Para 203, page 239—CA).*—It was pointed out that the Corporation had charged commission from the Government Accounts, amounting to Rs. 91,47,252 @ Rs. 2 per maund of the quantity exported during the year under review. No specific approval of the Government had been obtained for this so far.

133. It was explained that the Commission in question was allowed in the inter-departmental meeting held with the Ministries of Commerce and Finance. A member remarked that the Ministry of Commerce should confirm this position formally.

134. *Shortage of rice (Para 204, page 240—CA).*—Audit had pointed out that the D.G. Food had transferred a book balance of 1,83,130 metric tons of coarse rice stock on 1st May, 1975, whereas the handling agents (Custodian of

Rice) had acknowledged 1,62,296 metric tons only. The Corporation had neither reconciled the difference of 20,834 metric tons of rice, valuing Rs. 2,03,43,776, nor fixed any responsibility on the handling agents.

135. The departmental representative explained that certain quantity was shown to be in the stocks on 1st May, 1975 and the Corporation got the statement prepared from all over the area, viz. Landhi, etc. The same staff had been already working in these areas and the records were also the same. The discrepancy was first noticed in the Accounts Directorate. The Corporation, thereupon, immediately wrote back and a series of reminders were issued.

136. The Committee apprehended that, so far as the physical side of the issue is concerned, 20,834 tons of rice were not there.

137. A member remarked that it was a question of reconciliation of figures, a simple point of stock-taking. Thereupon, the Chairman observed that the correct thing to do would be to find out as to what was the actual stock of rice, coarse and Basmati, and any other commodity in which the Corporation dealt, in store-godowns at different stations and what were the issues from each such stores during the year. Then these figures will have to be checked up with the book balances. Because, if the book balance was kept separately for each crop, it could be possible to verify as to what was the actual disposal crop-wise *vis-a-vis* procurement.

138. The departmental representative was directed to look into it further.

139. After some more discussion, the Committee observed that there appeared to be a misappropriation. Audit was requested to check this and see as to how could the 20,834 tons of missing rice be accounted for or regularised.

140. *Assets (Para 205, page 240—CA)*.—It was pointed out that, on the date of its inception, the Corporation had taken possession of different kinds of assets, such as godowns, buildings, lands, furniture, fittings, office equipment, cleaning mills worth about Rs. 5,18,29,000 (Approx) from the D. G. Food, but the Corporation had not taken the value of these assets on its accounts.

141. The departmental representative explained that, at the time of transfer of the Assets and Liabilities, the Assets mentioned above were not included in the statement furnished by the Ministry of Food. Since the Assets and Liabilities were not taken on the list, the question of charging depreciation therefor did not arise. In reply to a query, the departmental representative submitted that the assets were maintained by the P.W.D. and the Corporation only used them. The Chairman remarked that, as the Corporation was making use of Government facilities, their Commission should be reduced. A member remarked that, in his view, the assets should be transferred to the Corporation, because they were looking after the same. The Chairman observed that the assets had not been

transferred to the Corporation and their maintenance was being charged to the Government. The member, thereupon, said that, in that case, the items covered by the two-rupee Commission should have been specified. The Ministry should consider the whole issue, keeping in view the cost of operating and handling per maund of rice and whether the Corporation should take over the assets and charge depreciation therefor or whether the maintenance cost should be considered included in the Commission and the Government should be re-imbursed for it, separately.

142. The departmental representative was directed to have the whole issue considered and to obtain an early decision in this behalf.

Trading Corporation of Pakistan

143. *Working results (Paras 227-28, page 253—CA).*—It was pointed out that the Corporation sustained a net loss of Rs. 6.45 crore during the year under review as against a net profit of Rs. 3.78 crore in the previous year.

144. The departmental representative contended that the Corporation never incurred any losses during its existence except in 1974-75. This year witnessed a sudden economic recession and the declining trend in the prices of raw materials, handled by the TCP, continued unabated. Because of this, the Customers of TCP, specially in the private sector, on whose behalf imports were made, did not lift their goods in time.

145. The Chairman observed that we should visualise the situation prevailing at that time. At first there was a crisis and commodities were not available. The way the prices of commodities went up was without a precedent. Later there was a crash on the commodity markets. In reply to a query, the departmental representative informed the Committee that the losses were recouped during the next two years.

146. *Sundry Debtors (Paras 229—31, page 254—CA).*—It was pointed out that Sundry debts, as on 30th June, 1975, increased to Rs. 33,14,18,837 from Rs. 11,05,46,464 in the previous year. No year-wise analysis was prepared from which the ages of the debts and prospects of their recovery could be verified. No provision for Bad and Doubtful Debts was made although, in view of the big amount outstanding against various parties, there was every likelihood of considerable bad debts

147. It was explained that detailed statements in respect of the debtors were under compilation. The necessity of making provision for bad and doubtful debts did not arise as all the book debts were considered good.

148. In reply to a query, the departmental representative informed the Committee that the TCP only booked demands from those persons, who were registered importers from foreign countries. Then the goods are imported and

supplied to them. Since 1974, the TCP has not been importing on its own account. Replying to the query as to whether the TCP does not collect the money at the time of release of goods, the departmental representative said that now they were doing so. Since 1974-75, the system had been changed and now the Corporation deliver the goods after receiving the price thereof.

Export Credits Guarantee Scheme

149. (*Paras 236—240, pages 262—264—CA*).—The Export Credits Guarantee Scheme provides primarily two types of covers to support the export trade of the country, viz. :—

- (i) Post-shipment Comprehensive Guarantee against non-realization of the sale proceeds of goods exported by Pakistani exporters on credit terms, and
- (ii) Pre-shipment Export Finance Guarantee, enabling the prospective Pakistani exporters to obtain credits from Banks, provided that they have Letters of Credit or Export Orders in hand.

150. During the year under review, the Scheme granted a total cover of Rs. 3.13 crores, (i.e. Rs. 1.66 crores under the Post-shipment Guarantee Scheme and Rs. 1.47 crores under the Pre-shipment Export Finance Guarantee Scheme) as against the total cover of Rs. 2.60 crores during 1973 under both the types of covers.

151. The working results showed that the net loss for the year was Rs. 46,494 against a net loss of Rs. 8,692 during 1973. The increase was rather abnormal.

152. The departmental representative submitted that countries like Thailand, Phillipines, etc. were competing with Pakistan and they were offering the suppliers credit, with the result that they were able to wean away our customers. In Pakistan, the exporter was not offering credit to the suppliers in any big way.

153. The Committee desired the departmental representative to let it have information about the percentage of the business, preferably category-wise, handled by the Corporation, where they received the money first and then made deliveries. The departmental representative submitted that he will try to do so, though these figures were neither available with the State Bank nor the Export Promotion Bureau.

154. *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 Auditor-General's Report thereon. These would be deemed settled subject to such regularising action as found necessary under the rules.

155. *Compliance reports in respect of general/specific observations/recommendations contained PAC's Report for 1970-71*.—Audit was requested to check the compliance reports in the first instance and then report back, if necessary.

MINISTRY OF WATER AND POWER

156. At the end examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Water and Power and the Report of the Auditor-General thereon was taken up.

157. The following departmental representatives were present :—

1. Mr. M. Q. Siddiqui, Additional Secretary.
2. Ch. Ziaul Qayyum, Deputy Secretary.
3. Mr. M. A. Bhatti, General Manager, M.C.P.
4. Mr. Khalid Ahmed, General Manager (Finance), M.C.P.

158. This Ministry controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Ministry of Fuel, Power and Natural Resources (Group Head 'D')	47
2.	Other Expenditure of Ministry of Fuel, Power and Natural Resources (Group Heads ' C ' and ' D ')	49
3.	Development Expenditure of Ministry of Fuel, Power and Natural Resources (Group Head ' Y ')	127
4.	Capital Outlay on Irrigation and Electricity	148
5.	Capital Outlay on Fuel and Power (Group Heads ' N ', ' O ' and ' P ')	149

APPROPRIATION ACCOUNTS

159. *Grant No. 47 (Page 64—AA).*—An excess of Rs. 3,10,317 was shown against the group head "A-Secretariat". The departmental representative contested this figure because an expenditure of Rs. 2,48,242, on account of telephone charges of some other departments, was said to have been wrongly booked by Audit against this group head. The balance excess of Rs. 62,076 was due to debit for telephone charges having been effected by Audit through book adjustment against the accounts of the Ministry, after the close of the financial year. The saving available on 30th June, 1975 was surrendered, whereas the debit was passed on by Audit after the close of the year.

160. The Audit representative accepted the position and informed the Committee that action was being taken against the persons, who defaulted on this.

160. *Grant No. 49 (Page 66—AA).*—There was no material point for consideration by the Committee against this grant.

162. *Grant No. 127 (Page 147—AA).*—A saving of Rs. 16,43,000 was shown against the group head "Y-Miscellaneous". The departmental representative

contended that an expenditure of Rs. 16,43,000 had been actually incurred on the study of Alluvial River Mechanics, using the link canals of Pakistan. There was thus no saving.

163. The Audit representative explained that the Appropriation skeleton was sent to the Ministry who did not object to it at that time. What happened in this case is that a cheque was received from the U.S. Embassy. The Ministry of Finance asked the State Bank, who in turn asked the Accountant-General to credit this money in the WAPDA account. The payment was thus made to WAPDA.

164. The departmental representative added that the scheme was implemented with the contribution of the USA. The Ministry, however, obtained a supplementary grant, because the contribution received could not be spent without there being some provision for the scheme in the Budget.

165. The Chairman observed that this is an audit omission, which should be corrected.

166. *Grant No. 148 (Page 170—AA).*—A saving of Rs. 50,79,93,000 occurred against the sub-head "A-1-Non-Reimbursable Expenditure". The departmental representative contested this figure, saying that an expenditure of Rs. 50,55,44,440 had already been incurred against the above amount. The Director, WAPDA Audit had duly audited and verified these figures and furnished the same to the Director of Audit and Accounts (Works), Lahore on 24th December, 1976.

167. The Audit representative promised to check the position. Apparently the amount appeared to have been adjusted in the next year's account. The Chairman observed that, apparently, booking of expenditure was not made in time. The amount, therefore, remained in suspense and had been cleared in the next year's accounts.

168. *Recoveries on Capital Account/from other department (Page 170—AA).*—Audit showed a NIL recovery under these heads. The departmental representative contested that actual recovery amounted to Rs. 51,94,922. Audit was requested to verify and correct the figure.

169. *Grant No. 149 (Page 171—AA).*—The Committee noted that there was some reconciliation problem. Audit was requested to verify the accounts.

(The Committee re-assembled at 3.30 p.m. after lunch break).

AUDIT REPORT (WAPDA)

Indus Basin Projects

170. *Irregular payment of Rs. 1.2 Million (Para 1, page 3—Audit Report WAPDA).*—The Committee desired to know why a lower amount was claimed by WAPDA from the Quarry Contractor.

171. *Availdable expenditure of Rs. 48,29,331 on airfield and air-craft and non-recovery of air-fare amounting to Rs. 3,98,925 (Para 2, page 4—Audit Report—WAPDA).*—WAPDA maintained two aircrafts which appeared unjustifiable. The department argued that the Chairman, WAPDA, and Ministers used these aircrafts, when they were pressed for time, as cars took comparatively longer time. Arguing against the abandonment of the project, the departmental representative submitted that as the air strip had been built, the building erected and personnels looking after the maintenance of the field also employed, abandonment of the project would not have been advisable. After some discussion, the Auditor-General suggested and the Committee directed that a note may be prepared, giving full details of the actual cost, including maintenance of strips, payment of wages to the staff, recoveries, etc. and full justification of the scheme and of maintenance of aircraft by WAPDA for consideration by the Committee.

172. *Non-recovery of Rs. 2,97,147 from the contractor on account of leasing out of employer's building (Para 3, page 4—Audit Report—WAPDA).*—The decision of the Arbitrator would be awaited.

173. *Blocking up of capital of about Rs. 9,00,000 on the purchase of material surplus to the requirements (Para 4, page 5—Audit Report—WAPDA).*—Explaining the position, the departmental representative explained that the Railway line from Lawrencepur to Tarbela was constructed by the WAPDA itself. It was neither constructed by the Dam Contractor nor maintained by him. An engineer from the Railway department, who was on deputation with WAPDA, worked on the construction of this railway line and, occasionally, advice of senior officers of the Railways was also obtained about the construction of this line. The Committee observed that the advice of the Railway authorities should have been obtained before purchasing the material.

174. After some discussion, the Committee directed the departmental representative to examine whether any of these materials, including girders, should be kept for Kalabagh or should be disposed of. It should also be examined whether the surplus stores could, preferably, be sold to the Railways.

175. *Loss of Air Compressor valuing Rs. 52,973 (Para 5, page 5—Audit Report—WAPDA).*—Explaining the reason for not taking action against the defaulter for the last five years, the departmental representative explained that he had actually left WAPDA and was not traceable in the country. Attempts were made to locate him, but to no avail. A Court case could not be filed due to non-availability of relevant papers/documents. A member added that a suit should have been filed, because of the limitation period. The Audit representative added that the Enquiry Committee had submitted its report in May, 1973 and this was almost a year before the limitation period expired. The departmental representative said that the Enquiry Committee had merely said that they

were not in a position to pin-point the responsibility in the absence of the relevant record and the matter was referred to the Director, Complaints and Investigation.

176. A member remarked that the responsibility actually devolved on the person who was responsible for timely action in this case and who failed.

177. On the Chairman observing that, even if the Department had no evidence, they could proceed against the person who delayed action in the case, the departmental representative said that they were trying to locate the documents. The Chairman, thereupon, remarked that the main reason for non-action given is that the documents were not available. But the question still remains as to why delay took place after the Audit had reported the matter in January, 1973. Meanwhile, evidence disappeared. Somebody should be held responsible for it. He further said that criminal cases never get time-barred. Even if there is no documentary evidence to show that this particular gentleman had committed misappropriation there would have been Chowkidars, Storekeepers and other staff and they could provide the evidence.

178. The departmental representative was, finally, directed to have the case examined again in the light of the Enquiry Committee Report and due action taken on the result of this exercise.

179. *Loss of Railway Track Material worth Rs. 34,736 (Para 6, page 6—Audit Report—WAPDA).*—It was pointed out that the Department, in this case, corresponded at the level of Station Master, who was not the competent authority. The departmental representative submitted that the case was with the Chief Commercial Manager, who said that he was looking into it. This went on for four|five years, after which they informed the WAPDA that they had destroyed the records and could not do anything. Thereupon, the Department went back to the Insurance Co. They also replied that, as the claim was time-barred, they could not do anything. A member of the Committee remarked that the Department must have written to the Chief Commercial Manager five|six years later. Had they taken up the matter immediately, the files could have probably been located. The Audit representative added that, according to their information, the Railway demanded a short-landing certificate, which was not given. An Enquiry Committee, constituted in 1970, concluded that the loss occurred due to negligence of WAPDA. The member interjected to say that the loss took place in 1961, and it was impossible for the Department to make any recovery from the persons responsible, as they must have retired by now. In his view, the case had been handled poorly and denoted negligence. WAPDA just took it lightly, otherwise one legal notice would have been sufficient. If a claim would have been lodged with the Insurance company, it would have been the

business of that company to make recovery from the Railways. The departmental representative explained that due effort was made in this direction. However, the insurance company asked the WAPDA to bring a certificate from the Railways about the loss. The Railways authorities said that they were looking into it and did not furnish the requisite certificate.

180. The Committee desired that the recoveries should be made from the Executive Engineers in the light of Enquiry Report of the Committee constituted in September, 1970.

181. *Non-production of Consumption Accounts for the material worth Rs. 36,67,327 (Para 7, page 6—Audit Report—WAPDA).*—The Consultants of an Indus Basin Project purchased materials, including step-down transformers, instruments and ceiling fans, etc. worth Rs. 36,67,327 from the contractor's stores during the period April, 1962 to November, 1968. The materials included mostly non-perishable articles and, being the property of the Authority, were to be taken back by it. The records, showing the accountal and disposal of such articles, was not made available for scrutiny by Audit. Similarly, the documentary evidence, showing the actual existence of the articles as checked physically after intervals, was not forthcoming either.

182. In a meeting held in March, 1978, it was stated that the consumption of material was shown on the "day work orders", which were over 20,000 in number and, in view of this, bulk test check of selective or attractive items would be possible which might be done by Audit. The Audit complained that even after the above decision, the records were not produced for test check, despite repeated reminders. Consumption of material worth Rs. 36,67,327 thus remained unestablished. A member remarked that it seemed that no systematic method of keeping the account on proper lines existed, so that the same could be traced out later. The departmental representative contended that there was a proper system laid down (he showed specimen of the books). In his view, one should be able to determine whether, after issuing the finished goods, it was used or not. But, it would be difficult in the best of systems to prove from the records for example, that two carpenters had actually spent their time on their job. The Audit representative added that, in the work order WAPDA had shown certain article issued about whose use or not they wanted a confirmation.

183. After some more discussion, the Auditor-General suggested that Audit will test check on percentage basis and examine all the relevant records pertaining to the checked articles. The Committee agreed with the suggestion.

Comments on the balance sheet of Indus Basin Projects as on 30th June, 1975

184. *Project Cost—Schedule 'B' [Para 8(4), page 8—Audit Report—WAPDA].*—It was pointed out that certain projects had already been completed and handed over to the Irrigation Department, but their costs were still appearing in the books of the IBP Division of the Authority. It was explained

that the non-transfer of the cost of completed projects to the departments who had taken them over from WAPDA, did not encumber the Authority's accounts nor the operating agencies were unaware of the cost. On the other hand, the figures were indicative of the total development work done by WAPDA and the sums received and expended by it.

185. Asked, as to whom did the Chashma Barrage belong, the departmental representative informed the Committee that it belonged to the Federal Government and WAPDA was providing the required funds for it.

186. The Chairman, thereupon, observed that then it should be shown in the Federal Government accounts.

187. A member remarked that the cost of the Project should be ultimately transferred to the Federal Government. If WAPDA does not own any irrigation projects, why should their accounts remain on its books. The departmental representative said that they have discussed this matter at length and the costs are also going to be transferred along with the Projects.

188. After some discussion, the Committee observed that the statement of accounts did not depict a complete picture and should exhibit complete accounts. The departmental representative was directed to check the statement 'N' which included sundry debtors in Mangla and have it simplified. Except the on-going projects, all others should be deleted therefrom.

Non-Indus Basin Projects

189. *Loss of Rs. 6,20,000 due to interpolation in tender document (Para 9, page 9—Audit Report—WAPDA).*—A member remarked that, till a tender is completely finalised, it remained in the custody of the officer. As such, the negligence needs to be looked into. The departmental representative explained that the award was given and approved by the Authority at Rs. 19,70,000. The contractor handed over two cheques of Rs. 5 lac each and agreement was to be signed later on. Interpolation was effected with the connivance of the Senior Clerk. Actually, it took place before the signing of the contract, the formal agreement. A member remarked that the Department could have themselves initiated the enquiry because of the interpolation.

190. The Committee remarked that WAPDA has lost over Rupees six lac due to this lapse.

191. *Less recovery of Rs. 5,00,000 as cost of a grid station sold to a firm (Para 10, page 10—Audit Report—WAPDA).*—After hearing the departmental explanation, a member remarked that the Department should have asked for payment of interest on the balance of Rs. 4 lakhs. The departmental representative said that the contractor went to the court. He was not agreeable to the selling price. The member repeated that the Department could ask for the payment of interest.

192. *Loss due to acceptance of impure tin (Rs. 2,15,275) and non-recovery of liquidated damages—Rs. 2,588 (Para 11, pages 10-11—Audit Report—WAPDA).*—Asked to explain the case, the departmental representative submitted that the Director Inspection was to carry out the check. A member remarked that, when they did not check, how could they be held to be innocent. The departmental representative replied that the normal procedure is that an Inquiry Report is also sent to Audit. The Audit representative pointed out that, in November, 1972, WAPDA informed them that action was being taken against the persons concerned, whereas, in fact, the charges had been dropped in January, 1972, ten months earlier. A member added that the Special Judge had observed that they had entered into a conspiracy to afford benefit to the contractor. The departmental representative submitted that the matter had been duly enquired into. The Audit representative pointed out that, even then no action had been taken against anyone in the Department or the supplier, who cheated the authority. The departmental representative informed the Committee that the entire records were with the court. They will take necessary action, after the records had been received back. Actually, the contractor had showed different samples in this case but supplied something else.

193. The Chairman finally observed that this was a very bad case, where no action had been taken against the person concerned. The Committee directed that a copy of the Inquiry Report be supplied to the Audit to enable them to come back to the Committee with their comments.

194. *Infructuous expenditure of Rs. 8,63,784 on an abandoned drain (Para 12, page 11—Audit Report—WAPDA).*—The Committee held the view that, on the face of it, it was a clear case of professional negligence on the part of consultants. Professional responsibility should, therefore, have been fixed and some action taken by the Authority. A member added that it was a very bad case. The Department should send a copy of the Report to the Committee as it was in the dark about the explanations offered by the consultants and others and the reasons advanced by the Chief Engineer for changing his views after being promoted as Chief Engineer.

195. *Doubtful consumption of material worth Rs. 4,88,941 (Para 13, page 12—Audit Report—WAPDA).*—After hearing the explanation, a member remarked that it was strange that the department had got no records. The Chairman remarked that they had produced some sort of documents, but the same were not in proper form.

196. After discussion, the Committee observed that Audit should carry out test checks and settle the case.

197. *Non-recovery of cost of material valuing Rs. 33,09,266 (Para 14, page 12—Audit Report—WAPDA).*—The departmental representative informed the

Committee that a separate party constituted for the purpose was looking into the matter and they hoped that things would be cleared soon.

198. The Committee also observed, as a general principle, that where cases may have been delayed for ten to twelve years, they should not be allowed to linger on without decisions indefinitely.

199. *Loss of Rs. 2,13,181 on transformers damaged due to improper maintenance (Para 15, page 12—Audit Report—WAPDA).*—The Committee desired that WAPDA should intimate the total No. of damaged transformers. It was to be ensured that action was being taken in all other cases.

200. *Non-accountal of material worth Rs. 1,53,580 (Para 16, page 13—Audit Report—WAPDA).*—It was pointed out by Audit that the case was under verification.

201. *Loss of revenue of Rs. 79,210 due to non-accountal of cut-down trees (Para 17 page 13—Audit Report—WAPDA).*—After discussion of various aspects of the matter, the Committee observed that the departmental explanation was un-satisfactory. However, as no action was feasible the Committee reluctantly agreed to drop the objection.

202. *Non-recovery of Rs. 57,976 as cost of un-accountal material (Para 18, page 14—Audit Report—WAPDA).*—The case was stated to be still under police investigation.

203. *Loss of Rs. 57,123 as cost of missing spare parts of vehicles and other equipment (Para 19, page 15—Audit Report—WAPDA).*—This para was treated as settled, subject to verification by Audit.

204. *Overpayment of Rs. 38,672 to an officer due to incorrect fixation of his pay (Para 20, page 15—Audit Report—WAPDA).*—Audit was directed to verify the facts and settle the case.

205. *Shortage of material worth Rs. 19,861 (Para 21, page 15—Audit Report—WAPDA).*—After hearing the departmental representative, the Committee requested Audit to verify and settle this para.

206. *Loss of Rs. 13,547 on account of payment of demurrage charges (Para 22, page 16—Audit Report—WAPDA).*—This para was treated as settled subject to verification by Audit.

207. *Loss of Rs. 6,273 due to payment of a crossed cheque to a wrong person (Para 23, page 16—Audit Report—WAPDA).*—The case was stated to be *sub-judice*. Audit was requested to pursue and settle it in due course.

208. *Non-recovery of Rs. 52,500 as cost of shortage [Para 24 (i), page 17—Audit Report—WAPDA].*—After hearing the departmental explanation, Audit

was requested to verify the facts in the light of the departmental reply and settle the objection.

209. *Shortage of stores worth Rs. 45,870 [Para 24 (ii), page 17—Audit Report—WAPDA].*—Audit was requested to keep track of the case.

210. *Shortage of electrical material worth Rs. 24,865 [Para 24 (iii), page 17—Audit Report—WAPDA].*—Audit was requested to pursue the case.

211. *Non-recovery of Rs. 6,703 as cost of copper scrap found short [Para 24 (iv), page 18—Audit Report—WAPDA].*—After hearing the departmental explanation, a member observed that the explanation was not acceptable. A system of periodical check of weighing scales must be introduced, if not already in existence.

212. *Minus balance of Rs. 2,96,045 in security deposits (Para 25, page 18—Audit Report—WAPDA).*—The departmental representative was directed to produce relevant records after completion for verification by the Audit.

213. *Loss of Rs. 4 million (Approximately) due to non-recovery of damages in grid station from insurance companies (Para 26, page 18—Audit Report—WAPDA).*—The Committee enquired whether WAPDA exaggerated its claims? Audit was asked to follow up.

214. *Delay in disposal of surplus and unserviceable stores valuing Rs. 9,83,881 (Para 27, page 19—Audit Report—WAPDA).*—After hearing the departmental explanation, Audit was requested to verify the facts in the light of the departmental reply.

215. *Comments on the Balance Sheet of Water Wing as on 30th June, 1975 (Para 28, page 19—Audit Report—WAPDA).*—The Committee noted that there was no significant progress in the matter of completion reports. The departmental representative stated that they were not ignoring this work. Some had been completed and the others were in progress. The departmental representative was directed to furnish the completion report of a substantial number of projects within two months.

216. In reply to a query regarding the former MPO, the departmental representative explained that reconciliation work was going on. There is a dispute about the payment of interest. In his view, it was unfair to ask the MCP to pay the same now. A member remarked that, in his view, Government will have to waive that interest because the MPO and MCP cannot afford to pay interest amounting to Rs. 11 crore. WAPDA can also not finance it from any other source. The departmental representative submitted that it was a matter between the WAPDA and MPO, and now they were in the process of resolving this question, which was between the WAPDA and the MCP.

217. A member remarked that there were two points for consideration, namely, the payment of interest and charging of Rs. 7 crore. He was thinking of a write-off, of the latter. The Chairman asked for the basis of the department saying that the rates were low or high? The departmental representative replied that the MCP was also under Water Wing and it was sustaining losses. The Water Wing should have done something either to increase the rates or improve the efficiency of the organisation. A member remarked that it was supposed to be a Joint Venture between the West Pakistan Government and WAPDA. The departmental representative replied that it never worked that way. The MPO worked under the WAPDA and it was headed by a Chairman. The same member again remarked that it would be better to write-off these unrealisable amounts and have done with it. There is no need to go through all these exercises.

218. The Chairman asked that, when the MPO was being wound up, what exactly were its assets and if the balance of losses has to be written off, which authority was competent to do so? The departmental representative replied that the loss was to the Water Wing and, ultimately, to the Power Wing. The MPO had account with the Water Wing. Thereupon, the Chairman remarked that the assets will have to be distributed among the creditors proportionately. MPO is dead. There are no heirs and all that was left by the MPO has to be given to the creditors.

219. A member enquired as to how much and what value of assets, had been taken over by the MCP from the MPO? The Department should find out the balance and as to who were the creditors of the MPO? The departmental representative informed the Committee that WAPDA was the creditor of the MPO. There were some loans from the Provincial Governments also. A Committee was appointed to determine these issues. Finally, the amount has been determined. The rate of interest and the amount of instalments had also been fixed and the MCP was presently paying accordingly. In reply to a query, the departmental representative said that the interest amounted to Rs. 9.41 crore. Thereupon, the Chairman observed that the writing off of interest of this magnitude in a hurry would not be appropriate. The total assets of the MPO, as left, should be distributed among the creditors. The same principle should apply to the advances made by the Power Wing. Why was interest being denied to the Power Wing? The departmental representative said that Water and Power were the two wings of the same WAPDA. This is an internal arrangement. The Chairman observed that there was all the more reason that the two Wings should be treated fairly. The entire liabilities should be taken together and the assets should be distributed proportionately to the liabilities.

220. The departmental representative was directed to find out the value of assets taken over by the MCP for MPO.

221. *Paras 28 (1) to (6), (1) to (13) and 30 (Pages 10—27—Audit Report—WAPDA).*—Audit was requested to go through all these items, and report back to the Committee, if necessary.

222. *Compliance in respect of general|specific observations|recommendations contained in the PAC's Report for 1970-71.*—Audit was requested to check the compliance reports and report back to the Committee, where considered necessary.

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 (WAPDA). These would be deemed settled subject to the regularising action, if any, required under the rules.

224. The Committee then adjourned to meet at 8.30 a.m. on Sunday, 22nd July, 1979.

ISLAMABAD :
The 14th December, 1979.

M. A. HAQ,
Secretary.

NATIONAL ASSEMBLY SECRETARIAT

Sunday the 22nd July, 1979

2nd Meeting

225. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1974-75 in the State Bank Building, Islamabad, at 8.30 A.M. The following were present :—

Ad-hoc P.A.C.

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

National Assembly Secretariat

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

Audit

1. Mr. 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. Kh. Abdul Waheed, Director, Commercial Audit.
6. Mr. Idress Ahmad, Audit Officer, I. S.&F.
7. Mr. Ahmad Khan, Deputy Director, Audit and Accounts (Works).
8. Mr. Muhammad Javaid Ilyas, Director, Foreign Audit.

Ministry of Finance

Mr. Inamul Haq, Joint Secretary.

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

- (1) President's Secretariat (Public and Personal).
- (2) C.M.L.A's Secretariat (Including Pakistan Atomic Energy Commission).
- (3) Ministry of Labour and Manpower :
 - (a) Labour Division.
 - (b) Manpower Division.

- (4) Ministry of Food and Agriculture and Livestock.
- (5) Ministry of Industries.
- (6) Ministry of Housing and Works :
 - (a) Works Division.
 - (b) Environment and Urban Affairs Division.

PRESIDENT'S SECRETARIAT

(PUBLIC AND PERSONAL)

227. The Committee took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the President's Secretariat (Public and Personal) and the Report of the Auditor-General thereon.

228. Mr. A. R. Siddiqi, Joint Secretary, represented the department.

229. This Secretariat controlled appropriation the "Staff, Household and Allowances of the President" (Charged).

APPROPRIATION ACCOUNTS

President's Secretariat (Personal)

230. *Staff, Household and Allowances of the President (excluding Group head 'H') (Page 188—AA).*—There was no material point for consideration by the Committee under this grant.

President's Secretariat (Public)

231. *Staff, Household and Allowances of the President Group head 'H'—Secretariat Staff of the President (Page 188—AA).*—There was no material point for consideration by the Committee under this grant.

C.M.L.A.'s SECRETARIAT INCLUDING PAKISTAN ATOMIC ENERGY COMMISSION

232. Thereafter examination of Appropriation and other Accounts for the year 1974-75 pertaining to the C.M.L.A.'s Secretariat (including Pakistan Atomic Energy Commission) and the Report of the Auditor-General thereon was taken up.

233. The following departmental representatives were present :—

1. Mr. A. R. Siddiqi, Joint Secretary.
2. Mr. Anwarul Haq Raazi, Member (Finance) PAEC.
3. Mr. I. A. Warsi, Director (PAEC).

234. This Secretariat controlled the following grants :—

Sl. No.	Name of Grant	Grant. No.
1.	Prime Minister's Secretariat (Group heads ' H ' and ' I ' only).	9
2.	Other expenditure of Presidential Affairs Division (Group head ' A ' only).	100
3.	Capital outlay of Presidential Affairs Division.	158

APPROPRIATION ACCOUNTS

CMLA's Secretariat

235. *Grant No. 9—“H—Secretariat Staff of the Prime Minister” (Page 29—AA).*—An excess of Rs. 9,93,328 was reported under the above group-head. It was contended that, against the final grant of Rs. 39,46,328, the actual expenditure amounted to Rs. 38,05,008 having a saving of Rs. 141,320 due to less expenditure on TA|DA of the Officers and staff.

236. The Audit was requested to verify and correct the figures.

Pakistan Atomic Energy Commission

237. *Grants No. 100 and 158 (Pages 118 and 182—AA).*—There was no material point for consideration by the Committee under these grants.

238. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point under these compliance reports.

LABOUR DIVISION

239. Examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Labour Division and the Report of the Auditor-General thereon was taken up next.

240. The following departmental representatives were present :—

1. Mr. S. S. Hoda, Joint Secretary.
2. Mr. S. H. Tirmzey, Deputy Secretary (A).
3. Mr. I. H. Zaidi, F. A. (Labour and Manpower).

241. This Division controlled the following grants :—

Sl. No.	Name of Grant.	Grant No.
1.	Labour and Local Bodies Division.	77
2.	Other Expenditure of Labour and Local Bodies Division.	78
3.	Development Expenditure of Labour and Local Bodies Division.	135

APPROPRIATION ACCOUNTS

242. *Grant No. 77 (Page 94—AA).*—A saving of Rs. 1,30,948 was depicted against the group head “A—Secretariat”. The Department maintained that, instead of saving, there was an excess of Rs. 61,659 due to more expenditure on telephones than anticipated.

243. The departmental representative was directed to furnish the details of the budget provision in respect of telephones and the expenditure incurred thereon. Audit was also asked to check these details.

244. *Grant No. 78 (Page 95—AA).*—The saving of Rs. 50,888 against the group head “B—National Industrial Relations Commission”, was explained as having been due to less expenditure on telephones (Rs. 46,388) and T.A. of Chairman and Members of NIRC (Rs. 4,500), than anticipated.

245. In reply to a query, the departmental representative explained that the budget provision for telephones was Rs. 40,000. But the department had anticipated more expenditure on telephones, and therefore provided Rs. 86,000 against this item in the final appropriation. A member asked as to how was this additional provision made as there was no supplementary grant.

246. The Chairman remarked that the explanation did not seem to be correct. Another member observed that the explanation was misleading and the department ought to have been more straightforward in their explanation. He was directed to look into it again and put up a fresh explanation for the saving.

247. *Group head ‘E—Block Grant for Transfer to Workers’ Welfare Fund’ (Page 95—AA).*—Explaining the excess of Rs. 1,56,88,091, shown against this group head, the departmental representative said that their records showed that there was no variation between the Final Appropriation and the actual expenditure, reconciled with the AGPR.

248. The Audit representative submitted that the department had made out last time that no receipt head of account had been provided for the realisations on this account. Factually, the accounting procedure for it had been laid down in

detail by the Ministry of Finance in their letter, dated 30th July, 1972. There could be more than one way of having its collections. A procedure had been laid down as to how it was to be collected by the Income-tax authorities. Every month adjustments have to be made by the AGPR in accordance with the procedure laid down. But it seemed that no adjustments took place. He further said that the department, which had previously no information, could now collect information from the Treasuries and have reconciliation about receipts and adjustments effected in the AG's Office. Audit was now taking steps to ensure that receipts are intimated and adjustments take place every month.

249. The opening balance in the Welfare Fund in 1975-76 was Rs. 6.83 crore and receipts during the year amounted to about Rs. 3.62 crore. Rs. 2.43 crore was paid out of the Welfare Fund, during the year leaving a balance of about Rs. 8 crore in the Fund at the end of this particular year.

250. The Chairman added that it meant that some transfer was made and shown in the accounts. The Audit representative replied that this happened after the close of the year on 23rd October, 1975.

251. Explaining the procedure, the departmental representative stated that a disbursement of 60 per cent of the Fund was being made to the Provincial Governments in advance, for expenditure on housing facilities for the workers. After details of the expenditure are received, the balance amount is released. In reply to a query, whether details in respect of the Punjab were available, the departmental representative replied in the negative. He was directed to prepare a detailed note about the Fund and send the same for the information of the Committee.

252. *Grant No. 135 (Page 156—AA).*—There was no material point under this grant.

253. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the Compliance Reports:

MANPOWER DIVISION

254. The Committee then took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Manpower Division and the Report of the Auditor-General thereon:

255. The following departmental representatives were present :—

1. Mr. S. S. Hoda, Joint Secretary.
2. Ch. Altaf Hussain, Director General, (N.D.V.P.).
3. Raja Khalique Ahmed, Deputy Secretary (A).

256. This Division controlled Grant No. 79—"Manpower Division".

APPROPRIATION ACCOUNTS

257. *Grant No. 79 (Page 96—AA).*—There was no material point for consideration by the Committee under this grant.

AUDIT REPORT

258. *Irregular and un-authorized expenditure on NDVP (Para 6, pages 19-20).*—The departmental representative admitted that this was a bad case, as the PCI proforma and the NDVP Programme, as such, were never approved formally. The scheme was thus an unsanctioned one for which only lump sum grant was available. Previously, the NDVP was an autonomous organisation with a certain assignment. The case went to the Cabinet and they approved the outlines of the scheme. In reply to a query, the departmental representative stated that the funds were released for the Programme by the Ministry of Finance on an *ad-hoc* basis. An amount of Rs. 11.6 million was allocated for it in 1973-74, Rs. 47.96 million in 1974-75, Rs. 15.24 million in 1975-76 and Rs. 8.05 million in 1976-77. PCI proforma had been submitted now and was being processed in the Planning Division.

259. The Chairman noted that, at that time, there was no duly approved PCI proforma, yet the Government had authorised some expenditure for the Programme. In reply to a query, the departmental representative informed the Committee that the persons enrolled were simply volunteers and there were about two thousand volunteers on the roll of NDVP. They were sent all over Pakistan to run various projects and institutions like, the mines in Gilgit and Schools and Colleges. However, the basic idea was to get hold of the Engineers and Diploma Holders, as they had agitated before the Chancellor of the Engineering University, asking for jobs.

260. In reply to another query, the departmental representative explained that now they had six centres and registered only Engineers and Diploma Holders. The Organisational strength was only 125. The budget allocation for the NDVP for the current year was Rs. 97 lakh which was meant for the payment of arrears, etc. The current cost on the regular Engineers and Diploma Holders was Rs. 3 million, and on the establishment Rs. 2 million. The departmental representative admitted that the ratio of expenditure on the establishment *vis-a-vis* the amount given as stipends was definitely on the high side. He, however, added that previously there used to be 300 employees on the rolls. A Committee was set up by the Establishment Division and, on its recommendation, the strength was reduced to 250. Then it was reduced to 125 and they were going to reduce it further.

261. After further discussion, the Auditor-General suggested that the department should be directed to submit a detailed report about the present working of the Scheme, for the information of the Committee. The representative of

Finance Division added that it was not proper to say that only the Director-General, NDVP was responsible for all this. People working under him were equally responsible. In reply to a query, the departmental representative stated that there had been no inquiry about the allegations mentioned in the Audit para. A member remarked that they should be got looked into by the Ministry now. Besides, all the facts, the present status of the scheme also needed to be reviewed. The departmental representative informed the Committee that they would try to get hold of the report on the allegation prepared by the Establishment Division and see as to what it contained.

262. The Committee observed that it would like the report, to be submitted by the Ministry on the NDVP, to also contain information about the expenditure on establishment etc. A copy of the report should also be supplied to Audit.

263. *Compliance in respect of general|specific observations|recommendations contained in the PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

MINISTRY OF FOOD AND AGRICULTURE AND LIVESTOCK

264. Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Food and Agriculture and Livestock and the Report of the Auditor-General thereon were taken up next.

265. The following departmental representatives were present :—

1. Mr. A. Sami Qureshi, Secretary (F&A).
2. Mr. S. A. Raza, Joint Secretary (A).
3. Mr. M. Mohsin, Joint Secretary (F).
4. Dr. A. Salam Akhtar, Joint Secretary (L).
5. Mr. Riazul Haq Siddiqi, Deputy Secretary (F&A).
6. Mr. Ahmed Din, Deputy Secretary (F).
7. Mr. M. S. Bhatti, Deputy Secretary (L).

266. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Food and Agriculture and Rural Development.	38
2.	Plant Protection Measures.	39
3.	Other Agricultural Services.	40
4.	Islamabad Milk Plant.	41
5.	Fisheries.	42
6.	Subsidy on Foodstuffs.	43
7.	Capital Outlay on Purchases of Fertilizers.	105
8.	Capital Outlay on Purchase by Food and Agriculture Division.	106
9.	Development Expenditure of Ministry of Food, Agriculture and Rural Development.	126
10.	Capital Outlay on Food Storage and other works.	146

AUDIT REPORT

267. *Extra expenditure [(Rs. 5,96,418) incurred due to poor performance by handling agents and cost of stores (Rs. 12,86,260) despatched in excess|un-
accounted for (Para 5, page 18)].*—When asked whether any action had been taken against the persons, responsible for despatching 15,666 tons of sugar to the Afghan Government, instead of 15,000 tons, the departmental representative informed the Committee that no action had been taken so far. A member pointed out that responsibility for this excess supply has been sought to be placed at the shoulders of the contractor, but the officials concerned have been completely let off. 15,000 tons of sugar were to be despatched and this should have been watched by the Food Department. The departmental representative submitted that, in large scale despatches, there is usually some difference, because some bags get torn and have to be substituted.

268. The Chairman remarked that the question of plus and minus did not arise in this case because the Department had standardised the bags which were being sent. They should have gone by the number of bags as determined in advance. It seemed that, in this case, they sent more bags. The departmental representative said that it was correct that more bags were sent and no action had been taken against the departmental officials. The only point that went in favour of the Department and the Government was that the extra quantity had been accepted by the Afghan Government. In reply to a query whether the Afghan Government had accepted the claim for 666 tons, the departmental representative replied that it had not been accepted as yet.

269. The Audit representative informed the Committee that it was in early August, 1973 that Audit had pointed out the excess despatch of sugar to Afghanistan. If the Audit could discover this extra despatch in 1973, the Department too could, with exercise of better care, discover it much earlier. But there was no system or effort to do so. The departmental representative said that they discovered it in November, 1974, on which the Audit representative pointed out that even in their letter, dated 17th May, 1978, the Department had informed Audit that there was no other shortage (letter was read before the Committee).

270. When questioned whether claim was being made both from the Afghan Government and the contractor, the departmental representative replied in the affirmative and added that, while the Afghan Government had not accepted the claim yet, the claim against the contractor had been referred to arbitration. After some more discussion, the Committee directed the department to ensure that arbitration was completed by the date set by them and there was no further change in Arbitrator, reply given by the Afghan Government is attended to and due action is taken against the officials concerned. The departmental representative informed the Committee that the Arbitrator was working under the Ministry of Industries and the Committee's directives will be passed on to him.

271. The departmental representative was further directed that, next time, the department should furnish the actual date on which the claim for additional supply was made and also give their views on whether a strict adherence to the procedures presently laid down could have prevented it. And if this may have happened because of defective procedure, then what changes, if any, should be effected in the present system to obviate a recurrence of this kind of a problem.

APPROPRIATION ACCOUNTS

272. *Grants No. 38 and 39 (Pages 55-56—AA).*—There was no material point for consideration by the Committee under these grants.

273. *Grant No. 40 (Page 57—AA).*—The saving of Rs. 4,23,400 under group head "C—Grants-in-Aid" was contended due to less booking by the Audit. Audit was requested to verify and correct the figures.

274. *Grant No. 41 (Page 58—AA).*—The saving of Rs. 6,34,227, exhibited under this grant, was explained as due to the plant not having been able to procure raw milk in adequate quantities. Besides, the plant was closed for three months to remove certain defects noted during its trial production.

275. The departmental representative further informed the Committee that the capacity of the milk plant was 7,000 litres per day and its present production was 5,000 litres per day. They had developed the first Dairy Cooperative in the country. They do not own buffaloes, but get milk from the members of the Cooperatives Society within an area of 15 miles and payment is made according to the quality of the milk supplied. Production was increasing. He further stated that they also provide health cover to cows, testing of animals against diseases, artificial insemination, etc.

276. *Grant No. 42 (Page 59—AA).*—The saving of Rs. 1,81,000 under this grant was explained as being due to some posts having remained vacant and less expenditure on contingencies. A member remarked that if the saving was due to non-filling of posts, then the posts might as well have been abolished.

277. *General.*—Taking note of wide differences and variations in the figures of accounts, as printed and as claimed by the departmental representative, the Committee directed that the Ministry of Finance should issue fresh instructions to all the Ministries/Divisions requiring them to undertake regular reconciliation of their departmental figures of expenditure with those in the Audit offices at periodical intervals.

278. *Grant No. 43 (Page 60—AA).*—Explaining the saving of Rs. 21,28,16,574 shown against the group head "A—Grants-in-Aid and subsidies", it was explained that the subsidy of Rs. 17,18,62,000 was surrendered as it could not be utilized on 1,97,252 tons of wheat imported during 1974-75. This stock could not be sold to the prospective recipients as the ships could not berth due to congestion at the

port. Moreover, Rs. 1,37,32,500 emerged as saving because of lesser procurement and, therefore, lesser sale of indigenous wheat by the Governments of the Punjab and Sind resulting in less payment of subsidy.

279. *Grant No. 105 (Page 123—AA).*—The departmental representative contended that there was a saving of Rs. 16,97,37,359 only, against Rs. 66,42,51,273 shown by the Audit against group head “A—Purchase of Fertilizer”, and that also due to non-finalization of payments amounting to Rs. 17,20,16,513 before the close of the year. Some fertilizers were received, but payments could not be made due to procedural delay in the receipt of the original shipping documents from the foreign bank.

280. A member remarked that, this being a liability how was it met? The departmental representative submitted that 10% of the price was to be paid on receipt at Karachi. The balance 90% was to be paid over several years. According to the terms of the French credit, the French Government would have paid this 90% and it was to be repaid by the Department subsequently. The member further wanted to know as to how was the accounting done in this case and whether the department provide for this liability in their books? As the departmental representative could not satisfy the Committee on this point, he was directed to send a detailed note to the National Assembly Secretariat on this issue, for the information of the Committee.

281. *Group head “D—Purchase of Fertilizer (Adjustment prior to 1962-63)”.*—Dealing with a saving of Rs. 25,000 against this group head, the departmental representative stated that it pertained to the old scheme, which the *Ad hoc* Public Accounts Committee had directed to be wound up. Consequently, a case had been prepared for the Ministry of Finance which included the question of mode of settlement of the assets and liabilities of the scheme.

282. A member remarked that the Committee’s recommendation about winding up came only in 1979. This could have no bearing on the saving in 1974-75. The departmental representative said that what had been done was that the statement of liabilities and savings had been passed on to the Ministry of Finance. The explanation in respect of the saving in 1974-75 was not considered by the Committee to be satisfactory.

283. *Review on State Trading Scheme (Page 232—AA).*—A scheme for the acquisition and distribution of fertilizer was introduced in 1952 and operated under the Federal Government up to 1961-62. Thereafter, this work was transferred to the Provincial Governments. Although the Scheme ceased to operate under the Federal Government, its accounts were kept open by the Ministry for adjustment of certain outstanding expenditure and recoveries.

284. It was explained that records/statements as per requirement of Audit are under preparation. An Audit party is likely to be deputed by A. O., IS&F

for checking during the current month. The Audit representative requested that these should be complete and signed. The departmental representative promised that they would be completed within a month's time.

285. *Grant No. 106 (Page 124—AA).*—A short recovery of Rs. 17,17,90,000 under this grant was explained as being due to the fact that as the ships, which had brought the wheat remained off port due to congestion and the stocks could not be sold before 30th June, 1975.

286. A member remarked that lot of ships were stated to have been kept waiting in 1974-75 for discharge. He enquired whether the position had improved since. The departmental representative informed the Committee that the system and priorities had been changing from time to time. At present, import of part of the fertilizer requirements is done by the Provincial agencies, whose representative, received the same at Karachi. The responsibility of the Food Ministry is limited to providing them with transport for its transportation to the rail points. Some more incidentals are also provided by the Ministry e.g., rail fare @ 145 per metric ton from the rail point to the store house.

287. *Grant No. 126 (Page 146—AA).*—It was explained that the excess of Rs. 56,55,482 under the group head "O-Agriculture" was due to the adjustment of belated debits of Rs. 90,76,717, communicated by the AGPR on 6th December, 1977 after the close of the financial year.

288. Audit was requested to verify and correct the figures.

289. *Group head "Z—Grants-in-Aid to Provincial Government" (Page 146—AA).* There was a saving of Rs. 20,01,000 under this head. It was contended that there was a saving of Rs. 75,00,000, which was duly surrendered. This saving took place because the Government of Sind had asked for a cash development loan, instead of subsidy on tube-wells. The proposal was accepted by the Federal Government and, therefore, there was no way out but to surrender the above-said funds.

290. In reply to a query, the departmental representative informed the Committee that Rs. 32 crore under Grant No. 105 was meant for fertilizers, whereas Rs. 2.22 crore under this grant (No. 126) was for tube-wells.

291. *Grant No. 146 (Page 168—AA).*—Audit had pointed out that the figures of actual expenditure were not accepted by the Controlling Officer. The department explained that, acceptance could not be given as the amount of expenditure incurred by the Pak P.W.D. was not available. The actual expenditure was Rs. 3,41,24,243 against the final appropriation of Rs. 3,55,29,083. The net saving of Rs. 14,04,840 could not, however, be surrendered.

292. Audit was requested to verify and correct the figures.

293. *Financial Review of the Scheme of Purchase of Foodstuffs item 7—Profit on export of Rice (Page 233—AA).*—Audit pointed out that the Government earned profit of Rs. 74,82,20,645 out of which Rs. 57,31,07,702 was transferred to Revenue Account. The remaining amount of Rs. 17,51,12,943 was included in the list of assets and liabilities transferred to RECP., for its ultimate transfer to the Revenue Account, after the realisation of the expected sales proceeds.

294. The department explained that acceptance to the assets and liabilities was still awaited from the Rice Export Corporation, as the sales accounts of stocks, transferred credit sales and Bank's accounts had still not been finalised by them. A member enquired as to who, in the first instance, is going to own the assets and liabilities of the department. Secondly, there was a difference of about 20,000 tons in the rice stocks. The departmental representative replied that they had already contacted the RECP, who will depute their party for discussion on details. They are at it and hope that a final decision in the matter will be reached soon. The Committee stressed that a decision should be taken soon to finalise this long pending matter.

295. The departmental representative was requested that a financial review setting out the position about liabilities may be furnished to the Committee during the next meeting. A copy of this note should also be given to the Auditor-General.

269. *Item 8—Outstanding payments (Page 223—AA).*—Audit had pointed out that an amount of Rs. 32,04,406, being the balance cost of the 1966-67 crop against an advance of Rs. 18,50,00,000, which could not be paid to Government of West Pakistan, had not been finalised as yet.

297. A member observed that the department should start with the opening stock before one crop or one season and then add to it the purchases made during the fiscal year and subtract the outgoing, to arrive at the net holding at the end of that crop/season. Department should try to maintain accounts crop-wise or season-wise. Audit was also requested to examine the proforma prescribed for maintaining the accounts.

COMPLIANCE REPORTS ON PAC's REPORT FOR 1970-71

298. *Loss of Rs. 68,65,037 Government Money kept in the N.C. Bank instead of NBP (Faras 908—9 page 151 of PAC's Report for 1970-71).*—After hearing the departmental explanation and seeking certain clarifications, the Committee observed that the Department should look into it again and take disciplinary action against the person concerned. The departmental representative informed the Committee that the person concerned had already retired from service. No further observation was made by the Committee.

299. *Avoidable expenditure of Rs. 7 to 9 crores on the purchase of wheat (Para 913, page 152 PAC's Report for 1970-71).*—The departmental representative explained that Pakistan met its import requirements mainly from the USA and Australia. The wheat harvesting season in the USA is from July to September and prices are low in August and September. Imports are, however, arranged for shipments between November and April on the basis of the lowest prices obtainable in the world market.

300. Replying to a query, the departmental representative said that the total quantity to be purchased out of cash depends on several factors, viz., indications from aid-giving agencies and total domestic procurement. The procurement figures are finalised in July, because, after July very little remains in the field. It then depends on negotiations of EAD with the foreign aid-giving agencies. Generally, world prices are higher in September, though last year they were lower in America. A member enquired if it would not be better to make a forward commitment against cash purchases? The Auditor-General added that the Department have wheat stock in the country and they can assess their requirements immediately before the wheat crop is harvested.

301. The departmental representative agreed with the Auditor-General that, so far as the Ministry was concerned, this should be to their knowledge and the approximate quantity required to be imported during the next year must be known. It would be partly PL-480 and partly purchases from cash. Cash purchases cannot be finalised before availability under PL-480 is known. Last year about 22 lac tons had to be purchased. In Karachi, the Department cannot receive and handle more than 2½ lac ton per month of unloading, despatch and movement. The shipments have, therefore, to be scattered over a long period.

302. The Audit representative still maintained that their analysis of purchase over a period of three to four years had confirmed that the Department had been making purchases of wheat at a time, when prices were high. He requested the Committee to direct that the Department review their practice in the matter and implement their programme of purchases during a period when the price of wheat in the foreign market is low. The departmental representative submitted that the decision about the quantity to be brought is taken by the E.C.D., which is headed by the Minister for Finance.

303. The Chairman, thereupon, observed that it was not for the Committee to give a direction in the matter as this was a policy matter for the Government to take a decision on. Precise timing of purchases depended on several factors which differed from year to year.

304. *Loss of Rs. 5,17,853—installation of machinery for cold storage plants for the fish and construction of 16 fish-stalls (Para 907, page 150 of PAC's Report for 1970-71).*—The departmental representative explained that, in pursuance of the PAC's decision dated 19th November, 1978, the prospects of recovering part

of the amount spent on the stalls and storage plants, through auction, was reviewed by the Secretaries, Works and Livestock Division. In view of the *sub-judice* nature of the case, auction of the stalls or the land on which they were erected was not found to be feasible.

305. The departmental representative further explained that there were two cold storages and seven fish stalls in question. However, the problem was only of the fish-stalls, which had been constructed in the Federal Government Servants' Colonies, where the land belonged to the Pak. P.W.D. and was not transferable to the Livestock Department. After the shifting of capital from Karachi to Islamabad, the fish-stalls were not utilised. As the land on which these stalls were erected did not belong to the Food and Agriculture Department, the latter were not in a position to dispose them of, particularly as the Works Division were not prepared to transfer the land involved to the Food Department. The Works Ministry have taken the view that this would set a bad precedent for such a highly valuable land. All these seven cases were in the court. Only two cases had since been decided in favour of the Government. The remaining five were still pending.

306. The Audit representative pointed out that, at least the machinery installed in the fish stall, could be sold. The departmental representative said that, as the cases were *sub-judice*, this could not be done.

307. *Points/paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Accounts, Compliance Reports or Audit Reports. These would be treated as settled subject to regularising action, if any, that may be necessary under the rules.

MINISTRY OF INDUSTRIES

308. The Committee next examined the Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Industries and the Report of the Auditor-General thereon.

309. The following departmental representatives were present:—

1. Mr. M. Alauddin Ahmad, Secretary.
2. Mr. Akhtar Mahmood, Additional Secretary.
3. Mr. A.R. Khan, Joint Secretary.
4. Mr. Muhammad Sharif Khan, Deputy Secretary.
5. Malik Asrar Ahmad, D.G. (Supplies).

310. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Industries.	54
2.	Industries.	55
3.	Department of Investment Promotion and Supplies.	56
4.	Subsidy on Edible Oil.	57
5.	Other expenditure of Ministry of Industries.	58
6.	Capital Outlay on Miscellaneous Stores.	108
7.	Development Expenditure of Ministry of Industries.	130

APPROPRIATION ACCOUNTS

311. *Grants No. 54 and 55 (Pages 71-72—AA).*—There was no material point for consideration by the Committee against this grant.

312. *Grant No. 56 (Page 73—AA).*—The departmental representative stated that there was a saving of Rs. 94,819 against the group head “B—Central Testing Laboratories” instead of Rs. 1,22,219, shown by the Audit and this was due to non-receipt of debit from the A. O., IS&F, Karachi on account of cost of Laboratory equipment and chemicals.

313. The departmental representative was directed to intimate to the Audit the details of the debit in question so that Audit may check and verify.

314. *Grant No. 57 (page 74—AA).*—There was no material point under this grant.

315. *Grant No. 58 (page 75—AA).*—The saving of Rs. 24,12,458 shown under the group head “C—Controller of Weights and Measures” was contested by the departmental representative, who said that the saving amounted to only Rs. 17,33,371 mainly due to transfer of enforcement work to the Provincial Government and the resultant reduction in the staff.

316. Explaining the position further, the departmental representative informed the Committee that Weights and Measures was a Provincial subject. The Federal Government co-ordinated it for a while because of the introduction of metric system of weights and measures. Publicity, acquisition of national standards, training, etc. was being gradually transferred to the Provinces. Accordingly, the budget provision for 1979-80 under this group head, was only Rs. 13 lac mostly meant for publicity. It was added by the departmental representative that 80 measures still remained to be converted into National standards, e.g. Land Measures.

317. The Committee observed that the responsibility in respect of weights and measures, including publicity, should be transferred to the Provinces as soon as possible.

318. *Grant No. 108 (Capital outlay on Misc. Stores—Annexure 'E') (Page 126 and 240—47—AA).*—The departmental representative explained that, to finally close the accounts of the schemes, as recommended by the PAC, the entire amount of Rs. 3,82,05,610 was being transferred to the head "Miscellaneous Government Account" on the advice of Audit. No covering budget provision would be needed for effecting this adjustment, as this head fell within "Public Account of the Federation", outside the Federal Consolidated Fund.

319. The Committee observed that, if none of the outstanding amount was found to be realisable, it should be considered to be written off as an expenditure. Audit was also requested to look into it.

320. *Scheme for the purchase and sale of diplomatic cars (Page 242—AA).*—The departmental representative informed the Committee that half of the building, where diplomatic cars were being kept was being shared by a printing press. The departmental representative was directed to re-examine the question of maintaining only a small cell in the Ministry for this work.

321. The Committee further observed that it may be examined whether it would be necessary to maintain a running account for this work or only an annual account will do.

322. *State Trading Scheme for the production and supply of coal for the year 1974-75 (Page 247—AA).*—Audit had pointed out that the adjustment in respect of stocks, transferred to the Provincial Government, had not been settled, despite the lapse of a long period.

323. A member suggested that what was receivable from the Government of Bangladesh should be put into the Bangladesh suspense and the rest considered to be written off. Another member remarked that Rs. 22 lacs were spent on coal organisation. The PAC had decided last time that the coal organisation should be wound up. The departmental representative replied that there were only three or four clerks now, to maintain files. A member remarked that there were only two cases of M/s. PICC, Lahore and Latif Sons, Lahore, files of which were required to be kept. The Committee observed that the files, other than those relating to East Pakistan and specific involvements may be closed, but before doing so, the Ministry of Finance may be consulted. This was only a suggestion and not a directive for examination and decision by the Ministry.

324. *Grant No. 130 (Page 150—AA).*—There was no material point under this grant.

AUDIT REPORT

325. *Avoidable extra expenditure of Rs. 63,850 and non-imposition of full liquidated damages (Para 7, page 21).*—The departmental explanation was considered satisfactory and the para was treated as settled.

326. *Loss due to delay in finalising the contract and non-recovery of the amount of risk and cost from the defaulting firm—Rs. 38,090 (Para 8, page 21).*—After hearing the departmental explanation, a member remarked that, although the dead line was the 31st August, the department finalised the contract on the 16th September. The departmental representative submitted that several departments had to scrutinise the tenders and some delay took place because of these formalities. The member observed that, despite this, delay was not excusable because the Government had to pay Rs. 88,000 instead of Rs. 38,000 due to this delay.

327. The Audit representative added that it took the department two long years to purchase an article made locally. The purchase procedure needs, therefore, to be gone into. The member remarked that he suspected that the excuse given for the delay, namely, the man was not available to examine the goods was perhaps done only to afford an advantage to the firm. In this case, there were a number of defaulting firms, but no action appears to have been taken against them nor any firm seems to have been black listed. All the transactions should be scrutinised and action should be taken against the suppliers as well as the departmental people. It should also be found out as to when were the articles offered for inspection and when were they actually inspected and how was urgency established? The departmental representative submitted that they would look into it and the inspection record would be shown to Audit, who could satisfy themselves about this matter.

328. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to have a look at it, and report back to the Committee, if anything was needed to be brought to its notice.

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

WORKS DIVISION

330. After Ministry of Industries the Committee examined Appropriation and other Accounts for the year 1974-75 pertaining to the Works Division and the Report of the Auditor-General thereon.

331. The following departmental representatives were present :—

1. Maj. Gen. Shafiq Ahmed, Secretary.
2. Mr. C. A. Qavi, Chief Engineer, Pak. P.W.D.
3. Mr. Rehmatullah Khan, Deputy Secretary.
4. Mr. S. H. Haqi, Director (Budget and Accounts).

332. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Works and Rehabilitation Division.	80
2.	Civil Works.	81
3.	Other Expenditure of Works and Rehabilitation Division.	83
4.	Development Expenditure of Works and Rehabilitation Division.	136
5.	Capital Outlay on Civil Works.	151

APPROPRIATION ACCOUNTS

333. *Grant No. 80 (Page 97—AA).*—According to the printed Accounts there was an excess of Rs. 1,21,522 under the sub-head "A—Secretariat". The departmental representative submitted that departmental figures showed the excess to be only of Rs. 48,670, due to grant of special/additional dearness allowance. The supplementary grant asked for the purpose was not agreed to in full, while the expenditure was unavoidable.

334. The Chairman enquired whether the cut in the supplementary grant was against the dearness allowance or some other item? The departmental representative submitted that it was an *ad-hoc* cut. The total demand was of Rs. 3.35 lac, but the Ministry of Finance agreed to Rs. 73,000 only. In reply to a query whether the Ministry of Finance had asked for reduction on something else to accommodate this expenditure in full, the departmental representative said that the Ministry of Finance had initially informed them that a ban had been imposed on supplementary grants. But when they were again told that the expenditure was inevitable, they agreed to a supplementary grant of Rs. 73,000 only.

335. The Auditor-General pointed out that the ban referred to by the departmental representative was imposed much earlier when instructions were issued, while sanctioning the allowance, to the effect that Ministries/Divisions will have to meet their additional expenditure out of their savings. This was issued probably at the end of the 1974-75. As such, the totality of the picture should

have been stated. In reply the departmental representative informed the Committee that the allowances came into effect from June, 1974, and they met an expenditure of Rs. 35,000 on it by saving from expenditure on establishment.

336. *Grant No. 81 (Pages 98—100—AA).*—There was an excess of Rs. 1,01,88,982, under group head “B—Repairs-Buildings” in the ‘voted’ section, which was explained as being due to:—

- (i) payment of arrears/claims of KESC on account of Electric Consumption Charges (Rs. 29,20,642); and
- (ii) payment of arrears of pay and travelling expences of work-charged staff, repatriated from East Pakistan (Rs. 6,00,000).

The remaining excess of Rs. 66,68,340 was due to inadequate provision for the maintenance of quarters constructed, soon after the independence, on a temporary basis in Karachi.

337. The departmental representative further stated that they were allocated Rs. 3 lacs less than the requirement and the trouble started from there. Supplementary grant was asked for, but it was not agreed to. In reply to a query, the departmental representative informed the Committee that the liability for electric charges had been continuing for many years. There was not a single budget in which adequate funds had been provided to cover the total bill of the KESC. Arrears had, therefore, accumulated to Rs. 1.2 crore.

338. A member enquired as to what was being done to resolve this recurring issue. The Chairman added that in the first instance, one would like to know as to how much was provided in the budget for power and how much was actually paid? The departmental representative replied that they could provide the total payments made for electricity, but there was no allocation as such for electric consumption. The allocation for maintenance was in the shape of a lump sum grant, which included expenditure on the maintenance staff as well as so many fixed charges. Normally, the actual allocation made was only a fragment of the amount asked for under this head.

339. The Chairman enquired as to what supplementary grant was asked for under the head “Repairs” and how much was actually sanctioned? The departmental representative replied that it was more than clear that it was not sanctioned. The omission on the part of the department had already been accepted. The demand, which was made in March, was for more than Rs. one crore. A member remarked that, if the department got only 25 per cent of the supplementary grant, which was considered insufficient, then they should have limited the expenditure to the sanctioned grant. The departmental representative submitted that he had already admitted this omission. Remedial measures had already been taken and they were thinking of revising the system further to obviate a recurrence of such irregularity in future.

340. The Committee observed that the above explanation was not satisfactory. The matter should be gone into departmentally for fixing responsibility for this irregularity and taking due action against the defaulters.

341. *Group head "D—Establishment" (Page 98—AA).*—The departmental representative contended that, according to departmental figures, the excess under this group head was of Rs. 7,88,221 only, instead of Rs. 52,61,097 shown by the Audit. Audit was requested to verify and correct the figures.

342. *Group head "E—Tools and Plants" (Page 98—AA).*—The departmental representative explained that the excess of Rs. 27,90,721 under this group head was due to :—

- (i) purchase of seven jeeps in Karachi (Rs. 3,35,384) ;
- (ii) purchase of one Micro-Bus for Hyderabad Division (Rs. 61,140) ;
- (iii) provision of air-conditioners, gas and electric heaters at the residences of Ministers|Advisers ;
- (iv) replacement of un-serviceable air-conditioners at the residences of high officials ; and
- (v) use of POL due to extensive touring zone in vast areas of Sind, NWFP, Baluchistan (Rs. 23,94,197).

343. The Chairman observed that, as the department had failed to ask for a supplementary grant to cover the excess, the person who gave his approval for incurring this expenditure must be dealt with departmentally.

344. *Group head "G—Suspense" (Page 98—AA).*—An excess of Rs. 15,59,90,256 was depicted against this group head. The departmental representative contended that the excess under this head was of Rs. 6,35,73,292 only, mainly due to an adjustment of increase in the appraised value of stocks because of rising prices (Rs. 2,00,62,263) ; adjustment of ATDs (Rs. 1,19,43,497) and issue of material to contractors under contractual obligation (Rs. 3,15,67,332). A sum of Rs. 4,63,27,473 was recovered from the contractors during this year on account of supply of material.

345. The departmental representative further explained that the excess, in fact, did not involve any extra expenditure. This allocation was also not an allocation for incurring expenditure and the explanation was also, therefore, notional. It was an allocation mainly to cover adjustments. For example, under the old procedure, the department purchased stores in bulk and in most cases did not make payment in cash. The stores were purchased through other agencies and, when received, were debited to the final head. So far as payment was concerned, since the same was not made by the department, the amount was credited. A member remarked that the debits, miscellaneous works, advances etc. shown in the Appropriation Accounts were not all notional. The

departmental representative submitted that all these credits were against Rs. 18 crores under this head, part of which was in the former East Pakistan. That could have affected the debits. Thereupon, the member remarked that, in that case, it should have been explained that debits of Rs. 13 crore had not been reconciled.

346. The Audit representative pointed out that, when the figures were discussed last time, the Committee had directed that the position could not be reconciled unless the data was complete. The departmental representative was directed to have the figures reconciled with Audit for this year (1974-75), which they had not done so far, and were required to attend to this immediately.

347. *Grant No. 83 (Page 102—AA).*—There was no material point under this grant.

348. *Grant No. 136 (Page 157—AA).*—The excess of Rs. 3,55,52,062, exhibited in the accounts against the group head "X—Civil Works" in the 'Voted' section, was challenged by the department, who said that the actual expenditure amounted to Rs. 10,44,631 and not Rs. 3,65,05,062 shown by the Audit. The Audit representative informed the Committee that they were already taking departmental action against the person, responsible for wrong posting.

349. *Grant No. 151 (Page 176—AA).*—There was no material point for discussion under this grant.

AUDIT REPORT

350. *Non-recovery of Rs. 7,15,233 (Para 10, page 32—Audit Report).*—Refuting the departmental explanation the Audit representative drew the attention of the Committee to the fact that, according to departmental orders, there were two categories of contractors 'A' and 'B'. In this particular case the irregularity had been committed by the department itself. A contract of Rs. 39 lac. was awarded to a contractor in category 'B', who was not ordinarily capable of handling a contract of more than Rs. 10 lac. On asking about the Authority who could accord relaxation in such cases, the Committee was informed that, in this particular case, it was the Chief Engineer.

351. Thereupon, a member remarked that the competent authority must have recorded his reasons for so exercising his discretion. The departmental representative informed the Committee that he had already taken cognizance of this case and ordered for the issue of notice to satisfy himself that the discretion had been used rightly. The Committee agreed to have the final outcome of the case reported to them.

352. *Non-recovery of Rs. 7,14,689 due from the contractor on account of their risk and cost liability (Para 11, page 23—Audit Report).*—It was explained that,

out of the total amount of Rs. 10,21,874, recoverable from ten contractors, Rs. 2,88,015 had already been recovered from five of them. Two contractors, from whom Rs. 2,42,429 was recoverable, had gone to court and the matter pertaining to them was *sub-judice*. The remaining contractors had submitted their final bills, which were under examination|finalisation. Recovery would be effected through these bills and through their security deposits, if necessary.

353. A member noted that Audit had mentioned about three contractors, who had filed suits. The departmental representative replied that one contractor was absconding. Thereupon, the member remarked that then the explanation was not correct as the department had not mentioned about the contractor who was absconding and what were the prospects of recovery of the due amount from him. A report containing the above information should be submitted through the Audit, for the information of the Committee.

354. *Extra expenditure of Rs. 6,80,750 due to non-acceptance of lowest rates in the first instance (Para 12, page 23—Audit Report).*—After hearing the explanation, a member remarked that the Additional Chief Engineer did not seem to have had sufficient time to go through the Notice Inviting Tenders. The departmental representative replied that there were certain codal formalities to be observed before the tenders were floated. That meant that the competent authority, in this case the Additional Chief Engineer, should first approve the NIT. This exercise was not done, with the result that the Executive Engineer, on his own, called for the tenders, even conducted the negotiations, and sent up the papers to the Additional Chief Engineer, seeking his approval. He said that it was necessary to have first observed the codal formalities before calling for the tenders. So, the tenders were rejected summarily in the first instance. Secondly, it became necessary for the S. E. to take this decision because only single tender was received for the first time. Additional Chief Engineer then said that the NIT (Notice Inviting Tender) should be got approved by him before tenders were called.

355. A member remarked that NIT consisted of bills of quantity, giving specifications, rate, time and the conditions. The question is whether the Additional Chief Engineer had seen the notice inviting tenders (NIT) carefully. If not, then it is his fault. The departmental representative replied that he had looked at it and the Additional Chief Engineer was to be blamed. The rejection of the first tender was justified under the rules. Non-acceptance of the second tender was also justified under the same rule. But, in his opinion, acceptance of the third tender showed a lack of discretion, because he had the history of the tender before him. The member remarked that the rejection of second tender was not right, because he should have taken sufficient care to see that the schedule was attached, when he approved the NIT. The departmental representative said that he agreed with the member. They had made a mistake, but the officer who misused his discretion was not available to be dealt with. Another member remarked that the Executive Engineer was also to blame. He did not observe the

codal formalities. The departmental representative replied that in each case, the signature was that of the Chief Engineer. He had accepted the tender under his own signature. Therefore, it was he who should reasonably be taken to task.

356. *Non-recovery of Rs. 3,82,814 from contractors (Para 13, page 24—Audit Report).*—According to departmental representative the recoverable amount from the various contractors actually worked out to only Rs. 1,72,431, of which Rs. 91,900 had already been recovered and efforts were being made to recover the balance of Rs. 80,531. The Audit representative informed the Committee that they would verify the recovery. In reply to a query, the departmental representative informed the Committee that so far as the outstanding recovery was concerned, finalisation of accounts was in hand and the possibility of recovery was being looked into. Recovery will be made if sufficient amount was to be paid. Otherwise, they will have to go to the court.

357. A member remarked that it should be firmly understood that the Department had to take action in the matter and make an effort to recover the outstanding amount, otherwise a suit may be filed.

358. *Outstanding recoveries of Rs. 3,59,803 due from contractors for work done on their risk and cost (Para 14, page 24—Audit Report).*—It was explained that an amount of Rs. 2,60,468, outstanding against the 'B' contractor, was included in the amount of Rs. 3,10,965 shown against para 10 and recoverable from the same contractor on account of defective work. A member remarked that the Department should take legal action in this matter, if necessary. The audit representative pointed out that the department's version was not correct as in this case the contractor is the same but the contract was different. He further added that this paragraph related to a work pertaining to residential accommodation, i.e., the 'H' type quarters. The member remarked that there were two different lots of recoverable amounts. The Audit representative said that the department had promised recovery and they would verify it.

359. The member observed that action should also be taken against the officer responsible for this. The departmental representative submitted that, if a contractor failed to fulfil his contractual obligation, action will have to be taken against him and not the departmental man. In this case, material worth Rs. 5 lac was issued to the contractor and he had utilised material worth Rs. 4 lac only. Material worth Rs. one lac was due from him. Another member remarked that the man who issued that material must be held responsible. The first member then added that he could not understand as to how was the material removed from the site when a representative of the department was on duty there. The departmental representative submitted that the contractor removed the material forcibly. Therefore, a criminal case was registered against him with the police. He was arrested, but released on bail.

360. The Audit was requested to keep track of the case.

361. *Non-recovery of water charges and rent of sewer lines amounting to Rs. 1,59,220 (Para 15, page 25—Audit Report).*—The departmental representative stated that, in a number of cases, dues had been taken by Audit twice, thus raising the figure to Rs. 1,59,220, instead of the actual total recoverable amount of Rs. 1,23,750, which comprised of Rs. 70,180, recoverable from Mosques, Imam Baras and Government institutions and Rs. 53,570 from private parties. The institutions from which Rs. 70,180 was recoverable claimed to be exempt from this payment. Technically, there seemed to be no orders for supplying electricity free to Mosques and Imam Baras. The Audit representative said that then the department should have told them that they were not authorised free supply. The departmental representative added that an authority in support of such exemption had been produced, but the same was not acceptable to him. A member remarked that, in his opinion, the department could not now claim recovery after passage of three years, as the dues would be time-barred.

362. As for the private parties, the departmental representative stated that Rs. 17,330 had since been recovered, leaving a balance of Rs. 36,240. Vigorous efforts, by way of issuing notice, were being made and action had also been taken to disconnect water and sewerage connections of the defaulters. But it was not feasible to disconnect the connections of Mosques and Imam Baras.

363. The Auditor-General remarked that the department had provided this facility to private persons also and enquired if it was permissible under the rules. The Chairman observed that Government's orders should be obtained in the matter. The departmental representative said that they would have to make a special request for a few mosques. Part recovery had been made from them but the major part of the dues was still outstanding. The Auditor-General suggested that one alternative could be for the department to obtain a condonation from the Government for the past dues, but the future bills should be collected regularly.

364. The Chairman observed that the department should lay down a clear cut policy in this matter and then that policy should be implemented faithfully.

365. *Non-recovery of electricity charges amounting to Rs. 1,91,915 (Para 16, page 25—Audit Report).*—It was explained that an amount of Rs. 1,54,179 had already been recovered from the Cooperative Society, which was disputing the correctness of the remaining dues of Rs. 37,736. The matter was being pursued and the final position will be intimated to the Audit shortly.

366. *Short recovery of Rs. 1,10,498 on account of cost of steel issued in excess to various contractors (Para 17, page 25—Audit Report).*—The para was treated as settled subject to verification by Audit.

367. *Non-recovery of Rs. 95,533 due to risk and cost liability (Para 18, page 26—Audit Report).*—It was explained that the amount of Rs. 95,533 already stood included in the amount of recovery mentioned in para 11 and was being pursued under that para.

368. *Infructuous expenditure of Rs. 74,000 per year on the employment of unnecessary work charged establishment (Para 19, page 26—Audit Report).*—It was explained that the W. C. establishment in question comprised of skilled labour, which was scarce, and it was not feasible to discharge them and then take them back at will. Moreover, the staff in question had been given a regular status and their retrenchment was also against the labour and employment policy of the government. The services of the staff in question were utilised to the extent possible on other machines.

369. A member remarked that staff in question was employed for a particular work and had to be dispensed with when that work was over. The departmental representative said that orders were that they would not be dispensed with. Another member remarked whether the staff in question had been given a regular status by any order? The departmental representative said that they would produce the orders. It was decided that the department would produce the order before Audit, who would check whether it was applicable at that time.

370. *Loss of Rs. 67,772 (Para 20, page 26—Audit Report).*—After hearing the departmental explanation, the para was treated as settled.

371. *Theft of deoder wooden battons worth Rs. 65,100 (Para 21, page 27—Audit Report).*—It was explained that the material was forcibly removed by the contractor. Report in this connection was lodged with the police. A criminal case was, thereupon, filed against the contractor, which was at the evidence stage. Action to file a civil suit to effect recovery had also been initiated as mentioned against para 10, which also relates to the same contractor.

372. *Short recovery of over Rs. 48,000 from a contractor (Para 22, page 27—Audit Report).*—It was explained that measurement of the entire consumption stood recorded in the Measurement Book No. 58 and Audit had been already requested to verify it. The para was treated as settled subject to verification by Audit.

373. *Non-recovery of interest, etc. (Para 23, page 27—Audit Report).*—The Audit representative informed the Committee that the amount had been recovered and they had already verified the recovery of Rs. 1.39 lakh. The balance had yet to be recovered. The para was treated as settled subject to verification by Audit.

374. *Non-recovery of secured advance amounting to Rs. 37,494 from a contractor (Para 26, page 29—Audit Report).*—It was explained that the recovery would be effected from the outstanding bills of the contractor. Audit was requested to keep watch over the recovery.

375. *Loss of Rs. 30,222 due to non-recovery of full price of defective coal returned to Pakistan Mineral Development Corporation (Para 27 page 29—Audit Report).*—After hearing the departmental explanation, the para was treated as settled subject to initiation of departmental action against the official.

376. *Over-payment of Rs. 13,657 due to award of escalation on market rates (Para 29, page 30—Audit Report).*—It was explained that, out of Rs. 13,657, a sum of Rs. 12,710 had since been recovered from the contractor and adjusted. The balance of Rs. 947 was in the process of adjustment against the claim of the contractor pending with another Division of Pak. P.W.D., Quetta. The para was treated as settled subject to verification by the Audit and initiation of departmental action against the official responsible for overpayment.

377. *Non-recovery of Rs. 10,771 from a contractor (Para 31, page 31—Audit Report).*—It was explained that, as it was not possible to recover the amount from the outstanding dues of the contractor, it had been decided to file a suit against him. The Law Division had been requested to appoint a lawyer for the purpose. The Audit was requested to keep track of the case.

378. *Non-recovery of Rs. 10,318 from contractor for damage caused to property during a work (Para 32, page 31—Audit Report).*—The departmental representative explained that, according to the contractor the wall fell down due to seepage of the drain constructed by the farmers. The entire damage had been caused at one time during the execution of work and it was difficult to ascribe it to the contractor's negligence. The relevant record had been produced before the Audit. After going through the records, Audit will perhaps not insist upon the recovery.

379. The Chairman remarked that, if there was seepage, then somebody should have redesigned the wall. The departmental representative submitted that there had been seepage. Eighteen feet of wall fell down because of the work of the contractor and an amount of Rs. 400 had already been recovered from him. The remaining portion of the wall, in the view of the department, was not the contractor's responsibility. In reply to a query from Chairman, the departmental representative informed him that the wall was re-constructed according to the same design.

380. The Audit representative added that their contention was that the wall did not fall due to the construction of the drain by the farmers, but because the drains were dug further by the contractor. It had been checked that there was no irrigation drain near the wall. The wall had been reconstructed according to the same design.

381. The Committee did not make any further observation on this para.

382. *Compliance reports in respect of general|specific observation|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to examine the reports and report back to the Committee, if anything needed to be brought to its notice.

383. *Points|paras not discussed to be treated settled.*—The Committee did not make any observation on the 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 might be necessary under the rules.

ENVIRONMENT AND URBAN AFFAIRS DIVISION

384. At the end examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Environment and Urban Affairs Division and the Report of the Auditor-General thereon was taken up.

385. The following departmental representatives were present :—

1. Maj. Gen. Shafiq Ahmad, Secretary.
2. Mr. Shamsul Haq, Deputy Secretary.
3. Mr. M. A. Kazmi, Chairman, CDA.
4. Mr. M. S. Qureshi, Member Finance, CDA.
5. Mr. Abd'il Mannan, Member (Tech.), CDA.
6. Mr. Faiz Ahmad Shaikh, DGW, CDA.

386. 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 (Groups heads 'B' and 'C').	100
4.	Capital Outlay on New Federal Capital.	159

APPROPRIATION ACCOUNTS

387. *Grant No. 96 (Page 114—AA).*—An excess of Rs. 1,28,955 was depicted against group head "A-Secretariat". It was contended that an expenditure of Rs. 14,58,065 was incurred against the final grant of Rs. 14,17,000 leaving an excess of Rs. 41,065. An amount of Rs. 87,890 was also surrendered. The excess occurred due to late receipt of telephone bills and booking of this amount by the AGPR, without the knowledge of the Administrative Ministry.

388. The Chairman observed that the explanation was not clear. A member enquired as to why was surrender made in that case? May be the surrendered amount was meant for a specific job and it was not spent on that job. Thereafter expenditure may have been incurred on some other work. The department should submit a fresh explanation for the entire excess of Rs. 1,28,955.

389. *Grants No. 98, 100 and 159 (Pages 116,118 and 188—AA).*—There was no material point for consideration by the Committee under these grants.

AUDIT REPORT

390. *Excess payment amounting to Rs. 45,109 (Para 24, Page 28—AA).*—It was explained that the Collector, Rawalpindi District, was requested to recover the amount from the contractor as arrears of land revenue. The contractor filed a suit in the Court of Civil Judge, Rawalpindi on 4th October, 1976 which was dismissed on 12th July, 1978. The contractor had now filed a revision petition in the High Court. Disciplinary action against the officials responsible for this irregularity was in progress. The Audit was requested to keep watch over this case.

391. *Short recovery of Rs. 14,966 due to non-application of proper rates (Para 28, page 30—Audit Report).*—After hearing the departmental explanation, the Audit representative contended that rates applied by the Authority were not correct. In reply to a query, the departmental representative informed the Committee that the rate quoted in the NIT was Rs. 13 per hundred cft. The member, the Audit representative contended that rates applied by the Authority were not be changed.

392. The Chairman observed that whether the agreement provided that the Authority will supply stone to the contractor @ Rs. 13 per hundred cft. was a question of fact. Audit was requested to check the agreement and report back, if necessary.

393. *Overpayment of Rs. 12,817 to a contractor (Para 30, page 30—Audit Report).*—After hearing the departmental representative the objection was dropped.

394. *Compliance reports in respect of general/specific observations/recommendations contained in PAC's Report for 1970-71.*—Audit was requested to have a look at the reports and report back to the Committee, anything on which further action was necessary.

395. *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 treated as settled subject to such regularising action as might be necessary under the rules.

396. The Committee, thereafter, adjourned to meet again on Monday, the 23rd July, 1979 at 8.30 a.m.

M. A. HAQ,
Secretary.

ISLAMABAD,
The 14th December, 1979.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 23rd July, 1979

3rd Meeting

397. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1974-75 in the State Bank Building, Islamabad, at 8.30 A.M. The following were present :—

Ad-hoc P. A. C.

- | | |
|---|------------------|
| 1. Mr. A.G.N. Kazi, Governor, State Bank of Pakistan. | <i>Chairman.</i> |
| 2. Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan. | <i>Member.</i> |
| 3. Mr. Abdul Qadir, former Chairman, Railway Board. | <i>Member.</i> |
| 4. Mr. Yusuf Bhaj 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 Revenue.
5. Kh. Abdul Waheed, Director, Commercial Audit.
6. Mr. Muhammad Javaid Ilyas, Director, Foreign Audit.

Ministry of Finance

Mr. Inamul Haq, Joint Secretary.

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

(1) *Cabinet Secretariat :*

- (a) Cabinet Division.
- (b) Establishment Division.

- (2) *Ministry of Health, Social Welfare and Population :*
 - (a) Health and Social Welfare Division.
 - (b) Population Division.
- (3) *Ministry of Planning and Development :*
 - (a) Planning and Development Division.
 - (b) Statistics Division.
- (4) *Ministry of Finance and Economic Affairs :*
 - (a) Finance Division (including C.B.R.).
 - (b) Economic Affairs Division.
- (5) Ministry of Production.
- (6) Ministry of Foreign Affairs.
- (7) Ministry of Petroleum and Natural Resources.
- (8) Ministry of Education.
- (9) Ministry of Information and Broadcasting.

CABINET DIVISION

399. The Committee took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Cabinet Division and the Report of the Auditor-General thereon.

400. The following departmental representatives were present :—

1. Mr. S. M. Niazi, Secretary.
2. Mr. S. Anis Ahmad, Deputy Secretary.
3. Mr. Iqbal Haq, Deputy Secretary.

401. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No
1.	Cabinet Division.	1
2.	Cabinet.	2
3.	Disaster Relief and Rehabilitation.	3
4.	Prime Minister's Secretariat (Group head K-Federal Land Commission).	9
5.	Stationery and Printing.	22
6.	Development Expenditure of Cabinet Division.	119
7.	Capital Outlay on other Works of Cabinet Division.	140—A
8.	Capital Outlay on Printing Corporation.	142

APPROPRIATION ACCOUNTS

402. *Grant No. 1 (Page 15—AA).*—Contesting the figure of Rs. 20,66,449 shown in the Accounts against the group head “A-Secretariat” as saving, the departmental representative maintained that according to their records, the actual saving was of Rs. 20,38,262. This amount was intended for the pay and allowances of officers, appointed against posts in foreign embassies and was placed at the disposal of the Ministry of Foreign Affairs, though the provision was made in the budget grant of the Cabinet Division. During 1974-75, some 16|18 posts of senior officers were not filled up for administrative reasons resulting in this saving. However, as timely intimation was not received from the Ministry of Foreign Affairs, the saving could not be surrendered.

403. The Chairman observed that, as money was placed at the disposal of the Ministry of Foreign Affairs and not utilised by them, the saving should be explained by that Ministry and also as to why they did not inform the Cabinet Division. The departmental representative submitted that they just intimated that certain posts had remained vacant, but even this information was not communicated in time. Thereupon the Chairman enquired whether the Cabinet Division tried to find out about it from the Ministry of Foreign Affairs and the later failed to give any reply? The departmental representative replied that the Ministry of Foreign Affairs sent an intimation only in the subsequent financial year.

404. The Chairman observed that the department should look into this and see whether the accounts were being furnished and to what extent.

405. The departmental representative complained that the Ministry of Foreign Affairs did not communicate the number of appointments. They only intimated the total amount of expenditure incurred by them against the Grant.

406. The Chairman finally observed that the department should tighten up their procedures about receiving the monthly accounts and up-to-date information about actual expenditure.

407. *Group head “B-Central Pool of Cars” (Page 15—AA).*—A saving of Rs. 7,78,510 was depicted against this group head. The departmental representative submitted that the saving was of Rs. 6,99,641 only mainly due to non-receipt of debit vouchers regarding purchase of staff cars during the year.

408. Elucidating his reply, the departmental representative informed the Committee that fourteen cars had been purchased from the dealers and received but debits were not raised. Thereupon, a member enquired that, in that case, who was supposed to debit the amount? The departmental representative replied that bills from the dealers were not received by them during that particular year.

409. As no debits are received in the case of local purchase, reply was not found to be satisfactory, the departmental representative was directed to check up the factual position and furnish a fresh explanation to the Committee.

410. *Group head "C-Intelligence Bureau" (Page 15—AA).*—There was a saving of Rs. 18,66,455 against this sub-head. It was explained that the Finance Division had sanctioned a sum of Rs. 19,00,000 in Pakistan rupees and Rs. 11,40,000 in foreign currency for the purchase of technical equipment during the year. Indents for the purchase of the equipment, amounting to Rs. 19,00,000 and including provision to cover expenditure on customs duty and sales tax, etc., were placed on the Department of Investment Promotion and Supplies. However, debits in respect of the purchase started coming in after the 30th June, 1975. The debit notes continued to be received during the financial years 1975-76, 1976-77 and 1977-78.

411. A member remarked that as the debits started to come after the close of the year, according to the explanation, there should have been more saving.

412. Audit was requested to check the debit vouchers, verify the statement made by the department and also see whether the savings were surrendered.

413. *Grants No. 2, 9 and 22 (Pages 16, 24 and 37—AA).*—There was no material point under these grants.

414. *Grant No. 3 (Page 17—AA).*—According to the Appropriation Accounts, an excess of Rs. 29,71,641 had been committed against this grant. The departmental representative did not accept the position and maintained that, against the final grant of Rs. 12,71,07,509, the actual expenditure was Rs. 12,33,80,668 resulting in a saving of Rs. 37,26,841 instead of the excess of Rs. 29,71,641. The fact is that an excess debit was raised by the CCMA in respect of Group Head 'E' and included as expenditure in the Appropriation Accounts. This excess debit was subsequently withdrawn by the CCMA in the accounts for January, 1978. Hence the variation between Audit and departmental figures.

415. In reply to a query the departmental representative submitted that they had got six helicopters which were being maintained by the Aviation Division of the GHQ. They raised a debit of Rs. 66,98,482 on account of the construction of a hanger where these helicopters had to be maintained. CCMA sent the debit to the AGPR, without consulting the Cabinet Division. When it came to their notice, they pointed out that they would like to hire the hanger instead of paying the capital cost for it.

416. Ultimately, the proposal was accepted and the GHQ were prevailed upon to withdraw the debit in January, 1978. But, during 1974-75, the AGPR had shown this liability to be that of the Cabinet Division.

417. Replying to further queries, the departmental representative informed the Committee that, under this group head, the provision of Rs. 1,69,77,000 was meant for maintenance of six helicopters, which were donated by the U.S. Government and kept for relief purposes. Although, the administrative control of these helicopters rested with the Cabinet Division, they were maintained by the Ministry of Defence.

418. Group head "*F-Relief for victims of Earthquake in Northern Areas*" (Page 17—AA).—An expenditure of Rs. 3,60,00,000 was incurred against a budgetary provision of Rs. 4,64,11,000 under this group head. Explaining the procedure of operation of this grant, the departmental representative informed the Committee that the entire amount was placed at the disposal of the Provincial Government for cash distribution to the victims of earthquake in the Northern Areas. Audit had found that the amount was spent for the purpose for which it was advanced to the Provincial Government.

419. The departmental representative was directed to supply a copy of the Audit Report to the National Assembly Secretariat, for the information of the Committee.

420. When asked by the Committee whether the money which came for the Relief Fund did find a place in the Finance Accounts, the representative of Finance Division explained that it was called the Prime Minister's Earthquake Relief Fund and should be in the Finance Accounts. Releases were made against this fund. In all, Rs. 48.86 crore were donated to this fund (Prime Minister's Earthquake Relief Fund) by foreign agencies, particularly the Arab countries. A separate account of the fund was being maintained by the A.G.P.R. A separate organization, known as the Kohistan Development Board, had drawn up a special plan for the development of the area. The plan was now under execution. So far, an amount of Rs. 22 crore had been utilised. At the Central Government's level, there was a high level Committee, headed by the then Secretary-General. All the development projects came to this Committee and used to be finally approved by this Committee. The accounts of the projects were audited by the Accountant-General and there is internal as well as external auditing.

421. When questioned about the latest position of the Fund, the departmental representative stated that an amount of Rs. 13 crore was left in the Fund towards the end of the last financial year. The expenditure during 1978-79 was about Rs. 6 crore, which included an expenditure of Rs. 60 lac on establishment. Besides cash disbursement to the residents to compensate them for damaged, completely demolished houses and loss of live-stock, the major portion of the money was spent on welfare schemes and items such as schools, hospitals, roads, water supply, agriculture, etc.

422. In reply to a query the departmental representative clarified that the Fund was meant for earthquake relief and it could be utilised where an earthquake came and relief was needed in Pakistan.

423. A member remarked that, if the money was donated for a specific purpose and place, was it right to use it elsewhere? The Chairman observed that, technically, this may be debatable. The Committee did not make any further observation in the matter.

424. *Grant No. 119 (Page 139—AA).*—This grant was partly discussed in para 423 above while discussing the group head "F-Relief for victims of Earthquake in Northern Areas". There was no material point for discussion under this grant.

425. *Grant No. 140-A (Page 162—AA).*—Explaining the expenditure of Rs. 15,00,000 incurred under this grant, the departmental representative informed the Committee that it was utilised on the construction of a warehouse in Islamabad for storing relief goods. The amount was placed at the disposal of CDA, who spent Rs. 14 lac from it and the remaining Rs. 1 lac was being spent by them for the construction of an underground water-tank.

426. *Grant No. 142 (Page 164—AA).*—There was no material point for discussion under this grant.

COMMERCIAL ACCOUNTS

Printing Corporation of Pakistan Limited

427. *Paper price adjustment (Para 323, page 376—CA).*—Audit pointed out that Rs. 43,28,397 appearing under the head "Paper Price adjustment" in the Profit and Loss Account represented the difference between the cost price of paper and other materials purchased and the price at which those materials were charged to their presses by the Corporation. Thus this amount was the profit earned by the Headquarters of the Corporation on the supply of paper, etc., to its presses. Because of this profit, the cost of work in the presses of the Corporation went up and they could not compete in the open market.

428. The Chairman enquired as to why could the Corporation not distribute the overhead charges rather than over-price the paper by about 20%. A member remarked that, if the Corporation do not charge the closing stock including this increase in valuing the closing stock, it would amount to adding this overhead and pricing the closing stock on higher value, and as a result, reducing loss or increasing profit. There was no justification for it. The departmental representative thereupon submitted that pricing consisted of two parts, viz, purchase of paper and printing. On printing, the Corporation were incurring losses. By over-charging on paper, it was making some profit. Government had appointed

an expert, who had given this formula of cost plus 10%. The Chairman remarked that this needed to be looked into as it did not seem to be correct to over-price paper for internal consumption. The departmental representative replied that expert had suggested this formula. However, they were going to take up this case again. The Auditor-General remarked that Government must have given reasons for allowing this formula and it would be pertinent to ascertain the position.

429. The Committee recommended that the Corporation must rationalise their whole accounting procedure and the costing. Government should base pricing on actual cost plus overhead so that the Corporation have a reasonable profit also and accumulated losses are wiped out. The departmental representative informed the Committee, that recently, there had been a change in the Board of Directors which was being re-constituted and a decision about this issue will be taken in the next meeting of the Board.

430. *Assets (Para 324, page 376—CA).*—It was explained that the amount of Rs. 2,85,11,200 placed under the head "Capital Contribution Account" in the Balance Sheet represented the value of assets of the Central Government Presses, transferred to the Corporation on their formation in January, 1969. Against this, investment shares were required to be issued in the name of the Government, but had not been issued as yet. No share certificates could be issued to the Government of Pakistan hitherto as the net assets had not been transferred to the PCP up to the date of finalisation of the accounts under review. The assets had, however, been transferred by the Government to the PCP in February, 1979. Necessary steps were being taken to complete the formalities for the issue of the share certificates.

431. A member remarked that, if the assets were transferred to the PCP by Government in February, 1979, then what obtained before that? The departmental representative replied that there was already a physical transfer, but legal transfer occurred in February, 1979.

432. *Re-payment of loans (Para 326, page 377—CA).*—It was explained that due to financial stringencies PCP were not in a position to re-pay the loans, according to the schedule. The Government had been requested, separately, to adjust the loans against the dues recoverable from Government Departments.

433. The Chairman observed that re-payment of loans should be started only when the Corporation got its dues.

434. *Title deeds (Para 322, page 378—CA).*—It was explained that title deeds in respect of land of the press were not delivered to the PCP Management by the Controller, Stationery and Forms, Karachi. Efforts were being made to obtain a duplicate copy from the CDA. In reply to a query, the departmental

representative informed the Committee that they were in touch with the CDA for securing the title deeds. As for the Lahore title deeds, they were searching for the same.

435. *Works in Progress (Para 334, page 379—CA).*—It was pointed out that certain disputed jobs in respect of the Islamabad Press, valued at Rs. 3,55,667, were included in the amount of Rs. 54,99,324, appearing against "Works in Progress". In fact these jobs had not been carried out according to the sample given by the customers and were, therefore, returned by them. It was explained that the jobs, executed during the year, were taken as "Works in Progress" at the end of the year, in case of any dispute with the indenter and till its finalisation.

436. A member observed that such recoverable amounts should be put under "Sundry Debtors".

437. *Compliance report in respect of general/specific observation/recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through the compliance reports and bring to the Committee's notice if there was anything worth their attention.

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

ESTABLISHMENT DIVISION

439. Thereafter the Committee examined the Appropriation and other Accounts for the year 1974-75 pertaining to the Establishment Division and the Report of the Auditor-General thereon.

440. The following departmental representatives were present:—

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

441. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Establishment Division	4
2.	Federal Public Service Commission	5
3.	Service Tribunal	6
4.	Other Expenditure of Establishment Division	7
5.	Development Expenditure of Establishment Division	120

APPROPRIATION ACCOUNTS

442. *Grants No. 4, 5, 6 and 7 (Pages 19—22—AA).*—There was no material point for consideration by the Committee under these grants.

443. *Grant No. 120 (Page 140—AA).*—Less recovery to the tune of Rs. 4,00,492 appeared in the Accounts against this grant. It was explained that this was an adjustment head and, as such, involved no cash recovery. Normally, the funds, provided under non-development Grant No. 7, are transferred for development expenditure under this Grant. The adjustment of such funds (debit/credit) has, therefore, to be carried out by the Audit Office concerned simultaneously under both the grants. He added that, as would be observed from the column "Actual Recovery", the amount of Rs. 12,00,000, provided under the grant for Scholarships, had been only partially adjusted by the Audit Office though it should have been accounted for fully. Had it been done by Audit the phenomina of less recovery could have been avoided.

444. The Audit representative said that they had taken note of the above submissions, for further verification.

445. *Compliance reports in respect of general/specific observations/recommendations contained in the PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

HEALTH AND SOCIAL WELFARE DIVISION

446. Thereafter the Committee took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Health and Social Welfare Division and the Report of the Auditor-General thereon.

447. The following departmental representatives were present :—

1. Lt. Gen. C. K. Hasan, Secretary.
2. Maj. Gen. M. I. Burney, Director (NHL).
3. Dr. S. Mohsin, M.S. (CGH).

448. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Health and Social Welfare Division.	50
2.	Medical Services.	51
3.	Public Health.	52
4.	Development Expenditure of Health and Social Welfare Division.	128

APPROPRIATION ACCOUNTS

449. *Grant No. 50 (Page 67—AA)*.—The saving of Rs. 26,95,428, shown under this grant in the accounts, was disputed by the departmental representative, who claimed it as Rs. 23,804 only. The Audit representative undertook to look into it for rectifying their figures.

450. *Grant No. 51 (Page 68—AA)*.—An excess of Rs. 38,08,651 was depicted against this grant, whereas the department claimed an actual expenditure of only Rs. 6,12,18,756 (against Rs. 6,52,37,651, reported by the Audit) leaving a saving of Rs. 2,10,244 instead of any excess. The Audit representative explained that re-appropriation had been checked. Some adjustments were made after the closing of the account. The remaining adjustment will also be carried out.

451. *Grant No. 52 (Page 69—AA)*.—The Committee noted that there was no material point under this Grant except carrying out of re-conciliation. The Audit representative informed the Committee that they have taken a note of it for verification.

452. *Grant No. 128 (Page 148—AA)*.—There was no material point under this grant.

COMMERCIAL ACCOUNTS

National Health Laboratories

453. *Preparation of accounts [Para 1 (5), page 3—CA]*.—The Audit representative pointed out that the accounting procedure was approved in 1975 but during the four years which had since passed, there had not been significant progress towards its adoption. The departmental representative stated that they now proposed to experiment with the *ex-factor* method. He, however, agreed that something drastic was required to be done to bring the accounts up-to-date.

454. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71*.—Audit was requested to go through the compliance reports and bring to the Committee's notice anything that merited their attention.

POPULATION DIVISION

455. Thereafter the Committee took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Population Division and the Report of the Auditor-General thereon.

456. The following departmental representatives were present :—

1. Lt. Gen. C. K. Hasan, Secretary.
2. Mr. S. H. Haqqi, Director (B&A).

457. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Population Planning Division.	53
2.	Development Expenditure of Population Planning Division.	129

APPROPRIATION ACCOUNTS

458. *Grant No. 53 (Page 70—AA).*—There was no material point for consideration by the Committee under this grant.

459. *Grant No. 129 (Page 149—AA).*—There was a saving of Rs. 36,105,945 under this grant. The departmental representative submitted that, according to departmental figures, the saving amounted to Rs. 39,886,402 which was due to:—

- (a) Commodity worth Rs. 55,000,000 was received during 1974-75. Out of this, only Rs. 28,746,150 were adjusted during the year. Adjustment of the balance Rs. 26,253,850 was being carried out in the subsequent year(s).
- (b) There was a short-fall of Rs. 13,632,552 in the foreign assistance cash resources. This resulted in a technical saving, equivalent to that amount. It could not, however, be surrendered at that time due to mistake, which is regretted.

460. A member enquired as to why was the saving not surrendered. The departmental representative replied frankly that they had no real explanation to give. This error occurred due to some misunderstanding. The Committee did not make any further observation.

461. *Compliance reports in respect of general|specific observations|recommendations contained in the PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

PLANNING AND DEVELOPMENT DIVISION

462. Examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Planning and Development Division and the Report of the Auditor-General thereon was taken up next.

463. The following departmental representatives were present :—

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

464. This Division controlled the following grants : —

Sl. No.	Name of Grant	Grant No.
1.	Planning and Development Division (Group Head ' A ')	36
2.	Development Expenditure of Planning and Development Division	125

APPROPRIATION ACCOUNTS

465. *Grant No. 36 (Page 53—AA).*—There was no material point for consideration by the Committee against this grant.

466. *Grant No. 125 (Page 145—AA).*—The saving of Rs. 28,35,402 exhibited under this grant was explained as having been surrendered before the close of the financial year. A member remarked that the department had not mentioned as to how much amount was surrendered against various sub-heads. The Audit representative pointed out that, according to their figures, the total saving came to Rs. 15 lac. The Department had surrendered Rs. 14,71,200. Apparently the amount of foreign exchange had been taken twice for foreign exchange expenditure. The departmental representative promised to furnish the actual figures to Audit, who were asked to verify and settle.

467. *Compliance reports in respect of General|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee in regard to the compliance reports.

STATISTICS DIVISION

468. Thereafter examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Statistics Division and the Report of the Auditor-General thereon was taken up.

469. The following departmental representatives were present :—

1. Syed Sohail Ahmad, Joint Secretary.
2. Mr. Riaz Ahmad, D.C.C.

470. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Statistical Division	37
2.	Other expenditure of Interior Division (Group Head ' F ') ..	68

APPROPRIATION ACCOUNTS

471. *Grant No. 37 (Page 54—AA).*—A saving of Rs. 1,67,518 was shown against this grant, which was explained as having been due to non-receipt of book adjustment figures on telephone charges and magnetic tapes, indented through the Supply Department. On enquiry by a member, the departmental representative informed the Committee that the above-said amount was adjusted in the accounts for the subsequent year (1975-76).

472. Audit was requested to verify the figures in the light of this reply.

473. *Grant No. 68 (Page—AA).*—There was no material point for consideration by the Committee under this grant.

474. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee in regard to the compliance reports.

FINANCE DIVISION (INCLUDING C.B.R.)

475. The Committee then examined Appropriation and other Accounts for the year 1974-75 pertaining to the Finance Division (including C.B.R.) and the Report of the Auditor-General thereon.

476. The following departmental representatives were present :—

1. Mr. Qamaruddin Siddiqi, Additional Secretary.
2. Mr. Azizur Rehman, Joint Secretary.
3. Mr. S. Azam Ali, M.D., H.B.F.C.
4. Mr. Jamil Nishtar, Chairman, Agricultural Development Bank of Pakistan.
5. Mr. S. U. Deshmukh, Director of Accounts, State Bank of Pakistan.
6. Mr. N. M. Qureshi, Chairman, C.B.R.
7. Mr. H. N. Akhtar, Member, C.B.R.

477. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Finance Division	23
2.	Pakistan Mint	24
3.	Superannuation Allowances and Pensions	25
4.	Other Expenditure of Finance Division	26
5.	Grants-in-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments	27
6.	National Savings	33
7.	Capital Outlay on Pensions	110-A
8.	Federal Miscellaneous Investments	111
9.	Other Loans and Advances by the Federal Government	112
10.	Development Expenditure of Finance Division	123
11.	Capital outlay on Mint	143
12.	Miscellaneous Capital Investments	144
13.	Development Loans and Advances by the Federal Government	145
14.	Servicing of Internal Debt	—
15.	Servicing of Foreign Debt	—
16.	Audit	—
17.	Repayment of Internal Debt	—
18.	Repayment of Foreign Debt	—
<i>Grants Controlled by C.B.R.</i>		
19.	Central Board of Revenue	28
20.	Sea Customs	29
21.	Land Customs and Federal Excise	30
22.	Tax on Income, Corporation Tax and Sales Tax	31
23.	Estate Duty	32

(a) Finance Division

APPROPRIATION ACCOUNTS

478. *Grants No. 23 and 24 (Pages 38-39—AA).*—There was no material point for consideration by the Committee against these grants.

479. *Grant No. 25 (Page 40—AA).*—The Committee observed that, under the charged section of this grant, the original grant of Rs. 95,000 was raised to Rs. 22,85,000 through a supplementary grant of Rs. 21,90,000. But the actual expenditure amounted to Rs. 1,21,947 only making the grant close with a saving of Rs. 21,63,053. The Chairman remarked that the supplementary grant, in the circumstance, seemed to be quite unnecessary, and desired the departmental representative to justify the demand for supplementary grant which remained almost completely unutilised. As the departmental representative could not furnish the justification to the satisfaction of the Committee, he was directed to let the Committee know the detailed reasons for asking for the supplementary grant, for its information.

480. *Grant No. 26 (Page 41—AA).*—There was a saving of Rs. 2,70,124 against the group head “H-Loss by Exchange” which was stated to be due to the fact that the expenditure being of an un-certain nature, was not susceptible to correct assessment. Explaining the nature of the loss in question, it was stated that since the Pak Currency was linked with the U.S. dollar, the Government of Pakistan had to duly compensate for any variation upward in the value of the U.S. dollar.

481. *Grant No. 27 (Page 42—AA).*—There was no material point for consideration by the Committee under this grant.

482. *Grant No. 33 (Page 50—AA).*—There was an excess of Rs. 21,56,565 against group head “B-Miscellaneous and Unforeseen Charges”. It was explained as having been due to :—

- (i) Non-exhibition in the Appropriation Accounts of the sum of Rs. 6,46,300 provided by re-appropriation,
- (ii) more expenditure under “Allowances & Other Charges” as a result of grant of Special & Additional Dearness, Allowances to all Government Servants, and
- (iii) excess booking of a sum of Rs. 10,42,056, which did not pertain to this Organisation (National Saving).

It was further stated that, the excess under “Allowances and Other Charges” could not be regularised by obtaining more funds through supplementary grant, as timely intimation from the sale centres, located in far flung parts of the country, could not be received about the expenditure actually incurred.

483. A member pointed out that, quite ironically, the Finance Division, who advised other Ministries|Divisions not to commit any excess over the sanctioned grant, had violated this rule themselves.

484. *Grant No. 110-A (Page 129—AA)*.—A member drawing the attention of the Committee, observed that there was neither any provision nor any expenditure under this grant except a recovery from the U.K. The departmental representative explained that the recovery was in respect of pensioners of British origin. On the Audit representative adding that it was charged to the revenue also, the Chairman observed that somebody should look into it. The capital head should be, possibly, abolished. Audit promised to examine the position.

485. *Grant No. 111 (Page 130—AA)*.—A saving of Rs. 42,71,34,374 appeared under this grant which was not acceptable to the departmental representative, who contended that the actual expenditure amounted to Rs. 49,76,80,266 and not Rs. 10,11,33,626, as shown in the Appropriation Accounts. The main reason for the difference between the Audit and the departmental figures was non-accountal by the A.G.P.R. of the compensation bonds, worth Rs. 39,65,17,000, issued by the State Bank to the share-holders of the Nationalised Banks.

486. Audit was requested to check and rectify the figures.

487. *Grants No. 112, 123 and 143 (Pages 131, 143 and 165)—AA*.—There was no material point for consideration by the Committee under these grants.

488. *Grant No. 144 (Page 166—AA)*.—A member suggested that it would be better to bring all the miscellaneous adjustments at one place, instead of their being spread over at different places.

489. *Grant No. 145 (Page 167 AA)*.—This grant related to Loans and Advances by the Federal Government. The saving of Rs. 3,68,76,114 under the sub-head "A. 2-Loans out of External Resources" was attributed to foreign exchange loans to Provincial Governments having been short disbursed on account of lesser receipt of foreign loans than originally anticipated and the difficulty in an accurate prediction of actual disbursements by the lending countries. As the saving was noticed after the close of the financial year, it could not be surrendered in time.

490. The Chairman agreed with the departmental representative.

491. A member then enquired as to what was the general procedure when the advices for disbursements are received. The Audit representative informed the Committee that they were not sure of the figures until the end of the year. The Economic Affairs Division will be in a position to throw more light on it.

492. In reply to a query as to what was the distinction between the grants Nos. 112 (Other Loans and Advances by the Federal Government) and 145 (Development Loans and Advances by the Federal Government) the departmental representative informed the Committee that Grant No. 112 related to expenditure of non-development nature, and includes ways and means advance given to the Azad Jammu and Kashmir Government to enable them to discharge their debt service liability. Referring to the foreign expenditure of development nature met out from this grant the Chairman cited the example of Pakistan Oil Fields and said that it was a private organisation and had been told to develop oil fields, not included in our own development programme. However, some kind of assistance was given to them.

493. *Servicing of Foreign Debt (Page 187—AA).*—A saving of Rs. 24,34,53,733 accrued against "Interest on Foreign Debt". Explaining the above saving, it was stated that the detail of drawals against actual expenditure of Rs. 11,82,87,654 were being traced by the AGPR. A member enquired how the payments were made and whether State Bank and Audit had recorded this. The Audit representative replied that they had noted it and were looking into it.

494. Audit was requested to check the position and also examine whether there was any lacuna in the accounting procedure.

495. *Audit (Page 190—AA).*—An overall excess of Rs. 68,40,173 was shown under this appropriation. It was stated that the excess was due to the inadvertent omission of a supplementary grant of Rs. 65,20,000 from the Supplementary Authenticated Schedule of Authorised Expenditure, sanctioned by the Finance Division. Clarifying the position further, the departmental representative submitted that the supplementary grant was agreed to by the Finance Division, but the same was not included in the printed schedule. The Finance Division representative admitted the omission.

496. *Re-payment of Debt—Internal and Foreign—(Pages 192-93—AA).*—The departmental explanation for savings under various group-heads under this grant was accepted, subject to verification by the Audit.

COMMERCIAL ACCOUNTS

Agricultural Development Bank of Pakistan

497. *Recovery (Para 365 (ii), page 407—CA).*—It was pointed out that cumulative dues, amounting to Rs. 150.16 crores, included current dues to the extent of Rs. 35.32 crores as well as past dues of Rs. 26.49 crores, required to be recovered during the year under review. Out of the current dues of Rs. 35.32 crores only Rs. 17.73 crores (i.e. 50.19%) could be recovered, leaving a balance of Rs. 17.59 crores. Similarly, out of the past accumulated dues of Rs. 26.49 crores, recovery of Rs. 8.41 crore (31.72%) was made, leaving a balance of

Rs. 18.08 crores. Thus, the recovery during the year under review totalled Rs. 26.14 crores against the recovery target of Rs. 30 crores fixed for the year, resulting in a shortfall of 12.37% as against the full recovery target achieved during the preceding year, i.e., target of Rs. 17 crores and recovery of Rs. 17.37 crore. This shortfall was due to damage caused to the Kharif crop by pests and shortage of irrigation water.

498. Asked about the latest position, the departmental representative submitted that it had slightly improved. Elaborating the method now being employed for recovery of their dues, it was stated that previously, the Corporation used to employ the revenue people for this purpose, who failed. Now they had placed this responsibility on the regional offices. Transportation was being provided to reach specific villages. In addition, the Board had agreed, as an incentive, to waive the balance half of the interest, if a defaulter paid half of it. This seems to have had the desired effect, as the grand children of the defaulters were now coming to clear the accumulated dues of their grand-fathers. A member enquired as to how the rest of the dues were going to be recovered. The departmental representative informed the Committee that 22% would have to be ultimately written off, though it was discouraging to good borrowers. He further stated that, barring some families, who were bad borrowers, the others were generally good borrowers and had been paying back the money somehow.

499. The departmental representative further added, in the initial years, the volume of loans was not very large. The total loaning per year then was around Rs. 25 crores. A member requested the departmental representative kindly to let the Committee have a note, before its next meeting, indicating the yearwise details of loans given loans becoming due for recovery and the amounts recovered.

House Building Finance Corporation

(Paras 337—42, pages 383—91)

500. The departmental representative informed the Committee that they expected profits to the tune of Rs. 1 crore during current year. The Corporation was receiving applications for interest-free loans, but the law had not been enforced as yet. The total amount of loans on the 30th June, 1979 stood at Rs. 240 crore and all the loans were fully secured. Mortgage was invariably enforced in cases of default. Only in very few cases had the Corporation to go to the court.

501. Asked about the quantum of loans on which no payments were being made, the departmental representative explained that, when the loan accounts were computerised in 1973, programming for this information was not done. As such, it is very difficult to find it out off-hand unless the corporation go through the record of each loanee and then extract this information.

502. A member desired to know the total dues and what had been recovered. The departmental representative replied that they had recovered Rs. 19 crore this year. Asked about the overdues, the Committee was informed that from the computer programming this information was not available.

503. However, this exercise was being started now. At present, there is no record. The Chairman enquired whether they informed the borrowers about the amounts due from them. The departmental representative informed the Committee that the number of loanees was about 55,000. They send demand notices to the borrowers. As each borrower's account was not programmed the information desired by the Committee was not readily available.

504. A member suggested that the Corporation can probably find some simpler way of extracting information about the outstanding loans. It would be desirable to make a serious effort about it on a personal level. For example, we may take the current year's figures and, after analysing them, find out as to what were the outstanding dues.

505. The Chairman, finally, observed that the departmental representative should discuss this question with the experts and let the Committee know of the result in due course. The departmental representative agreed to consult the G.M. (Finance).

State Bank of Pakistan

506. "*Bills Payable*" and "*Other Liabilities*" (Para 352, page 395—CA).—The State Bank's "*Other Liabilities*" had increased to Rs. 2,32,41,94,137 during the year under review as compared to Rs. 7,63,03,245 in the previous year. This was stated to be mainly due to increases under the heads, (i) East Pakistan Offices (ii) amount of un-surrendered/un-exchanged demonetised Notes pending adjustments (iii) Surplus profits transferable to Government, and (iv) Dividend account.

507. Replying to a query, the departmental representative informed the Committee that both the "*Other Liabilities*" and "*Other Assets*", in respect of East Pakistan amounted to Rs. 77,83,98,000. The entire amount had been consolidated and put under these heads. He further added that various accounts of East Pakistan had not been adjusted as yet. In reply to a query, the departmental representative submitted that the figures given were in respect of the Head office balance. A member remarked that Rs. 77 crore exactly on both the sides of the **Balance Sheet** was rather unusual. There must have been a current account of East Pakistan. If so, what was the balance in that account? The departmental representative replied that the Dacca accounts were taken into the books of the Central Directorate. The member further remarked that, if there was an account for the Centre with the Provinces, then there could not be equal balances on both sides. Either Dacca owed money to Karachi or

vice versa. The departmental representative said that, on the appointed date, the balances were available in the books of the Central Directorate and they had effected a break-up on that basis. The member observed that, even then, there should be a difference between the assets and liabilities, whether it was in favour of Karachi or Dacca.

508. As a law on the subject was said to be in the offing it was decided not to go into further details for the present.

509. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through these reports and bring to the Committee's notice if anything merited their attention.

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

(b) Central Board of Revenue

AUDIT REPORT

511. *Non-realisation of additional Sales Tax amounting to Rs. 27,798 and Rs. 37,992 (Para 2 (i) & (ii), page 33).*—The Committee was informed that the amount mentioned above pertained to 38 cases and, even though amounts involved were very small, efforts for their recovery were continuing. The Department was reluctant to write them off unless all the possible means of recovery were exhausted. The defaulters had been identified and efforts were being made to make the recoveries from them.

512. The Chairman said that these small amounts should carry no more sanctity than the crores of other outstanding arrears. A member enquired if the cases of these small amount could not be closed. The departmental representative replied that, ultimately, they will have to be closed if the defaulters were not traceable or the demand was found to be un-realizable. The Chairman again remarked that it looked odd for the Committee to be going into details of these small cases while arrears of hundreds of crores were outstanding. Another member remarked that, in his opinion lots of unreasonable assessments had been made by the Department, resulting in these outstandings.

APPROPRIATION ACCOUNTS

513. *Grant No. 28 (Page 43—AA).*—An excess of Rs. 3,24,163 was reported against this grant. The departmental representative contended that the final grant was Rs. 31,18,000 as against Rs. 29,30,900, shown in the Accounts. The re-appropriation orders issued *vide* letter No. 58 (i)-Bud/74, dated 30th June, 1975 did not appear to have been taken into account by the Audit. The resultant

excess came to only Rs. 1,37,063, which was due to grant of dearness allowance mainly in the Central Circle. A supplementary grant for the item was asked for, but not agreed to by the Finance Division. Audit accepted this position.

514. *Grant No. 29 (Page 44—AA).*—The excess of Rs. 15,10,139 as depicted against this grant was again not acceptable to the departmental representative for the reason that, according to the department's accounts, the excess was only of the order of Rs. 13,98,339 due to adjustment of debits for the cost of two launches, raised by the Director-General, Investment Promotion and Supplies on 30th June, 1975. The launches were, however, rejected and the amount was recovered from the Karachi Shipyard during the subsequent year.

515. Replying to a query by a member that, if the orders were placed, why were the necessary provisions not made by the department. The departmental representative submitted that the orders had been placed in the previous year. Debits were, however, raised by the I.P. & S. on the 30th June 1975, probably, to secure an advance from the Department. Launches were received in the following year after the close of the financial year 1974-75. Having been found to be defective, the launches were rejected and the whole amount was received back.

516. *Grant No. 30 (Page 45—AA).*—The saving of Rs. 4,06,175, exhibited in the Accounts under group head "A-Land Customs Department", was not accepted. On the other hand it was made out that there was an excess of Rs. 4,51,725, which was mainly due to grant of Special/Additional Dearness Allowances. It appeared that the Audit did not take into account two re-appropriation orders of even No. 58 (3)-Bud/74, dated 30th June, 1975.

517. The above explanation was not accepted by the Committee as the Appropriation Accounts still showed a final grant of Rs. 1,13,26,200 and there was no surrender of savings by the Department. Replying to a query by the Chairman, the departmental representative submitted that, if the two re-appropriation orders were taken into account, the final grant would amount to Rs. 1,04,68,300. The Chairman thereupon observed that re-appropriations could not effect the grant as a whole. The total grant must have remained unchanged. A member remarked that notwithstanding the above, the position was that the total grant under Grant No. 30 was Rs. 3,37,40,000 against which the actual expenditure amounted to Rs. 3,52,75,868, resulting in an excess of Rs. 15,35,868. The department was therefore, required to explain this overall excess. The departmental representative was requested to submit a revised explanation for the overall position.

518. *Grants No. 31 and 32 (Pages 47—49—AA).*—The departmental representative was requested that the position in respect of these grants may also be covered in the revised explanation that may be submitted in compliance to the directive in the above para (No. 517).

519. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report 1970-71.*—Audit was requested to go through the compliance reports and bring the Committee's notice if there was anything meriting its attention.

ECONOMIC AFFAIRS DIVISION

520. Examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Economic Affairs Division and the Report of the Auditor-General thereon, was taken up next.

521. The following departmental representatives were present :—

1. Mr. S. Ghulam Ahmed, Joint Secretary.
2. Mr. N. M. Jafri, A. O.
3. Mr. Intiaz Ahmed Khan, A. O.

522. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Economic Affairs Division	34
2.	Technical Assistance Schemes	35
3.	Development Expenditure of Economic Affairs Division (Group head 'Z' only)	124

523. *General—Loans out of External Resources.*—While discussing the Appropriation Accounts of the Finance Division, the Committee had desired to know about the general procedure of receipts in respect of “Loans out of External Resources”, viz. the procedure in respect of the receipt of advices about loans, the actual receipt of loans and how the same were passed on to the Provincial Governments. As this subject pertained to the EAD, the departmental representative was asked accordingly to explain the position. As he did not have the requisite information readily available with him, he was directed to send a detailed note to the National Assembly Secretariat, for the information of the Committee, and a copy thereof to Auditor-General as well for his information.

APPROPRIATION ACCOUNTS

524. *Grant No. 34 (Page 51—AA).*—An excess of Rs. 2,35,815 was exhibited under this grant. It was contended that, according to the departmental figures the actual expenditure was Rs. 58,73,582 and not Rs. 59,30,815, as shown by the Audit. The resultant excess was due to belated adjustment of telephone charges.

525. A member enquired as to what was the actual expenditure on telephones, what was the budget provision therefor, what was paid from it during the year

and what was the amount of belated adjustments? As the departmental representative could not furnish the requisite information readily, he was directed to send a note about it to the Audit and the National Assembly Secretariat.

526. *Grant No. 35 (Page 52—AA).*—The overall saving of Rs. 38,55,207 under this grant was explained as due to less receipt of Foreign Aid than originally anticipated.

527. The departmental representative submitted that aid was being received from two agencies, as shown in the Budget estimates. But the actual disbursements were being controlled by the said agencies themselves and they made the payments. In the instant case, the estimated aid amount was Rs. 5.61 crore but they made only Rs. 1.67 crore available.

528. The Chairman observed that it would be better to check whether this should be 'Charged' or 'Voted' expenditure. A member suggested that the department should send a note about this also to the Auditor-General and the National Assembly Secretariat, before the Committee's next meeting, for their information.

529. *Grant No. 124 (Page 144—AA).*—There was no material point for consideration by the Committee under this grant.

530. *Compliance reports in respect of general/specific observations/recommendations in PAC's Report for 1970-71.*—Audit was requested to go through the compliance reports and bring out to them any point which may be deserving their attention.

531. *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 the regularising action that might be necessary under the rules.

MINISTRY OF PRODUCTION

532. Thereafter examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Production and the Report of the Auditor-General thereon was taken up.

533. The following departmental representatives were present:—

1. Mr. S. Habib Hussain, Additional Secretary.
2. Mr. Z. U. Ahmed, Joint Secretary.
3. Mr. M. Anwar Khan, G. M. (F) SHE & MTC.
4. Mr. Zaheer Sajjad, F. D. Secretary.
5. Mrs. Salima Ahmad, F.D. PIDC.
6. Mr. S. M. Farooque, Manager (Audit) PID.

534. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Production Division	97
2.	Associated Cement	99
3.	Capital Outlay on Medical Stores	107
4.	Investment in Taken-over Industries	118
5.	Capital Outlay on Industrial Development	160

APPROPRIATION ACCOUNTS

535. *Grants No. 97, 99 and 107 (Pages 115, 117 and 125—AA).*—There was no material point for consideration by the Committee under these grants.

536. *Grant No. 118 (Page 138—AA).*—Explaining the saving of Rs. 15,55,00,000 against the group head “A—Investment through issue of Compensation Bonds” the departmental representative stated that this amount was not to be released in cash. Instead, the State Bank of Pakistan had to print compensation bonds of the same value, to be issued in subsequent years upon the recommendation of the Ministry of Production. Out of Rs. 15 crore, bonds worth about Rs. 14 crore were issued. These had not been shown as expenditure. Audit was requested to check and correct the figures.

537. *Grant No. 160 (Page 184—AA).*—The Department did not furnish reply in respect of this grant. They were directed to send it next time.

COMMERCIAL ACCOUNTS

National Fertilizer Corporation

538. As the Chairman of the Corporation could not appear before the Committee due to the meeting of the Board of their Directors fixed previously, it was decided to defer the consideration of the Corporation Accounts to the next meeting.

Swat China Clay Project, Mingora

539. *Audit Comments (Para 113, page 129—CA).*—Development funds amounting to Rs. 78,30,000 were released by the Government for this project, but the capital cost on completion escalated to Rs. 1,01,41,042. WPIDC obtained the additional funds on credit @ 2 per cent above the bank rate. Approval of the Government to the excess expenditure of Rs. 23,11,042 had yet to be obtained. After some discussion, the Committee directed the departmental representative to revise the PC-I Form and get the expenditure regularised.

540. On an enquiry by the Chairman, it was confirmed by the Department that they had already prepared the completion report.

541. *Bank overdraft of Rs. 53,32,028 from the National Bank of Pakistan [Para 123 (3), page 133—CA].*—It was pointed out that the overdraft was secured against 5,38,590 shares, belonging to the Zeal Pak Cement Factory. The security was pledged with the Bank at the time when Project was being managed by the PIDC. Interest on it was chargeable @ 2½ per cent above the bank rate, with a minimum of 8½ per cent per annum. It was explained that these shares were still owned by the PIDC and they had not been able to get them released as they were still pledged with National Bank. The liquidity position was expected to improve this year and they would redeem them.

Dhariaia Potash Fertilizer Project and Timber Seasoning Plant, Piranwala

542. The departmental representative explained that these projects had been closed. External Auditors had not been appointed so far. However they will be appointed now to audit the Accounts for the years 1974-75 to 1977-78.

543. The departmental representative was directed to have the accounts audited by the Director, Commercial Audit and get the same closed. The departmental representative undertook to do the needful.

PIDC Head Office, Karachi

544. *Equity Capital (Para 16, page 21—CA).*—It was pointed out that the paid-up capital of the Corporation stood at Rs. 89 lakhs, including shares of Rs. 44 lakhs issued to Government in August, 1975 in lieu of Government's holding in the equity of Karachi Gas Company. In addition, the interest-bearing Development Funds released to the PIDC up to the 30th June, 1974, totalling Rs. 17,93,81,930, were required to be converted into Equity Capital of the Government cumulative preference shares, carrying dividend @ 8½ and 30 per cent on in the ratio of 70 per cent ordinary shares. No positive action for the issue of the required equity could be taken for want of decision on the following points :—

1. Reconciliation of quantum of funds to be converted into equity.
2. Write-off of expenditure on abandoned Schemes.
3. Permission of Controller of Capital Issue to raise the share capital.

Because of the delay in processing the issue of shares in the prescribed ratio, no provision could be made for the payment of dividend amounting to Rs. 1,04,11,424 (70 per cent of Rs. 17,49,81,930, being cumulative preference shares, @ 8½ per cent). The net profit of Rs. 48.53 lakhs, earned by the Corporation during the year 1974-75 was, therefore, overstated to the above extent. The delay in implementing the decision on the issue of shares had a recurring effect, as dividends on preferential shares could accrue only after the date of their issue.

545. The Committee directed that all the issues involved in this case be got sorted out early, so that the final picture of share-holdings etc. becomes clear for the Corporation for meeting its obligations.

546. *Payment of Tax (Para 20, page 23—CA).*—The Audit pointed out that a tax demand of Rs. 99,83,468 was raised by the Income-tax Department on the accumulated profits for the period 1967 to 1971, but no provision for the same was made in accounts on the plea that an appeal was pending with the Appellate Tribunal. The departmental representative also produced the Department's letter No. 17-A|93|RDB|79, dated 24th March, 1977 and claimed that, in view of the position explained therein, their action in not having made provision for the payment of arrears of tax was in order. The Committee did not make any observation on this explanation.

Bannu Sugar Mills Limited

547. *Shortage of Fertilizer worth Rs. 69,421 (Para 7, page 12—CA).*—It was explained that this was an FIA case which was going to be tried in a court of law soon, and it would be possible to fix responsibility for the shortage only after it was decided. The departmental representative further stated that this case had been going on for the last five or seven years. The Department had pin-pointed responsibility on two individuals who were no longer in the service.

548. As for the working of the Bannu Sugar Mills, the departmental representative informed the Committee that this Mills had been throughout a problem. Its rated production capacity could not be utilised, mainly due to non-availability of sugar-cane in sufficient quantities.

549. *Recovery of the value of sugar-cane seed and fertilizers (Para 30, page 37—CA).*—It was pointed out that the recovery of the value of sugar-cane seed and fertilizers, supplied to the sugar-cane growers from time to time, was very slow with the result that sugar-cane seed worth Rs. 1,15,805 and fertilizers worth Rs. 6,15,805 remained outstanding against the sugar-cane growers, as on 30th June, 1975.

550. To avoid the repayment of loans, the loanees were applying evasive measures and supplying their sugar-cane through other growers. However, efforts were being made to effect the maximum possible recovery. Lists of defaulters had been supplied to the concerned Government Agencies for making recoveries. So far as outstandings against the Mills employees were concerned, amounts were being regularly deducted from their monthly salaries.

551. After some discussion, the departmental representative was asked to furnish a statement giving details of the actual amount of loans, amounts recovered and the balances outstanding against the Mills employees as on 30th June, 1979. He was also directed to provide the details of efforts, being made for their recovery.

552. *Settlement of claim of M/s. Bibojee Services (Para 31, page 38—CA).*—Audit had pointed out that the Mills was sold to M/s. Bibojee Services Limited on the 27th October, 1971 and managed by them till 12th April, 1972 when it was retransferred to PIDC. The Federal Government had already constituted a Compensation Committee to look into the position pertaining to Bibojee's period and settle the various claims and counter-claims, if any. The Committee had not yet decided the case. Accordingly, making provisions for contingent liability did not appear to be necessary at this stage.

553. *Title deed of land (Para 33, page 38—CA).*—The Audit had pointed out that the title deeds of land in the possession of the Mills still remained un-executed, although a considerable period had elapsed.

554. The departmental representative informed the Committee that the case was pending in the Supreme Court. When asked by the Chairman about the present position of the case, the departmental representative submitted that he would check up and inform the Committee about it later.

Larkana Sugar Mills Limited

555. *Working results (Para 38, page 43—CA).*—1974-75 was the year of trial production for the Mills, which went into production on 21st November, 1975 during the crushing season of 1975-76. As such, a comparison with the normal crushing capacity of the Mills was not justified.

556. Replying to a query about the present production of the Mills the departmental representative informed the Committee that the Mills was not doing very well. Again, there was the problem of lack of sugar-cane, which had accentuated the problem. The position had further worsened due to establishment of another Mills in the vicinity at Dadu.

557. *Contingent Liabilities (Para 44, page 44—CA).*—Audit had stressed the need for early finalisation of the following cases of Contingent Liabilities :—

- (i) The previous owners of land, on which the Mills is located, were paid @ Rs. 2,723 per acre, while they were claiming @ Rs. 10,000 per acre now. In the event of any adverse decision in the case, the Mills will have to pay the awarded difference per acre.
- (ii) Structural and other materials were received by the Government of Pakistan as Aid from the People's Republic of China and supplied to the Mills, who had not so far accounted for the same. In case the Government of Pakistan decide to treat the materials as loan to the Mills, they will be charged against the Mills along with interest on such loan.
- (iii) Packing charges @ 2% were not admitted by the Mills in respect of machinery, fabricated by the Heavy Mechanical Complex, Taxila as,

according to the Mills authorities, the contract included the Packing charges. If the case goes in favour of Heavy Mechanical Complex, Taxila the Mills will have to bear this additional expenditure.

558. It was explained that :—

- (i) The matter was still pending in the Court. However, the transfer of ownership documents had been made-over to the Larkana Sugar Mills.
- (ii) Presently, the Larkana Sugar Mills were showing this under the Head of Foreign Aid received from China. In case this was to be treated as a Loan to the Mills, it would be accounted for, with the interest levied thereon.
- (iii) The matter about packing charges was still pending for a decision between the Head Office and Heavy Mechanical Complex, Taxila. Since these charges were not included in the Contractual Agreement, this amount had not been provided for in the Accounts.

559. When asked by the Chairman about the total amount of the Chinese Aid, the departmental representative informed the Committee that it should be about Rs. 3.84 crore.

560. A member invited the attention of the departmental representative to the balance sheet of the Mills and enquired whether the amount of Rs. 7.21 crore also include the value of the Mills. The departmental representative submitted that the ADP represented both the rupee and foreign exchange costs, but the actuals would depend upon the disbursement of the amounts. A member desired to know the total in the balance sheet of 1978. The departmental representative informed the Committee that the amount in the equity fund, received from the PIDC, was Rs. 4.8 crore. Chinese aid amounted to Rs. 3.84 crore and the Government's cash development loan amounted to Rs. 3.10 crore. He further added that the bank over-drafts were of the order Rs. 1.90 crore. In reply to another query the departmental representative informed the Committee that the accumulated losses totalled Rs. 2.77 crore.

Dir Forest Industries Complex

561. The Committee was informed that the scheme for the exploitation of Dir forests had been entrusted to the Provincial Government but the factory would be operated by the PIDC.

Talpur Textile Mills

562. The departmental representative informed the Committee that the Mills were closed for the present. Out of 12,000 spindles, hardly 9,000 spindles were operatable. There was now a suit pending for decision. They were, however, thinking of a settlement with the party outside the Court. He added that there was also a proposal to convert the Mills into a Training Institute, but he was doubtful about its suitability.

Harnai Woollen Mills Ltd.

563. There was no material point for consideration by the Committee in regard to this Mills.

Qaidabad Woollen Mills Limited

564. *Shortage of finished goods worth Rs. 2,44,384 (Para 6, page 11—CA).*—It was explained that, as the result of an inquiry, the services of two officials in respect of shortages at Karachi had been terminated. The Project Accountant had been requested to prepare the case of write off of shortages worth Rs. 2,35,757 on the basis of enquiry report for obtaining Board's approval. The amount of Rs. 8,627, relating to shortage in the Rawalpindi Godown, had already been written off.

Pakistan Machine Tool Factory, Landhi

565. *Extra expenditure of Rs. 489,322 on the import of forging and annealing furnaces (Para 5, page 11—CA).*—After hearing the departmental explanation, the Committee concluded that the extra expenditure was the result of a shortcoming on the part of the consultants as well as three months' delay in communicating the PIDC decision to them. The departmental representative admitted that there was a lapse on their part. He further informed the Committee that the Factory was doing quite well now.

Heavy Electrical Complex, Taxila

566. A member remarked that it was no longer a Russian Scheme. The departmental representative replied that, if at all, it would be a Romanian Scheme. The Committee made no further observation.

567. *Compliance reports in respect of general|specific observations|recommendations in PAC's Report for 1970-71.*—Audit was requested to go through the compliance reports and bring out to them any point which may be deserving their attention.

568. *Points|Paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras (except those relating to Fertiliser Corporation which were deferred for consideration in the next meeting) in the Appropriation|Commercial Accounts and the Audit Reports. These would be deemed settled subject to the regularising action that might be necessary under the rules.

MINISTRY OF FOREIGN AFFAIRS

569. Thereafter the Committee took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of foreign Affairs and the Report of the Auditor-General thereon.

570. The following departmental representatives were present :—

1. Mr. S. A. Pasha, Additional Secretary.
2. Mr. M. Qadaruddin, Director General.
3. Mr. Hamid Ali Khan, Director.

571. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs	44
2.	Foreign Affairs	45
3.	Other expenditure of Ministry of Foreign Affairs	46
4.	Capital Outlay on Works of Ministry of Foreign Affairs	113

APPROPRIATION ACCOUNTS

572. *Grant No 44 (Page 61—AA).*—The excess of Rs. 3,95,926 against the group head “A—Secretariat” was explained as having been due to the re-organisation of the Ministry and heavy expenditure on postage, telegram, telephone trunk call charges, purchases of furniture and equipment and despatch of heavy publicity material through diplomatic bags. Some of the excess was also due to purchase of cars and equipments for the Protocol Cells at Lahore, Peshawar, Quetta and Karachi.

573. Explaining the reasons for the excess, the departmental representative submitted that they had to incur quite a huge expenditure on the necessary renovation of the Foreign Office Building. The Ministry had asked for a supplementary grant of Rs. 32 lac, for renovation and some other items, but only Rs. 24 lac was sanctioned. Thus they remained short of Rs. 8 lac. The Ministry made all possible effort to economise on other expenditure and was able to do so to the extent of Rs. 2.95 lac.

574. Asked to state as to when was the supplementary grant requested for, the departmental representative stated that it was asked for on the 14th May, 1975. The Chairman thereupon observed that, by that time the excess expenditure would have been mostly incurred. Why did the Ministry incur the expenditure without the approval for it first? This underscored a lack of control over expenditure. In any case, the Ministry should not have incurred expenditure in excess to the grant, and particularly so after it was refused. It was a glaring instance of financial indiscipline. The Chairman further observed that there was excess under group head “B—State Guest Houses and Hostel” also and the explanation was not satisfactory.

575. The Committee directed the departmental representative to have the responsibility fixed for this excess expenditure, despite the refusal of the Ministry's request for supplementary grant, and due action taken against those found responsible for this serious financial irregularity.

576. *Grant No. 46 (Page 63—AA).*—An excess of Rs. 18,21,490 was exhibited in the Appropriation Accounts against the group head "B—Miscellaneous". The excess was attributed to the Prime Minister's visit to the U.S.A. in February, 1975. Out of the above sum, an expenditure of Rs. 5,34,200 was incurred from February, to June, 1975 by the Embassy of Pakistan, Washington, which was initially incorrectly booked to the head "P—Deposits Part IV Suspense". After the close of the year, the above expenditure was booked to its proper head of Account by the C.A.O. Also the bill of the P.I.A. for Rs. 13,27,200 on account of chartered flight for the same visit was paid on the 28th June, 1975. It could not be accounted for due to an oversight in the Re-appropriation Order.

577. The Chairman remarked that the expenditure, which was incurred in February, 1975 should have become known to the Ministry before close of the year, and supplementary grant should have been asked for in time to cover the excess. The departmental representative submitted that, as already stated by him, the expenditure was wrongly booked and so it did not come to notice.

578. A member drew attention of the representative to the fact that the original grant of Rs. 3,87,78,000 was raised to Rs. 4,12,81,000 through a supplementary grant of Rs. 25,03,000. Then, there was a surrender of Rs. 2.50 crore. He desired to know the idea behind obtaining the supplementary grant, if it was not to be utilised. The Chairman remarked that this showed a confusion in accounting and a lack of proper control as the Ministry had more than sufficient funds. The departmental representative submitted that Rs. 2.50 crore, meant for the re-organisation of the HQR and the missions abroad, could not be spent and was surrendered. The Chairman observed that this amount was wrongly shown under "Miscellaneous" and, in any case, no explanation had been given for the excess of Rs. 18.21 lac. He concluded by saying that when the Finance Division had specifically turned down the request for a supplementary grant, there should have been no question of any excess expenditure.

579. *Grant No. 113 (Page 132—AA).*—The Appropriation Accounts showed saving of Rs. 17,72,503 against the group head "A—1—Buildings". The departmental representative did not accept the figure and contended that, after taking into account the surrender of Rs. 1,82,300, the actual saving amounted to Rs. 15,90,203 only. One of the reasons for this saving was that the Consulate of Pakistan in Zahidan surrendered a substantial portion of its allocation, but retained some amount for the repairs of the building, which was not sanctioned by the Ministry.

580. *Group head "A—2—Communications" (Page—132—AA).*—The excess of Rs. 6,59,358 against this group head was attributed to the rectification of the

debit head of expenditure by adjusting Rs. 6,14,393, relating to 1972 and 1973, on account of rent of Telex Communication between Islamabad and New York, originally raised under the Major head "25—General Administration—A—Secretariat" instead of "82—Capital Outlay". The remaining nominal excess was due to price hike and unforeseen fluctuations in the international exchange market.

581. The Chairman enquired as to why was "Communications" brought under this head? He added that the rent of telex communication should not have been debited under this head. Audit was requested kindly to check it and rectify, as necessary.

582. *Grant No. 45 (Page 62—AA).*—The grant showed an excess of Rs. 33,81,227. The departmental reply stated that the Ministry were under the impression that the recoveries under this grant could be re-appropriated to meet the excess expenditure. On Audit's refusal to accept such re-appropriation order, the matter was referred to the Budget Wing of the Finance Division. They also upheld the Audit's view that recoveries were not available for re-appropriation purposes. The excess was, therefore, the result of misunderstanding on the part of the Ministry of the correct accounting procedure.

AUDIT REPORT

583. *Non-recovery of service charges over Rs. 1 lakh (Para 3, page 17).*—After hearing the departmental explanation, the Audit representative submitted that, out of the twelve Ambassadors mentioned in the para, only two were not paying. It was, therefore, not a case of general hardship as claimed by the Ministry. In the absence of any order to the contrary, the position taken up by the Ministry was not tenable. The departmental representative replied that they had been communicating with the Finance Division and taking up the cases of Missions individually. Thereupon, the Chairman enquired as to how long should its finalisation be awaited?

584. The Finance representative added that this building was provided by the Government under the rules. The individuals occupying it have been paying the service charges and there was no reason why the arrears should not be realised from those, who remained in occupation of the same. The departmental representative stated that the present incumbent of the post was also maintaining the position that the service charges should not be payable by him.

585. The Chairman finally observed that unless the existing orders were revised, they had to be followed. The Ministry should take up this matter with the Finance Division, if they want any modification in existing orders, without any further delay and obtain the Government's decision. The Finance representative informed the Committee that, in another case, the Finance Division had already declined to agree to any modification.

586. *Non-refund of full amount of Motor Car advance by availing advantage of devaluation (Para 4, page 18—Audit Report).*—The Committee was informed that the officer had since been ordered to refund the short payment. Audit was requested to keep track of the case.

587. *Compliance reports in respect of general specific observations/recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through the compliance reports and bring to the Committee's notice if anything deserved their attention.

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

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

589. Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Petroleum and Natural Resources and the Report of the Auditor-General thereon were taken up next.

590. The following departmental representatives were present :—

1. Mr. Masihuddin Ahmad, Acting Secretary.
2. Mr. Abdul Mannan Khan, Joint Secretary.
3. Mr. A. C. Broker, General Manager (Finance) SDC.
4. Mr. Shahid Ahmed, Director (Finance) PMDC.

591. This Ministry controlled the following grants :—

Sl. No.	Name of Grant.	Grant No.
1.	Ministry of Fuel, Power and Natural Resources (Group Head 'D').	47
2.	Geological Survey.	48
3.	Other Expenditure of Ministry of Fuel, Power and Natural Resources (excluding group heads 'C' and 'D').	49
4.	Investment in Fuel and Power Companies.	114
5.	Development Expenditure of Ministry of Fuel, Power and Natural Resources (Group Head 'K').	127
6.	Capital Outlay on Mineral Development.	147
7.	Capital Outlay on Fuel and Power. (excluding Group Heads 'N', 'O' and 'P').	149

APPROPRIATION ACCOUNTS

592. *Grant No. 47 (Page 64—AA).*—There was no material point under this grant.

593. *Grant No. 48 (Page 65—AA).*—According to the Appropriation Accounts, an excess of Rs. 44,47,282 had occurred under the group head “A—Geological Survey of Pakistan”. The excess was stated to be due to an indent for Rs. 18,60,000, pertaining to the year 1973-74, but maturing in 1974-75 and balance of Rs. 25,87,282 having been paid as customs duty and sales tax, during 1974-75, on the import of machinery and equipment, indented for in the preceding financial year.

594. A member remarked that the Ministry should have then asked for a supplementary grant to cover the excess. The explanation furnished by the Ministry was not considered by the Committee to be satisfactory. The departmental representative was, therefore, directed to look into the case again and have the warranted action taken against the defaulters.

595. *Grant No. 49 (Page 66—AA).*—Explaining the saving of Rs. 2,67,92,000 depicted in the Appropriation Accounts under group head “A—Subsidy payment to the Refineries for reimbursement of excess cost of crude oil”, the departmental representative submitted that there was no saving under this head of account, as Rs. 1,30,00,000 was surrendered and Rs. 1,37,92,000 was paid to the National Refinery Limited Karachi *vide* the AGPR., Rawalpindi Authority No. T. A. IV|NRD-Auth|74-75|46, dated 16th September, 1974. Both the amounts had not been accounted for. The Audit was requested to check and rectify the figures.

596. *Grant No. 114 (Page 133—AA).*—A saving of Rs. 1,94,00,000 as shown in the Appropriation Accounts, occurred under the group head “A—Investment through issue of Compensation Bonds”. It was claimed that there was no saving, but an overall excess of Rs. 6,78,100. A supplementary grant to cover this excess was asked for, but was not agreed to on grounds of economy.

597. Explaining the position in regard to the issue of compensation bonds, it was stated that Government had taken over the Pakistan National Oils Ltd. and the Premier Oil Co. Ltd. on the 1st January, 1974. To have an effective control of these companies, Government had also to take over their majority shares *i.e.* 55%. It was also decided that compensation against the acquired shares shall be paid in the shape of Government bonds. Accordingly, Government bonds were drawn from the State Bank of Pakistan by the Managing Directors of these Companies. These bonds were issued by the Managing Directors to the claimants, whose shares were acquired. According to the initial estimates, the Ministry of Fuel, Power and Natural Resources requested for the provision of

Rs. 1,94,00,000 for the issue of compensation bonds and Rs. 1,00,000 for the payment of compensation in cash. The same were provided by the Ministry of Finance under Demand No. 114 of the Ministry of Fuel, Power and Natural Resources.

598. Later, it came to notice that the actual bonds issued against the acquired shares amounted to Rs. 2,04,56,000 (including the compensation bonds in the names of Bangia Desh Nationals to the extent of Rs. 2,77,900). Thus the actual provision against Government bonds fell short by Rs. 10,56,000.

599. The departmental representative was directed to check as to when were the two oil companies nationalised and the Bonds issued to them.

600. *Grants No. 127 and 147 (Pages 147 and 169—AA).*—There was no material point for consideration by the Committee under these grants.

601. *Grant No. 149 (Page 171—AA).*—An excess of Rs. 44,99,900 occurred against the group head "B—Oil and Gas Development Corporation". It was contended that the actual Final Appropriation under this group head was Rs. 15,03,60,000 as against Rs. 14,62,00,000 shown by the Audit. The actual expenditure stood at Rs. 15,02,56,000, leaving a saving of Rs. 1,04,000.

602. Audit was requested to verify the figures and rectify the accounts.

603. *Group head "D—Comprehensive Energy Survey in Pakistan".*—According to Appropriation Accounts, there was a saving of Rs. 30,80,965 against this group head. The departmental representative contended that the actual saving amounted to Rs. 2,10,965 only, which was due to posts of some officers not having been filled up during the year. So far the remaining amount, the account of Rs. 28.70 lac, which was to be provided by the UNDP under their Technical Assistance Programme in the form of equipment and experts services, etc. was being maintained by the Economic Affairs Division. It was, however, confirmed by the departmental representative that the amount was actually spent.

604. *Group head "K—Up-Country Oil Refinery".*—The excess of Rs. 19,04,200 as shown in the Accounts was challenged by the departmental representative, he claimed that there was actually no excess. An amount of Rs. 19,04,200 was re-appropriated from the group heads 'I' and 'J' to this group head and this had not been taken into account by the Audit, while determining the final appropriation. The Audit was requested to verify and rectify the figures.

COMMERCIAL ACCOUNTS

605. *Scope of compilation (Para 3, page 5—CA).*—Audit stated that the accounts for 1974-75 in respect of the Indus Gas Company Limited, Hyderabad could not be included in this compilation of Commercial Accounts as the same

were not yet complete. The departmental representative explained that they started compilation of the accounts a little late. It shall be included in the 1976-77 Accounts.

606. When asked to state the present position of the OGDC accounts, the departmental representative informed the Committee that the accounts for 1976-77 had been finalised, but not yet audited. This delay occurred because the OGDC felt that they should continue with the old Auditors, for the sake of continuity, but the Auditor-General did not agree to their request. Accordingly, the OGDC were inducting new Auditors to conduct audit and give their report. The accounts for 1977-78 would now be complete by September, 1979. Only the accounts for the year 1978-79 will be left to be audited after September, 1979.

Makerwal Collieries Limited

607. *Working results (Para 125, page 137—CA).*—The Collieries earned a gross profit of Rs. 1,40,33,239 during the year despite an increase in the production costs of 59% over the past years. The departmental representative further submitted that 1974-75 was a disturbed period in Baluchistan. Now a Committee, headed by a Joint Secretary, had been set up to work out details of the unit cost of production, market conditions and the need for writing down the capital cost.

608. A member desired to know whether prices of coal of these Collieries were lower than those of Collieries in the private sector? The departmental representative affirmed the position and informed the Committee that their price was about Rs. 375 per ton. Thereupon, a member pointed out that the departmental representative had informed the Committee only a day before that the Government Collieries were selling coal at Rs. 360 per ton, while others were charging Rs. 600 a ton. The departmental representative said that, according to his information, the price of coal in Quetta was never more than Rs. 400 per ton.

609. *Compliance reports in respect of general specific observations/recommendations contained in the PAC's Report for 1970-71.*—Audit was requested to go through the compliance reports and come back to the Committee if they had any comments to offer.

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

MINISTRY OF EDUCATION

611. Next was taken up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Education and the Report of the Auditor-General thereon.

612. The following departmental representatives were present :—

1. Dr. M. A. Kazi, Secretary.
2. Dr. Tahir Hussain, Joint Secretary.
3. Mr. M. Ashraf Qureshi, J. S. (A).
4. Mr. Khumar Khan Mahsud, Deputy Secretary.
5. Mr. Abdul Hameed Naqashbandi, Deputy Secretary.
6. Mr. Asif Majeed, Assistant Education Adviser.

613. This Ministry controlled the following grants :—

Sl.No.	Name of Grant	Grant No.
1.	National Affairs, Overseas Pakistanis and Prisons Division (Group Head ' A ')	8
2.	Ministry of Education and Provincial Co-ordination (excluding group head ' J ')	18
3.	Education	20
4.	Government Colleges and Schools	21
5.	Development Expenditure of Ministry of Education and Provincial Coordination (excluding group head ' K ')	122

APPROPRIATION ACCOUNTS

614. *Grants No. 8 and 18 (Pages 23 and 33—AA).*—There was no material point for consideration by the Committee under these grants.

615. *Grant No. 20 (Page 35—AA).*—Savings of Rs. 22,56,106 and Rs. 38,13,591 reported in the Accounts against the group heads "A—University" and "B—General", respectively were stated to have been due to certain Chairs having remained vacant, etc. A member enquired as to why supplementary grant was asked for when finally there was a saving of over Rs. 60 lac. Another member remarked that keeping of important Chairs vacant brought down the standard of education. The departmental representative submitted that they had now filled up most of them. Thereupon, the Chairman observed that, if the Ministry could not secure the services of appropriate persons to fill the Chairs, the saving of over Rs. 60 lac should have been surrendered and, in the circumstance, there could be no justification for asking for a supplementary grant. The departmental representative clarified that budget provision for various institutions is made by the Ministry. The position is reviewed on the 30th of June. The Institutions, which may not have fulfilled the audit requirements and submitted their audited reports etc. are not released grant-in-aid. This results in unforeseen savings.

616. The Chairman finally observed that this explanation did not appear to be satisfactory. The review could also be held earlier. The department should, therefore, look into it and take action against those responsible for this lapse.

617. *Grant No. 21 (Page 36—AA).*—An overall saving of Rs. 8,92,482 was shown under this grant. It was explained that, against the original grant of Rs. 1,01,50,000, an expenditure of Rs. 98,24,500 was incurred, leaving behind a saving of Rs. 3,25,500. However, Rs. 3,64,100 was erroneously surrendered resulting in excessive surrender of Rs. 38,600. Audit was requested to verify and correct the figures.

618. *Grant No. 122 (Page 142—AA).*—There was an overall saving of Rs. 52,13,306 under this grant. The departmental representative claimed that, against the total grant of Rs. 21,88,95,000, an expenditure of Rs. 20,57,84,500 had been incurred, leaving behind a saving of Rs. 1,31,10,500, which was surrendered on 30th June, 1975. In reply to a query, the departmental representative informed the Committee that the entire amount had been utilised on students' hostels. They were being maintained by the Provincial Governments with the exception of a few, which were under the Federal Government.

619. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee against these compliance reports.

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

MINISTRY OF INFORMATION AND BROADCASTING

621. At the end the Committee took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Information and Broadcasting and the Report of the Auditor-General thereon.

622. The following departmental representatives were present :—

1. Mr. Masulur Rehman, Additional Secretary.
2. Mr. Muhammad Tufail, Joint Secretary.
3. Mr. Abdul Latif, Deputy Secretary (F&A).
4. Mr. Ajaz Ahmed, F.D. (PBC).
5. Mr. Matiur Rehman, F.D. (PTVC).
6. Mr. Ahmed Bashir, D. G. (A.P.P.).

623. This Ministry controlled the following grants :—

Sl.No.	Name of Grant	Grant No.
1.	Ministry of Information and Broadcasting, Auqaf and Hajj ..	59
2.	Department of Films and Publications	60
3.	Press Information Department	61
4.	Other Expenditure of Ministry of Information and Broadcasting, Auqaf and Hajj	63
5.	Development Expenditure of Ministry of Information and Broadcasting, Auqaf and Hajj	131

APPROPRIATION ACCOUNTS

624. *Grant No. 59 (Page 76—AA).*—There was a reported overall saving of Rs. 1,03,766 under this grant. It was contended that, according to the departmental figures, the grant actually closed with an excess of Rs. 3,92,865.

625. The Chairman observed that, if there was an excess, it should be checked as to why a supplementary grant was not asked for to cover the same. Audit was directed to look into it and report back to the Committee, if necessary.

626. *Grant No. 60 (Page 77—AA).*—The overall excess of Rs. 2,69,216, exhibited in the Accounts against this grant was contested on the ground that, according to the departmental figures, the actual excess amount to Rs. 3,80,975.

627. The departmental representative explained that the excess occurred due to higher printing and publication charges. In this particular case a supplementary grant of Rs. 12,77,000 had been asked for, but only Rs. 6 lac was allowed, though all the details had been furnished. The Chairman observed that this should be subject to check and rectification by Audit.

628. *Grant No. 61 (Page 78—AA).*—Explaining the excess of Rs. 6,49,308 shown against the group head “A—Press Information Department” it was stated that the final grant was Rs. 58,14,000 instead of Rs. 58,27,000 as Rs. 13,000, which had been surrendered, had not been taken into account by Audit. The resultant excess was mainly due to wrong bookings by the Audit. Audit was requested to verify and correct the figures.

629. *Grants No. 63 and 131 (Paras 80 and 151—AA).*—There was no material point for consideration by the Committee under these grants.

COMMERCIAL ACCOUNTS

Associated Press of Pakistan

630. *Sundry Creditors (Para 382, page 419—CA).*—It was pointed out that the outstanding amount against Sundry Creditors, as on 30th June, 1975, stood at Rs. 41,30,876 as against Rs. 35,88,060 in the preceding year. The sum of Rs. 41,30,876 included Rs. 27,57,046 payable to the T&T Department because of non-payment of arrears by the defaulting subscribers.

Pakistan Television Corporation

631. *Working results (Para 391, page 435—CA).*—The Corporation sustained a net loss of Rs. 3,72,64,027 during the year under review, as compared to net loss of Rs. 2,01,06,802 in the previous year.

632. Asked about the total accumulated losses, the Committee was informed that these would now be about Rs. 20 crore. A member enquired whether the same were being financed by Government contributions. The departmental representative replied in the negative and stated that the gap had, so far, been filled by financing through loans and debt servicing etc. It was a very heavy charge on the Television.

633. It was submitted that had the Government reimbursed the Corporation on account of deficit on Commercial|non-viable projects and Government publicity programmes fully and raised the equity to Rs. 15 crore as provided for in the approved PC-I Form of the Corporation, the operation results would have been much better.

634. *Compliance reports in respect of general|specific observation|recommendations contained in PAC's Report for 1970-71.*—The Audit was requested to go through them and bring to the Committee's notice if anything deserved their attention.

635. *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 Auditor General's Reports thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

636. The Committee then adjourned to meet again at 8-30 a.m., on Tuesday, 24th July, 1979.

M. A. HAQ,
Secretary.

ISLAMABAD :

The 14th December, 1979.

NATIONAL ASSEMBLY SECRETARIAT

TUESDAY, THE 24TH JULY, 1979

4th Meeting

637. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for the year 1974-75 in the State Bank Building, Islamabad, at 8-30 a.m. The following were present:—

Ad-hoc P.A.C.

- | | <i>Member</i> |
|---|---------------------------|
| 1. Mr. Masarrat Hussain Zuberi, former Secretary to the Government of Pakistan. | <i>(Acting Chairman).</i> |
| 2. Mr. Abdul Qadir, former Chairman, Railway Board, | <i>Member.</i> |
| 3. Mr. Yusuf Bhai Mian, Chartered Accountant. | <i>Member.</i> |

National Assembly Secretariat

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

Audit

1. Mr. 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. Kh. Abdul Waheed, Director, Commercial Audit.
6. Mr. A. S. Ansari, Director of Audit, Defence Services.
7. Mr. S. I. Shabbir, Director, Railway Audit.
8. Mr. Zia-ul-Haq Khan, Accountant General PT&T.
9. Mr. Ahmad Khan, Deputy Director, Audit and Accounts (Works).

Ministry of Finance

Mr. Inamul Haq, Joint Secretary.

638. *Accounts examined.*—The Accounts of the following Ministries/Divisions were examined by the *Ad-hoc* Public Accounts Committee during the course of the day:—

1. Ministry of Communications.
2. *Ministry of Defence* :
 - (a) Defence Division.
 - (b) Aviation Division.
 - (c) Defence Production Division.

3. Ministry of Railways.
4. National Assembly Secretariat.
5. Senate Secretariat.
6. Ministry of Religious Affairs and Minority Affairs.
7. *Ministry of States and Frontier Regions and Kashmir Affairs :*
 - (a) States and Frontier Regions Division.
 - (b) Kashmir Affairs and Northern Affairs Division.

MINISTRY OF COMMUNICATIONS

639. The Committee took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Communications and the Report of the Auditor-General thereon.

The following departmental representatives were present :—

1. Maj. Gen. Shafqat Ahmad Syed, Secretary.
2. Capt. Jackson, Joint Secretary.
3. Mr. Faris Rehman, Deputy Secretary.
4. Mr. A. Kalim, MD|KSEW.
5. Mr. Athar Mahmud, DG, PO.
6. Mr. S. A. Siddiqi, DG, T&T.
7. Mr. M. A. Mansuri, CAO, T&T.

640. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant Nos.
1.	Ministry of Political Affairs and Communications	90
2.	Department of Shipping Control and Mercantile Marine	93
3.	Lighthouses and Lightships	94
4.	Other expenditure of Ministry of Political Affairs and Communications	95
5.	Investment in Maritime Shipping Companies	117
6.	Development: Expenditure of Economic Affairs Division (Sub-heads Y-1 (3) and Y-1 (5))	124
7.	Development: Expenditure Ministry of Political Affairs and Communications	138
8.	Development: Loans and Advances by the Federal Government (Sub-head B-2)	145
9.	Capital Outlay on Ports and Shipping	156
10.	Capital Outlay on Communication Works	157

APPROPRIATION ACCOUNTS

641. *Grants No. 90, 93, 94 and 95 (Pages 109, 111-113—AA).*—There was no material point for consideration by the Committee under these grants, except that reconciliation had yet to be carried out. Audit was requested to verify the figures and correct them.

642. *Grant No. 117 (Page 157—AA).*—There was a provision of Rs. 1,91,99,000 under the group head “C—Miscellaneous Investments”. Asked about the items of expenditure under this group head the departmental representative expressed his inability to furnish the required information readily. He was requested to furnish details of the items of expenditure to the Committee through the Audit.

643. *Grants No. 124, 138, 145 and 156 (Pages 144, 159, 167 and 180—AA).*—There was no material point for consideration by the Committee under these grants, except that of verification of some figures by the Audit who were requested to do the needful.

644. *Grant No. 157 (Page 181—AA).*—Explaining the excess of Rs. 2,52,93,570 occurring under the grant, the departmental representative submitted that the construction of the Karakoram Highway was undertaken by the Army as an executing agency on behalf of the Ministry of Communications. Army had to employ even troops for the purpose. They had to be maintained and their salary had to be paid in any case. The troops so deployed were in some cases over and above the army ceiling. When the work was over, either the troops were discharged or brought back into the Army. Even their disbandment took about a year. The expenditure was thus inevitable and was incurred on the clear understanding from the FWO (Frontier Works Organisation), the Army and other concerned authorities that the expenditure shall be continued to be incurred in anticipation of sanction. There was a separate grant for the Federally Administered Tribal Areas roads. Originally, the grant was Rs. 58 lakh. Later, it was raised to Rs. 1.10 crores, of which Rs. 45 lakh was surrendered and Rs. 65 lakh spent during the year.

645. A member remarked that it was in a way, a supplementary Defence grant.

646. On the Committee's wanting to know the present position of these projects, it was informed that work on the Karakoram Highway, which was virtually complete, was the responsibility of the Pak Army troops. A portion was being repaired by the Chinese, but logistic support was being given by the Pak Army troops. Finances for this work were being arranged by the Ministry of Communications. Work on Chakdara-Chitral road was also going on. In addition, Azad Kashmir roads were being constructed through the army recruits.

647. The Committee finally observed that the Ministry should take care that their expenses remained within the sanctioned grants and, if there was an excess, the requisite supplementary grants are duly asked for and obtained in time.

648. A member enquired about the budget grant for the current financial year. He was informed that the sanctioned allocation was Rs. 29 crore and they were going to ask for a supplementary grant to raise it to Rs. 37 crore. Originally, the budget grant asked for was Rs. 41 crore, but it was clashed by the Finance Division. He complained that sometimes cuts were applied without looking carefully at the physical stages of the implementation of the projects and whether it could be at all feasible to keep the expenditure within the reduced grant. The Auditor-General remarked that, in that case, instead of throwing up excess at the end of the year, it would be more proper to go to the Government in time and ask for additional funds.

649. Agreeing with the Auditor-General, the Committee suggested that if the Ministry considered that the grant of Rs. 29 crore was inadequate, they should have gone back to the Government and got the additional fund sanctioned without waiting to ask later in the year for a supplementary grant, which might be refused or reduced, leading to a situation in which an excess in expenditure had to be committed.

650. A member suggested that the provision which was being presently made in the budget grants of the Ministry of Communications on projects on which Army troops were deployed should in fact be made in the Defence allocations. The departmental representative submitted that it was a matter for the Government to decide.

COMMERCIAL ACCOUNTS

Pakistan National Shipping Corporation

651. *Infructuous expenditure of Rs. 15,50,546 on the scheme to establish a restaurant (Para 13, page 14—CA).*—Audit had pointed out that the National Shipping Corporation had decided in 1970 to establish a first class restaurant in the NSC Building, to cater to the occupants of the building and to attract foreign tourists. An expenditure of Rs. 15,50,546 (Rs. 7,48,308 in foreign exchange) was incurred on the kitchen bar equipment, decoration, hotel accommodation, etc. However, later, the scheme was found to be untenable commercially and abandoned. It was pointed out that all those persons in the Board had since left the Corporation. Therefore, no responsibility could be fixed or action taken. Apparently, the scheme was sanctioned, executed and abandoned under political pressure. Tenders were invited to dispose of the material, but even the highest quotation was considered too low and rejected. Most of the items (specially electrical items) got damaged in the floods of 1977, but the serviceable furniture was being used by the PNSC.

652. A member enquired whether the idea was to run a public restaurant or a canteen? The departmental representative said that the idea was to run a 'A' class hotel. The Audit representative added that actually, the Board had refused to approve the scheme. The restaurant was rented out to somebody. Most of the purchases for it were made in violation of the Customs Act.

653. After having heard the departmental representative the Audit was requested by the Committee to have a physical check conducted about what was now actually available there get the necessary information from the department and let the Committee have a report about it for its consideration.

654. *Working results (Paras 270-71, pages 297-98—CA).*—The Committee sought information about the cargo handled by the NSC during the year. The Committee was informed that the total tonnage handled by Pakistan Flag Vessels (including those of NSC) was 11.02 lakhs.

655. *Freight outstanding on 30th June, 1975 (Para 273, page 298—CA).*—It was pointed out that the freight receivable as on 30th June, 1975 stood at Rs. 3,01,83,000 as against Rs. 2,35,97,000 in the previous year, an increase of about 28%. Against the above, about Rs. 2 crores was outstanding against Government departments, constituting more than 50% of the total outstanding freight receivable. The departmental representative further informed the Committee that the size of freight outstanding was reduced to Rs. 38,24,258, as on 31st December, 1978. This amount was due from various Government, and Semi-Government agencies, the major among them being :—

	<i>Rupees</i>
1. Ministry of Agriculture	8,85,000
2. Embarkation Commandant	6,67,000
3. W.P.I.D.C.	5,69,000
4. Accountant General W.P., Lahore	3,36,000
5. P.O.F., Wah	2,33,000
6. Controller of Military Accounts	2,20,000
7. P.W.R.	78,000

656. Continuous efforts were afoot to recover the outstanding amounts.

657. A member enquired as to what amount was due from the outsiders and what was its present position? The departmental representative replied that they were recovering the dues from such parties. This was a continuous process and a formula had been evolved about the recovery of such amounts, a substantial portion of which had already been recovered.

658. The departmental representative was directed to furnish the required details to the Committee for its information, with copy to Audit, who were requested to verify.

659. The Audit had also pointed out that unlinked receipts, totalling Rs. 36,56,768, were lying as such since 1971. Little efforts had been made by the concerned department to link up and adjust the same against the correct party. A member remarked that it was astonishing that though money was received, it was not brought on the cash book in all cases nor were receipts issued to the payers. The departmental representative replied that only a small amount pertained to this category.

660. The departmental representative was directed to furnish the details and detailed explanation about it to the Committee, with a copy to the Audit for verification.

Port Qasim Authority

661. *Non-creation of liability towards cost of land (Para 299, page 340—CA).*—It was pointed out that no liability towards the cost of land had been created, although Rs. 4 crore had been paid to the Government of Sind in July, 1976 against their demand of Rs. 20 crore. In reply, it was stated that the liability in question was being created from the year 1977-78.

Pakistan Post Office Department

662. *Financial results of the working of the Department (Para 1 page 18—AA).*—A member pointed out that the Department incurred a loss of Rs. 4,94,42,000 in 1974-75 and enquired as to what was the operating position now? The Committee was informed that the Department was still under going a loss which was constantly increasing as the tariff had remained the same for the last ten years, whereas the costs had gone up several times. During the current year, only some increase in rates had been allowed by the Government.

663. In reply to the query as to what effect would this increase have on the budget, the departmental representative submitted that, with the increase in allowances etc., after the recent strike, there would be still a loss of about Rs. 1.50 crore. In reply to another query, the departmental representative said that the loss during 1977-78 was to the tune of Rs. 7 crore. Questioned as to how this loss was being financed, the departmental representative informed the Committee that it used to be a loan from the Federal Government, on which interest was paid. But the department could not be said to be responsible for the loss, because the Post Office Department was one of the most economically managed organisations. This was examined thoroughly by the Finance Division and the department had got their certificate in this behalf. Hence, it should not be made to pay any interest to the Government on the latter financing the Department's losses.

664. On enquiry by a member whether the Federal Government had converted the loan into grant|subsidy, the departmental representative replied that the decision was that the accumulated deficit should be converted into a grant. Actually, that grant had not been given, as yet, but the department had been asked not to pay interest on the accumulated deficit, which worked out to about Rs. 22 crore at the end of 1977-78.

665. A member observed that for the purpose of Government, it could not be said to be a loan when adjustment was to be made only in the books. In all cases where a loan was not realisable, it could be conveniently shown as an advance, whether interest or non-interest bearing. This amounted to misleading oneself. This is a matter which the Finance Division should look into. The Audit was also requested to have it examined so that a start is made to cleaning up the accounts.

APPROPRIATION ACCOUNTS (POST OFFICE)

666. *Grants No. 91 and 154 (Paras 2-3, page 13).*—There was no material point for consideration by the Committee under these grants except for minor clarifications.

667. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through them and bring to the Committee's notice if there was any thing worth drawing its attention about.

Pakistan Telegraph and Telephone Department

668. *Telephone connections.*—The problem of providing new telephone connections was briefly discussed. The departmental representative submitted that, if the T&T Department were to work on commercial lines then, even after having paid interest to the Government, on the funds loaned by them, the department could still produce profitable results.

669. Replying to a query regarding telex, the departmental representative informed the Committee that a subscriber is required to pay about Rs. 2,000 as monthly charges, based upon distance which was nominal *i.e.* Rs. 150. Rs. 10,800 were charged for the telex machine per annum. In addition, the subscriber has to pay charges for the calls made by him. The departmental representative further informed the Committee that telex was mostly used for international traffic.

670. The Committee was also informed that the department were in a position to produce the telex machine if there was a sufficient demand for it. An order was received from abroad last year, but that was only for 25 machines. If funds were available and there was a demand, the factory could produce 500 telex. Similarly, 50,000 lines a year could be provided by the Department. Telephone

was one of those items that it started paying back the minute it was commissioned. In reply to the query about the telex cost and the average revenue from it for a year, the departmental representative said that the average cost was about Rs. 20,000 and the average revenue about Rs. 450 per month.

671. The Auditor-General remarked that, what he understood from the statement made by the departmental representative about telex machines was that the Department was handicapped due to lack of funds. As T&T were a Commercial Organisation, they could perhaps go to the Banking institutions for financing their requirements. The departmental representative said that this could be done only if permitted by the Government. He added that this aspect had been examined and the conclusion was that the department could produce all the equipments required by them except cables, which had to be imported. Production in Pakistan could be much cheaper because of cheaper wages. After the fall of East Pakistan, attempts were made to go into export market and they were able to get orders to the tune of Rs. 5 crores. The department were also exporting on behalf of Siemens.

672. The Auditor-General added that, as there was an export potential, it would be appropriate if the department concentrated on export as well.

APPROPRIATION ACCOUNTS (T&T)

673. *Financial results of T&T Department (Paras 1—6, page 59—AA).*—It was explained that the actual revenue for the year was more by Rs. 64,750 million as compared to the Budget Estimates and by Rs. 47,748 million as compared to the Revised Estimates 1974-75. Profit was less by Rs. 15,400 million as compared to the Revised Estimates for 1974-75 which was due to an erroneous booking of Rs. 52,998 million by Audit against interest.

Expenditure Incurred in Excess of Grants

674. *Grant No 92 (Para 3, page 53—AA—T&T).*—An excess of Rs. 7,79,99,172 over the sanctioned grant was, according to Audit, committed by the Department which was contended on the ground that an amount of Rs. 5,29,97,672 was erroneously booked by Audit as per the foot note on page 41 of the book. The actual excess was Rs. 2,50,01,500 only, which was due partly to the revision of the rate of interest from 8.25% to 10.25% retrospectively after the close of the year and partly due to an increase in the Capital Expenditure and ground balances under Stores and Manufacture Accounts.

675. *Balance sheet.*—A member pointed out that a sum of Rs. 67 crore has been shown in the balance sheet and enquired as to what did this amount mean. The departmental representative replied that, as already stated by him, the balance sheet had not been correctly worded in the commercial sense of the term. The member, thereupon, remarked that then it should not have been so printed. It

was being inadvertently published as a routine from year to year, without really meaning anything.

676. *Miscellaneous frauds, losses—(a) Loss of Rs. 49,557 and (b) theft of Rs. 3,530 [Para 1 (c), page 55—AR—T&T].—(a) Loss of Rs. 49,557.*—On 9th May, 1974, a fire broke out in the Main Depot at I. I. Chundrigar Road, Karachi causing a loss of Rs. 49,557. The matter was thoroughly investigated and, on the advice of Audit, the amount was written off *vide* Finance Division, FAC Wing, endorsement No. 799-DFA (C—III)78, dated 8th June, 1978.

(b) *Theft of Rs. 3,530.*—On 21st April, 1975, the locks of the door of a room in the office of the Assistant Engineer, Phones, Sukkur and an Almirah in the room were found broken. An amount of Rs. 3,530, which was inside the Almirah, was found missing. Departmental investigations and investigations by Police did not yield any result. The official, who had charge of the funds, volunteered to pay the amount personally. His offer was accepted and the amount recovered from him. The case has been closed.

677. *Irregular payment of Rs. 37,490 to a contractor (Para 2, page 56—AR—T&T).*—The departmental representative explained that in this case the contractor prepared a bill in which he claimed weightment charges per bundle. The bill was wrongly prepared but could not be detected by the paying authority. When the question arose as to what was due to the contractor and what was paid, the bill was recalled by the contractor and he determined the amount at Rs. 47,700, against Rs. 50,000. And for the balance, it was decided that it should be recovered from the officer who had passed it, because the payment was made due to negligence on the part of the officer.

678. Replying to a query whether the department expected that the officer would be able to pay, the Audit representative submitted that the department had accepted that the contractor was not entitled to crane charges for loading and unloading. The contractor had previously claimed @ per bundle. Now the department had asked the contractor to revise his bill on the basis of per ton. As a proper contract had been executed, the department should see the provisions thereof for further action.

679. The Committee directed Audit to settle this case, after verifying the documents.

680. *Irregular payment of overtime allowance to staff amounting to Rs. 41,170 (Para 3, page 56—AR—T&T).*—After hearing the explanation of the departmental representative, the Committee observed that the department should settle it with the Finance Division.

681. *Non-accountal of packing cases worth Rs. 26,430 (Para 4, page 57—AR—T&T).*—The departmental representative submitted that the cases in question were not packing cases but wooden crates, which had either become unusable during transit or were re-used for Inter Division despatch of stores (insulators). Those becoming scrap were sold as fire-wood and sale proceeds, amounting to Rs. 216 credited to Government. Returning the broken pieces of wooden crates to the Stores Organisation by Rail was not practicable. So far as the packing of Telephones Factory were concerned, they had a sort of rubber lining.

682. The Audit representative was directed to look into their objection again and report back to the Committee, if necessary.

683. *Loss of Rs. 1,69,850 due to repair of defective material manufactured by the workshop (Para 5, page 57—AR—T&T).*—After some discussion of the background, the departmental representative submitted that he had no excuse to offer. This case came to his notice very recently, and he would certainly deal with those who were responsible. Apparently, the responsibility lay upon the Engineer, because he prepared a duplicate estimate. Audit was directed to keep track of the case for settlement and report back to the Committee, if necessary.

684. *Incurring of expenditure of Rs. 20,26,784 without sanctioned estimates and provision of funds (Para 6, page 57—AR—T&T).*—The departmental representative accepted that the expenditure referred to by Audit was initially incurred against eleven estimates without proper sanctions etc. However, of these, nine had already been sanctioned since. The remaining two estimates were still awaiting approval, as these related to very old works, details of which were under investigation. He further promised that action would be taken against those found responsible.

685. *Indus Super Highway.*—During the general discussion, the departmental representative informed the Committee that the entire work on the Indus Super Highway had been suspended. Its cost, as originally estimated, was Rs. 75 crore for a single carriage and Rs. 150 crore for a double carriage road. In his view the revised cost of the project would be about Rs. 500 crore. Replying to a query, the departmental representative stated that they had undertaken to build three training centres for the people who were going to work on the Project in D. G. Khan, Kohat and Sehvan, with an expenditure of Rs. 30.9 crore. The total length of the road built so far was 5 kilometers of base, 2 kilometers of tarmac which was to be re-laid and two culverts which had collapsed!

686. The departmental representative further added that his suggestion to the Government earlier was that this project should be left for the time being, but the directions were that the department should continue with the Consultants'

work and finish the planning and designing, etc. In his view even that was a waste because the moment the ground was dug to construct 'Jhugis' for those working on the project, the Jhugi would cost Rs. 5,000 as it involved payment of compensation. The training centres at Kohat, Sehvan and D. G. Khan were designed to be Four Star Hotels, after the training was over. In his view, the training centres should have been under canvass, because the operators and the drivers, who worked on the Highway, could be taken from the Army Engineers for Rs. 700 or Rs. 900 per month. In the training centres, there were 17 instructors and nine students. When questioned as to what happened to the equipments he confirmed that some of them had been given to the C&B Departments and the others were being used by the National Logistics Cell, for which they had not paid any rent so far. A member remarked that the equipment could best be sold out, because collection of rent was a big problem. The departmental representative replied that they were going to sell some to the Baluchistan Government and some to the N.W.F.P. The Committee was of the view that the wastage could have been avoided had there been greater vigilance on the part of the authorities concerned.

687. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through them and come back to the Committee if anything deserved to be brought to its notice.

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

DEFENCE DIVISION

689. The Appropriation and other Accounts for the year 1974-75 pertaining to the Defence Division and the Report of the Auditor-General thereon were taken up next.

690. The following departmental representatives were present:—

1. Lt. Gen. Ghulam Jilani Khan, Secretary General.
2. Maj. Gen. Sadat Ali Khan, E-in-C.
3. Mr. A. Rashid Sheikh, Additional Secretary.
4. Mr. Abdul Majid, Additional Secretary.
5. Mr. Sajjadul Hassan, Joint Secretary.
6. Brig. Ahsan Yousaf Khan, D. G. (NAWO).
7. Mr. M. Islamuddin, Deputy Secretary.
8. Mr. Salim Bahadur Khan, Deputy Secretary.

691. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Defence	13
2.	Other Expenditure of Kashmir Affairs Division (Group head 'F')	76
3.	Survey of Pakistan	102

692. *General.*—The Committee took notice that, though it had been emphasising upon all Ministries/Divisions that replies to the points raised in the Appropriation/Commercial Accounts and the Audit observations should be complete in all respects, sent possibly in one lot and must bear consecutive page numbers, the replies furnished by the Defence Division were neither in one lot nor the same bore consecutive page numbers. Even replies in respect of grants were not in one lot. Consequently, the Committee had to face some difficulty in tracing out the references in the replies.

693. It was also observed that Audit paras were not reproduced in the replies due to which members of the Committee were inconvenienced as they had constantly to refer to the Auditor-General's Report to link the same with the replies furnished by the Division. The Division was requested to make a note of the above for the submission of their Replies in the future.

APPROPRIATION ACCOUNTS (CIVIL)

694. *Grant No. 13 (Page 28—AA).*—According to the Appropriation Accounts there was an excess of Rs. 26,13,027 under the group head "A—Secretariat". It was explained that the figures of Final Appropriation and actual expenditure, as shown in the Accounts, related to three Divisions, namely, Defence Division, Aviation Division and Defence Production Division. So far as the Defence Division were concerned the position of grant etc. according the Audit was as under :—

(i) Final Appropriation	22,05,800
(ii) Actual expenditure	49,82,545
(iii) Excess	27,76,745

The above figures were not acceptable to the departmental representative, who submitted that the actual expenditure was of Rs. 22,39,385. As such, the excess was of Rs. 33,585 only.

695. The Audit representative stated that the figures had not been reconciled. Audit was requested to verify and correct the figures.

696. *Grant No. 76 (Page 93—AA).*—There was a saving of Rs. 3,02,900 against group head “F—Chief Engineer for Azad Kashmir and Northern Areas”. The departmental representative did not agree. The Audit was requested to settle the figures in consultation with the department.

697. *Grant No. 102 (Page 120—AA).*—An excess of Rs. 3,06,249 was depicted against the group head “A—Controlling and Administrative staff”. It was contended that there was actually no excess. The figures of Final Appropriation and actual expenditure, as adopted in the Appropriation Accounts, were not correct as they did not take into account the amount of surrender and reconciled figures respectively. The correct figures were Rs. 14,68,200 and Rs. 14,64,303 respectively. There was thus a very minor saving of Rs. 3,897.

698. Audit accepted the position.

APPROPRIATION ACCOUNTS CIVIL FOR 1973-74

- (i) *Grant No. 12—Ministry of Defence (Group Head ‘B’).*
- (ii) *Grant No. 66—Other Expenditure of Kashmir Affairs Division (Group head-E).*
- (iii) *Grant No. 134—Development Expenditure of Ministry of Science and Technology. (Sub-head ‘K-I’).*

699. There was no material point under these grants relating to previous year, the replies for which were supplied now.

AUDIT REPORT (DEFENCE SERVICES)

700. *Appropriation and control over expenditure (Para 3, pages 1-2—Audit Report—Defence Services).*—According to the Audit Report the original grant of Rs. 560 crore was raised to Rs. 631.53 crore through a supplementary grant of Rs. 71.53 crore against which expenditure amounted to Rs. 6,92,20,35,594, resulting in an excess of Rs. 60,67,35,594. Since the final figures were stated to have come to light after the close of the year, regularisation action in respect of the variations could not be taken before the close of the year under review. It was explained that the expenditure in the year exceeded the grant by 9.6 per cent due to various factors.

701. A member remarked that there was an excess of Rs. 60,67 crore, but major factors for the excess were not mentioned. The Auditor-General added that the PAC too had observed on previous occasions also that at least the major factors for excess every year may be reported to it. He pointedly drew attention to the fact that supplementary grants were obtained, but despite this huge excesses were observed every year.

702. Thereupon, the departmental representative handed over a written explanation setting down the following main reasons for the excess of Rs. 60.67 crore :—

- (a) Towards the end of the year, additional Dearness Allowance at the rate of Rs. 25 per month was sanctioned by the Government. The prices of certain items of rations like atta|sugar and vegetable ghee were also increased. Apart from the above, certain payments over and above the budgeted provisions had to be made to POWs and their families under Government decision. All these factors led to an excess of Rs. 17.24 crore.
- (b) During the year 1974-75, there was an increase in the fare and freight both of rail and air. The extra requirement on this account could not be accurately estimated due to the extremely fluctuating nature of requirements, relating to movements of stores and personnel by rail and air. An excess of Rs. 3.10 crores occurred because of this reason and miscellaneous charges.
- (c) An excess expenditure of approximately Rs. 17 crores under works was attributable to payment of *ex-gratia* awards to contractors on account of inflationary rise in prices of material and labour as well as expenditure of emergent nature on certain operational works, which were undertaken under the directive of the highest authority. Contrary to the expectation that the final bills in respect of these works would be received in the next year, these were received and paid for in 1974-75.
- (d) The excess of Rs. 12 crores was due to certain inescapable payments which, being of an obligatory nature, had to be honoured. Consequently these payments were authorised to be made by the State Bank in May, 1975 with the prior permission of the Finance Division, regardless of availability of funds within the approved allocations.
- (e) The non-effective expenditure on pensions unexpectedly increased due to abnormal releases of *ex-POWs* and extraordinary commutations and also due to grant of additional dearness increase to the pensioners, sanctioned towards the close of this year. The excess on this account amounted to Rs. 11.33 crores.

703. The Committee did not feel too happy with the explanation and observed that it was for the Government to devise ways and means to curb this tendency among the Ministries and infuse financial discipline in them. A member remarked that the Ministries|Divisions ask for supplementary grant and even if the same reduced by the Finance Division, expenditure continue to be incurred unabated in violation of rules and orders. The Committee desired that this prevalent financial indiscipline should be brought to the notice of the Government for remedial actions.

704. At the end, the departmental representative assured the Committee that they were looking into the system of accounting with a view to rectify the shortcomings and to ensure more accurate information about actual spendings.

705. *Excess payment of Rs. 1,48,058 to an electric power company on account of supply of electricity (Para 1, page 3—Audit Report—Defence Services).*—It was stated that the CCMA, Rawalpindi had taken up the case with the parties concerned and a reply from the CCMA was awaited. He added that the company had since been nationalised and the rates had also been revised by the Government. So, revision of the contract had now taken place. That is why Rs. 1.48 lakh had been paid in excess.

706. The Auditor-General submitted that he would request the Ministry to look into the case because, to say that they were awaiting for the report of the CCMA was not enough. The departmental representative replied that they had already recovered the amount. Thereupon, the Auditor-General observed that this should have been done long ago.

707. The Committee directed, that, as proposed by the Auditor-General, the Ministry should look into it again and send a revised reply to the Committee, containing details, with copy to the Audit. It will be then seen whether any further action was required in the matter.

708. *Extra expenditure due to delay in the finalisation of the contract agreement—Rs. 87,150 (Para 3, page 4—Audit Report—Defence Services).*—The departmental representative informed the Committee that a Court of Inquiry had already been ordered and a report from them was expected soon.

709. The Audit was requested to keep track of the case and report back to the Committee, if found necessary in the light of the findings of the Court of Inquiry.

710. *Overpayment of Rs. 50,095 to a contractor on various accounts (Para 4, page 5—Audit Report—Defence Services).*—After hearing the explanation of the departmental representative, the Audit was requested to follow and verify the recovery. Subject to this observation, the objection was dropped.

711. *Loss of stores found deficient during stock taking—Rs. 34,865 (Para 5, page 6—Audit Report—Defence Services).*—After hearing the explanation of the departmental representative, the Committee directed the departmental representative to take action and Audit to verify the recovery involved in this case.

712. *Extra payment of Rs. 21,447 to contractors by allowing higher rates (Para 6, page 6—Audit Report—Defence Services).*—After hearing the departmental explanation, a member remarked that in addition to the recovery of loss, some deterrent action should also be taken against the persons at fault to

ward off a recurrence of such irregularities in the future. The departmental representative was directed to recover the balance amount and also take disciplinary action against the defaulting persons.

713. *Mis-appropriation of stores worth Rs. 20,018 (Para 7, page 6—Audit Report—Defence Services).*—Confirming the presumption of the Committee that it was a case of mis-appropriation, the departmental representative informed the Committee that, in this case, three persons were involved, namely, Mr. Sardar Mohammad, Mr. Chiragh Hussain Shah and Mr. Muhammad Ikram Shah, who were imposed a penalty of Rs. 9,000, of which Rs. 4,000 have already been recovered and the balance was being recovered. Thereupon, a member observed that a stricter punishment, like dismissal, was also warranted in this case. The departmental representative submitted that under the rules certain powers are vested in various authorities. Those authorities are in their rights to impose any of the prescribed penalties. Another member observed that, in that case, the department should go to the higher authority for a review of the penalty. The departmental representative undertook to look into this aspect of the case again. Another departmental representative said that it was not a case of theft. The Acting Chairman observed that the Committee was not concerned with it. It is for the department to decide whether it was a case of misappropriation or theft. If they found that it was a case of misappropriation, adequate punishment should be awarded therefor.

714. *Delayed recovery of Rs. 18,704 spent on rectification of defects in the work (Para 8, page 7—Audit Report—Defence Services).*—It was confirmed that full recovery of Rs. 18,704 in two instalments viz. Rs. 18,425 and Rs. 459 had since been made and recovery certificate, duly verified by the Unit Accountant concerned, had already been submitted to the DADS, Karachi through AG's Branch, PP&A Dte.

715. The Audit representative pointed out that a final payment was made on the basis of the completion certificate which had been given wrongly. The departmental representative submitted that the completion certificate did not mean that no defect could arise thereafter. A member remarked that the point meriting consideration was whether the defect that was due to a job having been done wrongly or there was some deficiency in the work done. In the case of deficiency, the issue of a completion certificate was not warranted. But if there was a defect the contractor could be asked to rectify it. The departmental representative submitted that in this report mention had been made of defects and not of deficiencies.

716. The departmental representative was directed to have the case looked into again and see if any action was called for against the persons concerned.

717. *System of de-hiring privately owned residential accommodation for service personnel (Para 9, page 7—Audit Report—Defence Services).*—It was contended that there was no delay in dealing with the de-hiring cases. A member remarked that the Audit point was that cases of serious nature had been omitted in the reply. The departmental representative said that an enquiry was going on in respect of some cases, where there was delay, and they were going to locate the responsibility. The Committee did not make any further observation in the matter.

718. *Infructuous expenditure of Rs. 9,048 due to irregular hiring of sub-standard accommodation (Para 10, page 8—Audit Report—Defence Services).*—After hearing the explanation of the departmental representative, no further observation was made by the Committee and the para was deemed as settled.

719. *Irregular payment of rent Rs. 6,218 (Para 11, page 8—Audit Report—Defence Services).*—It was explained that there was a dispute between two Departments. Now, a Court of Inquiry had been ordered and, once the opinion of the Court was available further action would be taken in the matter. The Audit was requested to keep a watch over the progress of the case and report back to the Committee if found necessary.

720. *Infructuous expenditure of Rs. 1,41,097 on account of rent and allied charges (Para 12, page 9—Audit Report—Defence Services).*—The departmental representative informed the Committee that the necessary authority for the write off of this expenditure had since been issued with the concurrence of F.A. and the expenditure had been regularised. A member observed that, notwithstanding the above, the Committee would like to know the circumstances due to which the department did not want to recover these charges from the individuals concerned.

721. *Loss of revenue due to under-charging of water charges Rs. 32,244 (Para 13, page 9—Audit Report—Defence Services).*—It was explained that the meters, existing in the bungalows, were out of order during the period under reference. Hence, the recovery of water charges was made according to the flat rates prescribed by the Government. A member remarked that, if the meters were damaged or defective, then the recovery should have in all fairness been made on the basis of the last bill subject to any adjustment later and the desirability of amending the rules to meet this situation examined.

722. *Conclusion of contracts on single tender basis resulting in extra expenditure of Rs. 24,845 (Para 14, page 9—Audit Report—Defence Services).*—After hearing the explanation of the departmental representative and scrutinising the

details of all the cases provided to the Committee by the departmental representative, the Committee came to the conclusion that the oral explanation was different from the written one. The departmental representative was, therefore, asked to submit a fresh reply through the Audit giving full details of all the cases.

723. *Irregular expenditure on advertisement—Rs. 11,125 (Para 15, page 10—Audit Report—Defence Services).*—After hearing the explanation of departmental representative, the Committee observed that the amendment of 1971 should be shown to Audit who would settle this, if necessary.

724. *Short recovery of cost of imported stores sold to Government employees—Rs. 6,029 (Para 16, page 11—Audit Report—Defence Services).*—It was explained that the rates were worked out @ Stock Book rates plus the element of Customs Duty and Sales Tax in the case of imported stores plus 10% departmental charges, covered under para 580 MES Regs. However, the MES Regs. would be amended suitably to incorporate therein the additional taxes/charges that might be recoverable in such cases. Presently, due to low stock position, there was a ban on the sale of stores since 1972. Replying to a query, the departmental representative informed the Committee that Defence Surcharge was an additional duty.

725. The Audit was directed to keep watch over the progress of the case.

726. *Non-recovery of ground rent from the lessees—Rs. 76,602 (Para 17, page 11—Audit Report—Defence Services).*—After hearing the departmental representative and seeking some clarifications, the Committee requested Audit to pursue the case and to report back, if necessary.

727. *Non-recovery of rent of leased agricultural land—Rs. 73,950 (Para 18, page 11—Audit Report—Defence Services).*—It was explained that land, measuring 374.39, 212.00, 670.00 and 353.50 Acres, comprising of plot Nos. 2, 2A, 4 and 6 of Rakh Baiknuth, Lahore was leased out to Capt. F. D. Khan for a period of ten years from 6th February, 1967 to 30th June, 1977 on payment of yearly rent of Rs. 1,47,900. The lease was terminated in 1969, on the transfer of the said land to the Army Welfare Trust, and the possession was resumed on 5th October, 1969. Some secret inquiry against the lessee and certain Government officers and Departments was held by the FIA. The Special Police authorities took over all the records in their custody from the MEO, Lahore. Despite repeated efforts of the MEO, the Special Court had refused to return the files, until the case was decided.

728. The Committee observed that this was a very old case and the department took no action. They should either report it to the higher authorities or an application should be filed in the High Court in accordance with the judicial procedure to have the judgement in the case expedited. The case had been

pending for years and now this seemed to be the only remedy. The departmental representative undertook to take action accordingly.

729. *Holding of land for cultivation in excess of authorisation resulting in loss of revenues—Rs. 78,145 (Para 19, page 12—Audit Report—Defence Services).*—The Committee was informed that the matter was being investigated into and necessary action could be taken in the light of the findings of the investigation. Audit was requested to keep track of the case.

730. *Irregular payment of rent of quarters and a bungalow—Rs. 16,354 (Para 20, page 12—Audit Report—Defence Services).*—It was explained that, in one case, recovery of Rs. 7,809 had been made from the Contonment Board. As regards the second one, a Court of Inquiry had been ordered by the GHQ to fix the responsibility for the irregular payment, if any. Audit was requested to follow up the case.

731. *Overpayment by allowing higher rates for printing and composing of forms (Para 23, page 14—Audit Report—Defence Services).*—After hearing the departmental explanation, the Committee was of the view that the position was far from clear. F. A. (Defence) was accordingly, requested to constitute a Committee of officers concerned and have this issue settled, in consultation with the Audit.

732. *Extra expenditure due to abnormal delay in the finalisation of a supply contract—Rs. 46,229 (Para 24, page 14—Audit Report—Defence Services).*—During the discussion of this para the Committee noted that an inordinate delay had taken place in this case inasmuch as the tender was opened on the 28th of September, but it was put up to the Commandant, Log area, on the 7th November, i.e., after a month and a half. It was nowhere mentioned as to when was it sent to the QMG. The departmental representative submitted that they had 40 to 60 contracts to be processed between the period from 28th September, 1973 to 7th November, 1973. When open tenders are invited, the staff at the Log area start comparing notes with the other Log areas. After comparing notes, the contracts, which need the approval of QMG, are sent to the GHQ for obtaining approval. The normal period for it is 1½ months. A member remarked that this period was too long. It should not take more than seven days to send the papers to the GHQ. The Auditor-General added that this was not normal. If it was normal, then it has to be reduced. The departmental representative pointed out that there were about 200 contracts. This particular one should not have been made a point of audit objection. Another member remarked that the contractor could have withdrawn after ten days of the conclusion of the contract. The departmental representative replied that, out of 200 contracts, only one had decided to withdraw his offer but the same was objected to. But this can happen at any time and, in the contract law and procedure, it is provided that the earnest money of whosoever withdraws his offer will be confiscated.

733. Replying to a query, the departmental representative said that, if the contractor withdraw his offer within seven days, it will become difficult for the department to conclude the contract. The member remarked that if the contractors give earnest money and the validity of the tender is two months, how could they withdraw that money within this period. Intervening, the Auditor-General pointed out that, according to the departmental Manuals the officer responsible for dealing with the tenders is required to enter his recommendations with reasons for the same in the comparative statement of tenders and send at once, with the necessary attachments, the tender which he recommends for acceptance. The same member added that the question was whether all these 200 contracts were going on about the same time. This requires an examination. Therefore, he would suggest that the department should see if there was any possibility of staggering or finding some other way of handling them.

734. The Committee finally directed that, because of the word "at once" occurring in the rules the MAG should co-ordinate action with the department and see whether any new procedure needed to be evolved. It was for the Ministry and the Audit also to examine whether any new definition should be laid down in the rules. A member added that the first thing to see was as to how the load was staggered. Only then could the definition become relevant. The departmental representative was requested to look into it as a composite case and also have the system reviewed.

735. So far as the objection was concerned as the earnest money had already been forfeited the para was treated as settled.

736. *Irregular issue of furniture and non-recovery of hire charges thereof amounting to Rs. 29,870 (Para 25, page 15—Audit Report—Defence Services).*—The Audit representative informed the Committee that, in this case, a contract was given to a contractor for running a Cafeteria, which was got furnished under Government orders earlier, whereas the contractor was supposed to pay rent for only unfurnished accommodation. The question of removing the furniture etc. already provided therein was, however, not mooted.

737. A member observed that if it was known that it was a furnished Cafeteria, why was a contract executed for a lower rate. The person who entered into such a contract was, therefore, responsible for this irregularity and should be asked to explain.

738. The Audit was requested to pursue the case.

739. *Audit of Stores and Supply accounts, (ii) Local Test Audit and Inspection (Paras 26-27, pages 15-16—Audit Report—Defence Services).*—After hearing the explanation of departmental representative, no further observation was made by the Committee.

740. *Un-necessary engagement of a road roller driver—Rs. 14,342 (Para 28, page 15—Audit Report—Defence Services).*—The departmental representative explained that to regularise the extra expenditure of Rs. 14,605 paid to the driver from 3/72 to 4/76, an extra expenditure Statement (PAFW—497) had been prepared and submitted to the Station Headquarters, Murree for investigating into the loss and fixing responsibility. The proceedings of the Court of Inquiry were under process and, as soon as the same were finalised, further action would be taken in the light of the Court's decision.

741. The Audit was requested to settle the case in the light of the Inquiry Report.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

MAG's Certificate

742. *Linkage of goods (Para 3, page 4).*—Cases continued to occur in which consignees of the Defence Department Stores had not linked 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 been actually brought to account by the consignees.

743. It was explained that the reasons for this were less quantity of stores received from the consignors abroad, late receipt of vouchers/invoices, and non-existence of packing accounts numbers on the invoice, thereby causing delay in the timely accounting of the vouchers.

744. The departmental representative, however, undertook that in the future, a list, containing the invoice numbers, dates and the amounts involved will be invariably furnished by the MAG's Controller of Accounts at the time of completing the accounts to facilitate the linking of the goods with consignments.

745. *Warrants of Stores [Para 4 (ii), page 4—AA—Defence Services].*—It was pointed out that, on the Navy side, Warrants of Stores in respect of Naval Establishments had not so far been issued by the Warrants of Stores Committee, formed under instructions of Government. The Store Establishments, presently, continued to draw their requirements as per provisional Warrants of Stores, prepared by the previous Warrants of Stores Committee appointed by the N.H.Q. and implemented under the Chief of Staff's orders.

746. It was explained that most of the Naval Establishments had their Warrants of Stores approved by the Government. Cases for the issuance of Warrant of Stores to a few Shore Establishments and newly commissioned ships were under active consideration in the Naval Headquarters and would be subsequently approved by the Government, after receiving the recommendation of the Warrant of Stores Committee.

747. The Audit representative stressed that there was need for involving a suitable system in the case of Navy also.

748. The Committee directed that the Warrant of Stores should be standardised in the case of Navy also, as that of the Army and the Air Force.

749. *Physical verification of stock (Para 5, page 4—AA—Defence Services).*—After hearing the explanation of the departmental representative, the para was treated as settled.

750. *Overpayment of pay and allowances to Army Officers—Rs. 15,983, and (ii) Payment of gratuity to heirs of Military Officers—Rs. 22,655 [Item I (i) 1&2, page 6—AA—Defence Services].*—The explanation of the departmental representative was accepted and the paras treated as settled.

751. *Embezzlement of Government money by Ambassador of Pakistan in Iraq [Item I (i) 3, page 6—AA—Defence Services].*—It was explained that an amount of Iraqi Dinar 11,000 was placed by the Air Headquarters at the disposal of the Embassy of Pakistan for the pay and allowances of eleven P.A.F. Officers, who were on deputation to the Iraqi Government in May, 1968. The Officers were paid by the Iraqi Government and the said amount remained with the Embassy and not remitted to the P.A.F. It was later mis-appropriated by Mr. A. F. M. Abdul Fateh, *ex-Ambassador* of Pakistan when he defected on 18th August, 1971 to "Bengla Desh". Parep Baghdad recommended that an amount of Iraqi Dinar 11,000 be written off by the Air Headquarters under the Government orders. Accordingly, the amount was written off. *vide* Government letter No. Air HQ|10725|1|PC|II|Acctts|3669|D-7A, dated 25th October, 1974.

752. The Auditor-General enquired as to why could it not be detected before the officer's defection to Bangladesh? If it had been due to any defect in the system or the procedure then something should be done to rectify the same. The departmental representative agreed with the Auditor-General and said that they should have taken some steps to have it examined and would do so now, for the necessary rectification.

753. The Committee observed that possibility could not be ruled out of the money in question having been mis-appropriated by a junior man rather than the Ambassador himself. The departmental representative promised to have this checked up for necessary action.

754. *Loss of Measurement Book [Item II (iii) 1, page 6—AA—Defence Services].*—It was explained that, after a thorough investigation, a clerk was found responsible for the loss of the Measurement Book, which was regularised under Government orders. A stern warning was issued to the clerk concerned by the C.A. to be more vigilant in the performance of his duties.

755. *Statement of payments of Escalation Awards to Contractors for 1974-75 (Pages 10 and 11—Appendix 'C' and its Annexure—Appropriation Accounts, Defence Services).*—The Audit representative informed the Committee that they had not yet audited these payments. In preliminary examination they had found certain serious irregularities which would be brought to PAC's notice in future Audit Reports. The Committee agreed.

COMMERCIAL APPENDIX TO APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

Military Farm

756. *Financial review of the working of the Military Farms (Para 29, page 10).*—According to the Audit Report, the price of milk and butter in the market was comparatively high. The dairy products of the Military Farms were, decidedly of a better quality as compared to market stuff. Consequently, there was scope to increase the selling prices of the Military Farms products.

757. It was explained that the Military Farms were organised on quasi-commercial basis in which accounts were kept only for the purposes of judging and comparing financial results from year to year. It was not reckoned to be a revenue earning department of the Government. However, the rates of milk and butter were revised on 1st October, 1975, and since 1975-76, the Military Farms were consistently earning profits and adding to the Reserve Fund.

758. Replying to a query, the departmental representative informed the Committee that they were producing butter, cheese and milk powder. They were meant only for the Defence Services and not for sale in the open market. If milk was available in sufficient quantities, they could increase the production of cheese.

759. *Profit and Loss Accounts (Para 34, page 14).*—A member invited the attention of the departmental representative to the amount of Rs. 2.79 crore shown against Item No. 14 "To Miscellaneous Stores, Stationery, etc.", and enquired as to what were these Miscellaneous Stores. The departmental representative replied that these included various items utilised for the production of whole-milk powder. It was a part of the cost of production. Thereupon, the member remarked that then it should have been accounted for in the production cost. Apparently, the Department seemed to be mixing lot of things. They should analyse each item and only to the extent any of them related to the production cost, should be transferred to that head in the books of accounts.

760. The same member invited the Committee's attention to item 2 "By Miscellaneous receipts" on page 15 and enquired about the reasons for a fall of Rs. 67 lac therein against this item, as compared to the previous year (1973-74). The departmental representative could not furnish an explanation to the satisfaction of the Committee. Thereupon, the member remarked that department

must in the future produce the accounts which would reflect the correct position. The departmental representative submitted that Miscellaneous Stores comprised of smaller items. The member suggested that these items should be separated, and accounts should be prepared again. There should be no transfer adjustment from one account to another, so that the accounts could clearly show condemnations, casualties and other receipts. The figures should not be inflated unnecessarily.

761. *Balance sheet of Military Farm (Para 37, page 19).*—A sum of Rs. 1,03,83,916 was shown against "Government Account 'C' Banking" on the Assets side. A member desired to know as to what did it mean? The departmental representative explained that it represented the amounts of the capital items purchased. For example, during the current year, the Glaxo Factory had been purchased for Rs. 90 lac. Thereupon, the member remarked that the department did not name it to be the reserve account fund. The member added that they should have a renewal reserve fund. If they did not have this, then on the other side there should be a renewal reserve.

762. Finally, the Audit was requested to check the Balance Sheet and report back the position, as emerging therefrom, with his comments, for the Committee's information.

763. *Compliance reports in respect of general|specific observation|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through these reports and come back if they considered that anything deserved to be brought to the Committee's notice.

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

AVIATION DIVISION

765. Thereafter examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Aviation Division and the Report of the Auditor-General thereon was taken up by the Committee.

766. The following departmental representatives were present :—

1. Lt. Gen. Ghulam Jilani Khan, Secretary General.
2. Mr. Mohsin Kamal, Joint Secretary.
3. Mr. S. H. Shah, Deputy Secretary.

4. Mr. N. A. Siddiqi, DFA (CA).
5. Mr. M. A. Majid Khan, Director (Admn.)
6. Mr. Mohammad Yousuf, Executive Director.
7. Mr. Rehmatullah Khan, D. G., M. S.

767. This Division controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Ministry of Defence	13
2.	Meteorology	14
3.	Aviation	15
4.	Development Expenditure of Ministry of Defence (Group heads 'K' and 'S')	121
5.	Capital outlay on Civil Aviation and other works. (Group head 'A')	141

AUDIT REPORT

768. *Extra expenditure of Rs. 1.5 million on carpetting of road (Para 1, page 17—Audit Report).*—The explanation of the departmental representative was accepted and the para was deemed settled.

769. *Misappropriation of pay and allowances Rs. 8,974 (Para 2, page 17—Audit Report).*—The departmental representative explained that this was not a case of misappropriation. In 1974 it was reported that the cashier of the Main Analysis Centre, Karachi, had fled away. The accounts were checked by the Audit party and it was reported that a sum of Rs. 22,448 (roundly) remained unaccounted for. However, after a close scrutiny of the accounts certain discrepancies and repetitions of undisbursed amounts were detected by Audit. These were later pointed out to the A.G.P.R. Some receipts for payments, not traceable at the time of audit, were located and attested copies thereof furnished to Audit. On re-check, the AGPR reduced the amount to Rs. 8,974. A sum of Rs. 2,586 was subsequently deposited by the subordinate officer in the State Bank, reducing the unaccounted for amount to Rs. 6,387.

770. It was, however, not clear as to from where had the cheque for Rs. 2,586 come, how was it revalidated and who deposited it in the State Bank? The Committee accordingly directed the departmental representative to report back with all the details. The Committee further observed that, in future, specific dates should be mentioned, instead of using vague terms, like 'subsequently', etc. In

reply to a query, the Committee was informed that the cashier was under suspension for the last five years. The Committee directed that his case should also be decided without further delay.

771. *Irregular payment of Rs. 43,800 on retention of hired machinery without any work (Para 25, page 28—Audit Report).*—It was explained that the ADA were doing work on the Multan Cantonment, worth about Rs. 1.54 crore. They were promised verbally by the P.A.F. authorities that there might be additional work, worth about Rs. 40 lac, for them. Hence they did not send back their two bulldozers to Karachi. Due to shortage of funds, that additional work was not given. A member remarked that there was something wrong between the dates mentioned by the Audit and the department. The departmental representative submitted that the ADA's explanation was that, during these dates, the work was on. So, actually, these were not the relevant dates.

772. Audit was requested to settle the matter in consultation with the department and report back if necessary.

773. *Irregular payment of Rs. 9,608 for chartered flight (Para 33, page 32—Audit Report).*—The explanation of the departmental representative was accepted and the para was dropped.

APPROPRIATION ACCOUNTS

774. *Grant No 13 (Page 28—AA).*—An excess of Rs. 26,13,027 was reported in the Accounts against the group head "A-Secretariat" which pertained to three Divisions viz., Aviation Division, Defence Division and Defence Production Division so far as the Aviation Division was concerned, the departmental figure of actual expenditure was Rs. 7,09,137 against the final grant of Rs. 7,23,000, resulting in a saving of Rs. 13,863 only.

775. Audit was requested to verify and correct the figures.

776. *Grant No. 14 & 15 (Pages 29-30—AA).*—There was no material point for consideration by the Committee under these grants.

777. *Grant No. 121 (Page 141—AA).*—Against a saving of Rs. 21,66,923 under the group head "K-Scientific Departments" an amount of Rs. 13,07,600 was claimed to have been surrendered before 30th June, 1975. The remainder of the saving amounting to Rs. 8,59,322 was ascribed mainly to non-receipt of equipment from abroad before the close of the financial year. The equipment was expected to be received before June, 1975, according to the Letter of Credit established for it in December, 1974, but it was received in August, November and December, 1975 and its cost adjusted in the accounts for the subsequent year 1975-76.

778. The Audit was requested to further check the departmental explanation.

779. *S-Aviation (Page 141—AA)*.—The saving of Rs. 7,02,094 under this head was stated to be mainly due to the non-accounting by Audit of the surrender of Rs. 16,600, non-adjustment of debits amounting to Rs. 1,99,394, raised by the PIA in time, non-materialisation of sanctions for Rs. 3,58,800, issued before the close of the financial year and non-finalisation of indents by IP&S for Rs. 1,27,300. Audit was requested to verify the departmental explanation and report back, if necessary.

780. *Grant No. 141 (Page 163—AA)*.—Against the saving of Rs. 1,01,30,329 shown against group head "A-Civil Aviation" the departmental representative accepted a saving of Rs. 29,16,829 only which was stated to have been due to non-accounting by Audit of the surrender of Rs. 72,13,500, wrong booking of a sum of Rs. 12,91,900 against the Head "44-Aviation", and non-finalisation of contract for generating sets under the German loan (Rs. 16,24,929).

781. Audit was requested to verify and correct the figures.

COMMERCIAL ACCOUNTS

Pakistan International Airlines

782. *Possible loss of Rs. 17,43,112 due to default of a General Sales Agent (Para 14, page 14—CA)*.—It was explained that M/s. Travomars were appointed as General Sales Agent of PIA in Colombo under an agreement dated 1st December, 1967. The agents continued to send remittances until February, 1971. Thereafter, they failed to make remittances alongwith the sales reports, as a result of which, until February, 1975, an amount of CER 11,93,912 equivalent to PAK Rs. 17,43,112 became due from the agents. The agency was terminated by PIA on the 15th February, 1975. The responsibility for not revising Bank Guarantee, accepting delayed remittances and continued issue of documents when the agents stopped remittances after February, 1971, lay with Mr. Yasin Omer, the then District Manager, PIA, Sri Lanka. The services of Mr. Yasin Omer were terminated on 20th November, 1974 for negligence. Simultaneously, a suit was filed in the local court of Colombo against the agents for the realization of the dues. The case was still pending in the court. The Bank Guarantee dated 19th February, 1970, amounting to PAK Rs. 1,00,000, had expired on 18th February, 1971 and the General Sales Agent deposited cash amounting to Rs. 1,00,000 on 8th September, 1971 in lieu of the Bank Guarantee.

783. A member remarked that the fact that the District Manager in Sri Lanka did not advise the Head Office was no excuse. The accounts procedure in the out-station were not subordinate to the regional man. He was directly subordinate to the Accounts department at the Centre, which check these receipts etc. Accordingly, the man at the head office was at fault. The departmental

representative was directed to take suitable action against the man responsible for the omission at the Head Office also.

784. *Sundry Debtors (Para 311, page 352—CA).*—As compared to the previous year, the Sundry Debts as on 30th June, 1975 increased from Rs. 28,38,10,607 to Rs. 44,59,24,560. It was stated that strenuous efforts were made to realise the dues as a result of which against the outstanding of Rs. 48.46 crore, a sum of Rs. 43.19 crore had been realised by 30th June, 1978, representing 89% of the total outstanding. The Corporation had taken effective steps to restrict the credit facilities. As a result of such measures, the debt turnover ratio dropped in 1977-78 to 93 days from 103 in 1974-75.

785. However, when asked, the departmental representative could not furnish details in regard to the outstandings against Government departments and the agents and how much of them was recoverable. He was accordingly directed to send a report to the Committee, alongwith reasons for non-realisation, for its information.

786. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through the reports and come back to the Committee if anything deserved to be brought to their notice.

787. *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 Audit Reports. These would be deemed settled subject to such regularising action as might be necessary under the rules.

DEFENCE PRODUCTION DIVISION

788. After the accounts of Aviation Division, the Appropriation and other Accounts for the year 1974-75 pertaining to the Defence Production Division and the Report of the Auditor-General thereon were considered by the Committee.

789. The following departmental representatives were present:—

1. Mr. Tariq Mustafa, Additional Secretary Incharge.
2. Mr. M. A. Jabbar, Joint Secretary.
3. Mr. M. A. Siddiqi, DFA (DP).
4. Lt. Col. Abdur Rahim Khan, GSO-I DG., DP.
5. Lt. Col. Ali Jawahar Khan, DP (Army).
6. Mr. M. M. Saeed, Director POFs.
7. Mr. S. A. Sabri, (CUFA).
8. Mr. C. M. Sharif, M.D. (WIL).

790. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Defence	13
2.	Capital Outlay on Civil Aviation and other works (Group head 'B')	141

APPROPRIATION ACCOUNTS (CIVIL)

791. *Grants No. 13 and 141 (Pages 28 and 163—AA).*—There was no material point for consideration by the Committee under these grants.

APPROPRIATION ACCOUNTS (DEFENCE SERVICES)

792. *Stores short landed from abroad—Rs. 16,584 [Item II (i) 4, page 6—AA—Defence Services].*—After hearing the departmental explanation, a member remarked that this time also the explanation was the same as last time. The departmental representative submitted that they had taken up this matter on the directive of PAC but the National Shipping Corporation did not respond favourably. However, instructions had been issued to Embassies that they should try to discuss with the suppliers about putting the value of the stores on each case/package. A member remarked that, in that case, there may be greater temptation to steal goods.

793. The Committee directed that, instead of entering into communication, the matter should be discussed with the Secretary, Communications and the Chairman, National Shipping Corporation, and settled in the best interests of the country.

794. *Claim re'uted by suppliers on rejection of stores—Rs. 8,517 [Item II (i)5, page 6—AA—Defence Services].*—Replying to a query, the departmental representative explained that the articles were rejected when the stores arrived. They were soaked, wet and damaged during transit. The matter was taken up with the suppliers for replacing these stores but, after a lengthy correspondence, they showed their inability to do so. Their stand was that they were not responsible if the goods got damaged during transit. The same should have been insured. As such, there was no alternative but to write off the loss.

795. The para was treated as settled.

796. *Extra expenditure on account of purchase of stores—Rs. 40,080 [Item II (i) 7, page 6—AA—Defence Services].*—The explanation of the departmental representative was accepted and the para treated as settled, subject to verification by Audit.

797. *Loss of stores—Rs. 15,038 (Item II-2, page 9—AA—Defence Services).*—The Audit representative informed the Committee that they were examining this case. The departmental representative was directed that a copy of the approval of the competent authority for the write off should be supplied to Audit.

AUDIT REPORT (DEFENCE SERVICES)

798. *Loss of Rs. 14,00,000 approximately on purchase of a defective chemical (Para 21, page 13—Audit Report—Defence Services).*—The Committee was informed that the case was under process with the parties concerned and a final reply would be submitted in the next meeting of the Committee.

799. *Extra expenditure of Rs. 21,131 due to acceptance of store below specification (Para 22, page 13—Audit Report—Defence Services).*—The explanation of the departmental representative was not considered satisfactory as Audit representative produced a letter stating that Commander M. A. Rahi had agreed to the audit's point. The departmental representative was directed to submit a fresh explanation through the Audit.

COMMERCIAL APPENDIX (DEFENCE SERVICES)

800. *Points outstanding from previous reports (para 8, page 5—Commercial Appendix).*—The Audit drew the attention of the Committee to the six unfinalised cases of financial irregularities pertaining to the years 1959-60, 1960-61 and 1964-65, involving an amount of Rs. 9,83,621. The departmental representative submitted that these cases were pending in Civil Courts and were being pursued. The Audit was requested to keep track of the cases.

801. *Sundry debtors (Para 41, page 23—Commercial Appendix).*—The Committee was informed that, out of Rs. 2,29,34,677, a sum of Rs. 2,10,84,936 had already been recovered, leaving a balance of Rs. 18,49,740 only. Strenuous efforts were being made to recover the balance outstanding as early as possible. Audit was requested to verify and keep watch over the future recoveries.

802. *Other Sundry debtors (Para 43, page 23—Commercial Appendix).*—It was pointed out that other sundry debts stood at Rs. 14,82,70,485 at the close of the year under review against Rs. 12,71,57,601 at the close of the preceding year.

803. The departmental representative explained that against the item of *Machinery*, out of Rs. 7,05,61,039, a sum of Rs. 6,37,48,395 had been recovered leaving a balance of Rs. 68,12,644, and against *Stores*, all the outstanding assets had been cleared, leaving a balance of Rs. 3,20,685 which related to the POF, Dacca and for which no comments could be offered at this stage.

804. The Committee observed that the balance relating to the POF, Dacca should be claimed from Bangladesh, irrespective of the fact whether the stores were received or not. The departmental representative was also directed that there should be a separate account for Bangladesh in the ledger books and this should not be mixed up.

805. *Value of finished goods (Para 48, page 24—Commercial Appendix).—*The Audit representative submitted that they were asking the department to furnish the details. The departmental representative maintained that, in determining the finished value of goods, they were following the prescribed method and that there was no deviation from the set accounting procedure. The Committee observed that the Audit should verify, and if they were not satisfied with the procedure, they should come back with specific recommendations, about the procedure which, in their view, should be followed in future.

806. *Unabsorbed transport charges (Para 49, page 24)—Commercial Appendix.*—It was pointed out that unabsorbed transport charges, amounting to Rs. 36,60,668 incurred on the procurement of material and stores, were found to have been charged as a whole to the production account, instead of their proportionate charge to the respective jobs. As a result, the cost of production got over-stated to the extent that the material was consumed on unfinished jobs or was still lying in stock as unconsumed. This called for a fixation of proportionate realisation for absorption of transport charges.

807. The departmental representative, explaining the position stated that a sum of Rs. 52,12,906 was booked to transportation head during 6/75. Most of the stores on which the above amount, totalling Rs. 36,60,668, was to be allocated, could not be brought on charge in that month. Replying to a query, the departmental representative clarified that this mainly related to the Railways. According to the set accounting procedure, when goods were sent by Railways, a certain percentage of goods value was adopted in the accounts. The actuals came later after six months or so when the accounts were corrected accordingly.

808. A member remarked that it may be simpler, if on the basis of the previous quarter's experience, the department adopt a percentage and cost their accounts accordingly. They should not worry about the actuals every time. If, on the receipt of actuals, the difference was found to be small in value, the amount should be written off, because otherwise it meant a waste of time. But the department must be realistic in their average percentage and revise it every quarter, so that it was known as to what was happening. Where, however a substantial amount be involved, it should not be written off on the plea that the PAC had so recommended. In such cases, the set procedure should be duly observed.

809. *Compliance reports in respect of general|specific observation|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through these and bring to the Committee's notice anything deserving of its attention.

810. *Points|paras not discussed to be treated as settled.*—The Committee did not make any observation on other points|paras in the Appropriation Accounts, Commercial Appendix (Defence Services) or Audit Reports. These would be

deemed settled subject to such regularising action that might be necessary under the rules.

MINISTRY OF RAILWAYS

811. Next was taken up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Railways and the Report of the Auditor-General thereon.

812. The following departmental representatives were present :—

1. Mr. Hasan Zaheer, Secretary.
2. Mr. Gulzar Ahmed, Chairman.
3. Mr. Z.I. Puri, Member, Mech. Engg.
4. Mr. K. Shafqat Ali, Member, Finance.
5. Mr. M. Y. Khan, Member, Traffic.
6. Mr. R.A. Qureshi, FA & CAO.

813. This Ministry controlled the following grants :

S.No.	Name of Grant	Grant No.
1.	Ministry of Railways	90-A
2.	Capital Outlay on Investment in Railways	116
3.	Capital Outlay on Railways	153

APPROPRIATION ACCOUNTS

814. *Grants No. 90-A, 116 and 153 (Pages 110, 136 and 179—AA).*—There was no material point for consideration by the Committee under these grants.

AUDIT REPORT (RAILWAYS)

Excess over Grants|Appropriation (Para 4, page 2—Audit Report)

815. *Grant No. 1—General Administration.*—An overall excess of Rs. 36,40,620 was exhibited under this grant. The departmental representative contended that, as the excess was only 2.29% (*i. e.* less than 5%) of the Final Grant, no explanation was necessary under the revised instructions of the Public Accounts Committee. A member drew the attention of the departmental representative to the para of the Committee's proceedings referred to by him which said that the Committee did not make any specific observation on the other items, leaving it to the Finance Division and the Audit to take a decision. As such,

this could not be said to be a recommendation of the Committee. The departmental representative informed the Committee that they had also got a copy of letter from Audit to the Railways, containing similar instructions (letter was read out).

816. The Auditor-General said that he would insist that the explanation for excesses, irrespective of the amounts involved, should continue, as in the past, to be furnished in the future also. However, in so far as the Accounts of Railways under review were concerned, since the department had got an authority from Audit, he would not insist on an explanation in this particular year.

817. *Grant No. 2—Repairs and Maintenance.*—The excess of Rs. 4,63,18,446, occurring under this grant, was explained as having been due to—

- (i) Execution of more special flood repair work in the later part of the year than anticipated.
- (ii) Receipt of more rolling stock for heavy repairs in the later part of the year.
- (iii) Payment of piece-work profit and over-time at enhanced rates with effect from 8th June, 1974 *i.e.*, after the finalisation of budget estimates.
- (iv) Increase in the prices of stores in the later part of the year.

818. A member remarked that, if the department did not provide for flood repairs at the beginning of the year, a supplementary grant should have been asked for. Another member pointed out that there were no floods in 1974-75.

819. The departmental representative took the position that flood was a recurring phenomenon and expenditure on this account was being incurred every year. He, however, conceded that it was an omission on the part of the department not to have made the necessary provisions therefor in the revised estimates. Thereupon, the Committee observed that, in that case, action should be taken against those responsible for the omission and incurring expenditure without legal authority. Replying to a query, the departmental representative explained that a decision for the payment for piece work profit and overtime, at enhanced rates, was taken in May, 1975 but the same was given effect from June, 1974. Thereupon, a member observed that this was subject to verification and would require a revised explanation, for the Committee's information, with copy to the Audit.

820. *Grant No. 6—Expenditure not met from Revenue.*—Against the saving of Rs. 35,71,36,786, shown in the Accounts, a sum of Rs. 18,14,57,000 was stated to have been actually surrendered but not taken into account by the Audit. The actual saving then amounted to Rs. 17,56,79,786, which was less than 30% of the Final Grant and required no explanation.

821. The Audit representative pointed out that actually the saving was of more than 40%, as surrender was a departmental matter. Thereupon, a member observed that the Committee would like to have an explanation for the saving of Rs. 35.71 crore. The departmental representative stated that the saving of the order of Rs 20.23 crore related to the funds not utilised on the Annual Development Programme. Secondly orders for diesel locomotives were placed during the year and the department had hoped to get them before the close of the financial year. But the ship came in July, 1975, because of which about Rs. 13 crores had to be surrendered. Audit was requested to verify the departmental explanation.

Chapter VI—Audit observation on Important Financial Irregularities

822. *Embezzlement, amounting to about Rs. 3,50,000, in the sale of tickets at a station (Para 1, page 13—Audit Report—Railways).*—After hearing the explanation of the departmental representative, a member remarked that the only question was whether there was negligence or collusion. If the department came to the conclusion that it was a case of collusion, then it called for the dismissal of those involved. The Audit representative (Railways) pointed out that the booking clerks involved in this case were suspended, but they went to the court and, in pursuance of the court's decree, they were re-instated. Three of them had since been promoted, five of them were still working and handling cash and one was retired with full pensionary benefits. Thus some of the accused persons had been, in fact, rewarded. Replying to a query, the departmental representative stated that they had already punished the defaulters.

823. After some discussion, the Committee observed that the department should find out full facts and the reasons for the promotion of the accused persons, what action had been taken against those who failed to pursue the case in the court, letting it go by default and what was the result of the charge-sheet framed against the officials. The department should also consider the possibility of re-filing the suit and re-suspension of the officials involved in the fraud. The reply should come through the Audit who should submit the same to the Committee with their comments.

824. *Fraudulent payment to a quarry contractor (Para 2, pages 13-14—Audit Report—Railways).*—The Committee was informed that the case was examined by an Inquiry Committee, consisting of Deputy Chief Engineer and Deputy Chief Accounts Officer. The Committee had :—

- (a) held the Ballast Inspector responsible for the shortage of pitching stone and stone ballast "1" size, costing Rs. 28,861. The Ballast Inspector was already under suspension, pending the finalisation of disciplinary action ;

- (b) indicated a net shortage of 1,33,217 cft of ballast, costing Rs. 39,960, recoverable from the quarry contractor ; and
- (c) held the Assistant Engineer and the Divisional Engineer responsible for lack of administrative control, resulting in an improper maintenance of the quarry accounts in the office of the Ballast Inspector.

825. A member pointed out that, apart from the contractor, the Ballast Inspector was also responsible, but he was not held to be responsible. The departmental representative replied that the Ballast Inspector was basically responsible. Thereupon the member remarked that the brief should be corrected to that extent.

826. The departmental representative further added that the contractor having made counter-charges, that he was removed before the expiry of the contract, the matter had been referred to the Inquiry Committee again. The final position will become known, after the counter-claim had been examined by the Committee, and then further action will be finalized.

827. Audit was requested to check the figures. The departmental representative was directed to supply a copy of the Inquiry Report to the Audit.

828. *Fraudulent drawal of travelling allowance (Para 5, page 15—Audit Report—Railways).*—The departmental representative informed the Committee that about 200 employees were involved in this case and the Divisional Superintendent, who was the Authorised Officer, had been asked to take necessary disciplinary action against them. A member remarked that the employees were all staying at one station, but were shown in the records at some other stations, enabling them to draw bogus travelling allowance. Apparently, there was fault in the system and some method will have to be devised to obviate the recurrence of such a default in other Divisions.

829. The same member added that two parties were involved in this case, the persons who drew the bills and the Divisional Officer, who passed their bills. As such, both should have been dealt with.

830. In reply to a query whether the accused persons could be proceeded against departmentally and dismissed, while the court case was yet to be decided in due course, the departmental representative submitted that this could be done after going through the procedure for departmental action. Thereupon, the member remarked that it would have taken hardly three months and minimum punishment in this case would have been dismissal. The Audit representative pointed out that the Government instructions were that departmental action could be taken even if a case was in the court or with the police. A member added that this was not a directive but a suggestion of the PAC/Auditor-General for consideration by the department. The departmental representative said that according

to the departmental Code, no action could be taken in such cases till the findings of the Inquiry had become known. He believed that, in the light of some latest decisions and the advice given by the Law Division, departmental Inquiry could be instituted. Therefore, they would now try to implement the relevant instructions.

831. A member asked that, if the Inquiry Committee Officer failed to award sufficient punishment, as in the present case, then was it not the responsibility of the competent authority to take action to rectify the situation. The departmental representative submitted that, after the report goes to the authorised officer, such complications sometimes do arise. In his opinion, there should be a greater appreciation of the effect of a punishment on the future commission of the same offence. Mere stopping of increment for one year, as a disciplinary measure, does not serve the purpose.

832. The Committee observed that to keep these matters under constant watch was part of the functions of a department and not that of the Public Accounts Committee. The Audit was directed to keep track of the progress of the case.

833. *Wasteful expenditure of Rs. 88,000 (Para 7, pages 15-16—Audit Report—Railways).*—The departmental representative affirmed that though he was not putting up any defence and there might have been some irregularities. So far as the execution of work was concerned, the same was completed in two stages according to site requirements. The Committee, finally, observed that this was a case which called for a thorough inquiry, in which the Inspector of Railways should also be associated. Audit was requested to keep its track.

834. *Loss of Rs. 1,84,574 in letting out a contract (Para 9, page 17—Audit Report—Railways).*—After hearing the departmental representative and seeking some clarifications about the Arbitrator, the Committee observed that if *bona fide* doubt based on facts existed that the Arbitrator's award was not logically consistent, the department could always go and argue the case in the court. The departmental representative submitted that they had gone to the court in other cases, but the court ruled that the Railways had appointed its own Engineer as the Arbitrator and the cases were lost. Unless the department was able to prove *mala fides* on his part and the Arbitrator's demeanour as misconduct, nothing could be done in this case.

835. The Committee held that under the General Arbitration Act, the Department could challenge the arbitration award in a court and plead that the department was not satisfied with it on the facts of the case. In the Committee's opinion the case merited to be referred to the Law Division for their advice.

836. The Committee finally requested Audit to look into the records and see whether the Arbitrator's award was logically consistent and the law officer was

consulted by the department. The Audit promised to furnish a report to the Committee.

837. *Loss of Rs. 1,09,360 due to unnecessary, purchase of stores (Para 10, pages 17-18—Audit Report—Railways).*—It was explained that, due to computerization, inventory control would become effective and such instances would not recur. A member remarked that Audit had nowhere said that no action should be taken to fix responsibility to recover the amount. The Auditor-General added that though Audit would now concentrate more on pointing out defects in the system, this would not mean that no responsibility should be fixed. The member reiterated that some inquiry should have been held, responsibility fixed for making unnecessary purchases and the losses recovered. The material was not required at that time and, who ever purchased it, should be made to pay Rs. one lakh. The departmental representative said that there was a demand from the consuming Depot. It was required, at that time, because a change was being made from steam to diesel. This was an old case of 1966 and almost all the people had retired. Now the procedure had been completely changed and it was hoped that such irregularity would not occur in the future, particularly after computerisation. Under the old rules governing such purchases, material could be purchased for storage too. If it was found that the same could not be consumed for two years, a Survey Team could recommend its retention in stores for likely use during another two years. Four years elapsed in this manner.

838. The Committee thought that the case was too old and the Department held out the promise because of procedural changes, it may be dropped.

839. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through them and come back to the Committee if there was anything worth bringing to its notice.

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

NATIONAL ASSEMBLY SECRETARIAT

841. The Committee next examined the Appropriation and other Accounts for the year 1974-75 pertaining to the National Assembly Secretariat and the Report of the Auditor-General thereon.

842. The following departmental representatives were present :—

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

843. This Secretariat controlled Grant No. 88—National Assembly.

APPROPRIATION ACCOUNTS

844. *Grant No. 88 (Page 107—AA).*—There was no material point for consideration by the Committee under this grant.

845.—*Compliance reports in respect of general|specific observation|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

SENATE SECRETARIAT

846. Thereafter the Committee examined the Appropriation and other Accounts for the year 1974-75 pertaining to the Senate Secretariat and the Report of the Auditor-General thereon.

847. The following departmental representatives were present :—

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

848. This Secretariat controlled Grant No. 89—the Senate.

APPROPRIATION ACCOUNTS

849. *Grant No. 89 (Para 108—AA).*—There was no material point for consideration by the Committee under this grant.

850. *Compliance report in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point for consideration by the Committee under the compliance reports.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITIES AFFAIRS

851. The examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Ministry of Religious Affairs and Minorities Affairs and the Report of the Auditor-General thereon took place thereafter.

852. The following departmental representatives were present :—

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

853. This Ministry controlled the following Grants :—

S. No.	Name of Grant	Grant No.
1.	Central Haj Organisation	62
2.	Rehabilitation of Displaced persons and Protection of Evacuee Property (Group head ' B ')	82
3.	Ministry of Law and Parliamentary Affairs (Group head ' C ') ..	84
4.	Other Expenditure of Ministry of Law and Parliamentary Affairs (Group head ' E ')	85
5.	Ministry of Minorities Affairs and Tourism (excluding Group head ' B ')	86

APPROPRIATION ACCOUNTS

854. *Grant No. 62 (Page 79—AA).*—A saving of Rs. 30,35,972 occurred under this grant. It was not acceptable to the departmental representative for the reason that, after taking into account the supplementary grant of Rs. 4,56,000 sanctioned to meet expenditure on Federal Auqaf, transferred to the Ministry in July, 1974, the Final Grant stood at Rs. 91,17,000 against which a total expenditure of Rs. 71,78,000 was incurred, leaving a saving of Rs. 19,39,000. This saving was surrendered to the Government *vide* the Ministry's letter No. RA|Budget (18)|75, dated 30th June, 1975.

855. Audit was requested to verify and correct the figures.

856. *Grants No. 82, 84 and 85 (Pages 101, 103 and 104—AA).*—There was no material point for consideration by the Committee under these grants.

857. *Grants No. 86 (Page 105—AA).*—In the Appropriation Accounts the total provision against the group head " C—Discretionary Grants by the Minister " was shown as expended. The departmental representative contended that no expenditure was incurred against this group head and the entire amount was surrendered on 30th June, 1975. Audit was requested to verify and correct the figure.

858. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—There was no material point in the compliance reports.

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

STATES AND FRONTIER REGIONS DIVISION

860. The Committee then took up examination of Appropriation and other Accounts for the year 1974-75 pertaining to the States and Frontier Regions Division and the Report of the Auditor-General thereon.

861. The following departmental representatives were present:—

1. Mr. Aijaz Ahmed Naik, Secretary.
2. Mr. S. Wasiq Shah, Deputy Secretary.
3. Mr. M. Ramzul Haque, Deputy Secretary.
4. Mr. Muzaffar Mahmood Oureshi, Secretary,
Finance Department, Government of NWFP, Peshawar.
5. Mr. Osman Shah Afridi, Chairman, FATA.

862. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	States and Frontier Regions Division	69
2.	Frontier Regions	70
3.	Federally Administered Tribal Areas	71
4.	Maintenance Allowances to <i>Ex-Rulers</i>	72
5.	Other Expenditure of States and Frontier Regions Division	73
6.	Development Expenditure of Federally Administered Tribal Areas	133
7.	Capital Outlay on Development of Tribal Areas ..	150

AUDIT REPORT

863. *Drawal of money amounting to Rs. 32,245 in anticipation of demand (Para 9, page 22).*—The departmental representative stated that the money was drawn to meet expenditure on the repairs of some Levy and Khassadar posts and purchase of furniture for the posts. But, because of Tribal disputes between the Mahsud and Waziris tribesmen, the money could not be spent during the year. Sanction of the competent authority in the matter was later obtained and it now stood regularised. The explanation was accepted.

APPROPRIATION ACCOUNTS

864. *Grants No. 69 and 70 (Pages 86-87—AA).*—There was no material point for consideration by the Committee under these grants.

865. *Grant No. 71 (Page 88—AA).*—An excess of Rs. 90,95,096 had been shown by the Audit under the group head “B-Works-Buildings and Communications”. It was contended that, against the Final Appropriation of Rs. 77,25,110, actual expenditure was Rs. 91,18,644. There was thus an excess of Rs. 13,93,534 only and not as shown in the Accounts. According to the Local Administration, the excess was due to—

- (a) Maintenance of generating sets for the supply of electric power to Tochi Scouts.
- (b) Maintenance of water supply in Khyber Agency ; and
- (c) Payment of work-charged establishment on account of increase in their pay and allowances.

866. The departmental representative informed the Committee that the above explanation was not considered to be satisfactory by the Division and, accordingly, the local Administration had already been asked for a revised explanation. Thereupon, the member observed that when an explanation was received from the Ministry, Audit should report-back to the Committee, if necessary.

867. *H-Miscellaneous Expenditure (Page 88—AA).*—According to the Appropriation Accounts, there was a saving of Rs. 3,58,481 against this group head but, according to the departmental figures, there was an excess of Rs. 21,430.

868. Audit was requested to re-concile and correct their figures.

869. *Grants No. 72 and 73 (Pages 89-90—AA).*—There was no material point for consideration by the Committee under these grants.

870. *Grant No. 133 (Page 153—AA).*—The saving of Rs. 83,67,883, exhibited against this grant, was explained as due to suspension of work on development schemes because of political|tribal disputes. Replying to a query, the departmental representative informed the Committee that the funds had been transferred to the Provincial Government, and this saving was not surrendered in time, because they were anticipating to use it during the year. However, they could not do so due to the political situation.

871. *Grant No. 150 (Page 175—AA).*—There was no material point for consideration by the Committee under this grant.

COMMERCIAL ACCOUNTS

Federally Administered Tribal Areas Development Corporation

872. *Maintenance of Accounts (Para 431-32, page 500—CA).*—The Audit had pointed out that, during the year under review, no proper accounting system was adopted and no proper books of Commercial Accounts were maintained by the Corporation, in order to book the transactions taking place at the projects as well as in the head office of the Corporation. As a result thereof, the Trial Balance of the Corporation, as a whole, could not be drawn.

873. The Committee was informed that this matter had since been discussed with the Director, Commercial Audit, and it had been agreed that a senior representative of the Director would sit with the Chairman of the Corporation and sort out the matter, because there was no specific objection or criticism against the method and system employed for keeping the account. The Audit representative confirmed the statement of the departmental representative and informed the Committee that, if there was anything meriting the Committee's attention it would be reported back to it.

874. *Certificate of cash and bank balance (Para 436, page 500—CA).*—It was pointed out that, in certain cases, certificates of physical verification of cash in hand at the close of the year and bank reconciliation statements were not produced to Audit. As such, the authenticity of the cash and bank balances could not be verified. It was explained that the requisite certificates were available with the respective accounting units and could be verified by the next Audit party. The Audit representative undertook to have this done.

875. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through them and come back if they had anything to report to the Committee.

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

KASHMIR AFFAIRS DIVISION

877. At the end examination of Appropriation and other Accounts for the year 1974-75 pertaining to the Kashmir Affairs Division and the Report of the Auditor-General thereon was taken up.

878. The following departmental representatives were present:—

1. Mr. H. M. Chauhan, Additional Secretary, Incharge.
2. Mr. Muhammad Shafique, Joint Secretary.
3. Mr. Zafarullah, D.C.S.&T.

879. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Kashmir Affairs Division	74
2.	Federally Administered Northern Areas (except Group head 'B')	75
3.	Other Expenditure of Kashmir Affairs Division (except group head 'F')	76
4.	Rehabilitation of Displaced Persons and Protection of Evacuee Property (Group head 'C')	82
5.	Capital Outlay on Purchase by Kashmir Affairs Division ..	109
6.	Development Expenditure of Kashmir Affairs Division (Sub-head 'Y-1')	134
7.	Capital Outlay on Rehabilitation of Displaced Persons from Kashmir	152

APPROPRIATION ACCOUNTS

880. *Grant No. 74 (Page 91—AA).*—An excess of Rs. 7,29,295 was exhibited by Audit in the Appropriation Accounts against the group head "A-Secretariat". The departmental representative, maintained that, against the Final Appropriation of Rs. 12,50,900 the reconciled figure of the actual expenditure was Rs. 12,49,501, instead of Rs. 19,80,195, shown by the Audit. There was thus a nominal saving of Rs. 1,399. Audit was requested to verify and correct the figures.

881. *Grant No. 75 (Page 92—AA).*—The excess of Rs. 16,89,583 against the group head "A-Political and Administrative Charges" was explained as having mainly due to the grant of special D. A. sanctioned *w.e.f.* 8th June, 1974 and Ration Money Allowance *w.e.f.* 1st July, 1974, for which no provision existed in the sanctioned budget for 1974-75. Additional funds were not applied for in time. The officers concerned had either since retired or been removed from service. Replying to the query as to why, a supplementary grant was not asked for, the departmental representative said that they had already admitted that it was their fault.

882. *E-Lump provision for implementation of the Northern Areas Committee.*—The saving of Rs. 50,000 under this group head was explained as having been due to non-implementation of the Northern Areas Committee's recommendation. Replying to a query, the departmental representative stated that the Committee in question was a "Re-organisation Committee" and some posts which were sanctioned for this Committee, could not be filled up.

883. *Grant No. 76 (Page 93—AA).*—According to Audit there was a saving of Rs. 4,10,73,000 against the group head "B-Subsidies". It was explained that the actual subsidy on wheat|sugar and salt supplied to the A.K.|Northern Areas during the year 1974-75, amounting to Rs. 5,23,51,230, for adjustment against the above grant had been intimated to the AGPR, Rawalpindi in time but no adjustment was made. A member observed that it should be seen by Audit as to why the adjustment was not effected, particularly when large amounts were involved and the department had given all the details to the Audit Office. The Audit representative promised to look into the matter.

884. *Grants No. 82, 109, 134 and 152 (Pages 101, 127, 154 and 178—AA).*—There was no material point for consideration by the Committee under these grants.

885. *Compliance reports in respect of general|specific observations|recommendations contained in PAC's Report for 1970-71.*—Audit was requested to go through these reports and report back, if they had anything to bring to the Committee's notice.

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

887. The Committee thereafter adjourned to meet again on Saturday, the 13th October, 1979, tentatively fixed for commencing the examination of the Federal Accounts and the Report of the Auditor-General thereon for the next financial year 1975-76.

M. A. HAQ,
Secretary.

ISLAMABAD :

The 14th December, 1979.

ANNEXURE II

Recommendations made by the P.A.C. in its Report for 1972-73

(169—170)

RECOMMENDATIONS MADE BY THE PUBLIC ACCOUNTS COMMITTEE
IN ITS REPORT FOR 1972-73

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 by the latter *vis-a-vis* the amounts originally asked for. The above explanation did not impress us, because the Ministries/Divisions etc., concerned had no authority to incur any expenditure that was in excess of the sanctioned grants or not concurred in by the Ministry of Finance. In one case a very large excess occurred when the request of the Ministry concerned for an additional allocation, made shortly after the Budget, was kept pending for a long period, while it continued incurring heavy expenditure and it was not feasible for it to contain the expenditure within the grant finally agreed by Government. Requests of Ministries for additional funds should be dealt with promptly and uncertainty on this score should be avoided.

13. The Committee would like 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
Statements Nos. 1—5

(173--174)

STATEMENT No. 1
Summary of results of Appropriation Audit
APPROPRIATION ACCOUNTS 1974-75

(In Lacs of Rupees)

1	2	3	4	5	6
	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Variation Excess (+) Saving(-)	Percentage
	Rs.	Rs.	Rs.	Rs.	
OTHER THAN CHARGED :					
Expenditure met from Revenue :					
Civil	4,70,08	7,56,33	6,86,20	-70,13	9.27
P.T. & T.	42,94	48,64	48,16	-48	0.99
Defence	5,60,00	6,31,53	6,92,20	+60,67	9.61
Pak. Railways	1,20,60	1,41,28	1,42,01	+73	0.52
Total	11,93,62	15,77,78	15,68,57	-9,21	0.58
Expenditure met from Capital :					
Civil	8,76,47	9,88,16	7,28,84	-2,59,32	26.24
P.T. & T.	30,39	30,69	39,46	+8,77	28.58
Defence
Pak. Railways	77,00	77,00	41,29	-35,71	46.38
Total	9,84,16	10,95,85	8,09,59	-2,86,26	26.12
Disbursement of Loans and Advances :					
	3,04,43	3,54,40	3,34,42	-19,98	5.64
Total (Other than Charged)	24,82,21	30,28,03	27,12,58	-3,15,45	10.42
CHARGED :					
Expenditure met from Revenue :					
Civil	2,18,84	2,69,33	2,51,90	-17,43	6.47
P.T. & T.	6,42	7,09	14,97	+7,88	111.14
Pakistan Railways	15,78	15,78	14,27	-1,51	9.57
Total	2,41,04	2,92,20	2,81,14	-11,06	3.78

	1	2	3	4	5	6
		Rs.	Rs.	Rs.	Rs.	
Expenditure met from Capital (Civil) ..		1	3	5	+2	66.67
Disbursement of Loans and Advances ..		2,08,99	2,51,14	2,46,76	-4,38	1.74
Repayment of Debt ..		21,71,37	28,57,24	24,41,68	-4,15,56	14.54
Total (Charged) ..		26,21,41	34,00,61	29,69,63	-4,30,98	12.67
Total Expenditure met from Revenue ..		14,34,66	18,69,98	18,49,71	-20,27	1.08
Total Expenditure met from Capital ..		9,84,17	10,95,88	8,09,64	-2,86,24	26.12
Total Disbursement of Loans & Advances ..		5,13,42	6,05,54	5,81,18	-24,36	4.02
Total Repayment of Debt. ..		21,71,37	28,57,24	24,41,68	-4,15,56	14.54
Grand Total ..		51,03,62	64,28,64	56,82,21	-7,46,43	11.61

STATEMENT No. 2

Analysis of savings and excesses by main Departments

(In lacs of Rupees)

1	2	3	4	5
	Final Grant	Expenditure	Excess (+) Saving (—)	Percentage
	Rs.	Rs.	Rs.	
(a) As compared with Gross Grants including surrenders within the Grants :				
Civil	54,76,63	46,89,85	—7,86,78	14.37
P.T & T.	86,42	1,02,59	+16,17	18.71
Defence	6,31,53	6,92,20	+60,67	9.61
Pak. Railways	2,34,06	1,97,57	—36,49	15.59
Total ..	64,28,64	56,82,21	—7,46,43	11.61
(b) As compared with Net Grants excluding surrenders within the Grants :				
Civil	52,94,93	46,89,85	—6,05,08	11.43
P.T & T	80,07	1,02,59	+22,52	28.12
Defence	6,31,53	6,92,20	+60,67	9.61
Pak. Railways	2,09,20	1,97,57	—11,63	5.56
Total ..	62,15,73	56,82,21	—5,33,52	8.58

STATEMENT No. 3

Analysis of the savings and excesses under Revenue, Capital and Loans and Advance

(In lacs of Rupees)

	Original Grant or Appropriation.	Final Grant or Appropriation.	Actual Expenditure	Excess (+) Saving(-)	Percentage
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
CIVIL					
Expenditure met from Revenue :					
Voted	4,70,08	7,56,33	6,86,20	-70,13	9.27
Charged	2,18,84	2,69,33	2,51,90	-17,43	6.47
Total	6,88,92	10,25,66	9,38,10	-87,56	8.54
Expenditure met from Capital :					
Voted	8,76,47	9,88,16	7,28,84	-2,59,32	26.24
Charged	1	3	5	+2	66.67
Total	8,76,48	9,88,19	7,28,89	-2,59,30	26.24
Disbursement of Loans and Advances :					
Voted	3,04,43	3,54,40	3,34,42	-19,98	5.64
Charged	2,08,99	2,51,14	2,46,76	-4,38	1.74
Total	5,13,42	6,05,54	5,81,18	-24,36	4.02
Repayment of Debt :					
Charged	21,71,37	28,57,24	24,41,68	-4,15,56	14.54
Total (Civil)	42,50,19	54,76,63	46,89,85	-7,86,78	14.37
DEFENCE :					
Expenditure met from Revenue :					
Voted	5,60,00	6,31,53	6,92,20	+60,67	9.61
Expenditure met from Capital					
Total (Defence)	5,60,00	6,31,53	6,92,20	+60,67	9.61

1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
PAKISTAN POSTS, TELEGRAPHS AND TELEPHONES :					
Expenditure met from Revenue :					
Voted	42,94	48,64	48,16	—48	0.99
Charged	6,42	7,09	14,97	+7,88	111.14
Total	49,36	55,73	63,13	+7,40	13.28
Expenditure met from Capital :					
Voted	30,69	30,69	39,46	+8,77	28.58
Total (P.T&T)	80,05	86,42	1,02,59	+16,17	18.71
RAILWAYS :					
Expenditure met from Revenue :					
Voted	1,20,60	1,41,28	1,42,01	+73	0.52
Charged	15,78	15,78	14,27	—1,51	9.57
Total	1,36,38	1,57,06	1,56,28	—78	0.50
Expenditure met from Capital :					
Voted	77,00	77,00	41,29	—35,71	46.38
Total (Railways) ..	2,13,38	2,34,06	1,97,57	—36,49	15.59
GRAND TOTAL ..	51,03,62	64,28,64	56,82,21	—7,46,43	11.61

STATEMENT No. 4

Statement showing excesses over authorised grants which require to be regularised

(See paragraph 77 (ii) on page . . . of the Report)

S. No.	No. and Name of the Grant	Final Grant	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
CIVIL				
1.	3—Disaster Relief and Rehabilitation	12,95,01,000	13,00,79,150	5,78,150
2.	4—Establishment Division ..	1,19,51,000	1,19,59,869	8,869
3.	5—Federal Public Service Commission	23,88,000	24,06,183	18,183
4.	7—Other Expenditure of Establishment Division	51,89,000	54,33,782	2,44,782
5.	9—Prime Minister's Secretariat ..	1,05,20,000	1,10,89,737	5,69,737
6.	10—Ministry of Commerce ..	2,32,14,000	2,54,33,594	22,19,594
7.	13—Ministry of Defence	40,71,000	66,84,027	26,13,027
8.	16—Civil Armed Forces	31,72,86,000	32,69,67,033	96,81,033
9.	19—Archaeology and Museum ..	56,50,000	59,71,478	3,21,478
10.	25—Superannuation Allowances and Pensions	4,12,68,000	4,67,90,071	55,22,071
11.	28—Central Board of Revenue ..	44,81,000	47,67,539	2,86,539
12.	29—Sea Customs	1,72,41,000	1,86,17,188	13,76,188
13.	30—Land Customs and Central Excise	3,37,40,000	3,52,75,868	15,35,868
14.	31—Taxes on Income, Corporation Tax and Sales Tax	2,29,70,000	2,41,41,209	11,71,209
15.	32—Estate Duty	3,46,000	3,55,923	9,923
16.	33—National Savings	38,10,000	53,56,849	15,46,849
17.	34—Economic Affairs Division ..	56,95,000	59,30,815	2,35,815
18.	36—Planning and Development Division	2,11,56,000	2,45,19,933	33,63,933
19.	39—Plant Protection Measures ..	52,48,000	53,62,755	1,14,755
20.	44—Ministry of Foreign Affairs ..	1,94,10,000	1,98,87,268	4,77,268
21.	45—Foreign Affairs	13,37,73,000	13,71,54,227	33,81,227
22.	48—Geological Survey	90,83,000	1,35,30,282	44,47,282
23.	51—Medical Services	6,14,29,000	6,52,37,651	38,08,651

1	2	3	4	5
		Rs.	Rs.	Rs.
24.	53—Population Planning Division ..	1,43,000	1,46,494	3,494
25.	54—Ministry of Industries ..	30,53,000	32,42,071	1,89,071
26.	56—Department of Investment, Promotion and Supplies. . .	71,61,000	72,02,034	41,034
27.	60—Department of Films and Publication	90,27,000	92,96,216	2,69,216
28.	61—Press Information Department.	58,27,000	64,76,308	6,49,308
29.	63—Other Expenditure of Ministry of Information and Broadcasting, Auqaf and Haj ..	4,67,83,000	4,74,45,763	6,62,763
30.	64—Interior Division	52,87,000	53,80,415	93,415
31.	65—Passport Organization ..	69,95,000	73,25,756	3,30,756
32.	66—Registration Organisation ..	3,48,07,000	3,73,94,995	25,87,995
33.	69—States and Frontier Regions Division	21,67,000	21,78,272	11,272
34.	71—Federally Administered Tribal Areas	4,22,81,000	5,35,03,993	1,12,22,993
35.	78—Other Expenditure of Labour and Local Bodies Division ..	1,12,24,000	2,58,91,796	1,46,67,796
36.	80—Works and Rehabilitation Division	16,84,000	18,16,300	1,32,300
37.	81—Civil Works	10,22,23,000	27,63,37,536	17,41,14,536
38.	83—Other Expenditure of Works and Rehabilitation Division ..	5,47,000	5,89,358	42,358
39.	90—Ministry of Political Affairs and Communications	42,50,000	54,77,597	12,27,597
40.	96—Presidential Affairs Division ..	14,17,000	18,81,577	4,64,577
41.	101—Ministry of Science & Technology	12,00,000	14,85,022	2,85,022
42.	102—Survey of Pakistan	1,20,52,000	1,20,60,263	8,263
43.	107—Capital Outlay on Medical Stores	45,00,000	2,13,16,858	1,68,16,858
44.	108—Capital Outlay on Miscellaneous Stores	7,49,000	7,95,358	46,358
45.	126—Development Expenditure of Ministry of Food, Agriculture and Rural Development ..	50,77,38,000	50,99,93,882	22,55,882

1	2	3	4	5
		Rs.	Rs.	Rs.
46.	132—Development Expenditure of States and Frontier Regions Division	1,00,00,000	1,40,53,511	40,53,511
47.	134-A—Development Expenditure of Civil Armed Forces	1,50,00,000	1,85,86,929	35,86,929
48.	136—Development Expenditure of Works and Rehabilitation Division	9,53,000	3,65,05,062	3,55,52,062
49.	150—Capital Outlay on Development of Tribal Areas	5,80,00,000	5,80,50,400	50,400
50.	157—Capital Outlay on Communication Works	25,35,00,000	27,42,93,570	2,07,93,570
Pakistan Post Office, Telegraph and Telephone				
51.	154—Capital Outlay on Post Office Department	68,50,000	77,67,591	9,17,591
52.	155—Capital Outlay on Telegraph & Telephone Department	30,00,00,000	38,68,28,565	8,68,28,565
Defence				
53.	17—Defence Services	6,31,53,00,000	6,92,20,35,594	60,67,35,594
Pakistan Railways				
54.	1—General Administration	15,86,95,000	16,23,35,620	36,40,620
55.	2—Repairs and Maintenance	42,89,87,000	47,53,05,446	4,63,18,446
56.	3—Operating Expenses	53,32,53,000	53,85,75,768	53,22,768
57.	4—Improvement and Welfare	7,93,57,000	8,32,42,025	38,85,025

STATEMENT No. 5

Statement showing excesses over Charged Appropriations which require to be regularised

(See paragraph 77 (ii) on page..... of the Report)

S. No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
CIVIL				
1.	88—National Assembly	43,39,000	46,76,960	3,37,960
2.	151—Capital Outlay on Civil Works.	3,08,000	5,30,595	2,22,595
3.	—Servicing of Internal Debt ..	86,72,49,000	93,22,13,540	6,49,64,540
4.	—Audit	5,68,72,000	6,37,12,173	68,40,173
Pakistan Posts, Telegraphs and Telephones :				
5.	91—Post Office Department ..	85,00,000	93,30,523	8,30,523
6.	92—Telegraph & Telephone Department	6,24,42,000	14,04,41,172	7,79,99,172