

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF THE

GOVERNMENT OF PAKISTAN

FOR THE

Years 1959-60, 1960-61 and 1961-62

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FOREWORD

According to the procedure followed before the abrogation of the 1956 Constitution, every Parliament were required to set up a Public Accounts Committee from amongst its Members for purposes of examining the Central Government's Accounts and the Reports of the Comptroller and Auditor General thereon in order to satisfy themselves that the money as voted by the Parliament was properly utilised. The Committee consisted of not more than six Members and was headed by the Finance Minister.

2. As a consequence of the dissolution of the Central Legislature in October, 1958, the Public Accounts Committee also ceased to exist. In order, however, to continue the practice of the examination of the Central Government's Accounts by an independent body with a view to exercising effective and independent control over public expenditure, an *ad hoc* Public Accounts Committee was constituted by the President in March, 1960.

3. The Committee in its seventeen meetings held during the period from December 12, 1960 to December 24, 1960 and January 30, 1961 to February 3, 1961 examined the Accounts of the Government of Pakistan for the years 1954-55, 1955-56 and 1956-57 and submitted its Report to the President on November 10, 1961 and again in its thirteen meetings held during the period from January 8, 1962 to January 22, 1962 examined the Accounts for the years 1957-58 and 1958-59. The Committee completed its task by submitting its Report on these Accounts on December 2, 1962.

4. To examine the Accounts of the Government of Pakistan for the years 1959-60, 1960-61 and 1961-62 another *ad hoc* Committee was constituted by the President in November, 1965, from amongst the Members of the National Assembly with the intention that they may form a better idea of the working of the Government and the Public Accounts Committee. The Composition of this Committee is as under :—

Chairman

1. The Minister for Finance.

Members

2. Mr. Abdullah-al-Mahmood, Member, National Assembly.
3. Mr. Mohammad N. A. Lashkar, Member, National Assembly.
4. Mr. Hemayatuddin Ahmed, Member, National Assembly.
5. Mr. Aliman Shah, Member, National Assembly.
6. Syed Ali Asghar Shah, Member, National Assembly.
7. Mr. Sadiq Ali Memon, Member, National Assembly.

The Ministry of Finance provided an officer [Mr. Siraj Yusuf Khan, C.S.P., Deputy Secretary (Budget)] to act as Secretary of the Committee.

PART I—REPORT

This Committee was constituted *vide* the Ministry of Finance Notification No. S.R.O. 955(K) 65, dated the 13th November, 1965. The following principles were laid down in the said notification for the guidance of the Committee :—

“ In scrutinizing the Appropriation Accounts and the Report of the Comptroller and Auditor General thereon, it shall be the duty of the *ad hoc* Public Accounts Committee to satisfy itself :—

- (a) That the moneys shown in the accounts as having been disbursed were legally available for and applicable to service or purpose to which they have been applied or charged ;
- (b) that the expenditure conforms to the authority which governs it ; and
- (c) that re-appropriation has been made in accordance with such rules as may be prescribed by the Finance Ministry.

It shall also be the duty of the *ad hoc* Public Accounts Committee :—

- (a) to examine such trading, manufacturing and profit and loss accounts and balance sheets as may have been required to be prepared together with the reports of the Comptroller and Auditor General thereon ; and
- (b) to consider the report of the Comptroller and Auditor General in cases where the Comptroller and Auditor General was required to conduct the audit of any receipts or to examine the accounts of stores and stocks ”.

2. The Committee first met under the Chairmanship of Mr. Mohammad Shoaib, the then Finance Minister at Rawalpindi on 14th February, 1966 and remained in session up to 26th February, 1966 to examine the Central Government's Appropriation Accounts for the years 1959-60, 1960-61 and 1961-62 and the Comptroller and Auditor General's Reports thereon. The Committee also examined the Compliance Reports furnished by the various Ministries/Divisions on the directions given by the *ad hoc* Public Accounts Committee in connection with the Accounts of the Government of Pakistan for the years 1957-58 and 1958-59. For certain unavoidable reasons it was not possible to examine the Accounts and the Compliance Report of the Ministry of Defence at that time. The second session of the meetings of the Committee was held again at Rawalpindi between January 23 and January 26 to examine the Compliance report and the Appropriation and Commercial Accounts of the Ministry of Defence. In

all fourteen meetings were held. The proceedings of these meetings are attached with the Report as Part II and, as usual, are to be treated as part of the Report. For facility of reference the directions of the Committee have also been summarised in Part III.

3. The preparation of the Appropriation Accounts was considerably delayed as a result firstly, of the destruction of records in the Office of the A.G.P.R. and secondly, because of the shifting of the Office of the A.G.P.R. from Karachi to Jauharabad with the result that considerable work was accumulated. However, in the meetings assurance was given by the Comptroller and Auditor General that the work of preparation of Appropriation Accounts and Audit Reports was being expedited and that the Accounts and the Reports for the year 1962-63 had been submitted to the Government and the Accounts for the subsequent years would be submitted in the near future.

4. In comparing the Appropriation Accounts as submitted by the Comptroller and Auditor General with the expenditure booked and accounted for by the various Ministries Divisions we have been handicapped by the fact that records relating to the accounts for the year 1959-60 and part of the records pertaining to the year 1960-61 were destroyed in the fire which broke out in the office of the Accountant General, Pakistan Revenues, Karachi, which fact has also been brought out in the Audit Reports submitted by the Comptroller and Auditor General. We, accordingly, decided to concentrate mainly on the cases of financial irregularities brought out in the various Audit Reports and observations and directions on these cases are contained in the proceedings as well in the Summary. Where we thought it was necessary to bring certain directions to the notice of all Ministries Divisions we have repeated them in Part III under "A-General".

5. As mentioned above, the reconciliation of the figures of expenditure as reported in the Appropriation Accounts with the departmental figures was not possible due to the destruction of records. We, therefore, recommend that the savings and excesses as reported in the Appropriation Accounts should be viewed in this background. However, as we have to be guided by the Appropriation Accounts as submitted by the Comptroller and Auditor General, we recommend these to be adopted as the basis and the savings and excesses as reported in these Appropriation Accounts be formally got regularised by the Ministry of Finance according to the procedure laid down for the purpose. The statements of Appropriations, expenditure savings and excesses are contained in Part IV of the Report.

6. We are thankful to the Comptroller and Auditor General for bringing to our notice important cases of financial irregularities and also for the assistance rendered by him and his officers in the examination of

the Appropriation Accounts and the Audit Reports. We are also thankful to the Ministry of Finance and the National Assembly Secretariat for the assistance rendered to us in arranging the meetings and drawing up the proceedings and the Report.

N. M. UQUAILI,
Chairman.

ABDULLAH-AL-MAHMOOD,
Member.

MOHAMMAD N. A. LASHKAR,
Member.

HEMAYATUDDIN AHMED,
Member.

ALIMAN SHAH,
Member

SYED ALI ASGHAR SHAH,
Member.

SADIQ ALI MEMON,
Member.

SIRAJ YUSUF KHAN,
Secretary,
Ad hoc Public Accounts Committee.

RAWALPINDI :
The 26th January, 1967.

PART II.—PROCEEDINGS

Proceedings of the First Meeting of the Public Accounts Committee held on Monday, the 14th February, 1966 at 11.00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Monday, the 14th February, 1966 under the Chairmanship of Mr. Mohammad Shoaib, Minister for Finance. The following were present:—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmed, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Mushtaq Ahmad, S. Pk., PRAS. Comptroller and Auditor General.
- (7) Mr. M. M. Ahmad, S. Pk., CSP, Secretary, Ministry of Finance.
- (8) Mr. Nasim Ahmed Khan, S. K., Joint Secretary, Ministry of Finance.
- (9) Mr. K. Habibur Rehman, PA & AS, Director, Training and Reorganisation.
- (10) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues
- (11) Mr. Obaidullah, PA & AS, Assistant Comptroller and Auditor General.

Departmental Representatives

ESTABLISHMENT DIVISION

- (12) Mian Riazuddin, CSP, Joint Secretary.

CABINET DIVISION

- (13) Col. Mohammad Nawaz, S.K., Joint Secretary.
- (14) Mr. Azizul Hassan, T. Pk., Deputy Secretary.

PRESIDENT'S SECRETARIAT

- (15) Mr. A. Waheed, Deputy Secretary.
- (16) Major Salamat Ali.

MINISTRY OF LAW AND PARLIAMENTARY AFFAIRS

- (17) Mr. Aminul Islam, SOA, Secretary.

CENTRAL PUBLIC SERVICE COMMISSION

- (18) Mr. M. Masud, CSP, Secretary.

ELECTION COMMISSION

- (19) Mr. M. A. Majid, SOA, CSP, Secretary.

NATIONAL ASSEMBLY SECRETARIAT

- (20) Mr. M. Azhar, S. Pk, CSP, Secretary.

PLANNING DIVISION

(21) Mr. Muzaffar Husain, SQA, CSP, Secretary.

Secretary of the Public Accounts Committee

(22) Mr. Siraj Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. After the introductory remarks welcoming the members of the Committee, the Chairman explained that although the Accounts and the Audit Reports pertaining to the years 1959-60, 1960-61 and 1961-62 were not required to be placed before the legislature, the members of the Public Accounts Committee constituted by the President had been chosen from amongst the Members of the National Assembly with the intention that they may form a better idea of the working of the Government and the Public Accounts Committee.

3. The Comptroller and Auditor General then explained the background in which the Accounts for these years were compiled and the reasons why the delay had occurred in presenting these Accounts to the President. The main reason for the delay was the fire in the Office of the A. G. P. R. Karachi in which most of the records were burnt. This resulted in a large number of discrepancies between the figures quoted in the Appropriation Accounts and those furnished by the various Administrative Ministries/Divisions and that in spite of best efforts, it has not been possible to reconcile the two. Apart from the destruction of records due to fire, further handicap was caused by shifting of the Office of the A. G. P. R. from Karachi to Jauharabad, resignations of staff and several cases of absconding. The Accounts have, therefore, to be examined in this background. The excesses or savings as reported in the Appropriation Accounts will not necessarily tally with the departmental figures and there is no way to arrive at any definite conclusion in respect of those savings or excesses. The Comptroller and Auditor General further stated that the position regarding the preparation of Appropriation Accounts and Audit Reports had since improved and the Accounts for 1962-63 had already been compiled and the Compilation of Accounts for the years 1963-64 and 1964-65 would soon be taken in hand.

4. The members of the Committee then discussed the procedure to be followed in examining the Appropriation Accounts and Audit Reports for the three years under consideration and decided upon the following principles:—

- (i) Too much emphasis need not be placed on technical irregularities relating to savings or excesses because of the fact that the A. G. P. R.'s records were destroyed.
- (ii) The outstanding issues pointed out in the Report of the Public Accounts Committee on the Accounts relating to the years 1957-58 and 1958-59 should be seen first to ensure that these directions had been complied with by the Administrative Ministries/Divisions.
- (iii) The area of examination of the Public Accounts Committee should be confined to major cases of irregularities pointed out in Chapter III of the various Audit Reports and Annexure 'A' to the Audit Reports.

- (iv) The specific instances of irregularities as they come to notice during discussions with various Ministries can later be discussed generally and form the basis of general directions which the Public Accounts Committee may wish to issue for compliance by all concerned.

5. Finance Secretary pointed out that the present nomenclature of the Audit Reports led to some misunderstanding, e.g., the Audit Report on the Appropriation Accounts for the year 1959-60 is captioned "Audit Report 1961". This gave the impression that probably the Audit Report related to a subsequent year. A better course would be to call it "Appropriation Accounts/Commercial Accounts for the year 1959-60 and Audit Report thereon". The Comptroller and Auditor General agreed and stated that this pattern has been followed in compiling the Accounts and Audit Reports for the subsequent years.

6. The Committee then took up the examination of the Compliance Reports of the Establishment Division on the directions given by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

7. *B. Specific—S. No. 3 (para 4 on page 28 of the Public Accounts Committee's Report on the Accounts for 1957-58 and 1958-59).*—The Public Accounts Committee had desired that necessary action with regard to the amendments required to be made in Tosha Khana Rules should be taken up by the Establishment Division and a Compliance Report submitted to it in the next Session. The Establishment Division had indicated in the Compliance Report that necessary action to amend the Tosha Khana Rules was in hand. As regards the acceptance of gifts by Government servants, the Establishment Division had stated that necessary provision had been made in rule 5 of the Government Servants Conduct Rules, 1964. The provision of these rules will be incorporated in the Tosha Khana Rules which are under revision. On a query from the Chairman with regard to 4 years' delay in amending the Tosha Khana Rules, the departmental representative explained that the Tosha Khana had to be transferred from the Foreign Affairs Division to the Establishment Division which caused delay. The explanation given by the departmental representative was not considered satisfactory and the Committee directed that the Establishment Division should complete the action without further delay and submit a report to the Public Accounts Committee in its next Session.

APPROPRIATION ACCOUNTS 1960-61

8. *Grant No. 88—President's Secretariat (Establishment Division) (page 469 of the Appropriation Accounts 1960-61)—Note below relating to A. 4—Other Charges.*—It had been pointed out in the note below the Appropriation Accounts that the further break-up of the expenditure of Rs. 71,246 under Miscellaneous Contingency was not available in time. In the statement of written replies the Establishment Division had stated that the break-up had since been furnished. The departmental representative, however, admitted that in fact this information had been sent by the Establishment Division so recently that it might be still in transit. The Committee was not satisfied with the explanation given by the departmental representative and observed that no purpose is served by furnishing such information just a few days before the commencement of the meetings of

the Public Accounts Committee and directed that such data should be supplied to the A. G. P. R. before the Appropriation Accounts and Audit Reports in respect of a particular year are finalised. On this point the Committee further directed that general instructions should be issued to all Ministries asking them to furnish the requisite data to the Audit well before the finalisation of Appropriation Accounts.

9. *Grant No. 88—President's Secretariat (Establishment Division) (page 471 of the Appropriation Accounts 1960-61)—Note below relating to D. 4—Other Charges.*—It had been pointed out by Audit that the details of expenditure of Rs. 70,043 under D-4, Other Charges were not available in time. In this case too the reply of the Establishment Division was not considered satisfactory on the same consideration as was applicable in respect of the case reported in para 8 above.

10. *Grant No. 88—President's Secretariat (Establishment Division) (page 472 of the Appropriation Accounts 1960-61)—Amount recoverable from Staff Mess Fund.*—It had been pointed out by the Audit that explanation for the savings of Rs. 6,000 was not available in time. The explanation given in the statement of written replies furnished by the Establishment Division that the recovery of Rs. 6,000 was not made because of the fact that sanction for the creation of the Mess Staff Fund was not accorded during that year was accepted by the Committee.

APPROPRIATION ACCOUNTS 1961-62

11. *Annexure B to Appropriation Accounts for 1961-62—S. No. 6 on page 271—physical verification of stocks and stores.*—The Committee took a serious view of the practice of non-verification of the stocks and stores and emphasised the importance of regular and timely stock verification as failure to do so created chances for temporary misappropriation of the government property. The Committee directed that the Establishment Division should complete the stock verifications and that general instructions should also be issued to all Administrative Ministries to pay proper attention to stock verification.

12. The Committee then took up the examination of the Compliance Report of the Cabinet Division on the Accounts for the years 1957-58 and 1958-59.

CABINET DIVISION

13. *B. Specific—S. No. 2 (Para 13 on page 31 of the Public Accounts Committee's Report on the Accounts for 1957-58 and 1958-59.*—The Committee had directed that the Cabinet Secretary and the A. G. P. R. should meet and evolve a procedure with regard to the reconciliation of departmental accounts with the figures booked by A. G. P. R. in order to avoid huge variations in the grants pertaining to the Cabinet Division. The Cabinet Division had indicated in the statement of written replies furnished by them that since the question of decentralisation of the grant of Ministers and the inclusion of the provision on account of pay and allowances of the Ministers in the budget grant of the Ministries/Divisions concerned had not been agreed to by the Ministry of Finance the existing procedure for reconciliation of departmental figures with those booked in the A. G. P. R. will continue. The Public Accounts Committee, keeping in view the technical difficulties explained by the departmental representative in decentralisation of the grant of the Ministers, agreed that the

budget provision should continue to be made under the Cabinet Division as it had certain definite advantages. The Committee, however, did not accept the explanation of the Cabinet Division that their departmental figures could not be reconciled with the figures of the A. G. P. R. because the Administrative Ministries did not furnish the figures of expenditure in time. The Committee strongly felt that the Cabinet Division had failed to fully assert themselves in this respect and directed that the Cabinet Division should obtain the figures of expenditure from various Ministries and if contact at one level failed to produce the desired result the matter should be taken up at higher level.

14. *B. Specific—S No. 3 (para 48 on page 25 and para 29 on page 88 in the Public Accounts Committee's Report on the Accounts for 1957-58 and 1958-59).*—The Committee had directed that the Cabinet Division should review the necessity of the maintenance of Staff Cars by the various Ministries/Divisions and report compliance to it in its next session. The Cabinet Division in the statement of written replies furnished by them had indicated that such review had now been completed by them. They also appended a statement showing the number of Cars approved for the Ministries/Divisions. Discussion also took place on the role of Audit in exercising proper control on the use of staff cars. The Committee was informed by the Comptroller and Auditor General that the Audit had to rely on the record produced before it, i.e., the Log Books. It had no means of ascertaining whether the journeys entered in the Log Books were really official or, in fact, were private. This had to be left to the departmental checks and the moral sense of the officers using the cars. The Comptroller and Auditor General, however, stated that there were a few instances in which the Log Books were not properly maintained and all such instances were invariably brought out in the Audit Reports. The Committee wanted that instructions should be issued by the Cabinet Division for proper maintenance of Log Books. The representative of the Cabinet Division informed the Committee that comprehensive instructions had been issued regarding proper use of staff cars and proper maintenance of Log Books and also that now deductions on account of private use of staff cars were made from the pay bills of the officers using the car.

15. Other explanations of the Cabinet Division were accepted by the Public Accounts Committee.

16. The Committee then considered the Compliances Reports and the written replies of the President's Secretariat (Public) and (Personal), the Central Public Service Commission, the Law Division, the Election Commission, the Parliamentary Affairs Division, the National Assembly Secretariat and the Planning Division and found that there was nothing requiring any special remarks of the Public Accounts Committee. The representative of the National Assembly Secretariat pointed out that the figures of expenditure booked by the A. G. P. R. were wrong and that a proper procedure for the reconciliation of accounts had to be evolved. The Chairman remarked that the Accountant General, Pakistan Revenues should also draw up the programme and fix a date when the representatives of the various Ministries/Departments should come to Jauharabad for reconciliation. A D. O. letter should be written to the Secretary concerned indicating the date and requesting him to send a representative with all necessary documents etc. to reconcile figures, so that reconciliation can be completed in time.

17. The Committee observed that mostly the figures of accounts reported in the Appropriation Accounts were being contested by the departmental representatives and since it had no means of arriving at the truth, there was no way but to accept the figures reported by the Comptroller and Auditor General and put up a case to the President for regularisation of excesses on that basis.

18. The Committee then adjourned to meet again on Thursday, the 17th February, 1966 at 10-00 a.m.

Proceedings of the Second Meeting of the Public Accounts Committee held on Thursday, the 17th February, 1966 at 10.00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Thursday, the 17th February, 1966 under the Chairmanship of Mr. Mohammad Shoaib, Minister for Finance. The following were present:—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Sadiq Ali Memon, Member.
- (7) Mr. Mush'iq Ahmad, S. Pk., PRAS, Comptroller and Auditor General.
- (8) Mr. K. Habibur Rahman, PA & AS, Director, Training and Reorganisation.
- (9) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (10) Mr. Obaidullah, PA & AS, Assistant Comptroller and Auditor General.
- (11) Mr. Mush'iq Ahmad Khan, G. A. R., Audit Officer, Industries, Supply and Food.
- (12) Mr. H. A. Ansari, PA & AS, Deputy Director, Commercial Audit.

Departmental Representatives

INFORMATION AND BROADCASTING DIVISION

- (13) Mr. Altaf Gauhar, SQA., T. Pk., CSP., Secretary.
- (14) Mr. Munir Hussain, CSP., Director General, Radio Pakistan.

FOOD AND AGRICULTURE DIVISION

- (15) Mr. Yamin Qureshi, S.K., Joint Secretary.
- (16) Mr. Ahmed Tamizuddin Khan, Director of Accounts (Food).

Secretary of the Public Accounts Committee

- (17) Mr. Siraj Yusuf Khan, CSP., Deputy Secretary, Ministry of Finance.

2. The Committee first took up the examination of the Compliance Report of the Information and Broadcasting Division on the recommendations made and directions given by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

3. B. Specific—S. No. 1 (para 17 on page 15 and para 11 on page 30 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—The Committee had directed that a report explaining the circumstances under which budget provision under 'Grant No. 12—Other Expenditure of the Cabinet Sect.—57-Miscellaneous' was made each year without spending it should be submitted to it in the next Session. The Secretary, Information and Broadcasting Division explained

to the Committee that the reasons for non-spending of the funds budgeted in earlier years was due to the fact that the East and West Pakistan Association through which the expenditure was to be incurred had not been properly organised (the word "recognition" as appearing in the Compliance Report furnished by Information and Broadcasting Division was a typographical error, it should read "re-organisation"). The departmental representative further explained that the Unity Fund of which the Speaker of the National Assembly was the Chairman was created prior to the establishment of the Integration Fund, but unfortunately there was no organized programme nor any organized institution for promoting cultural integration between the two Wings. Some amounts were, however, spent on *ad hoc* basis for exchange programmes between East and West Pakistan. Since the establishment of this Fund, promotion of cultural integration between the two Wings has now been organized on sound lines and the amounts budgeted are being properly utilised. Secretary, Information and Broadcasting further informed the Committee that arrangements had been made for teaching of Urdu and Bengali in the Wing in which it is not spoken. Pakistan Council has been established under this Fund which has put the exchange programme and other activities on a more rational basis.

4. B. Specific—S. No. 2 (para 3 on page 34 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—The Committee had directed that the Information and Broadcasting Division should evolve a procedure for maintaining the Commercial Accounts of the Commercial Service, started on an experimental basis, in order to decide whether the Service should be continued or not and report compliance in the next Session. The Information and Broadcasting Division had indicated in the Compliance Report furnished by them that the question of maintenance of accounts of the Commercial Service of Radio Pakistan had been examined in consultation with the Director of Commercial Audit and the Cost Accounts Section of the Ministry of Finance. An accounting system has since been evolved which will come into force with effect from the year in which the Service was started, viz. 1961-62. In view of the growing demand for the Commercial Service on Radio Pakistan and the revenue yielded by it the Service is being continued on a regular basis. The following approximate figures furnished by the D.G.R.P. show the expenditure incurred on the Commercial Service and the income earned from it during the last two financial years.

Financial year	Expenditure Rs.	Income Rs.
1963-64	2,51,494	9,97,091
1964-65	2,75,475	13,00,471

It was further indicated that the actual figures of net profit will be determined when the Commercial Accounts of the Service are prepared in accordance with the accounting procedure referred to above. The Chairman of the Committee observed that this should not have taken several years but now that something has been evolved in consultation with the experts it should be possible to finalise the accounting system. In reply to a question as to when this case was referred to the Ministry of Finance, Secretary, Information and Broadcasting informed that this was done on 10th of February, 1966. The Committee then directed that the case should be finalized and a report submitted to the Public Accounts Committee before it disperses so that the fact is brought out in its report (no report was received till the circulation of the minutes).

The Comptroller and Auditor General observed that evolving a proper system of commercial accounting was necessary to decide the second important issue, *v.z.*, whether the commercial activity undertaken by Radio Pakistan was justified. In reply to this, Secretary, Information and Broadcasting Division drew the attention of the Committee to the income and expenditure statement for the years 1963-64 and 1964-65 and stated that it showed that the programme undertaken by the Radio Pakistan was quite a success from the income point of view. Secretary, Information and Broadcasting further elaborated this point and stated that the programme was very much dependent on what the advertisers wanted to represent to the public and also on what the public were prepared to listen. The latter aspect came to prominence during the recent war with India in which the programme came to a stand-still as the public demand for certain type of songs completely disappeared.

5. B. Specific - S. No. 3 (para 4 on page 34 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).--The Public Accounts Committee had desired that Information and Broadcasting Division should set up a working party to examine why, inspite of the increased allocation of foreign exchange that had been made available to the Industry, the impact on prices of radio set was nil, and report compliance to it.

The Public Accounts Committee discussed the report submitted by the Information and Broadcasting Division and wanted to know whether any downward trend had been noticed in the retail price of radio sets. Secretary, Information and Broadcasting informed the Committee that a downward trend in prices had been noticed and one-band-sets were available in the market at prices ranging between Rs. 150 to Rs. 180. Prices of other radio sets varied a great deal as there was no standardisation as yet. The Secretary, Information and Broadcasting further stated that the import policy was to some extent responsible for the high prices of radio sets. The kit has been put on bonus licensing but whereas previously the limit was 100% of the capacity it has now been raised to 300%. In fact, licensing should have been on request basis because the assessment of capacity is not always very realistic. In reply to a query from a member of Public Accounts Committee whether the merger of smaller units with bigger units was to be encouraged in the interest of mass production and competitive rates, the Chairman pointed out that economy in production was to be weighed against other considerations of social justice. Merger could give rise to monopoly and concentration of wealth in a few hands.

Secretary, Information and Broadcasting further informed the Committee that in terms of quantity the production in the country had gone up and several components, *e.g.*, plastic mouldings and other smaller parts were being locally manufactured. Certain big firms like M/s. Phillips and M/s. Electronics will start manufacturing most of the radio components so that in a period of 5 years or so only 20% to 25% parts will be required to be imported. The parts produced by these manufacturers can be bought by other assemblers as most of these were inter-changeable. Mr. N. A. Lashkar wanted to know whether there was any danger of real monopoly developing in this field to which Secretary, Information and Broadcasting, replied that the market might not expand so much as to encourage cartelisation. However, Committee agreed that this was a matter of policy for the Ministries of Commerce and Industries.

6. B. Specific S. No. 4 (para 5 on page 34 of Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—The Public Accounts Committee had directed that the Information and Broadcasting Division should report the result of the efforts made by the Information and Broadcasting Division to recover the misappropriated amount from a Cashier of a Radio Station and examine the question of getting a Fidelity Bond in the case of Cashiers employed in Radio Pakistan and submit a report to it in its next Session. The Information and Broadcasting Division had indicated in the Compliance Report furnished by them that the Court had acquitted the defaulter on technical grounds with a note that the Department could take departmental action against him. An Enquiry Officer to conduct a departmental enquiry into the charges of embezzlement against the person concerned has been appointed. The enquiry is now under-way and after the report of the Enquiry Officer has been received necessary action to make good the loss caused to Government will be considered in the light of the findings of the enquiry officer.

It was further stated in the Compliance Report that Fidelity Bonds have been obtained from all persons handling cash in the Ministry, Radio Pakistan and other Attached Departments.

The Chairman observed that this was an old case and ought to have been finalised by the Ministry earlier. Secretary, Information and Broadcasting assured that the case was expected to be finalised within the next few weeks.

The Chairman drew the attention of the departmental representative to the instructions issued by the Government on 15th September, 1962 regarding instituting departmental proceedings against suspects before taking the case to the court and directed that this method should be adopted in future. With regard to the present practice obtaining in the Ministry and its Attached and Subordinate Offices, the Committee was satisfied with the reply of the Information and Broadcasting Division that Fidelity Bonds are now invariably obtained from people who handle cash.

(APPROPRIATION ACCOUNTS FOR THE YEARS 1959-60, 1960-61 AND 1961-62).

7. On the point of non-utilisation of funds in the past, especially in respect of funds earmarked for development, the Committee was satisfied with the explanation given by the Secretary, Information and Broadcasting, who explained that the present position shows a great deal of improvement so much so that the percentage of utilisation stands at about 97.

8. In reply to a query from one of the members whether there was any duplication between the activities of the Bureau of Research and Reference in the Centre and such Bureaus in the Provinces, the Secretary, Information and Broadcasting informed that there was no duplication. The Provincial Bureaus were concentrating on research and reference work as a measure of support to the Information Department and on dissemination of information. The Provincial Bureaus established libraries, arranged talks and other such activities. The co-ordination of

activities for the promotion of cultural integration between the two Wings of the country was the responsibility of the Central Bureau of Research and Reference.

9. The representative of the Information and Broadcasting Division then withdrew.

10. The next item on the agenda for the day's meeting was the examination of the Compliance Report and the Accounts pertaining to the Food, Agriculture Division. Secretary, Food and Agriculture Division had not come to attend the meeting personally. Mr. Yamin Qureshi, Joint Secretary, Food and Agriculture Division who came to attend the meeting explained that the Secretary was delayed in Karachi by his Minister and after an incomplete short discussions on some cases it was decided to examine the Compliance Report and the Accounts concerning the Food and Agriculture Division at 10.00 A.M. on Monday, the 21st February, 1966.

11. The Committee then adjourned to meet again at 9.00 A.M. on Friday, the 18th February, 1966.

Proceedings of the Third Meeting of the Public Accounts Committee held on Friday, the 18th February, 1966, at 10-00 a.m.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Friday, the 18th February, 1966 under the Chairmanship of Mr. Mohammad Shoaib, Minister for Finance. The following were present :—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Sadiq Ali Memon, Member.
- (7) Mr. Mushtaq Ahmad, S.Pk., PRAS, Comptroller and Auditor General.
- (8) Mr. K. Habibur Rahman, PA & AS, Director, Training and Reorganisation.
- (9) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (10) Mr. Obaidullah, PA & AS, Assistant Comptroller and Auditor General.
- (11) Mr. H. A. Ansari, PA & AS, Deputy Director of Commercial Audit.

Departmental Representatives

HEALTH DIVISION

- (12) Brig. M. S. Haque, SQA., Director General, Health.
- (13) Mr. A. F. S. Salahuddin, S.K., Financial Adviser.
- (14) Mr. M. I. Dhami, Deputy Secretary.
- (15) Miss. Gulzar Bano, PA & AS, Deputy Financial Adviser.

LABOUR AND SOCIAL WELFARE DIVISION

- (16) Mr. Enver Adil, SQA., C.S.P., Family Planning Commissioner.

Secretary of the Public Accounts Committee

- (17) Mr. Siraj Yusuf Khan, CSP., Deputy Secretary, Ministry of Finance.

2. The Committee first took up the examination of the Compliance Report of the Health Division on the directions given by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59 and noted that there was nothing either in the General or in the Specific portion requiring any comments or further directions of the Committee.

3. The Committee then took up the examination of the grants controlled by the Health Division pertaining to the years 1959-60 to 1961-62.

4. Paragraph 30 on page 21 of the Appropriation Accounts 1959-60—*Non-recovery of the share of expenditure from the Karachi Port Trust.*—It was stated in this paragraph that in terms of late Government of India

decision the Karachi Port Trust was required to bear 50% of the expenditure incurred on the Port Health Organisation. The total amount payable for the period from 1948-49 to 1959-60 came to Rs. 4,06,191 but no recovery was effected till 8th April, 1962. However, a sum of Rs. 3,08,065 has been stated as credited on the 9th April, 1962 leaving a balance of Rs. 98,126 unrealised. The non-realisation of the dues was repeatedly brought to the notice of the department rendering service to Karachi Port Trust. It was stated in the written replies furnished by the Health Division and also explained by the departmental representative that the part of the dues recoverable from Port Trust had been adjusted against the dues payable by the Port Health Department to the Karachi Port Trust. Other amounts were recovered in instalments from the Karachi Port Trust in cash. The Chairman observed that it was all right for a commercial organisation to appropriate receipts towards expenditure but for the Port Health Department, which is a Government Department it was not regular to make this adjustment. The principle of Government Accounting required that receipts should be kept separate and accounted for and expenditure should be shown separately. The point which needed looking into was whether the Port Health Department had appropriate budget provision for making payment to the Karachi Port Trust against which the dues from the Karachi Port Trust were adjusted.

5. *Grant No. 65—Medical Services (para 151 of the Appropriation Accounts 1961-62)—Note 3.*—The Comptroller and Auditor General pointed out that the Stores Accounts of the Jinnah Central Hospital for the year 1961-62 were not prepared whereas the Division in its written reply has stated that this has been done. The Comptroller and Auditor General pointed out that the accounts were in fact submitted in March, 1965 but these were returned to the department concerned as these had not been prepared in the proper form. Since then the department has not sent these back in the correct form. The Committee directed that this should be done without delay. The Committee took note of the fact that these institutions have now been transferred to Provincial Government and directed that whatever stores are now with the Central Government, their stock verification should be done regularly. However, the Committee was of the opinion that the complaint regarding non-verification of stocks in time was quite common and many Ministries/Divisions were not carrying out the verification and decided that general instructions should be issued to all Ministries/Divisions to carry out stock verifications in time in future.

6. *Paragraph 32 on page 22 of the Appropriation Accounts 1959-60—Non-maintenance of Accounts.*—Mr. N. A. Lashkar drew the attention of the Committee to the complaint in the Audit Report regarding the machinery supplied by US AID which was not entered in stock books. The departmental representative explained that this machinery was supplied by the US AID for the Basic Medical Science Institute and it was given by the AID authorities to the American Advisers. It was not within the knowledge of the department. The machinery had in fact gone to other places. When the fact came to the notice of the department the local AID authorities were contacted to get the list of equipments they had supplied and all the equipment has since been retrieved and tallied with the AID list. Only one airconditioner cannot be accounted for because AID authorities themselves did not know where they had

sent that airconditioner and in the circumstances it cannot be treated as loss to Government. The Committee was satisfied with this explanation.

7. *Grant No. 54—Medical Services (page 175 of the Appropriation Accounts 1959-60).*—Mr. Abdullah-Al-Mahmood drew the attention of the Committee to page 175 of the Audit Report, 1961 and to the savings shown therein under Grant No. 54. It was pointed out by the Comptroller and Auditor General that the destruction of records by fire was mainly responsible for such huge discrepancies having been reported in the Audit Report. Every one was helpless as it was not physically possible to reconcile departmental figures with Audit figures. However, the Committee decided that this aspect of the case, which applied to all other Ministries, will be dealt with in their general recommendations.

8. *Paragraph 28 on page 20 of the Appropriation Accounts 1959-60—Irregular payments.*—It was stated in this paragraph that an advance of Rs. 10,000 was sanctioned by a Ministry to the Chief of the Party of foreign professors for running a Medical Institute. The money placed at the disposal of the Chief of the Party was to be operated upon as under :—

The Chief of the Party would make payment of all his bills out of the advance placed at his disposal. He will at the end of each month present all the bills to Audit and have the expenditure incurred during the month recouped to make it up to Rs. 10,000 placed at his disposal.

A scrutiny of the transactions made through this arrangement revealed the following irregularities :—

- (i) No details of expenditure were submitted to Audit at the end of each month. Whenever money was required further sum was allocated to the Chief of the Party and in all Rs. 30,000 were placed at his disposal.
- (ii) Local staff were recruited by the Chief of the party without obtaining prior sanction of the competent authority. An unauthorised expenditure amounting to Rs. 13,789 as detailed below was incurred during the period from July, 1959 to March, 1960 :—

	Rs.
(a) Staff paid at higher rates than admissible ..	2,613
(b) Certain staff were recruited and paid without any sanction.	9,911
(c) Overtime allowance paid to the staff without proper sanction.	1,265
Total ..	13,789

- (iii) No cash book was maintained to record the daily transactions. The departmental representative explained that an American Professor who made this expenditure was given an advance of Rs. 10,000 and he being unaware of the accounting procedure and financial rules of this country spent certain amounts which were not strictly regular, e.g., he allowed payment of overtime allowances to staff which might be a practice in the United

States but is against the rules applicable in Pakistan. However, the expenditure was regularised by obtaining the sanction of the competent authority and where necessary it had been written off.

As regards sub-para (iii) the departmental representative explained that all possible care was taken to ensure that transactions were recorded but there were situations in which it was not always possible to do so, e.g., when there was an epidemic, supply of medicines, vaccine, sera etc. had to be made irrespective of the fact whether the indenting agency made the payment or not, it would be criminal on the part of the department to insist on prior payment as the lives of hundreds of people may be involved and the procedural delays could result in heavy national loss.

9. The Committee deliberated at length the question of theft of medicines from the Government Stores and its sale in the market and also smuggling across the border. The departmental representative explained that Government stock of medicines was all stamped with the mark of Director General, Health and was issued only to authorised persons, viz., stores and Government Doctors and Hospitals. There might be cases in which medicines thus issued found their way into the market and were sold, but if any specific case was brought to the notice of the department, the department would take action. So far as the problem of smuggling was concerned it was not necessarily the medicines imported on Government Account which were smuggled but a good deal of this came from the private sector. However, the Committee agreed that the smuggling was not confined to medicines alone and this was a general problem involving jute, gold, food-stuff, etc.

10. The Committee noticed that in a number of cases it had been indicated in the written replies of the various Ministries/Divisions that the information required by the Committee had since been supplied. The Committee observed that merely sending the required information just when the Public Accounts Committee was about to meet was not sufficient. It did not give the Audit authorities sufficient time to go into the replies and satisfy themselves whether the objections had been fully met. It was necessary that the objections raised in the various Audit Reports were furnished to the Comptroller and Auditor General as soon as a particular Audit Report was received by the Ministry/Division concerned. It would thus be possible for the Comptroller and Auditor General to focus the attention of the Committee, as and when it met, to only those points which had not been satisfactorily explained.

11. The Committee further directed that some permanent arrangement should be made to ensure that the directives of the Public Accounts Committee were complied with promptly and that the outstanding cases were constantly followed up so that the Committee when it met considered only the outstanding issues. The Comptroller and Auditor General and the Ministry of Finance should constantly work on this problem and evolve a suitable mechanism.

12. The representatives of the Health Division then withdrew.

13. The Committee then took up the examination of the Compliance Report relating to the Labour Division on the recommendations made and directions given by the Public Accounts Committee in their Report

on the Accounts for the years 1957-58, 1958-59 and found that there was no point in the Compliance Report which required any comments or direction from the Public Accounts Committee. The Committee then took up the examination of the grants controlled by the Labour Division for the years 1959-60, 1960-61 and 1961-62.

14. Paragraph 33 on page 22 of the *Appropriation Accounts 1959-60 and Audit Report 1961—Irregular withdrawal of money.*—In this para it had been reported by the Comptroller and Auditor General that an amount of Rs. 9,000 was drawn by the department on the last day of the financial year on the plea of meeting anticipated expenditure which did not materialise except to the extent of Rs. 557 and that the unspent balance was retained in the cash chest for over 4 months after which it was deposited in the Treasury and that this irregularity was later regularised by an *ex post facto* sanction. The departmental representative explained that the money was required for payment of customs duty etc. on vehicles which were expected to be received through a foreign aid-giving agency. The payment of customs duty was later waived and hence the money was refunded. There was no misappropriation involved.

The Chairman pointed out that withdrawing money on the last day of the financial year and keeping it outside the Government account was irregular. This should be known, and in fact is known to every Government department. Breach of this is irregular and goes against the fundamentals of financial control and budgeting. The departmental representative promised that this type of irregularity would not be allowed to recur.

The Chairman further observed that an *ex post facto* sanction in such cases was meaningless as by giving this sanction the state of affairs of the Government funds on the last day of the financial year could not be changed. If the money with the Government on a certain day was short and the accounts had been closed the shortage remained and could be made good by the so called *ex post facto* sanction. The Committee directed that instructions should be issued by the Finance Ministry to all Ministries/Divisions not to issue *ex post facto* sanction in such cases. The Committee also observed that such irregular withdrawals of money also gave opportunities to unscrupulous people for temporary misappropriation of Government funds.

15. Paragraph 34 on page 22 of the *Appropriation Accounts 1959-60 and Audit Report 1961—Withdrawal of money in anticipation of Expenditure.*—The Committee discussed the irregularity pointed out by Audit in this paragraph, i.e., that the Ministry, were allocated a sum of \$ 4,000 (Rs. 19,047) for July—December, 1960 shipping period. The allocation was revalidated to January—June, 1961 shipping period but the Ministry still could not finalise the purchase of books by 30th June, 1961 and in order to avoid the lapse of foreign exchange allocation, the Ministry drew the amount of Rs. 19,047 in anticipation of the expenditure and kept it in the departmental cash chest but the amount was not accounted for in the cash book. Further, that normal procedure of inviting quotations from different book-sellers was not adopted. Instead, the local dealers were personally contacted. The departmental representative explained that it was not cash but the cheque which had been kept in the cash chest and that it was later entered in the cash book and encashed. The Committee

was not satisfied with this explanation. The Chairman observed that whether it be cash or cheques the receipts must be accounted for and properly entered in the cash book. The departmental representative promised to observe these instructions in future. The Committee, however, directed to issue general instructions in this connection.

As regards the department's failure in inviting the quotations, the departmental representative explained that the books were not available from the normal sources of supply and, in any case, it is not always possible to invite tenders for books. The Committee was satisfied with this explanation and observed that the prices of books being fixed it was not necessary to invite tenders. Government revenues, however, could be saved, if some sort of centralised arrangement was made with suppliers for the supply of books to various Government departments at discount. The Committee directed that the Ministry of Finance should examine this point in consultation with the Director General S & D and Controller of Printing and Stationery and, if possible, make a rate contract arrangement for books for the whole Government.

In reply to a query as to why the money was drawn, the departmental representative replied that this was done on the commitment of the bookseller who had promised to supply the books by the 30th of June, but the supplier could not keep his promise. The action of the department was for *bonafide* reasons. The Committee, however, did not accept this explanation and directed that such irregularities should not be allowed to occur in future.

16. *Item No. 8 Annexure B on page 346 of the Appropriation Accounts 1959-60.*—Physical verification was reported to have not been conducted by some departments under the Labour Division. Mr. N. A. Lashkar was of the opinion that many people who do the stock verification are not always familiar with the names of the various articles they are expected to check. The Chairman observed that in the case of the departments, under Labour Division, it was mostly dead stock like chairs and tables, etc., but where stores were involved the checking was done by competent people. However, the Committee decided that the Ministry of Finance should initiate a study to devise ways to improve the standards of physical verification and issue general instructions to all Ministries/Divisions in this respect.

17. The Committee then adjourned to meet again on Saturday, the 19th February, 1966 at 9-00 A.M. to consider the Accounts of the Education Division and the Commerce Division.

Proceedings of the Fourth Meeting of the Public Accounts Committee held on Saturday, the 19th February, 1966, at 9-00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1, on Saturday, the 19th February, 1966 under the Chairmanship of Mr. Mohammad Shoaib, Minister for Finance. The following were present :—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Mushtaq Ahmad, S. Pk., PRAS, Comptroller and Auditor General.
- (7) Mr. K. Habibur Rahman, PA & AS, Director, Training and Reorganisation.
- (8) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (9) Mr. Obaidullah, PA & AS, Assistant Comptroller and Auditor General.
- (10) Mr. H. A. Ansari, PA & AS, Deputy Director of Commercial Audit.

Departmental Representatives

EDUCATION DIVISION

- (11) Mr. W. B. Kadri, SQA., CSP., Secretary.
- (12) Mr. A. F. S. Salahuddin, Financial Adviser.
- (13) Miss Gulzar Bano, PA & AS, Deputy Financial Adviser.

COMMERCE DIVISION

- (14) Mr. M. Aslam, PC & ES, Secretary.

Secretary of the Public Accounts Committee

- (15) Mr. Siraj Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. The Committee took up the examination of the Compliance Report of the Education Division on the directions given by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

3. B. Specific—S. No. 2 (Para 7 on page 139 of the Public Accounts Committee's Report on the Accounts for 1957-58 and 1958-59).—The Committee had desired that the Education Division should examine the question regarding appointment of separate staff for carrying out the physical verification of stocks of stores; also that the physical verification of stores should be conducted in all departments regularly in future.

The Education Division had stated in the Compliance Report furnished by them that the question of appointment of separate staff for verification of stores in the Karachi University had been examined but the existing arrangement was considered satisfactory. The Heads of Departments in the University were assisted in the physical verification by the store-keepers, demonstrators and lecturers working under them. There was thus no need for appointment of additional staff for the work which was of seasonal nature. The physical verification of stocks of stores in the educational institutions which were transferred to the Provincial Governments during 1961-62 was completed up to the year 1961-62. As regards physical verification of stores for 1962-63 and 1963-64, it was done in the Ministry and its attached and subordinate offices. Physical verification of stores for 1964-65 had also been done in the Ministry, the Department of Archaeology and its Circle Offices, Central Bureau of Education, Directorate of Archives and Libraries, the Office of the Educational Attache in London and the Office of the Cultural Attache in Tehran. Annual Stock-taking for 1964-65 in the office of the Educational Attache, Washington was in progress. As regards physical verification of stock of books in the libraries, the Director of Archives and Libraries had reported that physical verification of books in the Central Secretariat Library and the Archives Library had been completed. As regards the Liaquat National Library which was a big library, sectional checking of the books in the Library had been undertaken.

On a query from the Chairman the departmental representative stated that the verification of stock of books was being done and as the task was huge, it had not been completed. The Chairman further desired to know whether the people who had been put on the job of checking were the same as were in charge of the stock. The departmental representative replied that this was so but in future it would be ensured that one or two persons other than those in charge of the particular section of the Library were put in the team doing stock verification so that an element of independent check was introduced.

4. *Para 57 (i), (ii) and (iii) on page 34 of the Appropriation Accounts for the year 1959-60—Grants in aid to Karachi Institutions.*—It had been pointed out in the Audit Report that extra payments were made to the Karachi Institutions over and above the sanctioned budget. The departmental representative stated that the additional funds released to the Institutions were adjusted in the subsequent years and hence there had been no misappropriation. The funds had been released to save the institutions from financial difficulties although the technical requirement of seeing the report of the Auditors for the previous financial year was not fulfilled. This explanation was not accepted by the Committee who felt that if releases were made according to this pattern no institution should have faced the financial problems and the action of the Education Division of having given money in excess of the budget provision, even if it was adjusted in the subsequent years, was not proper.

The Committee also took exception to the grant of funds made to APWA College, Karachi for construction of building in spite of the fact that the College had not been able to secure any land and could not secure land for the next two years. The Chairman mentioned that this was a breach of the basic principle of financial control and budgeting and money should not have been drawn unless it was required. Another tendency which was objectionable was that the Administrative Ministries

derw the money towards the close of the financial year merely to avoid funds being lapsed. The Committee decided to repeat the instructions in this behalf.

5. *Grant No. 15—Assistance to Educational Institutions on page 81 of the Appropriation Accounts for the year 1959-60—Amounts met from the Fund for Scholarship to children of Class II, III, IV Government Servants.*—Mr. N. A. Lashkar wanted to know why a considerable sum of money was surrendered which was allocated for grant of scholarships to the children of Class II, III and IV Government Servants. It was explained by the departmental representative that this was done as the number of applicants was not sufficient to utilise the budget provision. This was the situation then, but it had since improved.

6. *Paragraph 41 (a), (b) and (c) on pages 22-23 of the Appropriation Accounts for the year 1960-61 and Audit Report 1962.*—Certain instances of Government having sustained losses on account of lack of supervision and timely action in running the affairs of the Students Hostel, London were discussed. In one case the contractor who had been given the catering contract for the Hostel was not made to execute any agreement and consequently the loss to Government property could not be recovered from him when he disappeared. In another case even though the contract was executed the contractor did not pay the Government dues and only part of it could be recovered from the amount which was received in the High Commission from an Insurance Company for payment to the contractor. The Committee wanted to know if the Government servant concerned responsible for this lack of proper control was held responsible. The departmental representative stated that the Educational Attache had been told that this was a case of negligence on his part. The departmental representative further explained that the loss to Government property occurred because of the absence of proper set of rules for the use of the Government Hostel. These rules have now been framed and there has been a great improvement in the management.

7. *Grant No. 12—Archaeology and Museums—Note 4 on page 92 of the Appropriation Accounts for the year 1960-61—Irregular re-appropriation.*—It had been pointed out by the Audit that the Ministries and Divisions under the new "system of financial budgeting" have full powers of re-appropriation but the concurrence of the Ministry of Finance was required to be obtained for re-appropriation to and from the primary units relating to 'Pay of Officers' and 'Pay of Establishment'.

The Director of Archaeology sanctioned the re-appropriation from the primary units 'Pay of Officers' and 'Pay of Establishments' without obtaining the concurrence of the Ministry of Finance within the financial year. The re-appropriation order had, therefore, been ignored for the purpose of Appropriation Accounts as the concurrence of the Ministry of Finance was obtained after the close of the financial year. The departmental representative admitted that this was a mistake and that it was regularised after the 30th June. The Chairman did not accept this position and stated that re-appropriation cannot be done with retrospective effect after the close of the financial year. Re-appropriation means making additional sums of money available to a particular Ministry or Department. If the funds were not made available within the financial year issuing of re-appropriation order after the close of the financial year

did not alter the factual position. The Chairman directed that this position should be clarified by the Ministry of Finance to all the Ministries and Financial Advisers.

8. *Grant No. 11—Ministry of Education—A. 4. Other Charges on page 86 of the Appropriation Accounts for the year 1960-61.*—Explaining the reasons for the saving of Rs. 2,09,402 the Education Division had indicated in the statement of written replies furnished by them that it was mainly due to non-payment of Pakistan's annual contribution to UNESCO, in time.

Mr. Abdullah-al-Mahmood wanted to know why the Ministry of Education failed to pay the contribution to UNESCO in time. The departmental representative stated that the sanction was issued by the Ministry in time but some objections on it were raised by the AGPR and that caused the delay in payment.

9. The representatives of the Education Division then withdrew and the Committee took up the consideration of the Compliance Report on the recommendations, etc., made by the Public Accounts Committee in their Report on the Accounts for 1957-58 and 1958-59 and Appropriation Accounts for the years 1959-60 to 1961-62 relating to the Commerce Division.

10. *B. Specific—S. No. 1 (para 15 on page 125 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59.)*—This relates to investments made by the Pakistan Insurance Corporation in the share capital of a few companies in violation of its Charter. The departmental representative explained that this happened because of a different interpretation of Section 25 of the Insurance Corporation Act and the wording "direct investment" was interpreted by the Corporation in the sense of investing at the time of "first issue" of the capital only and Corporation thought that buying shares in the stock market was not "direct investment". Government, however, gave a different interpretation and at the same time regularised the action already taken by the Pakistan Insurance Corporation. The Committee was of the opinion that such interpretation of Section 25 of the Act by the Corporation was quite unjustified. However, as the Government had accorded its permission, the case be considered as closed.

11. *B. Specific—S. No. 2 [para 16 (ii) on page 126 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59.]*—This was a case relating to certain transactions made by the Jute Board in 1950-51 and the Audit had objected to the Jute Board having allowed a margin of 6 pounds in a Pucca Bale of 400 pounds. The departmental representative stated that they had consulted Pakistan Jute Association who had confirmed that the standard trade practice was to allow the margin of 6 pounds for ropes, etc., in a Pucca Bale of 400 pounds. Mr. Lashkar wanted that audit may have some probe of their own. The Auditor-General desired that the Ministry should verify and produce necessary documents to audit. Further, the Jute Board should also be asked to produce to the Committee a copy of the Agreement signed by the Jute Board and the Agents before the conclusion of the session enabling the Committee to give its decision. (No report was received till the conclusion of the Session).

12. B. Specific.—S. No. 3 [para 16(iii) on page 126 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59].—This related to a claim against M's. Isphani Ltd., Calcutta, for an amount of Rs. 6,496. Mr. Lashkar wanted to know why it was not possible to recover this amount from the firm as yet. The departmental representative explained that the dues were against M's. Isphani, Calcutta, and the Government was taking action to institute legal proceedings against the firm as advised by the Ministry of Law and the Deputy Attorney General, Dacca for the recovery of the outstanding amount.

13. B. Specific.—S. No. 4 [para 16 (iv) on page 126 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59].—This case related to the recovery of a sum of Rs. 8,51,195 from an ex-Cashier of the Jute Board who had been tried for defalcation and sentenced by the Court. In the last meeting of the Public Accounts Committee, the Ministry had reported that steps were being taken to recover Government dues from the property of the accused. The Committee wanted to know the present position. The departmental representative explained that a sum of Rs. 30,000 had been recovered and Jute Board had also taken over 50% share of the Taj Mahal Cinema belonging to the accused. The Chairman wanted to know how much income the Jute Board was receiving from the Cinema per year. The representative of the Jute Board was unable to give this information readily. The Committee, however, directed that it was risky for the Jute Board to get into Cinema business and the best course for it was to auction the shares.

Mr. Lashkar wanted to know how the activities of the ex-Cashier could remain undetected for such a long time and how was he able to manipulate the figures and misappropriate this huge amount and whether the cash book was checked by officers higher than the Cashier. The departmental representative informed the Committee that in this fraud several persons were involved including the Sub-Treasury Officer of Narayanganj Sub-Treasury. The fact was brought to the notice of the Provincial Government but they did not take any action against him. The Committee was not satisfied with the handling of this case in which only the person at the lowest rank was proceeded against and directed that the Commerce Ministry should conduct further probe into the matter and fix the responsibility of others involved in this instance especially, the supervising officers whose duty was to periodically check the cash books etc. The Ministry of Commerce should also obtain the reports of the Special Police concerning this case to get the full facts.

14. Paragraph 56 on page 33 of the Appropriation Accounts for the year 1959-60 and Audit Report 1961—Defalcation of Government money.—It was stated in the Audit Report that in an Office under the Ministry an amount of Rs. 2,821 was misappropriated by the Cashier in 1955 by exhibiting false entries in the Cash Book and by making forged entries of the initials and of the Seal of the State Bank on the treasury challans. The loss when detected by the department was made good by the Cashier who was also departmentally punished but it was neither reported to the Ministry nor to Audit.

The Commerce Division in the written replies furnished by them stated that the case was condoned by the Ministry and an amendment was suggested that the sentence "the irregularity has since been condoned

by the Ministry" be added to the first part of Audit paragraph. This was not, however, done by the Audit Office. The departmental representative added that this instance happened at the initial stage of the establishment of the office and the Ministry would look into the case and introduce measures so that such things did not happen in future. The Committee directed that the case should be settled to the satisfaction of the Audit.

15. Paragraph 25 (a) on page 20 of the Commercial Accounts for the year 1959-60—Short delivery of Jute by an Agent resulting in a loss of Rs. 23,125.—It was pointed out in the Audit Report that in a Government Commercial concern, 18,500 maunds of Jute was purchased from an agent through a bank in 1952-53. The agent delivered in all 17,069 maunds of Jute by actual weighment. As per terms of the Agreement he was entitled to 2% driage allowance which in this case came to 341 maunds. The shortage, therefore, worked out to 1,151 maunds valued at Rs. 22,101 at the sale rate and against this the Agent supplied 913 maunds of damaged jute which fetched Rs. 6,700 in auction, leaving a balance of Rs. 15,401 against him. In addition the Commercial concern charged Rs. 7,724 from the Agent as his left over stock proved to be of low quality. The total claim against the Agent thus worked out to Rs. 23,125.

The stock remained all along in the custody of the bank. The deterioration and shortage took place due to long storage and floods as the Commercial concern could not dispose of the stock earlier. Government, therefore, ordered the write off of the loss of Rs. 23,125.

The Commerce Division in the written replies furnished by them stated that during 1952-53, the Jute Board purchased 18,500 maunds of jute. The agent delivered in all 17,069 maunds $10\frac{1}{2}$ seers of jute as per actual weighment. As per terms of the Agreement the agent was entitled to 2% driage allowance which in this case came to 341 maunds 15 seers, the claimable shortage by the Jute Board from him being thereby reduced to 1,089 maunds $14\frac{1}{2}$ seers valued at Rs. 22,101 1/- at the sale rate. Against this, the party supplied 913 maunds damaged jute which was sold in auction for Rs. 6,700. The amount realised was adjusted against the Board's claim leaving a balance of Rs. 15,401 1/- outstanding against him. In addition to this, the Jute Board also charged Rs. 7,723 9/- from the agent as their left-over stock proved to be of low quality. The total claim of the Jute Board against the agent thus came to Rs. 23,124 10/-.

The stock remained all along in the custody of the National Bank of Pakistan. The deterioration and the shortage took place due to long storage and the unprecedented floods in 1954 as the Jute Board could not dispose of the stock due to non-selection of the stock by the buyers earlier. On perusal of the agent's records it transpired that it would be difficult to prove any criminal intention on the part of the agents for the shortage and deterioration in quality and to prosecute them according to the terms of the Agreement. The only course open for realisation of the dues was to institute a civil suit. This would have not only taken time but would have proved expensive and it was doubtful if the action would succeed in realising the amount because of the flaws pointed out above. In the circumstances, the Board approached the Government and got write off order vide Ministry of Commerce letter No. 335/716 56-CP, dated 8th June, 1957. During discussion objections were raised by the members as to why jute was left in the custody of the agents and why the stocks lying with them were not properly inspected. In reply to a query from the Chairman the representative of the Jute Board stated that the Jute Board had about 22 thousand bales of jute in their stocks. The Chairman

stated that there was no reason why the Jute Board should keep that stock with them as this was the best time to dispose of it when the prices were high.

Mr. N. A. Lashkar wanted to know why the agents were not asked to mortgage their assets or furnish bank guarantee or some other security to safeguard the interest of the Jute Board. In reply to this the departmental representative explained that the operation for purchasing jute was started in 1950-51 as a measure of emergency. It was a time when the prices had crashed and the jute trade as well as growers were going to be ruined and something had to be done urgently. Then there was the question of adequate godown space. All the formalities could not be gone into as that would have meant complete ruination of the country's economy. However, the Government had been able to rectify those defects now and the position was very much different.

16. Paragraph 25 (c) on page 21 of the Commercial Accounts for the year 1959-60—Loss of Rs. 82,615 due to under insurance.—It had been pointed out in the Audit Report that during the year 1953-54 in a certain Government Commercial concern, stock of goods valuing Rs. 17,97,894 was destroyed by fire. Against this loss only a sum of Rs. 10,70,739 detailed below was realised from the Insurance Company on the basis of the insured value or market price whichever was less, resulting in a net loss of Rs. 7,27,155.

	Insured value	Market value	Amount realised
	Rs.	Rs.	Rs.
(i)	1,67,812	1,52,109	1,52,109
(ii)	9,18,630	10,01,245	9,18,630
Total	10,86,442	11,53,354	10,70,739

In the case against (ii) above, the stores in question having been insured for an amount lower than their market value, no action was taken by the Department to increase the sum insured despite the fluctuations in the prices of stock in the market. Had this been done; the loss of Rs. 82,615 (*viz.* Rs. 10,01,245 minus Rs. 9,18,630) would not have occurred.

The whole of the above loss is required to be written off under the orders of competent authority after an examination of the circumstances relating to the avoidable loss of Rs. 82,615.

The Commerce Division had indicated in the statement of written replies that originally the stock had been insured at the purchase price including the scheduled charges, plus 10% more. After one or two cases of fire it appeared that it would not be possible to realise more than the market price which was much less than the purchase price. Whatever the amount at which the stocks were insured, the Insurance Companies paid the insured value or the market value on the date of fire whichever was less. By keeping the huge stocks insured at such artificially high rates, which were not likely to be realised, large amounts had to be spent on insurance premiums. The Board, therefore, decided to reduce the insured value by half in order to bring it at par with the then prevailing market conditions. As the market prices remained below the prices fixed

by Government at which the stocks had been purchased by the Jute Board, there was no possibility of realisation of the cost price even if the insured value of the stocks had not been lowered.

The Audit contention that the loss would have been averted if the insured value of the stock had been changed according to daily fluctuations of the market was true. But it was not possible to do so in view of the Jute Board's huge stocks of about 69 lacs maunds of jute of different grades scattered in the custody of 350 agents all over the Province. Even Private Commercial firms with their limited stocks cannot always avoid such losses. Necessary action is being taken to write off the loss.

In reply to a query as to how the calculation of losses has been brought down from Rs. 7 lacs to Rs. 82 thousand, the Comptroller and Auditor General explained that the Insurance Companies insured the stocks at the market price and not at the original purchase price (and that accounts for the revised calculations). However, it has to be kept in mind that all this happened throughout the past ten or twelve years and apart from the emergency measures designed to save the jute trade, the intention of the Jute Board was to encourage the entry of local talents into the Jute trade. These new comers had no assets to mortgage. The Chairman also remarked that those times were very hard times for Pakistan's economy and there was the devaluation of Pakistan rupee and members would recollect that Government had to establish the National Bank of Pakistan. There was a slump in the prices of jute after the Korean War and the prices came down to Rs. 13 from 46 per maund. In such a situation any Government would have done anything to save the situation. The loss of money sustained by Government was the price it paid to keep the economy healthy. If at that time the Jute Board started verifying assets, godown space etc. prices would have gone down further. The Committee agreed that this was a case which may be considered as closed and directed that in cases where recovery was still possible efforts may be made to effect the recovery. Such cases should also be closed by the Jute Board in consultation with the Comptroller and Auditor General at the appropriate time.

17. Paragraph 17 (6) (v) of the Commercial Accounts, 1961-62.—The Comptroller and Auditor General pointed out that the Compilation of Accounts in the Jute Board was still incomplete and he would request the Committee to emphasise the importance of timely compilation of accounts of the Jute Board. The representative of the Jute Board replied that the Jute Board had completed the Accounts for the year 1962-63 and the Accounts for the subsequent years could not be completed as the estimates of audit charges were not made known to the Jute Board by the Director of Commercial Audit. The Chairman remarked that this was no reason for leaving the rest of the portion of accounts also incomplete and if there was some delay in getting estimates of audit charges, a blank entry with a suitable remark could be left in the Accounts and the rest of it completed. The Committee directed that the Jute Board should complete all the pending Accounts immediately and report compliance in the next meeting of the Committee.

18. The Committee then adjourned to meet again at 10.00 A.M. on Monday, the 21st February, 1966 to assume discussion on the Accounts of the Food and Agriculture Division.

Proceedings of the Fifth Meeting of the Public Accounts Committee held on Monday, the 21st February, 1966 at 10.00 A.M.

The Public Accounts Committee met on Monday, the 21st February, 1966 at 10.00 A.M. in Ayub Hall, Committee Room No. 1 under the Chairmanship of Mr. Mohammad Shoaib, Minister for Finance. The following were present :—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Mushtaq Ahmad, S. Pk., PRAS, Comptroller and Auditor General.
- (7) Mr. K. Habibur Rahman, PA & AS, Director, Training and Reorganisation.
- (8) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (9) Mr. Mushtaq Ahmad Khan, G.A.R., Audit Officer, Industries, Supply and Food.
- (10) Mr. H. A. Ansari, PA & AS., Deputy Director of Commercial Audit.

Departmental Representatives

FOOD AND AGRICULTURE DIVISION

- (11) Mr. M. Khurshid, S. Pk., CSP., Secretary.
- (12) Mr. Yamin Qureshi, S. K., Joint Secretary.
- (13) Mr. Ahmad Tamizuddin Khan, Director of Accounts (Food).

Secretary of the Public Accounts Committee

- (14) Mr. Siraj Yusuf Khan, CSP., Deputy Secretary, Ministry of Finance.

2. The proceedings commenced with the examination of the Compliance Report of the Food and Agriculture Division on the recommendations made by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59, discussion on which had remained incomplete in Public Accounts Committee's meeting held on the 17th February, 1966.

3. B. Specific—S. No. 1 (para 10 on page 111 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—It was reported in paragraph 20 on page 27 of the Audit Report 1956 that a contract was placed in June, 1956 for the supply of 200 tons of milk ghee to meet the requirements of the Pakistan Army, but on the due completion of the contract the total quantity was increased to 436 tons through an amendment to the original contract in order to meet an additional demand of the Army. Out of the total quantity, 277 tons

590 lbs. of milk ghee conforming to the Army specification were accepted by the inspection authority and the sub-standard quantity of 158 tons 165 lbs. was rejected. Out of the rejected quantity, 8 tons 80 lbs. were sold to a contractor at the rate of Rs. 170 per maund whereas the balance quantity was sold to the original supplier at the rate of Rs. 151 per maund with the result that Government had to sustain a loss of Rs. 1,94,183. During the course of the examination of this paragraph, the Public Accounts Committee in their meeting held on the 17th December, 1960 (para 9 on page 81 of the P.A.C. Report on the Accounts for the years 1954-55 to 1956-57) had desired to know why sub-standard ghee was accepted in the first instance. They had been informed by the departmental representative that the Pakistan Army had relaxed the specifications for the period of 6 months starting from the 12th June, 1956 in view of the fact that the ghee of the Army specifications was not available in the country. Subsequently the Army raised their demand. In the meanwhile, the period of relaxation of the specifications had also expired. As the demand was urgent, an extension of the order was placed on the supplier for supplying the additional quantity of ghee in accordance with the relaxed specifications of the Army. The order was placed on the assumption that the Pakistan Army would take a factual view of the situation and would accept the ghee although the relaxation period had expired. Immediately on receipt of the additional demand from the Pakistan Army, a reference was made to the Ministry of Defence asking them to relax the specifications for the reason that the prices were expected to rise. The loss had occurred due to the fact that the necessary relaxation in the specifications was not ordered; the ghee was not accepted by the Pakistan Army and had to be disposed of. The Committee had desired to know whether any communication from the Ministry of Defence was available with the Ministry of Food and Agriculture indicating that the ghee was not acceptable to them even though it was according to the specifications for the period of 6 months starting from the 12th June, 1956. The Committee had been informed that an intimation had been received from the Ministry of Defence that they would not accept the ghee even though it conformed to the specifications for the six months period beginning 12th June, 1956. The Committee had directed that the relevant file should be shown to them in due course.

The relevant file was shown to the Comptroller and Auditor General in the Public Accounts Committee's meeting held on the 16th January, 1962, who pointed out that the Defence Department would have surely accepted the ghee if they had been advised that its rejection would result in a heavy loss to Government. On an enquiry the departmental representative had stated that a demi-official letter was written by the Secretary, Ministry of Food and Agriculture to the Secretary, Ministry of Defence in April, 1957 in which it was clearly brought out that Government might have to pay a penalty as a result of their refusal to accept the ghee. The Committee had directed that the file should be sent by the Ministry of Food and Agriculture to the Comptroller and Auditor General who should examine the various communications in accordance with the observations made by the Public Accounts Committee and report the matter to them, if necessary.

It was indicated in the Compliance Report furnished by the Food and Agriculture Division that the file was referred to Audit for reconsideration and the matter was further discussed with them but they had

not agreed to drop the objection. The loss had, however, been written off with the concurrence of the Ministry of Finance. On the question whether there had been any precedent in which the Army had agreed to relax the specification for the ghee between the period December to June, the Comptroller and Auditor General informed the Committee that there were instances of relaxation in the past but there was no basis to presume that such relaxation would be automatically made in future also. In this particular case, the Defence authorities had, at the time of placing the order with the Food Division, categorically stated that below specification ghee would not be acceptable to them. The Chairman observed that in view of this the Food Division should have consulted the Defence authorities before accepting ghee. The Committee observed that this loss could have been avoided if the purchasing agency, viz., the Food Department, had not ignored the fundamental principle of consulting the indenting agency before making commitment to accept goods of a different specification than the ones indented for.

The departmental representative explained that at the time this ghee was accepted by the Food Department there was no supply from United States and a large order had to be honoured and what exactly happened was that the suppliers contract in which originally it was stipulated that sub-standard ghee will be acceptable (which condition was also accepted by the Defence authorities) was extended and the delivery was affected two days after the date up to which the concession was available. The Chairman observed that the whole idea of fixing deadlines was of no consequence if it was not strictly adhered to; and wanted to know if the Food Division had considered the question of taking disciplinary action against the officer who was responsible for this negligence. The departmental representative replied that this matter had been gone into at a high level and it was decided that no one was particularly responsible. However, the Committee decided to issue general instructions to reiterate the principle of consulting the indenter whenever the purchasing agency wanted to make any changes in the specification of goods.

4. B. Specific—S. No. 3 (para 12 on page 112 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).— This relates to the case pointed out in paragraph 22 on page 28 of the Audit Report on the Appropriation Accounts for the year 1954-55, in which it had been stated that a contract was placed on 10th January, 1952 for the supply of milk ghee to the Pakistan Army. During the currency of the contract a Police case was registered against the agents concerned and on 30th April, 1952 a quantity of 2,800 maunds of milk ghee available with the agents for offering to the Government was seized by the Police who released it on 27th May, 1952. The agents had informed the department even before the actual release that the said quantity of milk ghee was likely to be released very soon and as such arrangements should be made for its inspection. The Department could not make necessary arrangements for the inspection of 2,800 maunds of milk ghee after release by the Police and within the currency of the contract with the result that the compensation amounting to Rs. 78,855 had to be awarded to the agents, by an arbitrator appointed by the parties, on account of loss sustained by the firm in selling the milk ghee in question in the market at lower rates. The sum of Rs. 78,855 paid as compensation to the agents, therefore, represents net loss to the Government which could have been avoided through timely arrangements for inspection by the Department concerned. As desired by the previous Public Accounts Committee in its

meeting held on the 16th January, 1962, the Food and Agriculture Division produced the relevant files before the Committee. The Committee saw the relevant papers and observed that no undue delay occurred in taking action for inspection. Moreover, the case was referred for arbitration and Government had to accept the award of the arbitrators and decided that this case be considered as closed.

5. B. Specific—S. No. 6 (para 19 on page 116 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).— This concerns the case reported in paragraph 27 at page 26 of the Audit Report on the Appropriation Accounts for the year 1955-56 concerning purchase of sugar through a Pakistan Mission from Argentine resulting in an extra expenditure of Rs. 11,70,721 by incorrect assessment of demand and non-acceptance of lowest tender. The Public Accounts Committee in its meeting held on the 16th January, 1962, discussed this case and noted that an offer of Argentine sugar at a lower price could not be availed of because of the fact that the period of validity of the offer was stated to have been incorrectly communicated to the Food Division by a Pakistan Mission abroad, and directed that a reference should be made to the Mission concerned to ascertain how the error crept in and a report submitted to them in the next Session.

The departmental representative explained that the relevant file from the Mission had not been received but there was a letter in the file of the Food Department wherein the then High Commissioner had stated that he had personally seen the offer of the foreign supplier which was open up to the 23rd of the month and not up to the 24th whereas the Cypher Message received in the Food Ministry stated that the "offer was open up to 5 P.M. 24th repeat 24th". This message was received on 22nd, was diarised on 23rd and replied to on 24th after taking the concurrence of the Finance Ministry. The Committee was satisfied that this was quick disposal. Mr. N. A. Lashkar wanted to know if the files had been misplaced by some interested party but was satisfied on being informed that this could not have been the case as nobody could be benefited by removal of the papers or the file. In reply to a question from the Chairman, the departmental representative replied that although originally the offer of the firm was open up to 23rd only the supply officer had persuaded the firm to extend the offer up to 24th but the acceptance reached the Supply Officer even after 24th. The Committee, however, was satisfied that prompt action was taken by the department and no further action was called for.

6. B. Specific—S. No. 7 (para 21 on page 117 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).— This concerns the case pointed out in para 26 at page 21 of the Appropriation Accounts for the year 1957-58 regarding the purchase of Banaspati Ghee required for Defence Services in which the lowest offer was not accepted by the Food Division and about which the Committee wanted the Comptroller and Auditor General to examine all the records of the Food Division and report the findings to the Public Accounts Committee. The Comptroller and Auditor General withdrew the audit objection on the ground that the party which had offered the quotation had attached some very unreasonable conditions which would not have been acceptable to Government. The departmental representative reported to the Committee that the persons responsible had been proceeded

against departmentally and punished. The Committee, therefore, directed that in view of what was stated by the Comptroller and Auditor General the persons should be exonerated.

7. *Paragraph 26 on page 18 of the Audit Report on the Appropriation Accounts 1959-60—Local Audit and Inspections.*—This relates to the audit objection regarding the retention of undisbursed amounts in the cash chest unnecessarily for long periods. The Committee observed that this was a serious irregularity and must not be allowed to happen and decided that these instructions should be repeated to all the Ministries|Divisions.

8. The Committee then took up the consideration of the cases relating to the Agriculture Wing of the Food and Agriculture Division.

9. The Comptroller and Auditor General observed that the accounts were not up to date but efforts were being made to bring the Appropriation Accounts up to date and 1964-65 Accounts would be submitted on due date. The Chairman wanted to know what was the position regarding the preparation of monthly accounts to which the Comptroller and Auditor General replied that the recommendations had been submitted to Government regarding the system of accounts. These contain suggestions for adopting procedures which will keep the Head of department fully posted with the day to day position of the expenditure in his department.

10. *Paragraph 64 on page 37 of the Audit Report on the Appropriation Accounts for the year 1959-60—Non-remission of adjustment account of advances.*—In this para the Audit had pointed out that contingent advances aggregating Rs. 3,18,160 were drawn during the period 1955-56 to 1959-60 for payment to certain institutions and individuals. The details of actual payments against these advances had not been produced to the Audit although irregularity was pointed out in September, 1960 and accordingly the Audit was unable to verify the validity of expenditure. The departmental representative informed the Committee that all accounts had since been rendered to the A.G.P.R. but it had not been possible to produce all the vouchers as several payments were made through the agency of a foreign Government and the vouchers had been retained by that Government for their audit. In lieu of these vouchers proper certificates had been attached. The Comptroller and Auditor General replied that this would be checked up by the A.G.P.R. and if the vouchers were with the foreign government, the Audit would accept proper certificates in lieu thereof.

11. The Committee then adjourned to meet again on Tuesday, the 22nd February, 1966 at 11-00 A.M.

Proceedings of the Sixth Meeting of the Public Accounts Committee held on Tuesday, the 22nd February, 1966 at 11.00 A.M.

The Public Accounts Committee met on Tuesday, the 22nd February, 1966 at 11.00 A.M. in Ayub Hall, Committee Room No. 1 under the Chairmanship of Mr. Mchammad Shoaib, Minister for Finance. The following were present :

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliran Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Mushtaq Ahmad, S. Pk., PRAS, Comptroller and Auditor General.
- (7) Mr. K. Habibur Rahman, PA & AS, Director, Training and Reorganisation.
- (8) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (9) Mr. Obaidullah, PA & AS, Assistant Comptroller and Auditor General.
- (10) Mr. N. A. Chaudhury, PA & AS, Director, Audit and Accounts Works.

Departmental Representatives

REHABILITATION AND WORKS DIVISION

- (11) Mr. M. Khurshid, S. Pk., CSP., Secretary.
- (12) Mr. Aslam Abdullah Khan, CSP., Joint Secretary.
- (13) Mr. H. U. Beg, PTS., Financial Adviser.
- (14) Mr. A. R. Qureshi, TQA., Deputy Secretary.
- (15) Mr. A. K. Khattak, Chief Engineer, P.P.W.D.
- (16) Mr. Kafiluddin Ahmad, Additional Chief Engineer, P.P.W.D.

Secretary of the Public Accounts Committee

- (17) Mr. Siraj Yusuf Khan, CSP., Deputy Secretary, Ministry of Finance.

2. The Committee first took up for consideration the Compliance Report furnished by the Rehabilitation and Works Division on the recommendations etc. made by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

3. *A. General*—S. No. 8 (paragraph 17 on page 58 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—It was noticed by the Public Accounts Committee that the contracts drawn at present for various supplies did not contain any clause under which variations in the prices of supplies to be made by tenders may affect the contracts. As in all cases of variations the benefit usually went to contractor, the Committee had directed that the Ministries concerned should examine the advisability of providing an escalator clause in all the

contracts which should give advantage of changes in prices etc. to both sides and not to the contractors alone. Mr. N. A. Lashkar was of the opinion that a contract once entered should be binding for all time. Mr. Aliman Shah was of the opinion that there should be no variation within the time limit fixed in the contract but when the period of the contract was extended or when changes were made in the items of work to be executed or where the specifications were changed, there should be a provision to cater for the change in prices etc. The Chairman also observed that there was always a pressure from the contractors to revise the terms of the contract wherever the prices went up, but this did not happen when the prices went down. The departmental representative stated that the prices always generally went up. The Chairman did not accept this statement and pointed out that the prices of certain items used in construction, e.g., steel, sanitary fittings, etc., also go down depending upon the import policy adopted for the various shipping periods and if an item was shifted from Bonus List to the Free List or to the Licensable List, its price came down. Mr. Abdullah-al-Mahmood objected to the practice of the P.W.D. of splitting up of estimates, frequent revision of estimates and variations in the terms of the agreements and observed that there was no strict adherence to the terms and conditions of the rules. Mr. N. A. Lashkar expressed the opinion that any discretion given to the Government Servants of lower status to vary the contract will be dangerous. He further stated that the main mischief was done through the so called supplementary estimates and felt that estimates should be drawn up in such a way that there was no room left for the supplementary. He also stated that he was not in favour of any escalator clause as the tenderer always took into accounts the unforeseen circumstances and should be bound to the rates quoted in the tender but he strongly felt that the contract forms needed revision. The Committee, therefore, directed that the contract forms should be looked into and if any revision was considered necessary it should be done in consultation with the Audit, the Ministry of Finance and the Ministry of Law. The Committee accepted the suggestion of Mr. N. A. Lashkar that the work of revision should be entrusted to a Committee in which two representatives of the contractors, one from each Wing, should be included.

4. A. General—S. No. 14 (paragraph 26 on page 18 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—The Public Accounts Committee had directed that all Ministries' Divisions concerned should take steps to complete the proforma accounts of the Commercial Institutions under their control. The Rehabilitation and Works Division in the statement of written replies reported that on being asked to prepare the proforma accounts right from 1953-54 as recommended by the Public Accounts Committee the Comptroller, State Guest House, in consultation with the Accountant General, Pakistan Revenues, prepared a proforma on commercial basis for the maintenance of accounts of the Guest House. It was, however, considered that additional staff was necessary to prepare the accounts. By the time the additional staff could be arranged the State Guest Houses were transferred to the administrative control of the Ministry of Foreign Affairs in June, 1964. The Committee was not satisfied with the reply, the delay took place because the control of the Guest Houses was transferred to the Ministry of Foreign Affairs. The transfer took place recently whereas the failure on the part of the Works Division occurred when the Guest Houses were with the Works Division. The Committee observed that such delays should be avoided in future.

5. *B. Specific—S. No. 2 (paragraph 13 on page 98 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—In this case the previous Public Accounts Committee directed the Works Division to report the latest position regarding the recovery of the dues from the Trust created for Saudabad quarters in Karachi (reported upon in paragraph 42 (c) on page 38 of the Audit Report on the Accounts for the year 1955-56). The departmental representative stated that apart from the recovery of Rs. 2 lakhs already made, as reported to the last Public Accounts Committee, no further recoveries had been made and balance may have to be written off. Also, that the administration had since been transferred to the West Pakistan Government. The Chairman observed that it was not proper to say straightaway that the amount was to be written off. The matter needed looking into which should be done by the Rehabilitation and Works Division in consultation with the Audit and the Government of West Pakistan.

6. *B. Specific—S. No. 4 (para 15 on page 98 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This case relates to recovery of Government dues against certain high officials in respect of electric charges reported upon in para 55(i) on page 32 of the Audit Report on the Appropriation Accounts for the year 1956-57. The departmental representative stated that Government was contemplating filing a suit against the defaulters. The Committee observed that this ought to have been done earlier and should now be done without any further delay.

7. *B. Specific—S. No. 6 (para 21 on page 100 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This case relates to the shortages detected as a result of physical verification of stores reported upon in para 43(i) on page 33 of the Audit Report on the Appropriation Accounts 1957-58. The last Public Accounts Committee had directed that the matter should be examined by the Rehabilitation and Works Division and responsibility fixed. The departmental representative stated that the position had been brought to the notice of the Audit in the form of a reply. The Chairman decided that the matter should be looked into by the Comptroller and Auditor General and if he was satisfied it need not come up in the next Session of the Public Accounts Committee.

8. *B. Specific—S. No. 7 (paragraph 22 on page 100 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—The Public Accounts Committee had directed that the Works Division should submit a report indicating the circumstances under which recoveries for the supply of water to the allottees of Nazimabad area had accumulated as reported upon in para 43 (ii) on page 33 of the Audit Report on the Appropriation Accounts for the year 1957-58. The departmental representative stated that no recovery had been made for the water supply from the allottees of the Nazimabad quarters as the question of revising the water rates was under consideration of the Municipal Corporation, who were thinking of prescribing different rates for commercial and residential areas. The Chairman observed that this was a problem which needed urgent attention as water problem was being faced by all the new colonies.

9. *B. Specific—S. No. 8 (para 23 on page 101 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—It was reported in para 43 (vii) on page 33 of the Audit Report on the

Accounts for the year 1957-58 that (a) in a Division a sum of Rs. 8,025 had been paid to a contractor on account of cartage of material from the place of delivery to the site of the work which should have been borne by the contractor himself as per terms of the contract; and (b) in the same Division a contractor was supplied 200.1 tons of coal for 3,95,723 bricks supplied by him as against 160 tons stipulated in the agreement for the supply of six lacs bricks. The terms of agreement stipulated recovery for excess coal consumed at Rs. 180 per ton which was not effected. This resulted in an over-payment of Rs. 17,209 to the contractor.

The Public Accounts Committee in its meeting held on the 15th January, 1962 had directed that the Works Division should re-examine the case and submit a report indicating the action taken to regularise the loss. The Rehabilitation and Works Division had indicated in the statement of written replies furnished by them that as regards (a) the Department, as per agreement, was required to supply bricks to the contractor from the Pak. P.W.D. Brick Dump at Shahjahanpur. But at that time there was no stock of bricks at Shahjahanpur Dump. As such the contractor was asked to carry bricks from the Brick Dump at Pagla which was at a greater distance from the site of the work than Shahjahanpur. The contractor was, therefore, paid Rs. 7,724 and not Rs. 8,025 (Paid *vide* Vr. No. 42, dated the 13th June, 1959 final) for the difference of the extra lead between Shahjahanpur and Pagla Dump. Hence no excess payment was made to the contractor and no departure from the terms of the agreement was involved.

As regards (b), it had been indicated that this item also relates to the issue of coal to Contractor for manufacturing bricks at Birol in the District of Dinajpur. It revealed from the enquiries made in the matter that the figure of loss reported by Audit at Rs. 17,209 was not correct. The actual amount of loss comes to Rs. 2,620.83 as per details given below :—

Total coal issued to contractor 200.1 tons.

A—Cost at usual rate of Rs. 80	...	...	=	16,008.00
B—Amount recovered for 130 tons @ Rs. 80...			=	10,400.00
Balance to be recovered	...	...		5,608.00
Crop compensation	...	...	=	1,215.83
Less at contractors credit	...	...	=	6,823.83
(1) On account of supply of bricks as per 3rd final bill.			=	1,533.00
(2) Security deposit	...	...	=	2,670.00
				<u>4,203.00</u>
Net loss	...	...		4,203.00
				<u><u>= 2,620.83</u></u>

For the recovery of the loss a suit had been filed against the contractor in the court of law and the decision of the court was awaited.

The Committee was satisfied with the reply concerning Part (a) of the case and took note of the fact that a suit was pending in the court of law concerning Part (b) of the audit objection.

10. *B. Specific—S. No. 11 (para 26 on page 102 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This case concerns the outstanding arrears of rent against the persons who left for India at the time of Independence reported upon in para 45 on page 35 of the Audit Report on the Accounts for the year 1957-58. The departmental representative stated that there was no hope of recovering the rent due from the migrants. It could only be set off against rents accruing in India to people who have migrated to Pakistan. The Committee desired that the facts of the case should be ascertained by the Audit.

11. *B. Specific—S. No. 13 (paras 28 and 29 on pages 103 and 104 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—These cases as reported upon in Grant No. 95-Civil Works on pages 302 and 304 of the Appropriation Accounts for the year 1957-58 concern instances of defective budgeting and uncovered excess and the last Public Accounts Committee had taken serious objection to this and had directed that the Rehabilitation and Works Division should take action against the officials concerned whose negligence resulted in these huge excesses having remained uncovered. The Rehabilitation and Works Division indicated the following reasons for the excess over the grant in the statement of written replies furnished by them:

Para 28.—

A. ORIGINAL WORKS: Rs. 1,21,87,000
 (i) P.P.W.D. (Rs. 1,18,00,000).

Expenditure on the Refugees Rehabilitation Works was recoverable from the Special Fund for the Rehabilitation of Refugees but the expenditure and the recovery were to be booked under the major head '50-Civil Works'. The Chief Engineer remained under the impression that the expenditure was directly chargeable to Fund. He, therefore, requested the then Ministry of Rehabilitation for the allotment of funds. The budget relating to the major head '50-Civil Works' was controlled by the Works Division and application for allotment of funds should have been made to that Division. As the works were in progress they could not be abandoned. But as application for the allotment of funds was not made to the proper authority, the expenditure remained uncovered. The expenditure was, however, ultimately recovered from the Fund concerned and the amount outstanding under '50-Civil Works' was cleared.

(ii) Karachi Administration (Rs. 3,87,000).

Similarly, funds for works chargeable to the Social Uplift Schemes were not obtained by the Karachi Administration under the impression that expenditure was directly debitable to the Fund concerned.

B. SUSPENSE. Rs. 2,58,13,000

This sub-head presents peculiar difficulties in the matter of control over expenditure. At times supplies are received quite unexpectedly towards the close of the year against indents placed year ago. The advices of transfer of debits in majority of cases are also received after the close of the financial year and are adjusted in the Supplementary Accounts. During this year transactions of the order of Rs. 1,31,35,381 were accounted for by the Stores and Workshops Division alone in the

Supplementary accounts, i.e., after 31st March, 1958. The excess on account of receipt of stores and clearance of Transfer Debit Advices amounted to Rs. 83,55,805 and Rs. 1,59,70,801 respectively.

The charges under Suspense Account are debited to major head '50-Civil Works' as expenditure and the recoveries are adjusted in reduction of expenditure. The gross excess of Rs. 2,43,33,606 was accompanied by an increase of Rs. 2,20,35,468 under recoveries of Suspense head resulting in net excess of Rs. 22,98,138 only. This was due to adjustment of debits pertaining to the stores received during the previous years.

The Chief Engineer had issued instructions to the officers of the P.P.W.D. that in future expenditure should be kept strictly within the budget allotment and that they would be held personally responsible for any excess.

Para 29.—

- (i) P.P.W.D.
- (ii) Karachi Administration.

Similar explanation as under Para 28, A (i) and 2 (ii) above.

The Committee took note of the reply submitted by the Rehabilitation and Works Division and desired that the position should be verified by the Audit.

The Comptroller and Auditor General remarked that the Rehabilitation and Works Division ought to have sent its reply much earlier to the Audit so that, if it was acceptable, the matter would not have come up before the Public Accounts Committee. The Chairman agreed with this and directed that audit objections should, in fact, be attended to promptly by the controlling officers and, if it is not done at the initial stage, at least at the time the Audit send the draft para for the Audit Report, it should be settled, if necessary, by consultation between the controlling officer and the Comptroller and Auditor General. Failure to attend to audit objections timely resulted in considerable wastage of time and public money. The Committee directed that general instructions should also be issued in this behalf for the guidance of all Ministries/Divisions.

12. Paragraph 34 on page 105 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59.—This case as reported upon in paras 28 (i) and (ii) on page 20 of the Audit Report on the Accounts for the year 1958-59 concerns loss sustained by Government by issuing materials to contractors in excess of the requirements although the contract provided that the contractors would secure the materials themselves. The last Public Accounts Committee in its meeting held on the 15th January, 1962 had directed that the reply of the Ministry should be examined by the Comptroller and Auditor General and a report submitted in the next session of the Committee. In this connection the Comptroller and Auditor General remarked that this case had two aspects. Firstly, the failure of the department to charge market price and secondly, whether the quantity issued to the contractor was in excess of the requirement.

The departmental representative stated that the teak wood was supplied to the contractor as it was not available in the market because of the restrictions imposed by the Forest Department which is under the control of the Provincial Government and that the difference of price was 11 Paisas only. As regards the second point, excess quantity was supplied to allow the wastage as logs were supplied in round form in which case the percentage of wastage is as high as 50%. The departmental representative further stated that they were unable to obtain an exemption from Forest Department in favour of the contractor. In this connection the Chairman observed that this was not a very acceptable excuse and if the department failed to convince the authorities of the Provincial Government they ought to have raised the level at which the matter could be taken up and that in future this policy of raising the level should invariably be followed till a satisfactory solution of the problem is found.

The Committee, however, observed that the figures regarding the quantity of teak wood supplied to contractor as quoted in the written reply by the Rehabilitation and Works Division did not tally with the figures brought out in the audit objections and directed that this matter should be looked into further by the Audit.

13. *Paragraph 36 on page 106 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59.*—This case concerns surplus stores detected in a certain store at the time of physical verification as reported upon in para 28(v) on page 21 of the Audit Report on the Appropriation Accounts for the year 1958-59. The Comptroller and Auditor General raised the point that how could the surplus stores be there in the store unless there was something wrong with the accounts and suggested that a Committee should be formed for joint inspection. The Committee accepted this suggestion and directed that the Rehabilitation and Works Division should depute their representative, who should go into this case immediately.

14. The Committee then took up the examination of the grants controlled by the Rehabilitation and Works Division for the years 1959-60, 1960-61 and 1961-62.

15. *Para 72 on page 39 of the Audit Report on the Appropriation Accounts for the year 1959-60—Unauthorised withdrawal of money from main chest.*—In a certain Pakistan Public Works Division, it was noticed that payments on account of pay and travelling allowance of gazetted and non-gazetted staff were freely met from the main chest (which is exclusively meant to meet the expenditure on works and contingencies), pending encashment of the pay and travelling allowance bills from the treasury or receipt of cheques in lieu thereof from the pre-audit counter of the Accounts office. Payment of this nature was made to the extent of Rs. 1,44,754 during the period from September, 1959 to January, 1963.

The amount of Rs. 64,769 was subsequently paid back to the main chest during the period from December, 1960 to December, 1962 and the balance of Rs. 80,175 was still outstanding.

The irregularity was pointed out to the Department and they were requested to stop drawing amounts from the main chest for disbursement of pay and travelling allowance of regular staff, but the irregularity

has not been stopped so far. The Department was also asked to obtain sanction of the Government to condone the past irregularity but this has also not been done so far.

No disciplinary action was taken against the officials responsible for the irregularity nor any action taken to adjust the outstanding amounts.

In reply to this objection from the Audit, the departmental representative explained that the money was withdrawn to pay the salaries of officers and staff, whose posts had expired and in whose case a reference for the continuance of the post had been made to the Government and that in a number of cases there is always time lag between the department proposing continuation of the posts and the receipt of approval from the Government. The Committee was not satisfied with this explanation and took a very serious view of the irregularity and directed that such situation should be avoided in future and it should be the duty of the department concerned to seek Government's approval for continuance of temporary posts well in time and in no case should the posts be continued without Government approval and that departments must not presume that the approval would be given by the Government. In the instant case what would the department have done if the Government withheld the sanction?

The Committee further observed that the main chest was meant exclusively to meet the expenditure on works and contingencies and it was not proper to draw money from the main chest for payment of salaries and directed that in future no amount should be drawn from the main chest for payment of salaries under any circumstances.

The Committee raised the point that, in this case, the staff was on work-charge-establishment and that payment was made twice—once by cheque from work charge establishment and again through regular pay bills—and the money had not been refunded nor any disciplinary action taken against the officers concerned. This case is linked with the case reported in paragraph 81 on page 38 of the Audit Report 1962 on the Appropriation Accounts for the year 1960-61 in which the Audit had pointed that during the local audit it was discovered that a sum of Rs. 1,980 was paid to certain officials as Disturbance allowance during 1959 at the time of move of the Capital from Karachi to Rawalpindi. The amount was drawn by public works cheques on the treasury instead of getting the bill passed by the Civil Accounts Officer. This involved infringement of financial rules. The Officials concerned were also not entitled to this payment as they did not fulfil the prescribed conditions for the grant of this allowance. The payment was irregular and has not so far been recovered or written off under orders of the competent authority. No disciplinary action has been taken against the officials, who infringed the rules.

The departmental representative stated that the persons concerned had been warned. The Comptroller and Auditor General expressed the opinion that the warning given was not enough. The Chairman also was of the opinion that this is a department where there are large number of financial irregularities and unless disciplinary action was taken and drastic punishment given to persons responsible for these irregularities, it was not possible to check the recurrence of such instances.

16. *Paragraph 75 on page 40 of the Audit Report on the Appropriation Accounts for the year 1959-60—Abnormal delay in settlements of amounts placed under Suspense Head.*—In this paragraph the Audit had pointed out that in a Public Works Division the expenditure on a work is being placed under the suspense head "Miscellaneous Public Works Advances", since 1954 for want of deposits from the party requiring the work. As there had been a regular flow of expenditure, the balance on this account increased every year and a sum of Rs. 18,55,847 had accumulated up to August, 1961. No effort to recover the amount from the party was made by the department even after the lapse of a period of seven years despite having been reminded repeatedly by Audit.

The Ministry in an interim reply explained that in anticipation of the Cabinet decision, it was not possible to forecast whether the entire amount was to be borne by the Government or by the party concerned. The expenditure had not so far been regularised.

In reply to a query from the Chairman as to how this amount was drawn in the absence of the budget provision, the departmental representative replied that the Chief Commissioner of Karachi, under whose orders the work on the stadium was done, enjoyed the powers of a local government and Pakistan P.W.D. had to execute the orders of the Chief Commissioner. The Committee was of the opinion that the administrative approval could be given by the local government but the availability of funds ought to have been kept in mind by the Pakistan P.W.D. before executing the work. The departmental representative informed the Committee that for adjusting the amount lying in the suspense a reference had been made to the Financial Adviser of the Works Division. The Committee directed that the matter should be settled without delay.

17. The Comptroller and Auditor General wanted to know what action had been taken by the department regarding the separation of account of the Executive Engineers. The departmental representative replied that this had been done. The Audit explained that some reorganisation was introduced in the accounting system of the Pakistan Public Works Department but under that system there was too much centralised control on functional lines. In the new system now suggested a greater decentralisation had been proposed. The Chairman also agreed that the system needed revision and wanted the Audit Department to submit its recommendations to the Ministry of Finance for approval. Mr. N. A. Lashkar expressed the view and the Committee agreed with it that the system of stores accounting should be looked into by the Audit Department and the Works Division should look into the other two important aspects, namely, maintenance of the quality of works and the disposal of stores. The procedures in respect of all these three cases should be streamlined.

18. *Para 80 on page 41 of the Audit Report on the Appropriation Accounts for the year 1959-60—Misappropriation of Rs. 52,645 due to defective agreement.*—It was indicated in the Audit Report that during the local audit inspection of Pakistan Public Works Division in 1960-61 it was observed that an amount of Rs. 52,645 was misappropriated by an auctioneer who had concluded an agreement with Chief Engineer in September, 1959 for the disposal of the Government material lying in various Divisions of West Pakistan.

In accordance with the agreement the auctioneer was allowed to retain the entire sale proceeds of the auctioned material with him for 5 days against the security deposit of Rs. 1,000 which was inadequate to protect the financial interest of the Government. Further, it was observed that in most of the cases the action on the part of the departmental officers to realise the Government money from the auctioneer was a belated one. In one Division, it was noticed that the action to realise the Government money was initiated after one month of the date of completion of the auction. No attempt was made to ascertain the antecedents of the auctioneer with the result that he turned out to be a foreign national who crossed the border after misappropriating Government money.

The belated action on the part of the departmental officers, loose terms and conditions allowed in the agreement and lack of precautionary measures in the deal are some of the factors responsible for the loss of Rs. 52,645 which has neither been regularised nor written off under orders of the competent authority so far.

No disciplinary action against the official concerned has been taken so far as the matter is stated to be still under investigation.

The Chairman observed that this was a case needing investigation by the Works Division and that some officials in the department failed to take timely action to recover the money and the Works Division should take disciplinary action against the persons responsible for this loss to Government. The departmental representative promised to look into the disciplinary aspect.

The Chairman directed that the Works Division should examine the possibilities of introducing performance bonds in such contracts.

19. Para 78 (iii) on pages 34 and 35 of the Audit Report on the Appropriation Accounts for the year 1960-61.—In this paragraph the Audit have pointed out that in a Public Works Division it was noticed that the rent of Government owned and requisitioned buildings amounting to Rs. 4,66,114 was recoverable from private tenants up to the end of September, 1962 and in some cases allotment had been made without proper sanction.

Brief particulars of the important cases where recoveries are due are given below :—

	Rs.
(a) Rent was not realised from tenants of shops in a Cantonment Area.	2,57,662
(b) Arrears of rent recoverable from a local body due to revision of rent.	1,58,784
(c) A Government owned building was let out to a foreign Mission in May, 1952. As standard rent had not been fixed it was provisionally assessed at Rs. 1,000 p.m. but subsequently in May, 1960 the rent was fixed at Rs. 2,293.75 p.m. The difference in the two rates being disproportionate the Mission refused to pay arrears.	32,436

	Rs.
(d) A foreign Mission was allotted a requisitioned building in October, 1948 at a rent of Rs. 143 p.m. fixed by the Rent Controller. On an appeal of the landlord (decided after the vacation of the building) in December, 1951 the rent was enhanced by the Rent Controller to Rs. 275 p.m. with retrospective effect which the foreign Mission refused to pay on the plea that it was not a party.	6,562
(e) A foreign Mission asked for requisitioning an accommodation with effect from 13th September, 1947 but did not take possession of the house and surrendered it on 17th March, 1948 without payment of rent.	5,055
(f) A foreign Mission was allotted two houses carrying rent of Rs. 40|11|- and Rs. 55 p.m. during January, 1949 and July, 1948 respectively. Subsequently on the appeal of the landlord the rent was enhanced to Rs. 84|8|- and Rs. 60 respectively on 5th August, 1953 but the difference was not paid by the Mission on the plea that the occupants had left Pakistan.	5,053
(g) On the request of a foreign Mission a quarter was allotted to their car driver who possessed it from 31st December, 1947 to 27th March, 1951, but the Mission refused to pay the rent as the driver had left their service	562
Total ..	4,66,114

Failure of the department to recover rent in advance from private tenants, non-fixation of rent at the proper time, fixing of provisional rent disproportionate to the actual rent and failure to take proper action for non-payment of rent under the terms and conditions of allotment order, resulted in huge arrears of rent amounting to Rs. 4,66,114 which may ultimately result in a loss to Government. The audit have also pointed out that no disciplinary action had been taken against the officials responsible for the accumulation of arrears.

In the statement of written replies the Works Division had stated as follows :—

(a) This case relates to non-realisation of shop rents from the various tenants of shops and plots, etc., in all the Central Government Colonies in Karachi, up to the 30th September, 1962. The Audit has not given details of the above mentioned amount shown in arrears. The correct position, however, is as indicated below :—

	Rs.
(i) Total assessed rent of shops by the Estate Office up to 30th September, 1962.	11,36,807
(ii) Total recovery of shop rents to the end of September, 1962.	8,79,145
(iii) Balance of shop rents outstanding on 30th September, 1962.	2,57,662

It is not correct to say, as mentioned in the audit objection, that the arrears of rent relate to the shops in the Cantonment Area alone. In fact they are in respect of the shops and open plots allotted in all Government Servants Colonies spread over both the Cantonment and the K.M.C. Areas. The tendency of the tenants in the 'Displaced Persons' Colonies not to pay their hire-purchase instalments at the rates prescribed by the authorities had also a repercussion on these shopkeepers. Nevertheless by following up the matter vigorously the Estate Office has succeeded in effecting recovery of shop rents to the extent of 77.34 per cent. As regards the balance amount of Rs. 2,57,662, efforts are being made by the E.O. to recover the same.

(b) This case relates to the payment of rent of office accommodation consisting of Block Nos. 30, 31 and 33 of Pakistan Secretariat, Karachi in occupation of the K.D.A. The matter has already been finalised and the full rent payable by K.D.A. in respect of the Office Blocks occupied by them in the Pakistan Secretariat was realised from them in June, 1965. The Estate Office on its part had also to pay the rent to the K.D.A. in respect of the accommodation in the K.D.A. Building occupied by the Planning Commission which was substantially higher than the rent payable by the K.D.A. to the Estate Office. There was, therefore, no question of Government sustaining any loss if the K.D.A. refused to pay the rental dues. The delay in realisation of rent from the K.D.A. was caused due to the fact that in the beginning there was no agreement between the parties i.e. K.D.A. and the Estate Office about the rate of rent to be recovered, it was later fixed at paisa 38.35 per sq. foot in consultation with the Chief Engineer, P.P.W.D.

(c) This case relates to the payment of rent of a bungalow, which is under occupation of a Foreign Embassy. They occupied this bungalow in May, 1952. Pending the fixation of the rent by the P.P.W.D., the Estate Office recovered Rs. 1,000 per month on an *ad hoc* basis subject to adjustment according to the rent finally fixed by the P.P.W.D.

The rent was fixed by the P.P.W.D. in May, 1960 at Rs. 2,293.75 per month. The Embassy considered the rent of Rs. 2,293.75 per month (including service charges) as too high. As a gesture of goodwill and friendship it was decided to charge rent from the Embassy at rates indicated below:—

<i>Period</i>	<i>Rent per month</i>
(i) From May, 1952 to March 1961...	Rs. 1,000 (Plus other charges);
(ii) From April, 1962 onwards ...	Rs. 1,500 "

Ministry of Foreign Affairs were requested to inform the Embassy concerned accordingly so that the payment of rent should be made by them. The Embassy have since made the full payment of rent up to 31st December, 1965. The matter is closed.

(d) The amount of Rs. 6,562.00 represents the outstanding rent of a requisitioned house which remained in occupation of an Embassy in Pakistan.

The house was requisitioned by Government and placed at the disposal of the Embassy from 9th October, 1948 to 27th August, 1951. The rent of this building was fixed by the Rent Controller at Rs. 143.00 p.m.

Accordingly, a demand of Rs. 2,956.56 was sent to the Embassy which they paid in full. As the landlord of the said house was not satisfied with the rent of Rs. 143.00 p.m., he filed an appeal in the Small Causes Court for revision of rent. The Court ordered the Rent Controller to refix the rent, and the Rent Controller revised the rent of the said premises from Rs. 143.00 p.m. to Rs. 275.00 p.m. The above revision was ordered after the house was vacated by the Embassy.

When the Estate Office demanded the difference of rent between Rs. 143.00 and Rs. 275.00 (which in total amounted to Rs. 4,569.00 as against Rs. 6,562.00 mentioned in the draft paragraph) the Embassy replied that the tenant was not bound to pay the additional rent since the judgement was passed after his vacating the house and in his absence. The question whether the amount involved should be written off, or the Embassy further pressed for clearing the balance of rent still outstanding against them is under examination.

(e) The amount of Rs. 5,055 represents rent for a house requisitioned for an Embassy. Before occupying the house, the Embassy reported that extensive repairs were to be done to the house to render it habitable. It took about 6 months for the Embassy to take a decision that they would not occupy this house. This is attributable to the fact that they tried to persuade the landlady to undertake repairs at her cost, which was ultimately declined by the landlady. The Estate Office had no alternative but to compensate the landlady for the loss incurred by her for the period the house remained under requisition.

The Embassy have not rejected the liability of rent completely but, in view of the lapse of time, have asked for copies of certain documents to enable them to take up the matter with their Government. The documents required by the Embassy are being furnished to them through the Ministry of Foreign Affairs. It will be seen from the position stated above that the case is not yet closed and there is still hope that the recovery might be effected in full.

(f) The amount of Rs. 5,053.00 represents the rent outstanding against an Embassy in Pakistan for two houses.

The rent of these houses was originally fixed by the Rent Controller at Rs. 55 and Rs. 40 per month. Subsequently, on an appeal by the landlord, the rent of these houses was enhanced to Rs. 60 and Rs. 84.50 per month respectively. Bills for the difference of rent were accordingly prepared by the Estate Office and sent to the Embassy for payment but the Embassy continued payment at the original rate of rent. When the Embassy was pressed to clear up the dues for both the houses they replied that certain tenants to whom the increase applied had already left Pakistan and for this reason the Embassy regretted their inability to arrange the payment. The case is, however, still being pursued with them through Ministry of Foreign Affairs and has not yet reached a final stage.

(g) The amount of Rs. 562 represents rent due from a Foreign Mission in respect of a servant quarter allotted to one of their Car Driver on their request. The quarter was allotted to a local based driver. The Mission concerned evaded the liability for rent on one pretext or another and

ultimately under the advice of the Ministry of Foreign Affairs, the amount in question was written off with the concurrence of the Ministry of Finance.

The Committee took note of the explanation furnished by the Works Division and the Chairman directed that to avoid such situations the Works Division should revise the contract rent form and introduce the system of obtaining two or three months' advance rent as security.

20. The Comptroller and Auditor General then drew the attention of the Committee to a very unsatisfactory state of affairs in the accounts of the Pakistan Public Works Department regarding huge savings year after year on "Capital Outlay" and huge excesses in maintenance grants under "50-Civil Works". The following statistics were quoted:—

(In lakhs of Rupees)

Year	Excess or Savings of Maintenance Grants	Excess or Savings on Capital Outlay
1959-60	(+) 2.96	(-) 4.26
1960-61	(+) 5.48	(-) 8.57
1961-62	(+) 4.15	(-) 2.75

The Comptroller and Auditor General observed that this aspect was also highlighted in the previous Report of the Public Accounts Committee and it had recommended that this situation called for disciplinary action and recommended to the Committee that this direction be repeated.

The Chairman wanted to know how the excess expenditure was financed and the departmental representative was unable to explain it. The Committee took a serious objection to this state of affairs that the maintenance grants were being exceeded and the expenditure on capital outlay was less than the budgeted amount but accepted the explanation of the departmental representative that the accounts needed looking into and possibly much of these savings and excesses could be accounted for by wrong classification and directed that the matter should be taken up by the Works Division with the Audit Department.

21. The Comptroller and Auditor General also pointed out that in the 'suspense' head the expenditure was increasing every year on account of the ATDs. The departmental representative replied that this was happening because the Directorate General, Investment Promotion and Supplies, which is responsible for sending the ATDs for book adjustments, sends them very late with the result that the ATDs are received in a year in respect of purchases made in the past years and the adjustment is made by the Accounts Department on receipt of these ATDs from the DG, IP & S without the knowledge of the Pakistan Public Works Department. The Chairman observed that there are excesses year after year and, if there were fluctuations, the explanation given could be accepted. The Chairman further directed that proper budgeting should be made after careful planning and assessment of the ATDs so that when

these are received and accounted for by the Accounts Department the budget is not dislocated. The Committee also decided that on the subject of proper budgeting general instructions should also be issued to all Ministries/Divisions. They should exercise utmost care in formulating the budget and not include provision on any item expenditure on which was not likely to materialise. Similarly, provisions should be included for meeting expenditure on past commitments. This will avoid repetition of same type of explanations before the P.A.C. in respect of savings and excesses.

22. The Committee directed that the representatives of the Works Division and the Comptroller and Auditor General should sit together and clear all the objections pointed out in the various Audit Reports as also outstanding cases from the previous years.

REHABILITATION WING

23. *Paragraph 64 (ii) on page 31 of the Audit Report on the Accounts for the year 1960-61—Unauthorised refunds.*—In this paragraph Audit had pointed out that a non-claimant was allotted an evacuee plot of land measuring 1,018 sq. yards in the month of May, 1953, on the condition that he would pay the then prevailing market price as fixed by Government, i.e., Rs. 20 per sq. yard. On realisation of the total value of the plot amounting to Rs. 20,360 provisional transfer order was issued to the allottee in February, 1960.

Some time in February, 1960, the rates of the evacuee building sites were revised by Government from Rs. 20 to Rs. 13 1/- per sq. yard. Thereupon the allottee applied for the revision of the charges levied against him and for the refund of the excess amount paid by him. Though the revised rates were meant for claimants only, the request of the applicant was acceded to and a sum of Rs. 6,620 was refunded to him irregularly.

The Committee accepted the position given in the written statement that the matter has been settled as per decision of the court of law.

24. *Paragraph 68 on page 32 of the Audit Report on the Appropriation Accounts for the year 1960-61—Short evaluation of transfer prices of evacuee properties.*—The cases pointed out by the Audit relate to the short recovery of transfer price as a result of wrong calculations by the officers of the Rehabilitation Wing. Mr. N. A. Lashkar wanted to know why there are so many cases of such irregularities which involve Government in such a big loss. The departmental representative explained that such cases are there because of the errors of calculations and whenever any irregularity is pointed out by the Audit such defects are rectified. However, there was a built-in safety device in the procedures adopted by the Rehabilitation Wing. The calculation of price is checked all over again at the time of preparation of the Permanent Transfer Deed and this Deed is not issued unless all amounts due to the Government are fully recovered.

In the paragraph Audit quoted a specific case relating to the transfer price of a property which worked out to be Rs. 10,090 but which was transferred to a local for Rs. 3,210 in contravention of the provisions of the Act which lay down that an evacuee property the transfer price of which exceeds Rs. 10,000 should not be transferred to a local. In another

case a property was transferred for Rs. 3,312 instead of Rs. 8,321 after tampering with the entries of assessment of rent in the original records. In all there were 61 cases involving Government in a loss of Rs. 4,54,305 while the loss involved under other several cases could not be determined because the amounts recovered had not been posted in the records. These irregularities were pointed out to the department in 1961-62 and 1962-63 but the department had not taken any action. The Committee was not satisfied with the reply of the departmental representative that all this happened because of rush of work and directed that the matter should be looked into thoroughly by the Rehabilitation and Works Division and in the case of tampering of records disciplinary action should be taken against the persons responsible.

25 Paragraph 72 on page 33 of the Audit Report on the Appropriation Accounts for the year 1960-61—*Inspection and local test audit of the initial accounts of Public Works Division.*—It was pointed out in the Audit Report that during the year, 1960-61, the accounts of 16 out of 20 Public Works Divisions in West Pakistan Circle were locally audited. The accounts of the remaining four Divisions were audited during the year 1962-63. The general condition of accounts was not found satisfactory in 14 Divisions, where the Stores Accounts and Stock Returns had not been prepared and physical verification of stores, Schedules of settlement with treasuries, Certificate of Balances, Contractor's Ledger, Register of Buildings and Capital and Revenue Accounts were in arrears.

The Comptroller and Auditor General drew the attention of the Committee to the fact that the Stores Accounts were in a very bad shape. The Committee took a serious view of the situation and directed that the Accounts must be brought up to date without delay as failure to compile the Stores Accounts timely gave the unscrupulous persons great opportunity for misappropriation.

The departmental representative informed the Committee that stock verification was done every year. Even this statement was contested by the Comptroller and Auditor General who informed the Committee that this work was also in arrears. The Committee thereupon directed that the work of stock verification should also be done every year.

26. Paragraph 73 on page 33 of the Audit Report on the Appropriation Accounts for the year 1960-61—*Non-recovery of Rs. 7,093 from contractors' bills on account of stores issued to them.*—It was stated in the Audit Report that in a Pakistan Public Works Division the authorities failed to recover from the contractors a sum of Rs. 7,093 on account of cost of material issued to them. Under the rules the recovery should have been made from their next running payments, but in these cases the amount in question was not recovered even from the final bills which were paid as far back as in August, 1955, July, 1957 and June, 1958. This amounts to undue financial aid to the contractors and loss to Government. Neither any action has been taken to recover the amount from the contractors nor disciplinary action against the officials concerned for delay in making the recovery.

In the statement of written replies the Rehabilitation and Works Division stated that four contractors were involved in this case and the

position of the non-recovery of Rs. 7,093 as shown in this para was as under :—

Out of the four contractors, one had died, one had left his profession of contractorship and his whereabouts were not known. As such, departmental action was being taken against the persons who were responsible for the over-payments.

In the third case, on going through the old record it transpired that the amount involved was wrongly shown as recoverable from the contractors. Necessary adjustment of Rs. 2,310 had already been carried out in the accounts of July, 1965 in the Division concerned.

In the fourth case the amount of Rs. 3,101 75 shown as recoverable from the Contractor was not actually due from him. Instead a balance of Rs. (—) 439 87 was found due to the contractor on account of the fact that the closing balance of contractor's ledger amounting to Rs. (—) 3,541 10 on the books of defunct Administration Division No. I, was not brought to account. The balance of Rs. (—) 439 87 had since been adjusted.

The Committee directed that action should be taken against the contractor who had absconded and also against the officers whose negligence resulted in the loss to Government.

*27. Paragraph 75 on page 33 of the Audit Report on the Appropriation Accounts for the year 1960-61—Failure to accept/reject debits amounting to Rs. 56,99,208.—*It was pointed out in the Audit Report that under the prescribed procedure debits for stores purchased by various Public Works Divisions through the Director General, Investment Promotion and Supplies, or from other departments are advised to the Divisions concerned by the Accounts Office through the media of adjustment memos, and the Divisional Officers are required to adjust them under final heads of accounts after verifying the receipt of stores in their Divisions.

During the period January, 1960, to June, 1962 as many as 36 adjustment memos for Rs. 56,99,208 were issued to a Divisional Officer of Pakistan Public Works Department but they remained unresponded despite several reminders. The non-acceptance of debits would result in under statement of expenditure under the final head of accounts and also lead to the possibility of loss to Government through misappropriation of stores which cannot be detected unless the responding Divisions accept or reject the debits and inform the authorities concerned. The need for early action in the matter is, therefore, indicated.

In reply to this objection the Division had stated that adjustment memos were lost and hence the required adjustment could not be done. The Committee was not satisfied with this reply and observed that the adjustment ought to have been done and since the adjustment vouchers are sent by name by Registered Post, it was not understandable how these were lost. The loss of these vouchers clearly indicated negligence on the part of some officials. The Committee directed that Rehabilitation and Works Division should take proper disciplinary action against such persons.

28. Para 76 on pages 33 and 34 of the Audit Report on the Appropriation Accounts for the year 1960-61—Loss of Rs. 18,608 due to non-recovery of cost of empty cement bags.—It was stated in the Audit Report that in a Pakistan Public Works Division, a contractor returned 38,433 empty bags of cement to the cement factory in 1959-60 out of 44,490 bags issued to him by the Department. The cost of these bags at the rate accepted by the factory amounted to Rs. 6,494 but the factory did not credit the amount in the Government treasury. The cost of the remaining 6,057 bags at the rate of Rs. 2 per bag worked out to Rs. 12,114 which in terms of the agreement was also recoverable from the contractor. The Government thus suffered a total loss of Rs. 18,608.

The loss was pointed out to the Department in January, 1961, but despite several reminders, the amounts involved have neither been recovered so far nor any reply has been received.

The departmental representative stated that the written statement submitted by the Works Division before the Committee was not correct and the work had been transferred to the West Pakistan Government. However, recovery of the amount in question had been made. The Comptroller and Auditor General pointed that the fact of recovery was not substantiated by the audit record. The Committee directed that the Rehabilitation and Works Division should establish the facts to the satisfaction of the Audit.

29. The Chairman directed that the departmental committees should take action in such cases instead of waiting for the Audit to point out irregularities and then starting action. The settlement of audit objections should henceforth be a continuous process and it should be looked into by the head of the department and the controlling officers right at the time when such objections were raised in the Audit Report of the Department/Division concerned. These objections should be attended to and settled at the latest at the stage of the draft para for the Audit Report. It was wrong to let these objections stand and come up before the Public Accounts Committee. The Committee decided that this should be incorporated in the general instructions to be issued for the guidance of all concerned.

30. The Committee further directed that the Rehabilitation and Work Division should settle all the outstanding objections, both in the previous Report of the Public Accounts Committee as well as in the subsequent Audit Reports and report compliance to the *ad hoc* Public Accounts Committee when it meets again in April, 1966.

31. The Committee adjourned to meet again on 24th February, 1966 at 9 A.M. to consider the Compliance Report and Appropriation Accounts of the Scientific and Technological Research Division.

Minutes of the Seventh Meeting of the Public Accounts Committee held on Thursday, the 24th February, 1966 at 9.00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Thursday, the 24th February, 1966 at 9-00 A.M. under the Chairmanship of Mr. Mohammad Shoaib, Finance Minister.

The following were present:—

- (1) Mr. Mohammad N. A. Lashkar, Member.
- (2) Mr. Hemayatuddin Ahmad, Member.
- (3) Mr. Aliman Shah, Member.
- (4) Syed Ali Asghar Shah, Member.
- (5) Mr. Mushtaq Ahmad, S. Pk., PRAS, Comptroller and Auditor General.
- (6) Mr. K. Habibur Rehman, PA & AS, Director, Training and Reorganisation.
- (7) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (8) Mr. Obaidullah, PA & AS, Assistant Comptroller and Auditor General.
- (9) Mr. Mushtaq Ahmad Khan, G.A.R., Audit Officer, Industries, Supply and Food.
- (10) Mr. H. A. Ansari, PA & AS, Deputy Director of Commercial Audit.

Departmental Representatives

SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION

- (11) Dr. M. Raziuddin Siddiqui, S. I., Joint Secretary.

MINISTRY OF INDUSTRIES AND NATURAL RESOURCES

- (12) Mr. W. A. Sheikh, S. Pk., SQA, CSP, Secretary.
- (13) Mr. S. B. Awan, CSP, Joint Secretary.
- (14) Mr. Ziauddin, Deputy Secretary.
- (15) Mr. Akhtar Husain, Deputy Director General (Supply).
- (16) Mr. S. Qasim Ali, Controller of Printing and Stationery.
- (17) Mr. M. W. Gohar, Iron and Steel Controller.

Secretary of the Public Accounts Committee

- (18) Mr. Sira Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. The Committee started discussion on the Compliance Report on the Accounts for the years 1957-58 and 1958-59 and the Appropriation Accounts for the years 1959-60, 1960-61 and 1961-62 concerning the Scientific and Technological Research Division. There was nothing requiring attention of the Committee.

3. The Committee then took up the examination of the Compliance Report of the Industries Division on the directions given by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

4. *B. Specific—S. No. 3 (Paragraphs 19 and 7 on pages 16 and 47 respectively in Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the irregularities pointed out in paragraph 35 on pages 34—37 of the Audit Report on the Appropriation Accounts for the year 1954-55 regarding some payments made to stockists in violation of the rules from the Price Equalisation Fund. The Audit Officer, Industries and Supply informed the Committee that except a few irregularities all other cases had been settled. The one outstanding case was mentioned at sub-para (1) in paragraph 35 in which the Iron and Steel Controller had allowed commission to the importers at the rate of 16½% whereas in other cases the rate was 6½% only. The departmental representative stated that a higher percentage was allowed because the commodity was brought from East Pakistan. The Audit Officer pointed out that all other stockists had also brought the commodity from East Pakistan. To this the departmental representative replied that the commission of 16½% was allowed because the import was on private account. Had it been on Government account the commission would have been 6½%. The Audit Officer brought to the notice of the Committee that originally it was intended to give the entire quantity for lifting to one stockist but when others objected to it, they were also allowed to lift the iron and steel but discrimination in favour of one stockist as mentioned earlier was made. The departmental representative justified the action on the ground that this did not involve any loss to the Government on which the Chairman remarked that in this case it appears that the Iron and Steel Controller abused his powers of price control. The departmental representative further explained that stock-pile of iron and steel material from Korea was given to private parties to sell on behalf of Government and these parties were given 6½% commission. This particular stock was lying in Saidpur in East Pakistan and the party who moved it to West Pakistan was treated as importer/stockist and allowed a commission of 16½%. This was not stock-pile material. The Audit Officer, Industries and Supply, drew the attention of the Committee that this concessional rate was not allowed to other parties, who also moved this iron and steel from East Pakistan to West Pakistan.

The Chairman enquired whether the Committee which had been appointed to investigate this case came to an unanimous conclusion that this was a case of favouritism. To this the departmental representative replied in the affirmative.

The Public Accounts Committee accordingly directed that Secretary, Industries Division, should look into this case and take disciplinary action against the persons responsible and also consult the Comptroller and Auditor General in the matter of awarding punishment.

5. *B. Specific—S. No. 4 (Paragraph 8 on page 47 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case pointed out in para 32 on page 32 of the Audit Report on the Appropriation Accounts for the year 1954-55 regarding the failure of a supervisor in carrying out the check under the rules which resulted in losses of Rs. 4,218 and Rs. 3,600. The previous Public Accounts

Committee in its meeting held on the 10th January, 1962 had directed the Industries Division to follow up the case for disciplinary action against the Supervisor as it was not satisfied with the explanation of the High Commission for Pakistan in United Kingdom that the case could not be proceeded as the relevant files were not traceable. The Committee had directed that their observations in this matter should be communicated to the High Commissioner. The Industries Division in the statement of written replies furnished by them stated that in accordance with Public Accounts Committee's recommendations, the Department of Investment Promotion and Supplies had already communicated the observations of the Public Accounts Committee to the Pakistan High Commission in U.K. As regards the losses, it had been established that the recovery was not possible because the Supply Office in U.K. where the error was committed was closed down in September, 1959 and the dealing clerk was no longer in service; besides, he was a non-Pakistani. However, the amount had since been written off.

The Committee desired to know whether the files which had been transferred from the Office of the High Commissioner to Pakistan were now traceable in Pakistan. The departmental representative explained that only some files had been located and the others were still being sorted out. The Committee expressed dissatisfaction over this practice of putting all the files together and transferring them from one station to another without proper listing and cataloging and directed that in this particular case the persons who were responsible to maintain proper records of the files and the movement records should be proceeded against.

6. B. Specific—S. No. 5 (Paragraph 12 on page 48 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—This relates to the case pointed out in paragraph 25 on page 18 of the Audit Report on the Appropriation Accounts for the year 1956-57. The Public Accounts Committee had directed that the Secretary, Ministry of Industries should personally look into the case of failure in arranging in time an exemption certificate for the import of raw material which resulted in an extra expenditure of Rs. 5,298 and should report compliance. In the last meeting of the Public Accounts Committee held on the 10th January, 1962 the departmental representative had stated that the officer concerned was working under the Government of West Pakistan and his explanation had been called for. The case was being handled by the Secretary, Ministry of Industries who had promised to give the progress report in the next session.

The Industries Division in the statement of written replies furnished by them had submitted that an enquiry in this case was instituted and an official was held responsible for the irregularity. The official concerned was severely warned for negligence of duties and the warning had been recorded in his character roll.

The Committee took a very serious view of the fact that no progress had been made in finalising this case. The punishment awarded in this case was too mild. The Department took very slow action and appointed the Enquiry Officer only recently, a thing they should have done at least two years ago.

The Committee also directed that in departmental proceedings initiated in case of financial irregularities pointed out in the Audit Reports, the Comptroller and Auditor General should be consulted before the case was closed.

7. B. Specific—S. N. 8 (Paragraph 15 on page 49 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—This relates to the case of delay in assessing value of assets and liabilities of the sales and display centres transferred to the Small Industries Corporation and the consequent loss sustained by Government. The Public Accounts Committee in its last meeting held on the 10th January, 1962 had directed that the question of delay should be examined by the Ministry of Industries and a report submitted to the Committee in the next session.

The Ministry in its written statement regretted the delay. The Chairman observed that there were two aspects of case, (i) the delay and (ii) the preparation of accounts and so far as the delay was concerned, an enquiry should be held to ascertain who was responsible because this delay led to losses to the Government. So far as the preparation of accounts was concerned, the Committee directed that the Commercial Accounts should be prepared without further delay in consultation with the Comptroller and Auditor General.

The Committee further observed that the procedure regarding the disposal of display material needs streamlining. Standard instructions should be issued by the Ministry of Commerce for the disposal of display articles sent abroad in various fairs etc. (e.g. New York World Fair).

8. B. Specific—S. No. 10 (Paragraph 20 on page 51 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—This relates to the cases pointed out in paragraphs 32—38 on pages 28—31 in the Audit Report on the Appropriation Accounts for the years 1957-58. The last Public Accounts Committee in its meeting held on the 10th January, 1962 had directed that a report indicating the action taken by the Ministry of Industries and the Home Affairs Division should be submitted to the Committee in the next session. The Committee took note of the written statement submitted by the Industries Division. The departmental representative explained that the employee of the Government who was involved in this case has been charge-sheeted, the proprietor of the foreign firm involved in this fraud against Government had settled down in Brazil and although the Government got a decree against him they are finding it difficult to enforce it. However, the case had been handed over to a Counsel in New York.

In reply to a query as to why in the case of supply of spare parts for tractors by the foreign supplier the Government of Pakistan waived the condition of pre-shipment inspection, the departmental representative stated that there was no apparent reasons for doing so. The Committee thereupon directed that the action should have been taken against the Supply Officer of the Government of Pakistan also. The departmental representative informed the Committee that all the relevant files were with the Home Affairs Division and Special Police for the last 3 to 4 years. The Committee then decided to defer discussion on this case and to take it up with the representative of the Home Affairs Division the next day.

9. B. Specific—S. No. 11 (Paragraph 21 on page 51 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—This relates to Note 3 on page 227 of the Appropriation Accounts, 1957-58, in which it was reported that certain amounts due from the West Pakistan Government or autonomous bodies under the control of

the West Pakistan Government, Kashmir Affairs Division and the Communications Division still remain unrecovered. The last Public Accounts Committee had directed that the matter should be settled by the Financial Adviser, Ministry of Industries, and the representatives of the indenting agencies in consultation with the Comptroller and Auditor General. It was stated in the statement of written replies furnished by the Industries Division that meetings consisting of the representative of the Department of Investment Promotion and Supplies, Financial Adviser (Industries), Audit Officer, Industries, Supply and Food and Industries Division were held to review the progress of recoveries from the depositing parties. A team had been formed and had started verification of outstanding account with the indentors concerned through personal contact.

The Committee decided that to expedite recovery of dues from the West Pakistan Government a letter may be addressed by the Finance Minister to Governor, West Pakistan. The draft of this letter should be put up to Finance Minister by the Industries Division duly vetted by the Audit Officer, Industries, Supply and Food. The Committee also decided that Secretary, Industries should take up the question of settling the outstanding dues with Secretary, Communications and Secretary, Home and Kashmir Affairs.

The Committee further recommended that in future the autonomous bodies wanting to make purchases through the Director General, Investment Promotion and Supplies should make cash payments and the Ministry of Industries in consultation with the Ministry of Finance should evolve a suitable procedure in respect of Government departments so as to avoid the situations in which huge amounts on account of purchases remain unadjusted.

10. B. Specific—S. No. 12 (Paragraph 22 on page 51 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—This relates to the Audit note on page 239 of the Appropriation Accounts, 1957-58 in respect of Grant No. 69—Capital Outlay on Printing Presses. The Committee reiterated the decision of the last Public Accounts Committee that the Ministries/Divisions should not make budget provision without there being a likelihood of its being spent and decided that these instructions should be repeated once again.

11. B. Specific—S. No. 15 (Paragraph 27 on page 53 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—This relates to paragraph 43 at page 25 of Commercial Accounts for 1957-58 wherein it has been stated that certain amounts due to the Central Publication Branch were outstanding against Provincial Governments. The previous Committee had directed that effort should be intensified to realise the outstanding and the desirability of writing off some of the very old debts which had little prospects of recovery should be considered. In the Compliance Report the Industries Division have stated that the dues outstanding against the Provincial Governments are to be treated as irrecoverable. The Committee did not accept this position and directed that, if at a lower level the matter could not be settled, it should be taken up at a higher level and the level should continue to be raised till the issue was finally settled.

The departmental representative also suggested to the Committee that if the accounting procedure could be changed from book adjustment to cash payment such situations could be avoided in future. The

Chairman pointed out that the Auditor General had made proposals for such departments. The sooner action was taken the better.

12. *B. Specific—S. No. 17 (Paragraph 28 on page 18 and Paragraph 30 on page 53 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the large number of disparities in the percentages of indirect charges and the direct payments to workmen employed in the Government of Pakistan Presses. The percentages varied from year to year and from press to press. The last Public Accounts Committee wanted to know the reasons for such large variations. In the Compliance Report the Industries Division have stated that the disparities occurred as there was no coordination between the Cost Accounts and the Financial Accounts. However, reconciliation is being done. The Committee was satisfied with this reply.

13. *B. Specific—S. No. 19 (Paragraph 27 on page 103 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case pointed out in paragraph 46 at page 35 of the Appropriation Accounts for the year 1957-58 wherein it had been pointed out that rent was being recovered from certain categories of staff who were in occupation of Government residences at 5% of their emoluments instead of 10% as provided under the rules. In the last meeting of the Public Accounts Committee it was reported that after June, 1959, Government orders were issued for recovery of rent at 10% of the emoluments and for effecting recovery of rent recovered short. There was, however, some difference of opinion between Rehabilitation and Works Division and the Industries Division regarding the application of old orders issued by the Government of India. The last Public Accounts Committee had directed that the matter should be examined jointly by the Divisions of Industries, Finance and Rehabilitation and Works and the decision that might be taken should be reported to the Public Accounts Committee in the next session. The Committee took note of the Compliance Report submitted by the Industries Division and agreed that in this particular case enforcing recovery from the employees would be harsh on them and hence the amount may be written off.

14. *B. Specific—S. No. 21 (Paragraph 23 on page 61 and Paragraph 24 at pages 190 and 191 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—The Committee took note of the fact that a court case was pending and the decision of the court would take care of the whole matter reported upon in paragraph 33 on pages 32—34 of the Appropriation Accounts for the year 1954-55.

15. *Para 491 on page 291 of the Commercial Accounts for the year 1959-60.*—In this case the Audit had reported that certain payments were made to the contractors without maintaining proper accounts of the measurement of work done by those contractors in a WPIDC project. The departmental representative explained that the work was done in Makerwall Collieries under the supervision of foreign advisers who were not familiar with the procedures followed in Pakistan. The measurement was, however, taken subsequently. The Committee did not accept this explanation as satisfactory and was of the opinion that there must have been Pakistani Overseers under the supervision of the foreign experts and their failure to take measurements before certifying the work for payment was a gross neglect of duty. The departmental representative admitted that it was so and informed the Committee that at that time

the procedures were not properly drawn up but now these had been streamlined and measurements were invariably taken and recorded in every case. The departmental representative also informed the Committee that since 1959 the WPIDC had been engaging Pakistani engineers to supervise the construction work.

16. *Paragraph 496 on pages 293 and 294 of the Commercial Accounts for the year 1959-60—Loss of Rs. 1,06,364 in the disposal of Paper Bags.*—It was pointed out in the Audit Report that in a certain Cement Factory 3,13,200 bags were purchased in the middle of 1957 @ Rs. 625 per thousand bags for the purpose of packing cement. Out of these bags, 46,969 bags were issued for packing and 6,236 bags declared unfit for use. Out of the remaining 2,59,995 serviceable bags, 2,58,854 bags were sold to a private party in August, 1958 at a price much below the cost and the balance of 1,141 bags was found short on physical verification.

The Industries Division in the statement of written replies stated that the suitability of paper bags was duly adjudged before the purchase was made. At the time of placing order in April, 1957, the WPIDC asked the supplier to send sample bags to the Manager, Zeal Pak Cement Factory, Hyderabad, for testing them before the order was taken in hand by them. The Manager tested about 100 bags and found that they suited the requirements.

The WPIDC had to go for the use of paper bags as the buyers in foreign countries always insisted upon delivery of cement in paper bags and not in gunny bags. This is an international practice. This was also the WPIDC's first experiment for using paper bags on machines installed in its project. The experiment, however, failed for various reasons, e.g., the bags striking the chits, transport mechanism causing damage to the bags while loading and unloading. The loss was, therefore, unavoidable, and was written off by the Board of Directors after careful scrutiny.

For the last two years the WPIDC had been using paper bags in large quantities. Machines had now been properly adjusted and no difficulty was being felt. The Committee observed that this was a costly experiment.

17. *Paragraph 497 on page 294 of the Commercial Accounts for the year 1959-60—Wasteful expenditure on the purchase of Land*—Rs. 1,00,000.—The PIDC purchased 790.26 acres of Agricultural land from the West Pakistan Government @ Rs. 200 per acre for establishing a sugarcane farm. The farm was later taken over by a PIDC Sugar Mill and it was found that 500 acres of the land purchased by PIDC was totally unsuitable for agricultural purposes. Thus, an expenditure of one lac of rupees was incurred on the procurement of uncultivable land.

The departmental representative explained that the land was purchased on the recommendation of a technical committee and on the understanding that water would be supplied by the Irrigation Department, which they later did not do. However, the project had been disinvested and full cost recovered. On this the Chairman observed that the cost recovered by the Government was for the goodwill and not necessarily in respect of the price of the land. However, the Committee agreed to drop the case.

18. *Paragraph 498 on page 294 of the Commercial Accounts for the year 1959-60 regarding loss of Rs. 31,441 due to faulty preparation of cost estimates.*—In a certain shipyard project of the PIDC, it was observed

that due to faulty preparation of cost estimates by its engineering staff for the manufacturing and repairing jobs, heavy losses were sustained on account of short realization from the customers. The WPIDC's representative stated that the inaccurate estimation of the jobs was mainly due to lack of knowledge and skill in the initial stages of the operation of the project and that a system had now been devised whereby the estimates and costs were coordinated. The Comptroller and Auditor General informed the Committee that a special study on shipyards had been undertaken and a full report would be submitted later. The Committee accepted the explanation of the Industries Division.

19. *Paragraph 499 on page 295 of the Commercial Accounts for the year 1959-60 regarding loss of Rs. 8,79,954 due to defective production.*—During the course of audit of the accounts of a D.D.T. Factory, it was noticed that most of the D.D.T. produced up to 31st March, 1958 was defective and as such was returned by the Indentors. Consequently, this D.D.T. was classed as "Sub-Standard" by the Pakistan Industrial Development Corporation in consultation with the Director General, Health and it was decided to sell it at reduced rates. The cost of production of D.D.T. being higher, the disposal of the defective D.D.T. at reduced rates involved a loss of Rs. 8,79,954.

The departmental representative explained that the defective production occurred because the plant itself was defective and that this D.D.T. Factory was given over to the PIDC to manage. However, the Factory had since been disinvested at a profit.

20. *Paragraph 505 on page 297 of the Commercial Accounts for the year 1959-60—Unauthorised expenditure on providing free furnished accommodation to the staff of the EPIDC.*—During the course of audit of the accounts of a Paper Mill it was observed that all the officers were provided with free accommodation, furniture, crockery and cutlery, etc. Some of the officers were also provided with costly items like refrigerators, carpets, electric cookers, etc. All these officers were regular employees whereas only the contract officers were entitled to free accommodation. None, however, including the contract officers, was entitled to free furniture, electric appliances, crockery, cutlery, etc.

The Secretary, Industries Division informed the Committee that all the records of the case had been transferred to the EPIDC and the Industries Division was unable to report the up to date position to the Committee. However, the EPIDC had been asked in 1963 to place the matter before their Board of Directors but whether they complied with this or not was not known. The Committee took serious objection to the fact that the EPIDC had not sent any representative before the Committee to explain the position and desired that this should be communicated to the East Pakistan Industrial Development Corporation.

21. *Paragraph 506 on page 297 of the Commercial Accounts for the year 1959-60—Regarding infructuous expenditure of Rs. 44,88,878.*—It was stated in the Audit Report that an initial expenditure of Rs. 44,88,878 was incurred on the scheme of carrying gas pipe-line below the river-bed at Guddu Barrage during the year 1956-57. The scheme was abandoned in February, 1957 and consequently the above expenditure turned out to be infructuous. It was stated by the corporation that the scheme was abandoned due to technical difficulties under the advice of experts and

that no responsibility for loss could be fixed. The above infructuous expenditure would have been avoided if the soundness of the scheme had been adjudged accurately before implementation through expert advice.

The Public Accounts Committee took note of the fact that technical opinions differ on the subject of over-head crossing *versus* crossing below the river-bed and recommended that in future wherever a bridge is constructed, the design should provide facility for over-head crossing of gas pipe-lines.

This case is connected with the case pointed out in para 186 at page 114 of the Commercial Accounts 1960-61 where in a similar situation the river-bed crossing was abandoned in favour of over-head crossing and Government sustained loss due to PIDC's action in awarding the contract, without inviting fresh tenders to the same party which had been doing the work. The departmental representative explained to the Committee that there were two major reasons for excesses in question: (i) the devaluation of currency; and (ii) Suez crisis. The length of the pipe-line was also changed as a result of the decision to abandon the project of river-bed crossing in favour of over-head crossing but the rate was not changed. To this the Comptroller and Auditor General replied that the cost per mile came to Rs. 2.94 lakhs instead of Rs. 1.57 lakhs. The Committee decided that the Comptroller and Auditor General may look into the facts of the case and satisfy himself that the additional expenditure incurred by the WPIDC was justified.

22. *Paragraph 507 on page 298 of the Commercial Accounts for the year 1959-60 regarding non-supply of the Reports of Private Auditors for publication in the Commercial Accounts.*—The Public Accounts Committee in its meeting held on the 20th January, 1962 had pointed out that certain certificates and reports were not made available to the Audit for incorporation in the Commercial Accounts. The departmental representative explained that these reports contained some records of payments and contributions to political parties fund which had since been frozen. The Committee directed that the WPIDC should ask for the refund of this money.

23. *Paragraph 125 on page 95 of the Commercial Accounts for the year 1960-61—Loss of Rs. 7,14,836 due to untimely cancellation of a contract.*—In July, 1956, a contract for the supply of 2,000 tons of raw Jute to a foreign country was made with a local firm. The shipment began with a supply of 200 tons which reached its destination. The second shipment of 580 tons could not reach its destination because of Suez crisis. The consignee advised the Corporation to get the goods delivered at a particular Port from where they could easily be transported to the consignee. Instead of accepting this suggestion the Corporation instructed the supplier to divert the consignment to Continental Ports to sell it on their own account and to refund the cost thereof to the Corporation amounting to Rs. 5,49,429 which had already been received by them in Pakistani currency. The Corporation also cancelled the original contract with the suppliers for the supply of remaining 1,800 tons of Jute. As the Corporation had already contracted with the foreign country for supply of 2,000 tons of Jute at specified rates it had to honour its commitment and had, therefore, to suffer a loss of Rs. 7,14,826 unnecessarily due to the difference in the rate originally contracted and that at which 1,800 tons

of Jute was subsequently purchased for supply. The action of the Corporation in instructing the suppliers to sell the Jute on their own account although the consignment was the property of the Corporation was against its interests and afforded undue advantage to the suppliers. Besides, the Corporation cancelled the original contract of their own accord before the expiry of the contracted period. It was detrimental to the interests of the Corporation and had the effect of conferring an undue favour on a private firm. Although asked by Government to look into the possibility of making good the loss from the Firm, nothing tangible has yet been done by the Corporation.

The Committee did not accept the explanation of the departmental representative that it was an error of judgement to have released the contractor from the contract when the prices were going up and considered that it was a definite act of favour at the cost of Government. The PIDC should have got released from the contract of supplying jute to the foreign Government before releasing the contractor from the obligation of supply. The jute was sold on PIDC's accounts and as such the PIDC should have recovered the price at which the jute was ultimately sold and not just the price at which the jute was offered by the contractor to PIDC. The Committee directed that the Industries Division should put up a claim against the contractor for the balance amount and the matter should be investigated further and the person|persons, who instructed the contractor to sell the jute on their own account should be proceeded against.

24. Paragraph 126 at page 95 of the *Commercial Accounts for the year 1960-61 regarding irregular payment of Rs. 75,000 to a Private Fund.*—It was pointed out in the Audit Report that in July, 1958 the Chairman of the Board of Directors authorised a contribution of Rs. 75,000 to a Private Fund which was *ultra vires* of the PIDC Act. The fund was subsequently frozen by the Government. The Ministry of Industries directed that the Corporation should try to obtain refund of their contribution. The refund has, however, not been obtained so far.

The Committee directed that efforts should be made to get the recovery of the amounts expedited.

25. Paragraph 127 on page 95 of the *Commercial Accounts for the year 1960-61 regarding extravagant expenditure of Rs. 67,500 on the employment of an Artist.*—It was stated in the Audit Report that the Corporation brings out a monthly magazine for publicity purposes. The magazine is edited by its whole-time Publicity Officer and published through a full-fledged publicity Branch. It was observed that during the period from January, 1957 to March, 1959 a sum aggregating to Rs. 67,500 was paid @ Rs. 2,500 per month to a local artist. A few blocks were designed by this Artist which were published one by one in the magazine. Keeping in view the sufficient publicity staff which in fact was responsible for carrying out the work the recurring expenditure of Rs. 2,500 p.m. for designing a few blocks for a magazine of a very limited circulation, whose printing cost excluding paper was not more than Rs. 1,000 per month was apparently not justified. On being objected to in Audit, the payment was stopped from 1st April, 1959.

The Committee was satisfied with the explanation that the payment was stopped as soon as the Audit objected to it but observed that this

type of extravagant expenditure should not have been allowed in the first instance and that this should be a guide for the future.

26. Paragraph 128 on page 96 of the Commercial Accounts for the year 1960-61 regarding investment of Rs. 40 lacs in a Project without the prior approval of Government.—Section 14 of the PIDC Act requires that for every Project to be undertaken by the Corporation, a scheme would be prepared and submitted for the prior sanction of the Government. Section 13 of the Act further prohibits any investment by the Corporation except in the *bona fide* securities of Government. In March, 1953 the Board of Directors of a Project, however, authorised an investment of Rs. 40 lakhs in a Textile Mill to be erected by a private party. It was noticed that the proposal made by the private party was hastily accepted without approval of the Government and without regard to the provisions of the Act apparently with the object of providing financial assistance to the party. On the irregularity being pointed out in Audit, an *ex post facto* sanction of the Government was obtained for regularisation. The investment was also subsequently withdrawn.

The Committee observed that this action of the Corporation in supporting one mill from the funds of another mill and that too without charging any interest was not regular because it is the shareholders in the mill who provided the funds and not just the Directors.

27. Paragraph 133 at pages 97-98 of the Commercial Accounts for the year 1960-61 regarding overpayment of Rs. 78,363 to a firm for want of proper agreement.—It was reported in the Audit Report that a foreign firm was given the job of a shipway extension in June, 1958, in a certain project of the Corporation at an estimated cost of Rs. 6,10,628 without calling for tenders and entering into an agreement. The prior approval of the Head Office was also not obtained. The contract was terminated on 11th May, 1959 due to the bad work. By this date the Firm had already been overpaid a sum of Rs. 1,10,258. The Firm failed to refund the amount overpaid and left certain machinery at the site. Subsequently, the claim was reduced to Rs. 78,363 by amending the bills for material supplied and services rendered to the Firm and on account of subsequent return of material by them. The Firm did not agree to pay even the above amount. Later on, legal notices were served but the Firm did not respond.

After about one year the Firm agreed to negotiate for final settlement and also to accept the verdict of the Legal Adviser of the Corporation. The Legal Adviser gave the verdict on the basis of the revised tender of the Firm which had not been accepted by the Corporation in the first instance and also allowed the counter claim of the Firm for the rental of the machinery left by them thereby reducing the claim of the Corporation to Rs. 35,311 only which was to be set off against the demand of the Firm for the rent of the machinery and equipment from 11th May, 1959 to January, 1961. These recommendations were accepted by a Senior Executive and the claim of the Corporation was withdrawn. The approval of the Board of Directors for this withdrawal of the claim was not obtained. The situation could have been avoided had the work been entrusted to the Firm after entering into a proper agreement specifying the terms and conditions and the rates at which the work was to be carried out by the Firm. In the absence of this document the Corporation could not proceed legally to claim its dues amounting to Rs. 78,363

and had also to bear an unnecessary expense of Rs. 35,311 on account of the rental of the machinery. Responsibility for the loss involved need be fixed.

This case also relates to the East Pakistan Industrial Development Corporation and since no representative of either the EPIDC or the Government of East Pakistan was present in the meeting, the Committee was unable to discuss the case. However, the Committee decided that Secretary, Industries Division should take up this matter with Secretary, Industries, Government of East Pakistan and also discuss with the Comptroller and Auditor General while at Dacca in connection with the forthcoming session of the National Assembly beginning in March, 1966.

28. Paragraph 135 at page 99 of the *Commercial Accounts for the year 1960-61 regarding loss of Rs. 48,576 on account of shortage not recovered from an Insurance Company.*—In 1955, a consignment of 147 packages containing 198 tons of prefabricated steel structures was imported from a foreign country for a Project of the Corporation. The consignment was received in loose condition at the Port of destination. A quantity of about 67 tons was found short by the surveyors who reported that the packing was loose and unprotected and the shortage might be due to the contents being short-packed.

The matter was referred to the Insurance Company who advised that the claim should be preferred on the suppliers as it was a case of short-supply and not short-delivery. The claim could not be settled with the suppliers as the Firm had by then gone into liquidation. Consequently the Corporation lodged a claim of Rs. 52,069, with the Insurance Company taking it a case of shortage in transit due to loose condition of packages. The Insurance Company did not accept the claim as the Survey Report indicated the shortage was due to short-supply. After protracted correspondence, the Insurance Company paid a sum of Rs. 3,493 on 22nd November, 1961 as an *ex-gratia* amount to maintain good relations with the Corporation. The amount of Rs. 48,576 was written off in March, 1962 when pointed out in Audit.

Scrutiny of the relevant papers revealed that the quantity shipped as shown in the Bill of lading corresponded with that shown in the Invoice and the packing list. Apparently it was not a case of short-supply but that of short-delivery due to loss in transit for which the Insurance Company was liable to compensate. In view of this, the Surveyors report that the "Contents being short packed" was against the factual position.

The departmental representative of the Industries Division explained that action was in hand to lodge the claim against the Firm. The Committee drew his attention to the fact that the Firm had already gone into liquidation. The Committee was of the opinion that the facts of the case need being looked into. It should be done by the Comptroller and Auditor General in consultation with the Industries Division.

29. Paragraph 138 at page 100 of the *Commercial Accounts for the year 1960-61 regarding pilferage of stationery articles worth Rs. 5,327.*—Stationery articles worth Rs. 5,327 were found to have been pilfered by the store-keeper of the Corporation during the period 1st July, 1959 to 30th June, 1960. An enquiry was instituted and the person concerned was removed from service. The loss in question was not found to have

been reported to the Board of Directors nor any sanction for its write off was obtained. The loss was due to a defect in procedure which has since been set right with the issue of revised instructions for the accounting of the stationery articles.

The Committee directed that the matter should be regularised by taking it to the Board of Directors.

30. Paragraph 36 on page 24 of the Appropriation Accounts for the year 1959-60 regarding infructuous expenditure.—It was stated in the Audit Report that in December, 1957 a contract was placed with a firm for the supply of explosives from a foreign country. The inspection of the stores was entrusted to another firm who inspected the stores and declared the same acceptable before their despatch to Pakistan. The explosives on arrival at Karachi Port on 10th March, 1958 were, however, declared unstable by the Explosives Department. As the unstable explosives could not be imported it was decided to destroy the same in the open country. The suppliers objected to the decision of the Explosives Department and requested the Supply and Development Department either to withhold the destruction of the stores till the arrival of their expert from the foreign country or at least retain a sample of the unstable explosives. The stores were destroyed between 15th April, 1958 and 18th April, 1958 but neither a sample of the disputed material was preserved nor the material was shown to the expert who arrived at Karachi some time between 16th April, 1958 and 25th April, 1958. No damages could be recovered either from the suppliers for supplying unsuitable stores or from the inspection contractor for defective inspection simply because neither any sample of the disputed stores was retained for further examination nor the stores were shown to the suppliers or their expert or to the inspection contractor.

The Department, however, claims that a sample of the disputed stores was retained and shown to the suppliers' expert. A scrutiny of the papers made available to audit did not confirm this position. Again, if a sample has been kept and shown to the expert as claimed, the department should have simultaneously initiated action for the recovery of damages. On the contrary the department themselves reported to the Ministry of Law that no sample was retained and on the basis of this information, the Ministry of Law advised that it would not be possible to recover the damages from the suppliers.

The total cost of the stores amounted to Rs. 1,31,287 out of which a sum of Rs. 1,24,593 was paid in foreign currency. A further amount of Rs. 77,500 was spent on the destruction of the stores. Thus the total infructuous expenditure to the State in this case worked out to Rs. 2,08,787.

The departmental representative reported to the Committee that the ex-Chief Inspector of Explosives, who had already retired has been found responsible for the negligence of not having kept a sample. The Committee, however, felt that apart from the Chief Inspector certain other persons could also be held responsible if a further investigation was made into this case and decided that Industries Division in consultation with the Audit Officer, Industries, Supply and Food should go into the facts of the case again.

31. Paragraph 38 on page 25 of the Appropriation Accounts for the year 1959-60 regarding acceptance of defective stores.—In order to execute the demand of Pakistan Western Railways, an order for 2 lacs yards of blue

drill was placed on a firm by the Textile Commissioner in 1956. The offer was accepted @ Rs. 2 As. 8 per yard F.O.R. The goods were to be imported from a foreign country and the firm were given an Import Licence for the C & F value of the goods.

The following irregularities were noticed during audit :—

- (1) The inspection of stores was provided at Karachi instead of the country of origin as was done in the case of another firm upon whom an order was placed to meet a similar demand.
- (2) The stores on inspection were found to be of inferior quality and were declared unacceptable. Nevertheless, it was being considered to accept the stores on price reduction, but before any decision could be taken the firm despatched the stores to the consignee. No action was taken against the firm.
- (3) The Director of Inspection carried out inspection of the entire quantity of 1,99,720 yards supplied, on the basis of inspection of 25% of each lot, which was considered by him to be sufficient to judge the quality of cloth of each lot and declared that 23,247 yards of drill being of substantially low standard was not at all acceptable. As for the balance quantity, he observed that it was less inferior and might be accepted at a reduction of 55% in price. This was not agreed to by the firm. The matter was then referred to the indenter who, after arranging inspection at his own side, recommended that out of the total quantity of 1,99,720 yards supplied, a quantity of 5,992 yards should be deducted as flag allowance (not to be paid for). From the balance quantity of 1,93,728 yards a quantity of 23,247 yards which was recommended by the Director of Inspection to be rejected, the Inspecting Agency of the indenter proposed acceptance at a price reduction of 50%. The remaining quantity of 1,70,481 yards was proposed to be accepted at a price reduction of 5%. The Department, ignoring the advice of both the indenting and the inspection authorities, decided to impose only 5% reduction in price on the entire quantity, on the plea that the indenter had inspected 1,70,481 yards, as compared to 23,247 yards inspected by the Director of Inspection, and as such the 5% reduction proposed by him should reasonably form the basis of price reduction on the entire quantity. This argument of the Purchase Officer was, however, not based on facts inasmuch as the Director of Inspection had carried out the inspection of the entire quantity and not 23,247 yards only and the Inspecting Agency of the indenter had recommended 5% reduction in price for 1,70,481 yards and not for the entire quantity.
- (4) Later on the Purchase Officer decided to allow 5% reduction on C & F value of the entire quantity including the flag allowance of 5,992 yards. This was not justified as the contract had been concluded on F.O.R. price basis and the flag allowance according to the normal trade practice was not to be paid for. This resulted in an overpayment of Rs. 2,67,469.
- (5) The stores were to be supplied by 31st May, 1956 but these were actually delivered by 15th December, 1956. No liquidated damages for the belated supplies were imposed on the firm on

the plea that these were included in the 5% reduction in price. This was not justified as the imposition of liquidated damages had no connection with the question of quality deduction. The amount of liquidated damages worked out to Rs. 21,547.

The Committee took note of the statement made by the departmental representative that the purchase officer has died and decided that so far as the disciplinary action was concerned the matter had to be considered closed. The departmental representative also informed the Committee that the department was considering going in appeal against the award of the arbitrators.

32. The Committee then took up the examination of the Compliance Report furnished by the Natural Resources Division on the recommendations etc. made by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

33. *B. Specific—S. No. 4 (Paragraph 27 on page 62 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case reported in paragraph 48 of the Audit Report on the Appropriation Accounts for the year 1957-58 regarding purchase of pipes for Warsak Dam Project. The last Public Accounts Committee had directed that the Natural Resources Division should settle the matter with the Comptroller and Auditor General and that the Comptroller and Auditor General should submit a report in the matter to the Public Accounts Committee in the next session.

The Public Accounts Committee took note of the written reply of the Natural Resources Division which states that the matter still remains unsettled and directed that it should be settled between the Natural Resources Division and the Comptroller and Auditor General.

34. *Paragraph 17 on page 58 of the Public Accounts Committee's Report regarding changes in the Contract Forms.*—The Committee took note of the reply of the Natural Resources Division that it was not possible to provide an escalator clause to cover variations in the price of articles tendered. The Committee, however, directed that since changes in the price of articles did take place, every contract should be examined on its own merits and it should be considered whether an escalator clause is to be inserted in the contract.

35. *B. Specific—S. No. 3 (Paragraph 25 on page 61 of the Public Accounts Committee's Report regarding purchase of a second hand generating set).*—The Committee took note of the fact that the case was still in the court of law and deferred further discussion on the subject.

36. *B. Specific—S. No. 5 (Paragraph 28 on page 63 of the Public Accounts Committee's Report regarding stock returns relating to the major head "68—Construction of Irrigation etc.")*—The Committee took note of the Compliance Report of the Natural Resources Division that the stock returns of all Divisions had been cleared except the stock returns for Warsak Dam Project and directed that the outstanding cases should also be cleared without further delay.

37. The Committee then adjourned to meet again at 9.00 A.M. on 25th February, 1966.

Proceedings of the Eighth Meeting of the Public Accounts Committee held on Friday, the 25th February, 1966 at 9-00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Friday, the 25th February, 1966 at 9.00 A.M. under the Chairmanship of Mr. Mohammad Shoaib, Minister for Finance. The following were present :—

- (1) Mr. Mohammad N. A. Lashkar, Member.
- (2) Mr. Hemayatuddin Ahmad, Member.
- (3) Mr. Aliman Shah, Member.
- (4) Syed Ali Asghar Shah, Member.
- (5) Mr. Mushtaq Ahmad, S. Pk., PRAS., Comptroller and Auditor General.
- (6) Mr. K. Habibur Rahman, PA & AS., Director, Training and Reorganisation.
- (7) Mr. M. A. Muid Khan, PA & AS., Accountant General, Pakistan Revenues.
- (8) Mr. Obsaidullah, PA & AS., Assistant Comptroller and Auditor General.

Departmental Representatives

HOME AFFAIRS DIVISION

- (9) Mr. Muizuddin Ahmad, S. Pk., CSP, Secretary.
- (10) Dr. M. H. Rahman, Deputy Secretary.
- (11) Mr. A. K. M. A. Sattar, Deputy Secretary.
- (12) Mr. Abu Zafar, Inspector General (Special Police Estt.).

KARACHI ADMINISTRATION

- (13) Syed Mustafa Hussain Zaidi, Administrative Officer (NIPA).

KASHMIR AFFAIRS DIVISION

- (14) Mr. Aslam Abdullah Khan, CSP, Joint Secretary.

STATES AND FRONTIER REGIONS DIVISION

- (15) Nawabzada Sher Afzal Khan, CSP, Joint Secretary.
- (16) Mr. S. M. Niazi, T. K., PSC, Deputy Secretary.
- (17) Khan Faizullah Khan, GAR, Deputy Secretary.

ECONOMIC AFFAIRS DIVISION

- (18) Mr. S. Osman Ali, S. Pk., SQA., CSP, Secretary.

Secretary of the Public Accounts Committee

- (19) Mr. Siraj Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. The Committee first took up the cases which were discussed at the time of considering the Compliance Report of the Industries Division

regarding the fraud committed in the supply of spare parts for tractors (Para 8 of the proceedings of the meeting held on the 24th February, 1966).

The departmental representative of the Home Affairs Division stated that the departmental enquiry against the Government servant, who was involved in this case was still going on. In the Home Affairs Division there was a whole time Enquiry Officer to deal with such cases, who was currently in Karachi conducting the enquiry. Some delay had occurred in this case because the Enquiry Officer had been sent on training in Administrative Staff College and the Home Affairs Division did not consider it advisable to change the Enquiry Officer. Earlier, the cause of delay was that the files which had been handed over to the Special Police had to be sent to the United States in connection with the suit against the foreign supplier. The Committee went into the details regarding the various dates on which action in connection with the departmental enquiry was taken and came to the conclusion that some delay had occurred, which could have been avoided and directed that when the Committee meets again some time in April to consider the Accounts of the Ministry of Defence, the progress in this case should be reported to the Committee. The Committee also recommended that some improvement was required in the procedure for departmental enquiries.

3. The Committee then took up the examination of the Compliance Report furnished by the Home Affairs Division on the recommendations etc. made by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

4. B. Specific—S. No. 1 (paragraph 6 on page 56 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59 regarding non-recovery of Rs. 8,17,000 on account of the Special Police Establishment from the Provincial Governments and the State Bank of Pakistan).—The Public Accounts Committee in its meeting held on the 11th January, 1962 had directed that the Home Affairs Division should furnish a detailed report in this case. The departmental representative informed the Committee that full adjustment had been made for the years 1957-58 and up to 1963-64 except Special Police Establishment, Dacca, in respect of 1963-64. The Committee decided that the Comptroller and Auditor General will verify the adjustment.

So far as the claim against the Government of East Pakistan was concerned, the departmental representative informed the Committee that after protracted correspondence that Government have now given some figures relating to their counter-claim against the Government of Pakistan and that the Home Affairs Division would try to settle the accounts with the Government of East Pakistan during the National Assembly Session at Dacca in March, 1966. The Committee directed that the Home Affairs Division should at least accept and settle that portion of the claim, which did not need further scrutiny. So far as the counter-claim of the Government of East Pakistan was concerned, it could be verified later.

5. The Committee then took up the consideration of the Compliance Report furnished by the Karachi Administration on the recommendations etc. made by the Public Accounts Committee in their Report of the Accounts for the years 1957-58 and 1958-59.

6. B. Specific—S. No. 2 (Para 3 page 121 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).—The Public Accounts Committee had directed that the Karachi Administration should take action to write off the loss involved in the case of embezzlement by a Cashier of the Civil Supply Department, reported upon in Annexure A (S. No. 12) of Audit Report, 1955 in case it was established that no recovery could be effected from the moveable or immoveable property of the accused.

The Committee took note of the Compliance Report submitted by the Karachi Administration in which they had stated that the *ex-Cashier* of the Directorate of Civil Supply, Karachi, was tried by the court of law and found guilty and sentenced to imprisonment and fine. The *ex-Cashier* was accordingly dismissed from Government Service. The amount of the fine of Rs. 5,000 was realised from him by the court and credited to Government account under the head "XXI—Administration of Justice". For the compliance it was contemplated to ascertain the moveable and immoveable assets of the *ex-Cashier*. Certain moveable properties of the *ex-Cashier* were being disputed in the courts of law by some other persons. The Committee directed that efforts should be made to locate other properties belonging to the accused and the case should be finalised soon.

7. Paragraph 7 on page 121 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59 in respect of misappropriation by a Cashier of a sum of Rs. 4,822 in an office under the Karachi Administration reported in Note 7 at page 105 of the Accounts for the year 1957-58.—In the Compliance Report the Karachi Administration have stated that the warrant of attachment had been cancelled on 13th October, 1961 by the Special Judge as it could not be executed within six years from the date of judgement passed against the accused. Mr. N. A. Lashkar was of the opinion that the department failed to pursue the matter properly and that is why warrant of attachment was not executed. However, as a suit for the recovery by or on behalf of Government could be filed within 60 years, proper legal action should be taken by the Government without delay.

8. The Committee then took up the examination of the Compliance Report furnished by the Kashmir Affairs Division on the recommendations, etc., made by the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59.

9. B. Specific—S. No. 4 (Paragraph 3 on page 93 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59 regarding reconstruction and regularisation of Secret Service Expenditure).—The Committee was satisfied with the position reported in the written reply of the Kashmir Affairs Division that the accounts relating to major portion of the Secret Service Expenditure had been reconstructed and that the case was expected to be finalised shortly. In respect of non-surrender of the unspent amounts, the Committee directed that this should not be allowed to happen.

10. The Committee then took up the examination of the grants controlled by the Kashmir Affairs Division relating to the years 1959-60 to 1961-62.

11. Paragraph 59 on page 35 of the Audit Report on the Appropriation Accounts for the year 1959-60.—It was stated in the Audit Report that during the course of local audit of the initial accounts of an office it

was noticed that an expenditure of Rs. 1,16,397 was incurred during the period 1949-50 to 1957-58 on supply of food-grains to refugees for which no sanction existed. In reply the Kashmir Affairs Division have stated that this item relates to Rehabilitation and Works Division who will take action *vide* Ministry of Finance O.M. No. D. 444/BV 64, dated the 19th September, 1965. The Committee decided that the Rehabilitation and Works Division should report on this point.

12. Paragraph 62 on page 36 of the Audit Report on the Appropriation Accounts for the year 1959-60 regarding transit shortages and the standard of weighments.—The Committee had suggested 100% weighment at the railway station or at the godowns. This was accepted by the Kashmir Affairs Division but the Comptroller and Auditor General pointed out that the orders issued by the Kashmir Affairs Division under their No. KII. 1(2) 61, dated the 6th March, 1963 in this behalf were not being carried out by the local officers. The departmental representative promised to look into this.

The other aspect of this case is the percentage of shortage which should be allowed in transportation. The Audit had not accepted one per cent shortage claimed by the Kashmir Affairs Division. The Comptroller and Auditor General pointed out that the trade practice was to allow transit shortage of only 84 per cent. The Committee decided that the allowable percentage should be determined by the Kashmir Affairs Division in consultation with the Ministry of Finance and the agreed percentage should be communicated to the Audit.

13. The representative of the Kashmir Affairs Division then withdrew.

14. There was nothing either in the Compliance Report or in the Appropriation Accounts and Audit Reports concerning the States and Frontier Regions Division requiring the attention of the Public Accounts Committee. The representative of the States and Frontier Regions Division therefore also withdrew.

15. The Committee then took up the consideration of the Compliance Report and the Appropriation Accounts of the Economic Affairs Division.

16. The subject of proper maintenance of Project Accounts came up for discussion and it was brought to the notice of the Committee that these Accounts were not up to date. The departmental representative informed the Committee that the Economic Affairs Division had intended to evolve a suitable system of Project Accounting and a post was sanctioned for the current financial year. As a measure of economy due to emergency the post could not be filled. The Chairman remarked that this was an important job and the Economic Affairs Division should revive this post and fill it up with a suitable officer with effect from July, 1966.

Mr. N.A. Lashkar drew the attention of the Committee to the fact that in Grant No. 32 on pages 92-93 of the Appropriation Accounts for the year 1961-62 there was a great deal of variations between the amount budgeted and the amount of expenditure actually accounted for. The departmental representative explained that this happens as a result of non-receipt of adjustment documents from various other Ministries, which are involved in the Project Accounting. However, the actual savings in 1961-62 was roughly between 20 to 30 thousand Rupees.

17. The Committee then adjourned to meet again at 9-00 A.M. on the 26th February, 1966.

Proceedings of Ninth Meetings of the Public Accounts Committee held on Saturday, the 26th February, 1966 at 9-00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on the 26th February, 1966 at 9-00 A.M. under the Chairmanship of Mr. Mohammad Shoaib, Minister for Finance. The following were present :—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Mushtaq Ahmad, S. Pk., PRAS, Comptroller and Auditor General.
- (7) Mr. K. Habibur Rahman, PA & AS, Director, Training and Reorganisation.
- (8) Mr. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (9) Mr. Obaidullah, PA & AS, Assistant Comptroller and Auditor General.
- (10) Kazi Anwar-ul-Islam, PA & AS, Chief Accounts Officer.
- (11) Mr. H. A. Ansari, PA & AS, Deputy Director, Commercial Audit.

Departmental Representatives

FOREIGN AFFAIRS DIVISION

- (12) Mr. Agha Shahi, SOA, T. Pk., P.F.S., Additional Secretary.
- (13) Mr. A. R. Bashir, CSP, Financial Adviser.
- (14) Mr. Aslam Malik, P.F.S., Director General.
- (15) Mr. Zafarul Islam, TQA, PFS, Director.

COMMUNICATIONS DIVISION

- (16) Mr. M. H. Zuberi, S. Pk., SQA, CSP, Secretary.
- (17) Al-Haj Abdul Hamid, Director General, Telegraphs and Telephones.
- (18) Mr. H. B. Kazi, Director General, Post Offices.
- (19) Mr. M. K. Mohiuddin, SQA, Commissioner, Railways.
- (20) Mr. M. Aslam Salim, Director, Finance, Railway Wing.
- (21) Mr. M. A. Mozaffar, TOA, PRAS, Member, Finance, Railway Board (West Pakistan).
- (22) Mr. Sarwar Ali, Member, Finance, Railway Board (East Pakistan).

FINANCE DIVISION

- (23) Mr. K. S. Islam, SQA, CSP, Additional Secretary.
 (24) Mr. Nasirn Ahmad Khan, S. K., Joint Secretary.
 (24) Mr. T. G. Nasir Khan, PMAs, Member, Central Board of Revenues (Excise).
 (26) Shaikh Abdur Raouf, T. Pk., PA & AS, Member, (Customs), Central Board of Revenues.
 (27) Mr. Abdul Hamid, T. Pk., PA & AS, Member, Central Board of Revenues, (Taxes and Admn.).
 (28) Mr. Azim Ali, CSP, Member, Central Board of Revenues (Taxes).
 (29) Mr. A. F. M. Ehsanul Kabir, PTS, Deputy Secretary.

Secretary of the Public Accounts Committee

- (30) Mr. Siraj Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. The Committee first took up the consideration of the Compliance Report furnished by the Foreign Affairs Division on the recommendations, etc., made by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

3. B. Specific—S. No. 1 (Paragraph 13 on page 36 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59 regarding improvement in the condition of accounts of the Foreign Missions.—The Comptroller and Auditor General informed the Committee that the scheme for departmentalisation of accounts had been introduced in the Foreign Affairs Division and a Chief Accounts Officer had been appointed.

4. B. Specific—S. No. 3 (Paragraph 14 on page 37 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59 regarding recoveries of the amounts involved in the cases of financial irregularities in Missions in Australia and Calcutta).—The last Public Accounts Committee in its meeting held on the 9th January, 1962 had directed that a report should be submitted in respect of these cases in the next session of the Public Accounts Committee. The Compliance Report submitted by the Foreign Affairs Division shows that the recovery in respect of the Mission in Australia has been made. The Committee decided that the Comptroller and Auditor General should check up the facts. In respect of Calcutta, the departmental representative explained that the matter was under correspondence with the ex-Deputy High Commissioner and was expected to be finalised shortly. The Committee directed that all such outstanding cases should be finalised before April, 1966.

Mr. N. A. Lashkar objected to the mentioning of names in the Compliance Report and written statement furnished by the Foreign Affairs Division and suggested that names should not be mentioned. The Committee agreed with the suggestion and decided that a directive should be issued to all the Ministries/Divisions that as far as possible, the names of the officials involved in the cases of financial irregularities, etc., should not be mentioned in the Compliance Report and statement of written replies to be furnished by them.

5. B. Specific—S. No. 13 [Paragraph 24 (iv) on page 41 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59 regarding fixation of rent ceiling for residential accommodation provided to the officers and staff in the Missions abroad].—The Departmental representative informed the Committee that in most of the Major Missions ceiling of rent had been fixed. The Chairman observed that the Mission in Calcutta could not be treated at par with Missions in Washington or London and the rent ceiling applicable in Calcutta should be proportionate to the salaries of the officers.

6. B. Specific—S. No. 14 (Paragraph 25 on page 42 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59 regarding Rules of Recruitment in Foreign Missions and medical examination of local recruits).—It was stated in the Compliance Report furnished by the Foreign Affairs Division that the matter was still under consideration. The Committee directed that this should be finalised without delay.

7. The Committee then took up the consideration of the grants controlled by the Foreign Affairs Division relating to the years 1959-60 and 1961-62.

8. Paragraph 32 on page 20 of the Audit Report on the Appropriation Accounts for the year 1960-61 regarding misuse of travelling allowance advance by employees of Missions in foreign countries.—In this paragraph the Audit have pointed out that an employee of a Mission under order of transfer to Pakistan was paid TA advance in foreign currency and in excess of the entitlement. The Committee observed that the grant of TA advance in foreign exchange was only proper when the employee was moving from one foreign country to another but when he was coming back to Pakistan this practice was objectionable because the excess amount paid could only be recovered in Pakistan currency at the time of the settlement of T.A. Bill resulting in loss to Government in foreign exchange. The Committee directed that the Foreign Affairs Division should not follow this practice in future.

9. Paragraph 38 on pages 21-22 of the Audit Report on the Appropriation Accounts for the year 1960-61.—In this case the Audit have pointed out the misuse of staff cars by officials and non-officials and non-maintenance of the accounts. The departmental representative reported to the Committee that so far as the Embassies' officials were concerned recoveries would be made from them in respect of journeys performed by them which were clearly private in character but so far as the use of staff cars by visiting officials and non-officials was concerned, it put the Missions in a very awkward situation. Most of these officials and non-officials were members of delegations which had to be given proper facilities in the foreign countries they were visiting. The Committee agreed that this was a situation requiring a special consideration and decided that the Foreign Affairs Division should modify its Staff Car Rules to cater for such needs.

10. With regard to other outstanding cases the Committee decided that the Foreign Affairs Division should settle audit objections in consultation with the Comptroller and Auditor General without delay.

11. The Committee further directed that the Foreign Affairs Division should issue instructions to the Heads of Missions that they should deal with the audit objections as soon as these were raised and that the Heads

of the Missions should see the Head of the Audit Party when the latter was in the Foreign Mission conducting the audit of the Mission.

12. The representative of the Foreign Affairs Division then withdrew.

13. The Committee then took up the consideration of the Compliance Report on the recommendations, etc., made by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59 and Appropriation Accounts for the years 1959-60 to 1961-62 relating to the Communications Division.

14. With regard to the Directorate of Ports and Shipping there was nothing requiring special attention of the Public Accounts Committee the outstanding issues could be settled between the Department and the Audit. The Public Accounts Committee then took up the examination of the Compliance Report furnished by the Posts and Telegraphs Department.

15. Paragraph 6 on page 80 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59.—This relates to the recoveries made in a case relating to misappropriation of Rs. 1,00,476 of Savings Bank Deposits mentioned at Serial No. 8 in the Annexure at page 141 of the Appropriation Accounts (Posts and Telegraphs) for the year 1955-56. The Public Accounts Committee in its last meeting had directed that the Posts and Telegraphs Department should investigate and report to the Public Accounts Committee whether the amount involved in this case had just been spent by the accused without making any investment in some property. The Committee took note of the reply given by the departmental representative that the enquiries revealed that the accused did not invest the amount in any property.

16. Paragraph 24 on page 86 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59.—It was indicated in paragraph 15 (x) on page 23 of the Appropriation Accounts of Posts and Telegraphs Department for the year 1957-58 that in a Telegraph Engineering Division Government quarters were in occupation of officers who were not entitled to them by virtue of their status and the terms of their service, whereas officers who were entitled to rent free accommodation as a condition of service were not provided with quarters. The former were paying standard rent of Rs. 22½/- only, but the latter were being paid Rs. 55 p.m. as House Rent Allowance by the Department resulting in loss of Rs. 32½/- p.m. per individual. The last Public Accounts Committee in its meeting held on the 13th January, 1962, had directed that the matter should be examined by Secretary, Ministry of Railways and Communications in consultation with the Financial Adviser and should report to the Committee in the next session. The Committee took note of the fact that the matter had been settled.

17. The Committee then took up the examination of the Accounts pertaining to the years 1959-60 to 1961-62 concerning the Railway Wing.

18. Paragraph 19 (b) on pages 13 and 14 of the Railway Audit Report on the Appropriation Accounts of Pakistan Railways for 1959-60—Irregular payment of House Rent Allowance.—In 1949 the Government

issued orders for the grant of House Rent Allowance to Government servants subject to the following conditions:—

- (i) that a Government servant had not been offered Government quarter; and
- (ii) that the amount of allowance shall be equal to the amount of rent which the Government servant concerned actually pays in excess of 10 per cent of the emoluments subject to the maximum for each class prescribed therein.

The implication of these orders was that the Government servants who were living in their own houses were not entitled to this allowance as they were not actually paying any rent.

In 1949, the Pakistan Western Railway Administration in consultation with the Accounts Department decided that such staff who were living in their own houses were also entitled to house rent allowance. This decision was objected to in audit on 20th October, 1952. Subsequently in October, 1953 it was decided by the then Railway Division that House Rent Allowance to the staff living in their own houses other than those entitled to rent free quarters, was not admissible.

The payment of House Rent Allowance to Class III staff was, therefore, stopped with effect from October, 1953 but was continued to be paid to Class IV staff till November, 1955 when the Railway Division clarified that their decision equally applied to Class IV staff.

Similarly, on the Pakistan Eastern Railway, House Rent Allowance was being paid to staff living in their own houses and was objected to in Audit in June, 1953. The irregular payment of the House Rent Allowance was, however, not stopped as the case had been under adjudication by the Tribunal under Industrial Dispute Act since 1952. In February, 1954 the allowance was declared inadmissible by the Tribunal.

In reply the Railway Wing stated that no recovery had been affected because the payment was authorised on account of a different interpretation of the Government orders. The Committee observed that there could have been no question of any different interpretation after the Audit had raised objections to the payment and that the payment ought to have been stopped straightaway; the fact that the payment continued to be made even after the Audit had objected to it showed lack of responsibility on the part of the Accounts Officers. The Committee directed that the matter should be brought to the notice of the West Pakistan Railways Board for disciplinary action against the Accounts Officer concerned.

19. Paragraph 20 (a) on page 14 of the Railway Audit Report on the Appropriation Accounts of Pakistan Railways for 1959-60 regarding the Productivity Test.—It was pointed out that since Independence no work had been selected for application of the productivity tests although the rules so provide. The Committee was satisfied with the reply of the Railway Wing that productivity test had since been applied in four cases and that as regards clothing factory, the tailoring portion had been entrusted to a contractor and Railways were only responsible for cutting.

20. The case regarding the purchase of a submerged barge by the Pakistan Eastern Railway came up under consideration. The departmental representative explained that the question whether Rs. 30 thousands or

Rs. 35 thousands should be paid as price of this barge was still under consideration. The Committee expressed dissatisfaction with this lack of decision and observed that in 14 years that the barge has been under water not much is left of it and the bargaining over its price seemed pointless after the lapse of such a long time.

21. *Para 16 (b) on page 9 of the Audit Report on the Railway Accounts for the year 1960-61.*—In this case the Audit have pointed out a loss of Rs. 1,15,245 due to under-charges on consignment of cement which had to be written off as it was not recovered. The Railway Administration, through a notification, dated 1st July, 1955, allowed a certain station to book cement to certain specified destinations at concessional rates for a period of 6 months with effect from 1st July, 1955. The station staff, however, continued to book cement at concessional rates even after 31st December, 1955 for about three years from 1st January, 1956 to 24th December, 1958. This resulted in a loss of Rs. 1,15,245 to the Railway Administration. The irregular booking at concessional rates was stopped from 25th December, 1958. The loss suffered by the Railway Administration could not be recovered and was written off on 22nd January, 1963.

The Committee was not satisfied with the position explained by the departmental representative that disciplinary action had been taken against 20 Goods Clerks and directed that further investigation should be made into this case to see whether the Station Masters and/or other staff were also involved. Another thing which required further probing was that some persons at the station from which the cement was booked should also be held responsible for not charging the correct freight instead of the Goods Clerks of the station of destination alone. The Railway Administration should investigate these matters and satisfy the Audit Department regarding the disciplinary action taken by them.

22. Mr. N. A. Lashkar raised the question of fraud committed on the public exchequer by the functionaries of the Railway Department by under-invoicing wrong weightment and wrong calculations of freight charges as also the booking of Railway wagons from Chittagong where there was a perennial shortage of wagons. The departmental representative informed the Committee that Railway Administration had introduced independent Inspection Squads and that such cases of malpractices were declining.

The Committee directed that the Railways should consider introducing the practice of commercial overtime as was done in certain other Government department, e.g., the Customs.

23. *Item 11 of Annexure on page 23 of the Audit Report on the Railway Accounts for the year 1961-62 regarding loss sustained by Government due to delay in disposal of a Marine Vessel.*—A vessel was purchased by Railways in the year 1880, which was used as passenger vessel but later was put out of commission and utilized as the residence of a Station Master from 14th August, 1947 to November, 1956. It was condemned on 8th January, 1959 and was put to auction on 7th September, 1961. The highest bid of Rs. 35,500 which was offered at that time was rejected by Railways as being too low. After another two months the vessel was cut to pieces as it was thought it was likely to slide down in the river causing danger to piloting of other vessels. The dismantling was done at a cost of Rs. 10,000.

In the written reply the department have stated that they had to break the vessel for reasons beyond their control as the river Brahmaputra changed its course and threatened taking away the barge inside the river bed which would have blocked the channel and for this reason no disciplinary action was taken against any official of the Railway. However, an amount of Rs. 12,866.43 was recovered by the sale of scrap steel; timber, etc., was used departmentally. The Committee was of the opinion that there was delay in putting the vessel to auction and that the Railway Wing should satisfy the Comptroller and Auditor General that this delay occurred because of some good reasons and that there were equally good reasons for the Railway Administration in not accepting the bid of Rs. 35,500.

24. The Comptroller and Auditor General then brought the question of non-preparation of Capital and Revenue Accounts of the Pakistan Eastern Railways to the notice of the Committee. The departmental representative explained that the matter was under the consideration of the Railway authorities and they wanted to amend the rules. They had also obtained the services of M/s. Booz-Allen & Hamilton to advise them whether so much information as was required by the Comptroller and Auditor General was necessary for the purposes of compiling Capital Revenue Accounts. The Committee decided that the accounts of P. E. Railways should be finalised without delay and the Comptroller and Auditor General should check up the Capital Revenue Accounts of Pakistan Western Railway.

25. The representative of the Communications Division then withdrew.

26. The Committee then took up the consideration of the Compliance Report on the recommendations, etc., made by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59 and Accounts for the years 1959-60, 1960-61 and 1961-62 concerning the Finance Division.

27. *Paragraph 344 on page 149 of the Audit Report on the Commercial Accounts for the year 1960-61 regarding manufacture of blankets by the Pakistan Refugees Rehabilitation Finance Corporation.*—The Committee dropped the matter on being informed by the Comptroller and Auditor General that the Audit was satisfied with the explanation given by the Corporation.

28. The Comptroller and Auditor General drew the attention of the Committee to the falling rates of recoveries of the loans advanced by the Agricultural Development Bank. The Committee observed that this was a benevolent activity of the Government and that profits were not the important consideration in this case. The main idea was the development of agriculture. The Committee recommended that the Agricultural Development Bank should create reserves of a reasonable size for meeting the bad debts.

29. The Committee then took up the consideration of the Compliance Report and the Appropriation Accounts relating to the Central Board of Revenue.

30. *B. Specific—S. No. 3 (Paragraph 34 on page 131 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the audit objection in paragraph 47 of the

Audit Report on the Appropriation Accounts for the year 1953-54. The Public Accounts Committee in its last meeting held on the 17th January, 1962 had directed that the Central Board of Revenue should obtain necessary certificates from the collectors of customs for the purpose of carrying out the adjustments of customs duty and sales-tax and also take legal advice for affecting recoveries of custom duty and sales-tax in cases where it was not possible to get the necessary certificate. The Committee took note of the position reported by the Central Board of Revenue that Rs. 13.97 lakhs had been recovered and that a sum of Rs. 7.96 lakhs was outstanding against various Government departments of the Government of East Pakistan. The Committee was, however, unable to accept the explanation of the Central Board of Revenue that inspite of their pursuing the matter vigorously, there had not been much response from the departments of the Government of East Pakistan. The Committee observed that the Central Board of Revenue ought to have raised the level at which the matter should have been taken up. They should now request Finance Secretary to write to the Chief Secretary of the Provincial Government.

31. Paragraph 22 on page 16 of the Audit Report on the Appropriation Accounts for the year 1959-60 concerning loss resulting from under assessment of customs duty in contravention of the Collector of Customs decision.—In contravention of the decision of the Collector of Customs dated 9th October, 1956 a consignment of soapless detergent imported on 3rd January, 1957 was under-assessed to duty at Rs. 7 As. 12-4½ per lb. instead of 36 per cent *ad valorem*. The under-assessment was detected by Audit and pointed out to the department in time but the Custom House failed to issue the demand notice within the prescribed period. Even the request for voluntary payment was made after two years which was not accepted by the importers. The Government ultimately suffered a loss of Rs. 1,096 which had to be written off by the Collector under his powers. The loss occurred mainly due to negligence of the assessing authorities who not only ignored the Collector's decision but also failed to meet the Audit objections.

The written reply of the department states that the loss in duty, etc., occurred in this case was due to accidental loss of the file containing the Collector's ruling and no deliberate negligence was involved. In reply to a query from the Comptroller and Auditor General whether any disciplinary action was taken, the departmental representative informed that this aspect was also gone into but no departmental action was taken as the responsibility could not be fixed. However, adequate measures have been taken to deal with Audit objections and the Collector of Customs have to ensure that in all cases pointed out by the Audit the "demands" are issued in time for the recovery of Government dues.

The Committee observed that the department relies entirely on the cases pointed out by the Audit and directed that a system should be devised by which the cases of under-assessment could be detected by the department itself. The Committee also recommended that Government employees, who may be involved in fraud against Government, should be awarded drastic punishment.

In this connection the departmental representative explained that most of these cases related to Government departments and hence they had to rule out *malafide* motives. The Chairman observed that then so the persons responsible for under-assessment were guilty of negligence of duty and should have been taken to task.

32. Note 6 on page 89 of the *Appropriation Accounts for the year 1959-60 under Grant No. 21-sea-Customs*.—In this paragraph the Audit have pointed out the remissions of revenue and abandonments of claims to revenue for Rs. 100 or over sanctioned during 1959-60 amounted to Rs. 5,28,634. The Committee wanted to know why in so many cases Government dues were written off as irrecoverable. The departmental representative stated that the amounts had to be written off after attempts had failed to affect recoveries. As in most of the cases persons caught violating the customs law were only carriers and did not have means to pay the fines imposed on them, realisation of the fines was not possible. There were also cases where the courts of law had taken exception to the heavy fines imposed by the customs authorities. The Committee was satisfied with the explanation given by the departmental representative.

33. Notes 1—5 on page 113 of the *Appropriation Accounts for the year 1959-60 under Grant No. 30—A. Capital Outlay on Purchase of Salt*.—The Committee directed that since the scheme for purchase of salt had been wound up the accounts should be finalised without delay.

34. Paragraph 25 on page 17 of the *Audit Report on the Appropriation Accounts for the year 1960-61 regarding irregular expenditure on repairs etc. of buildings*.—The Committee dropped consideration of this point after the Comptroller and Auditor General withdrew the objection.

35. Paragraphs 26 and 27 on page 17 of the *Audit Report on the Appropriation Accounts for the year 1960-61 regarding non-adjustment of advances and unauthorised withdrawal of money from departmental treasury*.—The Committee took serious objection to this case and observed that it was strange that even after the lapse of 6 years the amount had not been adjusted and directed that the Central Board of Revenue should finalise this case by April, 1966.

36. Paragraph 28 on pages 17-18 of the *Audit Report on the Appropriation Accounts for the year 1960-61 regarding improper maintenance of cash book*.—The Committee directed that the cases pointed out by the Audit should be settled by the Central Board of Revenue in consultation with the Audit Department without delay.

37. Paragraph 29 on page 18 of the *Audit Report on the Appropriation Accounts for the year 1960-61 regarding excessive accommodation provided at the cost of Government*.—A double storeyed bungalow was rented at a monthly rent of Rs. 700 for the accommodation of an office established on the 1st October, 1956. The office was housed on the ground floor whereas the first floor of the bungalow, having a covered area equal to that of the ground floor, was used as residence by the head of the office at a monthly rent equivalent to 10 per cent of his pay which usually ranged between Rs. 40 and Rs. 50. In spite of the fact that the Government was not liable to provide residential accommodation to the official, the Department allowed him to use nearly half the portion of the rented bungalow as his residence at such nominal rent. The rent of Rs. 700 p.m. was thus paid by the Department not only for the office accommodation but also for equal portion of the building occupied by the official, which was not in the interest of Government. This position was brought to the notice of the Department in November, 1961 but no corrective action has so far been taken.

In addition to this, electric charges were not recovered from the officer on the ground that no separate electric meter was installed for the portion of the bungalow occupied by him. On being pointed out by Audit in November, 1961 the head of the department has since fixed the rates as 3 : 1 for office and residence respectively and has also issued orders for installation of a separate meter for the residential portion. The action taken for the recovery of the arrears of electric charges from the official and for the installation of a separate meter has not yet been communicated to Audit.

The departmental representative informed the Committee that the meter had been installed and the consumption cost had been recovered from the official concerned but so far as the requirement of space was concerned it was for the P. W. D. to determine whether the accommodation was within the prescribed scale.

The Chairman observed that the practice of combining office-cum-residence was highly objectionable and amounted to financial irregularity. The C.B.R. by renting office-cum-residence accommodation for its officials have been violating the orders of the Ministry of Finance. The Chairman directed that the C.B.R. should release all houses taken as office-cum-residence.

38. The Committee then adjourned to meet again on 23rd January, 1967 to consider the Appropriation and Commercial Accounts relating to Defence services.

Proceedings of the Tenth Meeting of the Public Accounts Committee held on Monday, the 23rd January, 1967 at 10.00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Monday, the 23rd January, 1967 at 10.00 A.M. under the chairmanship of Mr. N. M. Uquaili, Minister for Finance.

The following were present :—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Sadiq Ali Memon, Member.
- (5) Mr. Aliman Shah, Member.
- (6) Syed Ali Asghar Shah, Member.
- (7) Mr. S. M. Raza, S. Pk., Comptroller and Auditor General.
- (8) Mr. Nasim Ahmad Khan, S.K., Joint Secretary, Ministry of Finance.
- (9) Mr. K. Habibur Rahman, P.A. & A.S., Director, Training and Reorganisation.
- (10) Mr. M. A. Subzwari, P.A. & A.S., Director of Commercial Audit.
- (11) Mr. F. M. Aziz, P.A. & A.S., Director of Audit Defence Services.
- (12) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (13) Sheikh Obaidullah, P.A. & A.S., Assistant Comptroller and Auditor General.

Departmental Representatives

MINISTRY OF DEFENCE

- (14) Mr. A. Rashid Ibrahim, SQA, P.R.A.S., Additional Secretary, Military Finance (Financial Adviser, Defence).
- (15) Mr. I. A. Sherwani, Financial Adviser (Army).
- (16) Mr. Mafizur Rahman, C.S.P., Deputy Secretary.
- (17) Mr. M. Fahimuddin, PMAS, Military Accountant General.
- (19) Mr. S. A. Arif, Assistant Financial Adviser (Military Finance) (concerned Senior Officers of the Army, Navy and Air Force also accompanied the representatives of the Ministry of Defence).

CIVIL AVIATION DEPARTMENT

- (18) Mr. M. A. Rafi, Director of Planning.

TOURISM

- (20) Sheikh Mohammad Zaki, Deputy Director.

METEOROLOGICAL DEPARTMENT

- (21) Mr. P. Mammu, Officer on Special Duty.

Secretary of the Public Accounts Committee

(22) Mr. Siraj Yusuf Khan, C.S.P., Deputy Secretary, Ministry of Finance.

2. After the introductory remarks by the Finance Minister and the Comptroller and Auditor General the Committee took up the examination of the Compliance Report submitted by the Ministry of Defence on the directions given by the Public Accounts Committee in their Report on the Accounts for the years 1957-58 and 1958-59.

A. General

3. With regard to the General instructions given by the Public Accounts Committee the Ministry of Defence in their Compliance Report have stated that these have been "finalised with Audit". Mr. Abdullah-al-Mahmood made the observation that how such cases could have been finalised with the Audit. The Comptroller and Auditor General explained that these are general directives of the P.A.C. applicable not only to the Ministry of Defence but also to other Ministries/ Divisions of the Government. The proper wordings of the Compliance Report should have been "noted for compliance and/or instructions issued to the agencies concerned" if such instructions were issued. Mr. Abdullah al-Mahmood wanted to know whether repetition of such directives and instructions had made any difference in the working of the departments and whether the Comptroller and Auditor General had noticed any improvement. Mr. N. A. Lashkar wanted to know whether the type of irregularities were avoidable. The Comptroller and Auditor General explained that such irregularities were avoidable but as 100% perfection that is desirable was not possible to achieve lapse did occur and it is these lapses which have been pointed out in the Audit Reports which were going to be considered by the members of the Public Accounts Committee. It was for the members to judge, when the specific cases come up for discussion, whether the explanations given by the departmental representatives were satisfactory and the Committee could give directions according to the merits of each case.

On behalf of the Ministry of Defence the Financial Adviser (Defence) opened the discussion. He first informed the members that the Defence Secretary was indisposed and that is why he was not able to be present in the meeting. On the subject of maintenance of accounts he informed the Committee that the Defence Ministry had introduced improvements in the system. The main feature of the improvement introduced was the decentralization of the Financial management and the system of monthly returns introduced for the benefit of the service heads to watch the expenditure month to month. The Financial Adviser laid at the table of the Committee copies of the orders issued on the subject of "revised system of financial management for Defence Services" vide Ministry of Defence Circular No. F. 146/65/WB(R), dated 24th September, 1966.

4. *Item 3 of the Compliance Report (Para 32-R on page 19 and para 26 on page 119 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—The Committee was satisfied with the Committee Report of the Ministry of Defence that Ordnance factories and military farms were not such commercial undertakings which could be passed on to the people in the form of private enterprise. The Financial Adviser (Defence) informed the members of the Committee

that the accounts of all the commercial activities undertaken by the Ministry of Defence were being maintained on commercial pattern. With regard to specific question relating to the cost of funds produced at the military farms, the Financial Adviser (Defence) replied that the specific cases would be coming up before the Committee as it goes through the Commercial Accounts and the matter would be dealt with at that time. In reply to a query from Mr. N. A. Lashkar, the Financial Adviser (Defence) stated that the Pakistan International Airlines Corporation's accounts are dealt with under the Commercial Accounts (Civil) and the Committee would have occasion to examine them.

5. *Item 8 (Paragraph 17 at page 58 of the PAC's Report on the Accounts for the years 1957-58 and 1958-59).*—Mr. Abdullah Al-Mahmood expressed the opinion that Contract Forms should not permit for variation as this gave rise to corruption. Mr. N. A. Lashkar observed that the Contract Forms needed being scrutinized by a committee consisting of officials and non-officials and that while examining the accounts of the Works Ministry he had given this suggestion. The Financial Adviser (Defence) informed the Committee that the Defence Ministry's policy was to avoid any variation in the contract but there were certain situations in which it was not possible to avoid the variation in the prices, e.g., in the case of manufacturing contracts. In such contracts an escalation clause is provided. The Chairman observed that in the case of escalation clause the variation can be precisely determined and there was usually a limit within which such variation could take place. The escalation clause, if properly worded, was not by itself greatly detrimental to the interest of the Government.

The Committee decided to revise its earlier recommendation regarding the introduction of clause in the Contract Forms providing for variation and directed that the Contract Forms, as far as practicable, should NOT provide for variation.

B. Specific

6. *Item 2 (Paragraph 4 at page 163 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—In this case the Committee's attention had been drawn that the Civil Aviation Meteorological Department had failed to instal radar sets in time and could not fix an individual responsibility for delay. The Committee had, therefore, observed that instructions should have been issued to avoid recurrence of such lapses. The Ministry of Defence in their Compliance Report have stated that specific instructions have since been issued and the departments have been warned that if such lapses occur in future they would proceed departmentally against the defaulting officers. Mr. N. A. Lashkar wanted to know why these delays had taken place. The departmental representative explained that the previous Committee had gone into details of the case and had then issued the instructions which have now been complied with.

7. *Item 3 (Paragraph 5 at page 163 of the Report of the PAC on the Accounts for the years 1957-58 and 1958-59).*—This case had been brought to the notice of the Public Accounts Committee in connection with the Accounts for the year 1953-54 and relates to the use of land by the Army for the purposes of breeding cattle. At that time the Ministry of Defence reported that the impression that the Army was breeding

horses for the civil population was not correct and that the land was being utilized for rearing animals for slaughter and the scheme was maintained on commercial basis. The departmental representative had also promised to supply the details of cost to the Comptroller and Auditor General.

The Comptroller and Auditor General informed the Committee that the Ministry of Defence had supplied the details of the cost which showed that the department had incurred a loss of Rs. 32 per 10 lb. on beef. The departmental representative explained that the scheme for rearing animals for slaughter had been abandoned and that the department was now rearing milch cattle instead of beef cattle. The Comptroller and Auditor General suggested and the Committee agreed that the department should draw up a proper scheme for this purpose and should ensure that it ran on profit. The Financial Adviser (Defence) stated that if all the inputs made by the Army were included in the expenditure statement it might not always be possible to show profits and that in his opinion the profit should be calculated by taking into account different pocket expenses only. The Financial Adviser also drew the attention of the Chairman to the directive given by the latter for utilising surplus amount belonging to the Army for agricultural purposes in order to raise the production. The Chairman confirmed this and informed the members that a large area of land belonging to the Army near Karachi could be profitably utilised if the water from the Sewerage Treatment Plant which is unfit for human consumption but fit for irrigation purposes could be utilised to irrigate that land. The Chairman observed that there was no reason why such projects run by the Army should not be profitable and directed that the objective of increasing agricultural production as also of running the projects on profits should be achieved.

8. Item 4 (Paragraph 6 on page 163 of the Report of the PAC on the Accounts for the years 1957-58 and 1958-59).—This relates to the case pointed out in the paragraph 11 of the Defence Audit Report, 1954. The Public Accounts Committee in their meeting held on 30th January 1961 had directed that the question with regard to the terms and conditions governing the British Service personnel on loan to Pakistan Armed Forces should be settled without further delay. In the meeting held on the 20th January, 1962 the Defence Ministry in their Compliance Report had stated that the matter was under correspondence with the High Commissioner for U.K. in Pakistan. The Public Accounts Committee had reiterated that the matter should be finalised expeditiously. The Compliance Report now before the present Committee states that some progress has been made in clearing the outstanding claims and that a report from Director of Audit and Accounts in London is awaited. The Comptroller and Auditor General informed the Committee that a reply from the Director, Audit and Accounts, London, which was received recently showed that the matter was under the consideration of the British Government. In reply to a query the Comptroller and Auditor General replied that there were 25 cases outstanding.

The Committee directed that the Ministry of Defence should finalise this case early and report compliance.

9. *Item 5 of the Compliance Report (Paragraph 8 on page 164 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case pointed out in item 14 on Annexure to the Audit Report, Defence Services, 1955 in which it had been stated that the Central Government had sustained a loss as a result of the delay on the part of the Government of East Pakistan in taking a decision for not purchasing the flotilla barges. The Public Accounts Committee in their meeting held on 20th January, 1962 (in paragraph 8 of the proceedings) had desired that the case should be taken up by the Secretary, Ministry of Defence with the Chief Secretary, Government of East Pakistan. In the Compliance Report now placed before the Committee the Defence Ministry have stated that the delay in the disposal of the flotilla barges took place with Deputy Director General, Supply and Development, Chittagong, who is under the administrative control of the Industries Division and that the Industries Division have been approached to initiate disciplinary action against officer responsible for the delay. The Industries Division have been reminded several times. In reply to a query from the Comptroller and Auditor General the departmental representative stated that the barges have since been disposed of.

The Public Accounts Committee directed that the Industries Division should finalise this case quickly and report compliance.

10. *Item 6 of the Compliance Report (Paragraph 9 on page 164 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case pointed out in paragraph 37 on page 32 of the Appropriation Accounts for the year 1955-56. The Public Accounts Committee had in its meeting held on 20th January, 1962 directed that the losses sustained by the Government due to the liquidation of Pakistan Aviation Ltd. should be finalised without further delay. From the Compliance Report now submitted by the Defence Ministry it appears that although in one case a decision had been given by the High Court in favour of Pak Aviation Ltd. another case against the Pak Aviation Ltd. has been instituted in the High Court by an ex-Cashier for Rs. 75,000. It is also stated in the Compliance Report that the total loss has not so far been assessed.

The Public Accounts Committee directed that full particulars should be furnished and the case finalised as soon as the decision of the High Court is available.

11. *Item 7 of the Compliance Report (Paragraph 10 on page 165 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case mentioned in paragraph 28 on page 19 of the Appropriation Accounts for the year 1956-57 relating to the purchase of serge blue grey for the Air Force. The Public Accounts Committee had directed that the Army inspector who advised in favour of acceptance of sub-standard cloth should be proceeded against. The Committee took note of the Compliance Report submitted by the Defence Ministry that the Army officer involved was censured and compulsorily retired from service. The Committee had also directed that a report should be obtained from the D.G.S. & D. as to why no price reduction was secured for the same serge and no penalty was imposed for the late supply on the firm. In the Compliance Report the Ministry of

Defence have stated that the D.G.S. & D. has expressed inability to furnish the report as all relevant records have been transferred to the Director General, Defence Purchases. The Compliance Report also states that the D.G.D.P. had not been able to locate these papers.

The Public Accounts Committee viewed this reply with disfavour and directed that the Ministry of Defence and the Ministry of Industries should both investigate the matter, take action against the officer responsible for reluctance of duty and report compliance to the Committee.

12. *Item 8 of the Compliance Report (Paragraph 11 on page 165 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case pointed out in paragraph 489 (b) on page 330 of the Commercial Accounts for the year 1955-56 indicating that one of the agents of the P.I.A.C. owed to them a sum of Rs. 2,54,545.00 on account of sale tickets for the period from October 1956 to July 1957. When the case was considered by the Public Accounts Committee on 20th January, 1962 it was informed that a civil suit against the defaulter was pending in the High Court. The Committee had accordingly directed that the result should be reported to them in the next session. In the Compliance Report now before the Committee the Ministry of Defence have stated that a decree has been passed by the High Court against the party and the P.I.A.C. is taking action to execute it. Mr. Abdullah Al-Mahmood wanted to know whether the decree was time barred so why it had not been possible to execute it. The departmental representative replied that the decree was passed in 1964 but since the agent had left Pakistan, the P.I.A.C. were unable to execute the decree and were trying to locate if the agent had assets in the U.K. The departmental representative also informed the Committee that the agent was prosecuted in a criminal court but was acquitted. The Chairman wanted to know the procedure followed by the P.I.A.C. in allowing the agent to retain the sale proceeds of the tickets and before authorising agents to sell tickets on behalf of the P.I.A.C. what precautions they took to check the credentials of the agent. The departmental representative replied that one month's credit was allowed to the agents and if he happened to be an IATA approved agent the P.I.A.C. did not check the credentials further. In the case of agents who were not members of IATA the P.I.A.C. did check the credentials of the party.

The Committee was of the opinion that the present system was defective and that the P.I.A.C. should review its procedure and provide that some sort of a guarantee (e.g., a bank guarantee) to be furnished by the agent which can be easily enforced against defaulters without having to take recourse to a civil suit.

13. *Item 10 of the Compliance Report (Paragraph 14 on page 166 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—The Public Accounts Committee had directed that a report indicating full particulars of the amounts of Government dues outstanding against some MES contractors as reported in paragraph 19 of the Defence Audit Report 1958 should be submitted to them and action taken to effect recoveries. The Compliance Report submitted by the Ministry of Defence stated that some recoveries have been made but that there were still outstanding dues. Mr. Abdullah-Al-Mahmood wanted to

know what steps were taken to fix the responsibility on the officers who were responsible for making over-payments to the contractors. The departmental representative replied that these were not over-payments but that the payments were made against the work done. Mr. Sadiq Ali Memon asked if that was so why the bills were not finalised. Mr. N. A. Lashkar observed that these payments probably related to the work done by the contractors regarding which there was dispute between the Government and the contractor as a result of which the cases went for arbitration, and his experience was that arbitration cases Government invariably lost. He suggested to the Committee to issue directive that under no circumstances payment should be made in excess of the work done by the contractors. The Comptroller and Auditor General drew the attention of the Committee that the amount of such payments was going up. The departmental representative explained that this was so because the quantum of work every year was increasing.

The Committee directed that the department concerned should take early steps to adjust/recover such dues expeditiously and also take disciplinary action against the officers for making over-payments. The action taken should be reported to the Committee.

14. *Item 12 of the Compliance Report (Paragraph 17 on page 167 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—The Public Accounts Committee had directed that the Comptroller and Auditor General in consultation with the Ministry of Defence should examine at what level the audit objection/an audit decision was to be treated as final and report compliance to the Public Accounts Committee. The Comptroller and Auditor General reported that the point had been considered and it had been decided that so far internal audit was concerned the decision of the Controller of Military Accounts was to be treated as final. In respect of statutory audit the final authority for Rawalpindi should be Joint Director, Audit, Defence Services and at other places Deputy Director, Audit, Defence Services. The Committee took note of it.

15. *Item 14 of the Compliance Report (Paragraph 19 on page 168 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case of loss in purchase of defective material from abroad as reported on page 5 of the Commercial Appendix 1955-56. In the Compliance Report examined by the Public Accounts Committee on 20th January 1962 the Ministry of Defence had explained the circumstances of the case and had stated that the losses amounted to Rs. 3,68,217.00 as verified by the Audit. The Committee had, therefore, desired that the loss should be regularised. In the Compliance Report now before the Committee, the Ministry of Defence have stated that the re-assessed loss which comes to Rs. 1,10,000 only has been written off as loss to the state.

16. *Item 15 of the Compliance Report (Paragraph 22 on page 169 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to the case pointed out in paragraph 17 on page 8 of the Audit Report 1959 concerning the loss sustained by the Government as a result of the reluctance of duty of certain officials in not recovering the amount of loss from the MES contractors. The Committee in its meeting held on 20th January 1962 had directed that the

disciplinary aspect of the case should be examined by the Ministry of Defence and the action taken reported to them in the next session. In the Compliance Report now before the Committee the Ministry of Defence have stated that it was decided in consultation with the Director Audit, Defence Services to effect recovery from the contractors. The contractor refused to deposit the amount and that necessary action is in hand to appoint an arbitrator. The Committee wanted to know how far the matter had progressed. The departmental representative replied that they had gone in for arbitration. With regard to the disciplinary aspect the Defence Ministry in the Compliance Report have stated that they will examine on the basis of the decision of the arbitrator.

The Committee directed that the position should be reported to them in the next session.

17. *Item 16 of the Compliance Report (Paragraph 23 on page 169 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59)*—This relates to the case mentioned in paragraph 19 on page 9 of the Audit Report 1959 in which it was pointed out that some contractors were allowed full payment although they had not done the work according to the specifications in the contract on the basis of some wrong certificates issued by certain Government officials. The Committee had directed that the disciplinary action taken against the individuals held responsible should be reported to them in the next session. In the Compliance Report submitted to the Committee, the Ministry of Defence have stated that the proceedings of the Court of Inquiry carried by the P.A.F. had not so far been finalised and that disciplinary action will be taken against the officers found responsible. The Committee wanted to know the latest position. The departmental representative informed that the proceedings of the Court of Inquiry had since been finalised but the officers who were held responsible had in the meantime retired and hence no recoveries could be made from them. The Comptroller and Auditor General observed that recoveries could be made from the pensions of the officers responsible for losses.

The Committee directed that the Ministry of Defence should go into this aspect of the case and recover the losses from the pensions of officers held responsible. The Committee also directed that these instructions should be repeated to all the Ministries/Divisions so that, if an officer was held responsible for causing loss to Government, he should make good the loss if serving and the Government should recover the loss from his pension if he has retired from the service.

18. *Item 17 of the Compliance Report (Paragraph 24 on page 169 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59)*—This concerns short recoveries/over-payments to some contractors due to wrong application of rates chargeable for stores as pointed out in paragraph 20 on pages 9 and 10 of the Audit Report 1959. The Committee had directed that the audit objections should be settled by the Ministry of Defence at an early date. The Ministry of Defence in the Compliance Report have stated that the award of the arbitrator went against the contractor and, therefore, the balance of Rs. 1511 is not now recoverable. The Committee wanted to know how, if the award was against the contractor, the amount could be treated as irrecoverable. The

departmental representative explained that there was a typographical error in the Compliance Report and that the correct position is that the award went against the Government. The Committee took note of it.

19. *Item 18 of the Compliance Report (Paragraph 25 on page 170 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—This relates to the loss sustained by Government as a result of non-recovery of compensation from certain contractors for delay in execution of the work as reported in paragraph 21 on page 10 of the Audit Report 1959. The Committee in its meeting held on 20th January 1962 had directed that the question of taking disciplinary action against officers responsible should be examined and the result reported to the Committee. The Ministry of Defence in their Compliance Report have stated that the portion of loss pertaining to the Army amounting to Rs. 820 has since been regularised. In one case disciplinary action is in progress and that in the case of DW & CE (Air) the Court of Inquiry held two individuals responsible who are not in service and the loss statement has been prepared and the action for regularisation taken up.

The Committee observed that this is similar to the case they have already considered as Item 16 of the Compliance Report and that the loss caused to Government should be recovered from the pensions of the officers responsible for it.

20. *Item 19 of the Compliance Report (Paragraph 26 on page 170 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—This relates to the non-recovery of Government dues from certain individuals on account of rent of Government buildings, water and electricity charges as a result of late submission of occupation/vacation reports and non-submission of rent bills as pointed out in paragraph 22 on pages 10 and 11 of the Audit Report 1959. The Public Accounts Committee had directed the Ministry of Defence to examine the disciplinary aspect of the case against the individuals who were responsible for these delays which resulted in the loss to Government. In the Compliance Report Ministry of Defence have stated that the outstanding amounts from the defaulters had been recovered and the amount had been reduced from Rs. 77,051 to Rs. 33,362 and that disciplinary proceedings against the defaulters are in progress. The Committee wanted to know the latest position and the departmental representative explained that the Court of Inquiry has been convened. The Comptroller and Auditor General observed that in this case also by the time the proceedings are finalised the persons concerned will probably retire. The departmental representative informed the Committee that the rules require that a No Demand Certificate is obtained before a person retires and that is considered sufficient safeguard. The Chairman observed that there was some lacuna in the existing rules and most probably if a case is still pending before the Court of Inquiry the officer gets a No Demand Certificate.

The Committee directed that the whole procedure should be reviewed and it should be examined if pending cases can be included in the Demand Certificate. Retirement of officers should also be watched and proceedings of the Courts of Inquiry in which they are involved should be finalised before the date of their retirement so that this does not

become a hinderance in effecting Government dues from them. The Committee further directed that similar action should be taken on the civil side also to safeguard the interest of the Government.

21. *Item 23 of the Compliance Report (Paragraph 32 on page 173 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This is a case similar to some cases discussed above in which the Public Accounts Committee had directed the Ministry of Defence to examine the disciplinary aspect of the case against the individuals responsible for causing loss to Government. In the Compliance Report Ministry of Defence have stated that the departmental enquiries being held and the report of the enquiry officer is awaited which has been asked to expedite disposal of the case. The departmental representative informed the Committee of the latest position which is that the report has since been received but the officers held responsible have retired.

The Committee repeated its directions given under item 19 above.

22 *Item 24 of the Compliance Report (Paragraph 33 on page 174 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This concerns the case pointed out in paragraph 41 on page 21 of the Audit Report, Defence Services, 1959 in which it was stated that in 1945 an allowance was sanctioned to certain categories of personnel and was incorrectly granted to another category of personnel. On detection of this irregularity it was decided by the administrative authorities in consultation with the financial authorities to discontinue the loss. The instructions issued by the executive authorities in this regard were, however, different from the decision taken. The matter remained under investigation and controversy for a long period and the allowance continued to be paid to the unauthorised persons and the irregular payments had ultimately to be written off. One of the features of this case was that the letter permitting the grant of the allowance gave an indication that the concurrence of the financial authorities had been obtained which was not fact. The Committee which originally considered this matter was of the opinion that the responsibility was to be shared by the administrative authorities, the financial authorities as well as the Accounts Department and that the Accounts Department should have insisted on having a duly endorsed copy of the orders from the financial authorities. The Ministry of Defence had reported to the Committee that the officer who signed incorrect orders was not in service and subordinate officer who submitted the original draft could be held responsible. The Public Accounts Committee in their meeting held on 20th January, 1962, therefore, directed that the case should be thoroughly re-examined by the Ministry of Defence so as to fix the responsibility on the executive and financial authorities as well as on the Accounts Department and the report submitted to them in the next session.

The Ministry of Defence in the Compliance Report have stated that the case was re-examined and it was felt that there was no data to proceed further with the investigation or to convene a Court of Inquiry because of the reason that period of 13 to 14 years has now lapsed and the original draft which was prepared in this connection is also not available. The Compliance Report also reports that officers, senior as well as junior staff, who dealt with the case have either been transferred or retired and it was, therefore, viewed that no useful purpose will be served by holding a Court of Inquiry. However, suitable remedial measures have been taken to guard against this type of irregularity in future.

23. The Committee decided to consider Items 25, 26 and 27 in the next meeting.

24. *Item 28 of the Compliance Report (Paragraph 46 on page 178 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This concerns the dues of the P.I.A.C. against sundry debts. The Committee observed that an aspect of this case had already been considered in connection with another case of PIAC earlier. The Comptroller and Auditor General informed the Committee that the amount of such dues was increasing and that the latest figure stood at Rs. 539.16 lakhs. The departmental representative informed the Committee that approximately Rs. 2 crore were outstanding against the Government. The Chairman observed that even then the amount against other debts was very high and directed that the P.I.A.C. should look into its procedure for allowing credits and should make a distinction between the current dues and old dues and evolve suitable mechanism so that the current dues do not pile up and also thoroughly investigate old dues and take steps for their recovery.

The Committee directed that the PIAC should take action as indicated above and report compliance to the Committee. The PIAC should also submit a detailed report in this behalf to the Finance Minister.

25. *Item 29 of the Compliance Report (Paragraph 3 on page 180 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—This concerns the losses sustained by the Government in various cases pointed out in paragraph 10 on page 5 of the Audit Report 1960. In the meeting of the Public Accounts Committee on 22nd January, 1962 the departmental representative had explained the reasons for adopting a different rate for effecting recoveries. The Committee had directed that the facts of this case should be verified by the Comptroller and Auditor General.

The Comptroller and Auditor General reported to the Committee that one case had been finalised while the other was outstanding for the last 9 years.

The Committee directed the Ministry of Defence to finalise the case expeditiously and report compliance.

26. The Committee then adjourned to meet again on 24th January, 1967 at 10.00 A. M.

Proceedings of the Eleventh Meeting of the Public Accounts Committee held on 24th January, 1967 at 10.00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Tuesday, the 24th January, 1967 at 10.00 A.M. under the chairmanship of Mr. N. M. Uquaili, Minister for Finance.

The following were present :—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Sadiq Ali Memon, Member.
- (5) Mr. Aliman Shah, Member.
- (6) Syed Ali Asghar Shah, Member.
- (7) Mr. S. M. Raza, S. Pk., Comptroller and Auditor General.
- (8) Mr. Nasim Ahmad Khan, S.K., Joint Secretary, Ministry of Finance.
- (9) Mr. K. Habibur Rahman, PA & AS, Director, Training and Re-organisation.
- (10) Mr. M. A. Subzwari, PA & AS, Director of Commercial Audit.
- (11) Mr. F. M. Aziz, PA & AS, Director of Audit, Defence Services.
- (12) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (13) Sheikh Obaidullah, PA & AS, Assistant Comptroller and Auditor General.

Departmental Representatives

MINISTRY OF DEFENCE

- (14) Mr. A. Rashid Ibrahim, SQA., P.R.A.S., Additional Secretary, Military Finance (Financial Adviser, Defence).
- (15) Mr. I. A. Sherwani, Financial Adviser (Army).
- (16) Mr. Mafizur Rahman, C.S.P., Deputy Secretary.
- (17) Mr. M. Fahimuddin, PMAS, Military Accountant General.
- (18) Mr. S. A. Arif, Assistant Financial Adviser (Military Finance).
(Concerned Senior Officers of the Army, Navy and Air Force also accompanied the representative of the Ministry of Defence).

CIVIL AVIATION DEPARTMENT

- (19) Mr. M. A. Rafi, Director of Planning.
- (20) Sheikh Mohammad Zaki, Deputy Director.

METEOROLOGICAL DEPARTMENT

- (21) Mr. P. Mammu, Officer on Special Duty.

Secretary of the Public Accounts Committee

- (22) Mr. Siraj Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. Before starting the detailed discussion on the B. Specific portion of the Compliance Report the Committee decided to concentrate on major irregularities and directed that the smaller items should be settled between the Ministry of Defence and the Comptroller and Auditor General and those not settled should be brought by the Comptroller and Auditor General before the Public Accounts Committee again. The Ministry of Defence should set date line by which all issues must be resolved and submit a report to the Committee.

3. The Committee then took up the consideration of the remaining portion of the Compliance Report.

B. Specific

4. *Items 25, 26 and 27 of the Compliance Report (Paragraph 38 on page 176, paragraph 41 on page 177 and paragraph 45 on page 178 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—Mr. Abdullah-al-Mahmood observed that these were old cases starting right from 1948-49 and it was regrettable that they were still pending. The Financial Adviser (Defence) replied that 15 cases have already been considered as a part of the Compliance Report, 27 cases are going to be considered as a part of the various Audit Reports and there were 24 other cases. The Chairman observed that once a suit has been filed in the civil court Government has to await the decision but sometimes delay occurs in the filing a civil suit which should be avoided. There was list of 66 cases which remain to be settled in the Ministry of Defence and the Comptroller and Auditor General should settle these cases expeditiously.

The Committee endorsed the decision and directed that the entire tender procedure and payment procedure in M.E.S. should be studied by a committee and it should be studied whether some other form of security like a bank guarantee which can be easily enforced should be obtained from the contractors. The representative of the Ministry of Defence undertook to examine these points not only in respect of M.E.S. contracts but also in respect of supply contracts.

5. *Item 34 of the Compliance Report (Paragraph 11 on page 186 of the Report of the Public Accounts Committee on the Accounts for the years 1957-58 and 1958-59).*—The Committee directed that the outstanding cases reported upon in Annexure of unfinalised cases of serious financial irregularities—pages 22-23 of the Audit Report, 1960, should be finalised by the Ministry of Defence with the Comptroller and Auditor General and compliance reported to the Committee.

6. *Item 35 of the Compliance Report (Paragraph 35 on page 21 and paragraph 14 on page 186 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—The departmental representative explained that the loss in the Military Farms occurred only in one year and that otherwise the farms run on profits. The Committee was satisfied.

7. *Item 38 of the Compliance Report (Paragraph 17 on page 187 of the Public Accounts Committee's Report on the Accounts for the years 1957-58 and 1958-59).*—This relates to production accounts of ordnance factories for the year 1957-58 as pointed out on pages 22 and 23 of the Commercial Appendix (Defence Services) for the year 1957-58. The

Public Accounts Committee had directed that the Ministry of Defence should submit a report regarding fixation of rational formula to absorb the over-heads of the factory on current production. The departmental representative explained that a sum of Rs. 8.96 crores which was in the nature of preliminary expenses before the factory went into full production was charged to capital and written off as per advice of the consultants. The present practice was that the over-heads are charged to Revenue Account. The Financial Adviser, Defence, elaborated this point and said that normally the ordnance factory does not work on commercial pattern. An attempt was made to charge recurring expenditure to the items produced but the over-head expenditure was not charged. The question whether ordnance factory should run on commercial pattern and at what capacity the production should be planned and how the pricing should be done is under consideration. The Committee expressed its opinion that the preliminary expenses should not have been written off as simple loss but should be added to the capital cost of the factory to be written off over a period of years which would mean that it should be reflected in the pricing of the articles produced and directed that this recommendation should be kept in mind while deciding the production policy and pricing. The Defence Ministry should also consult the Comptroller and Auditor General in the matter and report the position to the Committee in their next session.

8. *Item 39 of the Compliance Report (Paragraph 18 on pages 187 and 188 of the Report of the Public Accounts Committee for the years 1957-58 and 1958-59).*—With respect to the case on Serial 4 at page 188 of the PAC's Report the Committee wanted to know how the loss in purchase of welding material had occurred. The Financial Adviser explained that the specification on the Defence side were rigid and since the material did not conform to these rigid specification it was rejected. When large stocks of such material were accumulated a committee was appointed to see if such material could be used. The material was found to be useable and was ultimately utilised. There was as such no loss to Government.

9. The Committee then took up the consideration of the Appropriation Accounts, Defence Services, 1959-60.

APPROPRIATION ACCOUNTS, DEFENCE SERVICES, 1959-60

10. *Item 6 of the Written Replies (First sentence of the 3rd paragraph on page 6 of the Appropriation Accounts, Defence Services, 1959-60).*—In this case it has been pointed out that cases still continue to occur in which consignees of Defence Department stores had not any practice to link the case actually received by them against the particular consignments notified as having been despatched to them and it was not, as a result, possible for internal audit to satisfy that such consignments have been satisfactorily brought to account by the consignees. The Committee heard the replies of the departmental representatives and appreciated that in some cases it may not be possible to immediately link all the vouchers but gave the directive that as far as possible such linking should be done without delay and that the Ministry of Defence should go into the system and if there was any defect in the system itself it should be improved.

11. *Item 8 of the Written Replies (4th paragraph on page 6 of the Appropriation Accounts, Defence Services, 1959-60).*—In this paragraph it has been pointed out that the checking of authorised proportions was not carried out on the Navy side due to non-issue of warrants of stores of the Naval Headquarters. The departmental representative explained that provisional warrants were issued but now a committee has been appointed which is looking into this whole procedure.

The Committee directed that the revised procedure should be finalised in consultation with the Military Accountant General.

12. *Items 9, 10 and 11 of the Written Replies [5th paragraph, clauses (i), (ii) and (iii) on pages 6 and 7 of the Appropriation Accounts, Defence Services, 1959-60].*—These relate to non-verification or partial verification of stores. The Committee was satisfied with the explanation of the departmental representative that the man incharge at that time was a foreigner who was not conversant with the rules and the requirements of audit.

13. *Items 18—26 of the Written Replies (Cases reported on page 17 of the Appropriation Accounts, Defence Services, 1959-60).*—These are cases of over-payments. The Committee was of the opinion that there was some defect in the procedure and directed that this should be looked into. At the same time the over-payments should be recovered.

14. *Item 27 of the Written Replies (Serial No. 11 Head (ii) on page 17 of the Appropriation Accounts, Defence Services, 1959-60).*—This refers to losses exceeding Rs. 10 but below Rs. 5,000. The amount involved is Rs. 67,027. The Committee directed that the details of these losses should be communicated by the Ministry of Defence to the Comptroller and Auditor General.

15. The Comptroller and Auditor General drew the attention of the Committee to Note 3 below Appendix B on pages 18 and 19 of the Appropriation Accounts, Defence Services, 1959-60, in which it has been stated that the statement of losses in the Appendix B does not include losses of aircrafts on account of crashes and accidents due to incidence of service. The Committee wanted to know why such losses were not being included. The departmental representative explained that whenever any such loss occurs it is reported to Air Headquarters so that the entry is struck off from the PAF inventories.

The Committee observed that if that was so it should find place in the statement of losses and the procedure should be looked into so that this defect is remedied.

16. *Items 29—50 of the Written Replies (Pages 20—24 of Appropriation Accounts, Defence Services, 1959-60).*—These are miscellaneous cases of loss of the infructuous expenditure. The Committee directed that these should be settled in consultation with the Comptroller and Auditor General.

17. The Committee then took up the consideration of the Audit Report, Defence Services, 1961. The Chairman requested the Comptroller and Auditor General to bring to the notice of the Committee the major points requiring Committee's attention.

AUDIT REPORT, DEFENCE SERVICES, 1961

18. *Item 65 of the Written Replies (Paragraph 9 on page 3 of the Audit Report, Defence Services, 1961).*—This relates to instances of uncovered excesses and unsurrendered savings which will need regularisation. The Financial Adviser (Defence) informed the Committee that a new system of financial and accounting control had been introduced in the Ministry of Defence and the orders on the subject had been laid at the table of the Committee the previous day and it was hoped that the new procedure will improve matters considerably.

19. *Item 66 of the Written Replies (Paragraph 10 on page 4 of the Audit Report, Defence Services, 1961).*—In this paragraph the Comptroller and Auditor General has pointed out that the review of expenditure of the MES on Appendix 'F' for the year 1959-60 could not be included in this report as the complete material had not been received. The Comptroller and Auditor General further informed the Committee that there was a back-log of three years and the review of expenditure pertaining to MES for the year 1961-62 was received so late that it could only be included in the Audit Report on the Accounts for the year 1964-65.

The Committee expressed its displeasure at the lack of action by the department concerned and directed that the work must be cleared without delay and compliance reported.

20. *Item 70 of the Written Replies (Paragraph 14 on page 6 of the Audit Report, Defence Services, 1961).*—This relates to delay in payment of resumption cost of a private bungalow leading to avoidable extra expenditure on account of interest thereon. The Comptroller and Auditor General pointed out that although the expenditure has been regularised by Government the department concerned did not produce the relevant record to Audit who was unable to ascertain the circumstances in which the delay occurred. The departmental representative explained that records could not be produced because the file was missing. The Chairman wanted to know if anybody was held responsible for the missing of the relevant record. The reply to this was in the negative. The Financial Adviser (Defence) informed the Committee that incidents were coming to notice where because of the delays in finalising rent claims Government had to pay the interest charges also. He, however, hoped that with the revised procedure as explained to the Committee earlier the position will improve.

21. *Item 71 of the Written Replies (Paragraph 15 on page 7 of the Audit Report, Defence Services, 1961).*—This relates to non-recovery of rent and consequent loss of revenues. The Audit Report points out that under the existing orders the authorities competent to allot Government quarters to private civilians are responsible for keeping a watch over the occupation and vacation of quarters and for recovery of rent every month. These orders were not complied with at a certain station and it resulted in non-recovery of rent for over a period of years from a number of civilians. The Report also points out that the Court of Inquiry observed that the administrative authorities did lay sufficient emphasis on the recovery of rent. These observations were endorsed by the higher administrative authorities but also said that extreme laxity was shown by the staff concerned in enforcing effective means of rent recovery. The Ministry of Defence in their written replies have stated that recoveries

have been made from those who could be traced and the remaining irrecoverable amount was written off under orders of the competent authority and that responsibility could not be fixed nor could disciplinary action be taken as most of the concerning individuals were no longer in service.

The Committee was very unhappy over this state of affairs and directed that whenever there is a loss to Government, as a result of non-recovery of dues against individuals or commercial concerns not only that the dues should be recovered but the officials whose negligence or inaction resulted in the non-recovery of the Government dues should be proceeded against and the loss made good from them.

22. *Item 78 of the Written Replies (Paragraph 22 on page 10 of the Audit Report, Defence Services, 1961).*—This relates to misappropriation of valuable and construction stores costing Rs. 811 lakhs. The Committee was satisfied with the disciplinary action taken by the department concerned against the persons responsible for causing this loss to Government but expressed its unhappiness over the long period of 7 years taken to finalise this case.

23. *Item 66 of the Written Replies (Paragraph 30 on page 14 of the Audit Report, Defence Services, 1961).*—This concerns the irregular issue of Railway warrants to boy-recruits which was objected to in Audit who requested the administrative authorities to recover the cost. This was not possible and even the extent of loss could not be ascertained because the counterfoiles of the Railway warrants were destroyed before the expiry of the prescribed period. The loss has since been condoned by the Government.

The Committee directed that records should not be destroyed before the expiry of the prescribed period and desired that these instructions should also be repeated to other Ministries/Divisions.

24. *Item 89 of the Written Replies (Paragraph 33 on page 16 of the Audit Report, Defence Services, 1961).*—This concerns the 56 old cases of financial irregularities involving an amount of Rs. 48.75 lakhs. The departmental representative explained that most of these were payments to contractors and the Committee observed that these should be settled without delay and that their observation regarding a reappraisal of the payment procedure already given apply to this case also.

25. *Item 104 of the Written Replies (Item 8 on page 22 of the Audit Report, Defence Services, 1961).*—In this annexure, cases of serious financial irregularities not yet finalised have been reported by the Comptroller and Auditor General. This particular item relates to non-recovery from private parties on account of cost of execution of their jobs by the Pakistan Naval Dockyard. The departmental representative explained that as against Rs. 16.14 lakhs outstanding pointed out by the Audit the present outstanding was only Rs. 10,581.06 and out of this an amount of Rs. 1,480 had been written off by the competent authority regarding the balances correspondence was being made with the Director Audit, Defence Services. The departmental representative further informed the Committee that their procedure had been revised and there were no more cases of this nature.

26. *Item 105 of the Written Replies (Item 9 of the Annexure to the Audit Report, Defence Services, 1961 on page 23).*—This concerns deficiencies in deterioration of stock amounting to Rs. 1.16 lakhs. The departmental representative informed the Committee that Court of Inquiry had completed its proceedings and the case will be finalised soon.

The Committee directed that the action taken should be reported to them in the next session.

27. The Committee then took up the consideration of the Commercial Appendix to the Appropriation Accounts, Defence Services, 1959-60.

COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS,
DEFENCE SERVICES, 1959-60.

28. *Item 51 of the Written Replies (Paragraph 1 on page 4 of the Commercial Appendix, Defence Services, 1961).*—This concerns the annual trading results of the Farms in respect of period 15th August, 1947 to 30th June, 1960. The written reply states that the variations in the profit of the Military Farms from 1947-48 to 1958-59 have already been explained in the Compliance Report which has been considered by the Committee. In reply to a query from the Committee as to why the price of milk was reduced by the Farm when the costs were going up the departmental representative explained that this was done from the moral point of view and what had actually happened was that though an increase in price was announced it was not implemented.

The Committee directed that the Military Farms should operate on commercial basis.

29. *Item 52 of the Written Replies (Paragraph 2, 1st sub-para on page 4 of the Commercial Appendix, Defence Services, 1961).*—This concerns outstanding amounts against senury debtors. The departmental representative explained to the Committee that these mostly represent payments to contractors. The purchases are made at the risk of contractors and if there are any dues against them these are recovered through the court.

The Committee directed that some guarantee in the form of enforceable bond should be obtained from the contractors.

30. *Item 54 of the Written Replies (Paragraph 4 on page 4 of the Commercial Appendix, Defence Services, 1961).*—This concerns the cases of financial irregularities outstanding from annexures to previous reports. With regard to the first case discussed in the written reply the Committee observed that the officers of the Organisation of the then D.G.S. & D. who were held responsible by the Court of Inquiry should be punished. The Ministry of Industries should submit a compliance report to the Committee in its next session.

31. *Item 55 of the Written Replies (Annexure to the Commercial Appendix, Defence Services, 1961 on page 42).*—This concerns item 1, loss of bags issued on bogus issue orders. The written reply states that "the loss has since been regularised". The Committee directed that if the loss is written off it should be so stated and desired that these instructions should also be communicated to all other Ministries/Divisions.

32. *Item 59 of the Written Replies (Item 5 of the Annexure to the Commercial Appendix, Defence Services, 1961 on page 43).*—This concerns the loss of Rs. 281 lakhs caused by the defaulter trainees. The Audit have pointed out that although the trainees have executed bonds that they would serve the formation for at least 5 years or pay the Government all amount spent on their training a number of them became defaulters. The written reply states that some amount has been recovered while civil suits are being filed for recovery of the remaining amounts. In reply to a query the departmental representative informed the Committee that the form of the bond was approved by the Ministry of Law.

The Committee directed that the procedure of obtaining bonds from the trainees should be reviewed and some enforceable security should be obtained from the trainees, e.g., a bank guarantee or the assignment of insurance policy. The Committee further directed that these instructions should be repeated to all Ministries/Divisions.

33. *Item 60 of the Written Replies (Item 6 to the Annexure on page 44 of the Commercial Appendix, Defence Services, 1961).*—This concerns the loss due to failure of a contractor to make full supply of timber. The written reply states that an advance of Rs. 6 lakhs was made to a firm for supply of timber. The contractor having failed the case was referred for arbitration and the arbitrator decided in favour of the Government. The contractor dishonoured the award and the department has moved the Civil Court. In reply to a query the departmental representative explained that the amount was advanced on the guarantee of the Azad Kashmir Government.

The Committee directed that department concerned should pursue the case with the A. K. Government also in addition to taking recourse the civil court for enforcement of award.

34. The Committee then adjourned to meet again on 25th January, 1967 at 10.00 A.M.

Proceedings of the Twelfth Meeting of the Public Accounts Committee held on 25th January, 1967 at 10.00 A.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Wednesday, the 25th January, 1967 at 10.00 A.M.

The following were present :

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammadi N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. S. M. Raza, S. Pk., Comptroller and Auditor General.
- (7) Mr. Nasim Ahmad Khan, S. K., Joint Secretary, Ministry of Finance.
- (8) Mr. K. Habibur Rahman, PA & AS, Director, Training and Reorganisation.
- (9) Mr. M. A. Subzwari, PA & AS, Director of Commercial Audit.
- (10) Mr. F. M. Aziz, PA & AS, Director of Audit, Defence Services.
- (11) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (12) Shaikh Obaidullah, PA, & AS, Assistant Comptroller and Auditor General.

DEPARTMENTAL REPRESENTATIVES

MINISTRY OF DEFENCE

- (13) Mr. A. R. Malik, PMAS, Deputy Financial Adviser, (Coordination).
- (14) Mr. I. A. Sherwani, Financial Adviser (Army).
- (15) Mr. Mafizur Rahman, C.S.P., Deputy Secretary.
- (16) Mr. M. Fahmuddin, PMAS, Military Accountant General.
- (17) Mr. S. A. Arif, Assistant Financial Adviser (Military Finance).
(Concerned Senior Officers of the Army, Navy and Air Force also accompanied the representatives of the Military of Defence).

CIVIL AVIATION DEPARTMENT

- (18) Mr. M. A. Rafi, Director of Planning.
- (19) Sheikh Mohammad Zaki, Deputy Director.

METEOROLOGICAL DEPARTMENT

- (20) Mr. P. Mammu, Officer on Special Duty.

SECRETARY OF THE PUBLIC ACCOUNTS COMMITTEE

- (22) Mr. Siraj Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. As the Finance Minister was unable to attend because his presence was required in the Cabinet Meeting, Mr. Abdullah-Al-Mahmood was elected as Chairman of the Committee and he took the chair.

3. The Committee observed that although there was a clear directive from the Public Accounts Committee for the Secretary of the Ministry or the Joint Secretary should attend the meeting, the Defence Secretary had not come. The Committee desired that Defence Secretary should be contacted and requested to come to the meeting as soon as the Cabinet meeting was over. The representative of the Defence Ministry undertook to convey this to the Defence Secretary.

4. The Committee took up the consideration of the Appropriation Accounts, Defence Services, 1960-61.

APPROPRIATION ACCOUNTS, DEFENCE SERVICES, 1960-61

5. *Item 4 of the Written Replies [Page 6, paragraph 1A(iv) of the Appropriation Accounts, Defence Services, 1960-61].*—This concerns to supply of bricks under a contract agreement which was objected to by the Audit. It was explained by the departmental representative that the two half bricks were counted as one full brick as per contract with the supplier. This was objected by the Controller of Military Accounts and the contract has since been rectified. Mr. N. A. Lashkar observed that there is a vast price difference between the price of bricks and the price of brick-bats. The Chairman wanted to know how such contract was cleared by the Finance. The Deputy Financial Adviser, Ministry of Defence replied that the full particulars of the case were not readily available.

The Committee directed that detailed report along with the explanation of the Military Finance should be submitted to the Committee in the next session.

6. At this stage Syed Ali Asghar Shah and Mr. Aliman Shah joined the meeting.

7. *Item 3 of the Written Replies [Item 1A(v) on page 6 of the Appropriation Accounts, Defence Services, 1960-61].*—This concerns entering into contract without the sanction of higher authorities. The amount of Rs. 108 lakhs involved in such cases has been objected to by the Audit.

The Committee directed that this should not have been done and should be avoided in future.

8. *Items 7—12 of the Written Replies (Paragraphs 3—5 on pages 6 and 7 of the Appropriation Accounts, Defence Services, 1960-61).*—This concerns the non-linking of vouchers and improper maintenance of stores accounts. The Committee observed that these are similar cases as were discussed in the meeting on 24th January, 1967 and that the same observations as made earlier apply.

9. At this stage the representative of the Defence Ministry reported to the Committee that the Defence Secretary had tendered his apology and stated he was really very sick and ought to have been in bed but he had

to come to attend the Cabinet meeting under very compelling circumstances. The Committee accepted the explanation. The representative

Rs. 1.12 crores as shown on page 26 of the Appropriation Accounts in respect of group head A(b) Factory Works. No satisfactory explanation was forthcoming. The Committee, therefore, directed that a break-up of the excess expenditure should be reported to them in the next meeting showing how much excess was by receipt of late debits, how much by transfer of expenditure from Revenue to Capital etc.

22. The Comptroller and Auditor General then drew the attention of the Committee to para 9 on page 28 of the Appropriation Accounts, Defence Services, 1960-61 and informed the Committee that the percentage of amount placed at the disposal of M.E.S. and objected to by the Audit was increasing every year. The Committee observed that this was a very unsatisfactory state of affairs and directed that there should be more strict observation of rules, the entire system of contracts and payments should be reviewed and that the departmental officers should continuously reconcile the budget provision with the Statement of Accounts to avoid excesses over the budgeted amounts.

23. The Comptroller and Auditor General then drew the attention of the Committee to paragraph 11 on page 28 of the Appropriation Accounts, Defence Services, 1960-61 in which it has been stated that there was considerable rush of expenditure during the month of June. The Comptroller and Auditor General informed the Committee that if the expenditure in the first 11 months of the financial year is 100 units the expenditure in the last month of the financial year was 200 units in 1958-59, 260 units in 1959-60, 280 units in 1960-61 and 270 units in 1961-62.

The Committee expressed great dissatisfaction at this and directed that last month expenditure merely to avoid the lapsing of the budget grant should be avoided. The Committee further desired that these instructions should be repeated to all Ministries/Divisions.

24. Syed Ali Asghar Shah left the meeting at this stage.

25. The Committee then took up the consideration of the Audit Report, Defence Services, 1962.

AUDIT REPORT, DEFENCE SERVICES, 1962

25. Item 76 of the Written Replies (Paragraph 12 on page 5 of the Audit Report, Defence Services, 1962).—This concerns non-installation of power meters leading to the avoidable extra expenditure. The Comptroller and Auditor General brought it to the notice of the Committee that although the irregularity was objected to by Audit in 1953 no action was taken by the department concerned till 1960. The departmental representative explained that the decision of the Court of Inquiry is still awaited and action will be taken as soon as it is known.

The Committee observed that this long and rectifying irregularity showed a very unhealthy attitude on the part of the department concerned and directed that the action taken by the department should be reported in the next session of the Committee.

26. Item 77 of the Written Replies (Paragraph 13 on page 5 of the Audit Report, Defence Services, 1962).—This concerns irregular payment made to contractors by the accounts authorities in spite of the fact that the engineer concerned had fixed pro rata rates for the different kinds of

15. *Items 27 and 28 of the Written Replies [Items II (2)-II (3) on page 20 of the Appropriation Accounts, Defence Services, 1960-61].*—The Committee accepted the explanation given by the departmental representatives.

16. *Item 30 of the Written Replies [Item II (5) in the Annexure to Appendix 'B' on page 20 of the Appropriation Accounts, Defence Services, 1960-61].*—This concerns the loss of Rs. 17,000 caused by pilferage in stock in a Naval establishment. The written reply states that Hawaldar was found guilty and dismissed.

The Committee observed that in future every Court of Inquiry should invariably go into the question of effecting recovery from the accused to the extent such recoveries were possible and make recommendations to that effect also.

17. *Item 32 of the Written Replies [Item II (7) of the Annexure to Appendix B on page 20 of the Appropriation Accounts, Defence Services, 1960-61].*—This concerns the loss caused to Government on account of damage to an aircraft which had been given on loan to the Flying Club, Dacca. The written reply states that the loss was written off as the Court of Inquiry revealed that the accident was due to technical failure and the financial condition of the Flying Club did not allow for payment of the cost of the aircraft.

The Committee directed that in future in similar situation payment of compensation must be insisted upon.

18. *Item 28 of the Written Replies [Item II (13) of the Annexure to Appendix 'B' on page 20 of the Appropriation Accounts, Defence Services, 1960-61].*—The Committee accepted the explanation.

19. *Item 39 of the Written Replies [Item II (14) in Annexure to Appendix 'B' on page 20 of the Appropriation Accounts, Defence Services, 1960-61].*—This concerns loss of Rs. 1.77 lakhs due to damage|short-landing of stores in an headquarters. The written reply states that the Court of Inquiry could not hold anybody responsible. The Comptroller and Auditor General brought it to the notice of the Committee that the loss occurred due to non-submission of claims against the consigners within one year.

The Committee directed that this was a serious lapse and that steps should be taken in future to avoid such delays and the claims should be prepared in time.

20. *Item 41 of the Written Replies [Item II (16) in Annexure to Appendix 'B' on page 20 of the Appropriation Accounts, Defence Services, 1960-61].*—This concerns a loss caused to Government as a result of acceptance of stores inferior to those specified in the contract. The written reply states that the Court of Inquiry did not blame any person and the loss was regularised. The Comptroller and Auditor General, however, read out the findings of the Court of Inquiry and the Committee directed that the matter ought to have been pursued as observed by the Court of Inquiry.

21. The Comptroller and Auditor General drew the attention of the Committee to page 25 of the Appropriation Accounts, Defence Services, 1960-61 concerning the review of M.E.S. expenditure in respect of the year 1959-60. The Committee wanted to know why there was an excess of

Rs. 1.12 crores as shown on page 26 of the Appropriation Accounts in respect of group head A(b) Factory Works. No satisfactory explanation was forthcoming. The Committee, therefore, directed that a break-up of the excess expenditure should be reported to them in the next meeting showing how much excess was by receipt of late debits, how much by transfer of expenditure from Revenue to Capital etc.

22. The Comptroller and Auditor General then drew the attention of the Committee to para 9 on page 28 of the Appropriation Accounts, Defence Services, 1960-61 and informed the Committee that the percentage of amount placed at the disposal of M.E.S. and objected to by the Audit was increasing every year. The Committee observed that this was a very unsatisfactory state of affairs and directed that there should be more strict observation of rules, the entire system of contracts and payments should be reviewed and that the departmental officers should continuously reconcile the budget provision with the Statement of Accounts to avoid excesses over the budgeted amounts.

23. The Comptroller and Auditor General then drew the attention of the Committee to paragraph 11 on page 28 of the Appropriation Accounts, Defence Services, 1960-61 in which it has been stated that there was considerable rush of expenditure during the month of June. The Comptroller and Auditor General informed the Committee that if the expenditure in the first 11 months of the financial year is 100 units the expenditure in the last month of the financial year was 200 units in 1958-59, 260 units in 1959-60, 280 units in 1960-61 and 270 units in 1961-62.

The Committee expressed great dissatisfaction at this and directed that last month expenditure merely to avoid the lapsing of the budget grant should be avoided. The Committee further desired that these instructions should be repeated to all Ministries/Divisions.

24. Syed Ali Asghar Shah left the meeting at this stage.

25. The Committee then took up the consideration of the Audit Report, Defence Services, 1962.

AUDIT REPORT, DEFENCE SERVICES, 1962

25. Item 76 of the Written Replies (Paragraph 12 on page 5 of the Audit Report, Defence Services, 1962).—This concerns non-installation of power meters leading to the avoidable extra expenditure. The Comptroller and Auditor General brought it to the notice of the Committee that although the irregularity was objected to by Audit in 1953 no action was taken by the department concerned till 1960. The departmental representative explained that the decision of the Court of Inquiry is still awaited and action will be taken as soon as it is known.

The Committee observed that this long and rectifying irregularity showed a very unhealthy attitude on the part of the department concerned and directed that the action taken by the department should be reported in the next session of the Committee.

26. Item 77 of the Written Replies (Paragraph 13 on page 5 of the Audit Report, Defence Services, 1962).—This concerns irregular payment made to contractors by the accounts authorities in spite of the fact that the engineer concerned had fixed pro rata rates for the different kinds of

material used by the contractor. The Military Accountant General was unable to satisfy the Committee and could not explain the circumstances in which the Accounts authority made this payment.

The Committee directed that the M.A.G. should submit a report to them in the next meeting.

27. *Item 78 of the Written Replies (Paragraph 14 on pages 5-8 of the Audit Report, Defence Services, 1962).*—This concerns over issue of road material in connection with the work on a portion of the road carried out by a Military Engineering authority through directly employed labour. The written reply states that "no reply is required". The Committee was not satisfied. The departmental representative explained that because of the different conditions prevailing in the area and because the work done by daily labour more material was used than was estimated. The departmental representative also informed the Committee that the procedure had now been revised and the administrative sanction for a work is now issued after the issue of technical sanction whereas previously the administrative sanction preceded the technical sanction.

The Committee expressed its unhappiness over this and directed that in future estimates should be prepared on realistic basis.

28. *Item 81 of the Written Replies (Paragraph 17 on page 7 of the Audit Report, Defence Services, 1962).*—This concerns abnormal delay in the disposal of surplus stores leading to their unserviceability and loss to Government. The written reply states that the material was procured during World War II and the stores are either brittle or have such chemical composition which would automatically become unserviceable after a specified period and no amount of preventive measures could stop these. The loss had accordingly been written off.

The Committee directed that this was of the more reason why such stores should have been utilised or disposed of early and that this should be done in future. The Committee also desired that this directive should be repeated to all Ministries/Divisions.

29. *Item 84 of the Written Replies (Paragraph 20 on page 8 of the Audit Report, Defence Services, 1962).*—This concerns over-payment to contractors in connection with supply of hired transport. The Comptroller and Auditor General informed the Committee that one case had been settled but the other was still pending for the last 11 years.

The Committee directed that the case should be disposed of quickly and compliance reported.

30. *Item 85 of the Written Replies (Paragraph 21 on page 9 of the Audit Report, Defence Services, 1962).*—This concerns non-recovery of Rs. 82,384.00 on account of sale proceeds of stores from an auctioneer. The departmental representative explained that a sum of Rs. 19,000 has been recovered from the contractor and for the remaining amount the Department of Investment Promotion and Supplies are consulting the Ministry of Law. Mr. N. A. Lashkar wanted to know whether the Storekeeper was responsible for issuing the stores to the contractor without proper receipts. The departmental representative explained that according to the procedure in force the Storekeeper released the stores on sale release order of the auctioneer but now the stores are released against

a proper Treasury receipt only. Mr. N. A. Lashkar observed that in this case there has been reluctance of duty on the part of the Account Control authorities, viz., D.G.I.P. & S.

The Committee directed that the D.G.I.P. & S. should pursue the case with the Ministry of Law and take action against auctioneer because 10 years have already lapsed. The D.G.I.P. & S. should also consider whether the indemnity point against the contractor can be enforced.

31. *Item 86 of the Written Replies (Paragraph 22 on pages 9-10 of the Audit Report, Defence Services, 1962).*—This concerns the loss of packing material. The departmental representative informed the Committee that the loss was only of technical nature because the packing cases were returned to the Ordnance Depot instead of being retained by the consignee. The Comptroller and Auditor General read out the remarks of the Brigade Commander who was of the opinion that this was a case of negligence/ignorance on the part of the people incharge of the stores. Another aspect of the case that the Court of Inquiry was assembled after 5 years.

The Committee directed that Courts of Inquiry should in future be assembled more promptly.

32. *Item 87 of the Written Replies (Paragraph 23 on page 10 of the Audit Report, Defence Services, 1962).*—This concerns the infructuous expenditure on an unserviceable aircraft. The Audit have pointed out that an agreement was reached with a firm for repair of two aircrafts one of which was beyond economic repairs. The cost of aircraft was Rs. 60,000 while the labour charges alone for carrying out the repair as provided in the contract amounted to Rs. 61,875. The P.A.F. also did not thoroughly survey the aircraft, determine the time and money involved in repairs. Repairs to this aircraft was abandoned after 1½ year and its scrap when sold fetched only Rs. 1,325. The departmental representative explained that at the time of giving the contract only visual survey was conducted but when the firm took up the repair and opened the engine, etc., it was found that it was beyond economic repairs. Since the contractor has spent time and money on it the P.A.F. had to pay for the services already rendered. The departmental representative also informed the Committee that parts were removed from this aircraft and used in the other aircrafts which was in better condition and that is why the scrap values Rs. 1,325.00 only. The Comptroller and Auditor General pointed out that Court of Inquiry was appointed in this case and only a Wing Commander was appointed to investigate into the matter. It was not possible for us to question the judgement of the air board which was presided over by the Commander-in-Chief of the Air Force.

The Committee observed that a proper Court of Inquiry should have been assembled and action should have been taken as per recommendation of the Court of Inquiry.

33. At this stage the Finance Minister arrived and took the chair.

34. *Item 89 of the Written Replies (Paragraph 25 on page 12 of the Audit Report, Defence Services, 1962).*—The Committee studied the written replies and the explanation of the departmental representative of the Ministry of Defence and accepted the position that this was an error

judgement and that there was no *mala fide* intention. The Committee, however, observed that the mistake occurred in not starting the second auction with the price of Rs. 1,20,000 and in not keeping the party who have had made an offer of Rs. 1,20,000 bound to offer especially when the party had given a crossed cheque of Rs. 25,000.

35. *Item 90 of the Written Replies (Paragraph 26 on page 12 of the Audit Report, Defence Services, 1962).*—This concerns loss to Government due to defective contract and improper execution thereof. The Committee studied the written reply of the Ministry of Defence and wanted to know why a suit was not filed in 1955 when the Law authorities advised filing a suit against the contractor. The departmental representative explained that between 1956 and 1962 Government was busy defending the counter suit brought by the contractor himself. Suit was instituted in 1961 and the High Court had given its decision in 1964 and the decree has been filed in the civil court for execution and the civil authorities have been requested to locate the assets of the contractor.

The Committee directed that the position should be reported to them in the next session.

36. *Item 93 of the Written Replies (Paragraph 29 on pages 13 and 14 of the Audit Report, Defence Services, 1962).*—This concerns irregular fixation of pay of a re-employed pensioner. The Committee was not satisfied with the explanation that no official was responsible for over-payment and after hearing the departmental representative directed that the Controller of Military Accounts should go into the details of this case and report to the Committee in the next session.

37. *Item 99 of the Written Replies (Paragraph 35 on page 17 of the Audit Report, Defence Services, 1962).*—In this paragraph the Audit have pointed out the laxity of control of expenditure as well as defective budgeting a result of which there are variations between final appropriation and actual expenditure. The Committee observed that this was bad budgeting and that in future proper care should be taken to ensure that the expenditure does not exceed budget provision and surrenders were made in time.

38. *Item 103 of the Written Replies (Paragraph 39 on page 19 of the Audit Report, Defence Services, 1962).*—This concerns outstanding cases against contractors. The Committee directed that the cases should be settled with the Comptroller and Auditor General and that the detailed break-up of cases with the Army, Navy and Air Force should be reported to the Committee in the next session.

39. *Item 105 of the Written Replies (Paragraph 41 on page 20 of the Audit Report, Defence Services, 1962).*—This concerns delays in finalising of cases of losses. The Committee directed that all these cases should be finalised without delay. Recoveries should be effected wherever these were possible.

40. The Committee then took up the consideration of the Commercial Appendix to the Appropriation Accounts, Defence Services, 1960-61.

COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS,
DEFENCE SERVICES, 1960-61

41. *Item 50 of the Written Replies (Paragraph 1 on page 4 of the Commercial Appendix).*—The Committee observed that the case of Military Farms has been discussed in detail earlier and that the department should ensure the recovery of dues outstanding against sundry debtors.

The remaining cases concern the short-supply or defective supply of Bhoosa by the contractors and the delay in recovering demand from them.

The Committee directed that the contract form; procedure should be reviewed and it should be examined if a system of obtaining bank guarantee can be introduced.

42. The Committee then adjourned to meet again on 26th January, 1967 at 9.00 A.M.

**Proceedings of the Thirteenth Meeting of the Public Accounts Committee
held on 26th January, 1967 at 9.00 A.M.**

1. The Public Accounts Committee met in Committee Room No. 1, Ayub Hall, Rawalpindi on 26th January, 1967 at 9.00 A.M.

The following were present :—

- (1) Mr. Abdullah-al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmad, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. S. M. Raza, S. Pk., Comptroller and Auditor General.
- (7) Mr. Nasim Ahmad Khan, S.K., Joint Secretary, Ministry of Finance.
- (8) Mr. K. Habibur Rahman, PA & AS, Director, Training and Re-organisation.
- (9) Mr. M. A. Subzwari, PA & AS, Director of Commercial Audit.
- (10) Mr. F. M. Aziz, PA & AS, Director of Audit Defence Services.
- (11) Mr. M. A. Muid Khan, PA & AS, Accountant General, Pakistan Revenues.
- (12) Sheikh Obaidullah, PA & AS, Assistant Comptroller and Auditor General.

Departmental Representatives

MINISTRY OF DEFENCE

- (13) Mr. A. Rashid Ibrahim, S.Q.A., P.R.A.S., Additional Secretary, Military Finance (Financial Adviser, Defence).
- (14) Mr. I. A. Sherwani, Financial Adviser (Army).
- (15) Mr. Mafizur Rahman, CSP, Deputy Secretary.
- (16) Mr. M. Fahimuddin, PMAS, Military Accountant General.
- (17) Mr. S. A. Arif, Assistant Financial Adviser (Military Finance).
(Concerned Senior Officers of the Army, Navy and Air Force also accompanied the representatives of the Ministry of Defence).

CIVIL AVIATION DEPARTMENT

- (18) Mr. M. A. Rafi, Director of Planning.
- (19) Sheikh Mohammad Zaki, Deputy Director.

METEOROLOGICAL DEPARTMENT

- (20) Mr. P. Mammu, Officer on Special Duty.

Secretary of the Public Accounts Committee

- (21) Mr. Siraj Yusuf Khan, CSP, Deputy Secretary, Ministry of Finance.

2. The meeting started with Mr. Abdullah-al-Mahmood in the Chair who was elected Chairman of the Committee till such time as the Finance Minister joined. The Committee took up the consideration of the Appropriation Accounts for the year 1961-62.

APPROPRIATION ACCOUNTS, DEFENCE SERVICES, 1961-62

3. *Items 5 and 6 of the Written Replies [items 5(i) and 5(ii) of 1st paragraph of MAG's Annual Certificate 1961-62 at page 5 of the Appropriation Accounts 1961-62].*—This concerns conclusion of contracts by the Army and Navy Engineering authorities without obtaining concurrence of Accounts Officers. The Military Accountant General informed the Committee that his department had provisionally accepted this expenditure which was now required to be regularised by obtaining the sanction of the competent authority. The departmental representative explained that the Officers concluded these contracts under the powers delegated to them by the Engineer in Chief who had been delegated certain powers by the Government. Mr. N. A. Lashkar observed that the powers were delegated to the E-in-C and these could not be re-delegated by the E-in-C without the consent of the Government. The Financial Adviser informed the Committee that this matter was being looked into and the Government sanction will be issued, if necessary.

The Committee directed that delegation of powers should be done only by the competent authority. The Committee further desired that these instructions should be repeated to all Ministries/Divisions.

4. *Item 7 of the Written Replies (item 6 of the 1st paragraph of MAG's Certificate 1961-62 at page 5 of the Appropriation Accounts 1961-62).*—The departmental representative informed the Committee that there was a typographical error in the printed book as well as in the written replies and that these were 'works contracts' and not 'vegetable and fruit contracts' which were objected to by the MAG. The departmental representative explained that certain lumpsum contracts entered into for earth-filling work because, according to the rules of the department measurement contracts were an exception and the lumpsum contract was the rule. The Committee was doubtful about this statement and was of the opinion that it should have been otherwise, i.e., such contracts should be measurement contracts and not lumpsum contracts.

The Committee directed that the factual position alongwith the comments of the Audit should be reported to them in the next session.

5. *Item 8 of the Written Replies (item 7, 1st paragraph of MAG's Certificate 1961-62 at page 5 of the Appropriation Accounts 1961-62).*—This concerns excess expenditure against allotment of fund. The Comptroller and Auditor General pointed out to the Committee that this aspect has been gone into already.

The Committee directed that the paragraphs in MAG's Certificate should be numbered in future.

6. *Items 9, 10 and 11 of the Written Replies (Paragraphs 3 and 4 of MAG's Certificate on pages 5-6 of the Appropriation Accounts 1961-62).*—These concern linking of vouchers and verification of stores. The Committee observed that it has already given instructions while considering such cases earlier.

7. *Item 14 of the Written Replies [Appendix A to the Appropriation Accounts, Defence Services, 1961-62 on page 17 item 1(i) (1)].*—This concerns over-payment on account of wrong fixation of pay to an Officer employed in the Office of the Adviser, Ordnance Factories, London who was in receipt of pension. The departmental representative explained that the fact that the employee was a pensioner was not known and his pay was fixed wrongly. As soon as the fact came to light the defect was rectified but recoveries could not be made because the employee left the service. The departmental representative informed the Committee that a form is now to be filled in by persons seeking employment under the Government of Pakistan wherein they have to state whether they are in receipt of any pension and it is hoped that such cases will not occur in future. Mr. N. A. Lashkar wanted to know whether the man was receiving the pension from the Government of Pakistan, if not there was probably no irregularity.

The Committee directed that the facts of the case should be ascertained and if any recovery was due from the person concerned attempts should be made to effect the recovery.

8. *Item 18 of the Written Replies [item 11 (i) (1) of Appendix 'A' to the Appropriation Accounts, Defence Services 1961-62 on page 17].*—This concerns unauthorised overhead expenditure incurred in connection with certain welfare activities. The departmental representative informed the Committee that the expenditure was incurred in connection with a social function and represented only the overheads; the actual out-of-pocket expenses had actually been recovered.

The Committee directed that a fresh attempt should be made to recover this amount and that in future such functions should be financed from the Welfare Funds.

9. *Items 19 to 28 of the Written Replies [Item II (i) 2 to 6 and II (iii) 1 to 5 of Appendix 'A' on page 17 of the Appropriation Accounts, Defence Services 1961-62].*—These concern other instances of losses pointed out in Appendix 'A' to the Appropriation Accounts at page 17.

The Committee directed that such instances should be avoided in future.

10. *Item 61 of the Written Replies (item 2 in Annexure 'G' at page 24 of the Appropriation Accounts, Defence Services 1961-62).*—This concerns the infructuous expenditure incurred on training of personnel. The written replies states that a certain individual was sent to U.K. for training and after completion of a major portion of his bond period of service, he resigned from the post due to domestic affairs. The resignation was accepted and the amount spent on his training was written off. Mr. N. A. Lashkar asked why was resignation accepted when this was not a case where it had been tendered on medical grounds (a case of resignation on

medical grounds was discussed by the Committee earlier and the Committee being satisfied that the person left the service on genuine medical grounds made no observations). The Committee was not satisfied with the explanation given by the departmental representative and was of the opinion that the department was not following an objective policy in this matter.

The Committee directed that all cases of writing off the cost of training where people left the Government service before the expiry of the bonded period should be reviewed and the recoveries due should be effected. The result of this examination should be reported to the Committee in the next Session.

11. The Committee then took up the consideration of the Audit Report, 1963.

12. *Item 76 of the Written Replies (paragraph 11 on page 5 of the Audit Report, Defence Services, 1963).*—This concerns loss due to payment of interest on account of delay in challenging an arbitration award. In this case, the Audit Report points out that the department entered into a lumpsum contract for the construction of buildings. On completion of the work, the final bill prepared by the Engineering authorities showed a deduction on account of penalty for delay in the completion of the work. The Contractor claimed additional payment in respect of certain items of work which he contended had been paid less to him by applying a lower rate. The authorities did not agree and the Contractor sought arbitration on both the issues. The award went against the Government allowing the Contractor full payment plus interest if the department failed to pay the amount before a certain date. The authorities challenged the award after expiry of the grace period. The Court decreed in favour of the Contractor and the department had to pay the bill as well as the interest charges. Another interesting feature of this case, the report points out, is that the bill which formed the basis of the award had not been properly audited by the Accounts authorities and after the award when the bill was properly scrutinised it was discovered that a sum of Rs. 7,291 had been over-paid to the Contractor. This could also not be recovered.

The written reply states that no recoveries are involved from any individual and that disciplinary aspect of the case is under examination. The departmental representative informed the Committee that there was no delay on the part of the department in challenging the award in the Court and that over-payment was only on account of interest. Mr. N. A. Lashkar drew the attention of the Committee to the dereliction of duty on the part of account officials who did not scrutinise the bill properly.

The Committee directed that the facts of the case should be cleared by the department with Comptroller and Auditor General and if the latter was satisfied, the objection may be dropped.

13. At this stage Mr. Ali Asghar Shah joined the meeting.

14. *Item 77 of the Written Replies (paragraph 12 on pages 5 and 6 of the Audit Report, Defence Services, 1963).*—This concerns short recovery of rent of a Cinema building. Under the existing rules, nominal rent is

chargeable for buildings under the control of the Defence Department let out for Cinema shows or other entertainments for troops, provided the entertainments are not opened for general public. The Audit had pointed out that in a certain place the Contractor was enjoying the benefit of nominal rent although general public were also admitted to the shows. The departmental representative informed the Committee that general public was not allowed in the Cinema house. The Comptroller and Auditor General, however, read out a letter from the Chief Secretary of the province concerned which stated that the public were also allowed in the Cinema Hall. The departmental representative informed the Committee that now the rent had been enhanced and general public was allowed in that Cinema Hall.

The Committee directed that the facts of this case should be verified by the Comptroller and Auditor General.

15. *Item 78 of the Written Replies (paragraph 13 on page 6 of the Audit Report, Defence Services, 1963).*—This concerns hiring of accommodation in excess of requirements. The Audit Report points out that although the audit objected to the hiring of excess accommodation in July, 1957 the department continued to ignore the audit advice up to June, 1963 and incurred avoidable expenditure. No information on the disciplinary aspect of the case and the remedial measure was supplied to Audit. Although the written reply states that the case has been finalised with Audit, the Comptroller and Auditor General brought it to the notice of the Committee that a Court of Inquiry had been held but could not fix any responsibility because the records were not traceable. The departmental representative informed the Committee that general instructions were issued to all concerned to release excess accommodation.

The Committee expressed dissatisfaction over the non-availability of records and observed that this was not the only instance where records were missing. The Committee directed that the repetition of such occurrence should be avoided.

16 *Item 79 of the Written Replies (paragraph 14 on page 6 of the Audit Report, Defence Services, 1963).*—This concerns loss to Government due to negligence and improper supervision. The Court of Inquiry held the Charge-Mechanic, an Assistant Engineer and the Superintendent responsible. The Divisional Commander decided that 50 per cent of the loss should be recovered from the 3 officials in varying proportions. The Charge-Mechanic, a temporary and a casual employee, retired from service without pension or gratuity and out of a sum of Rs. 3,335 the sum of Rs. 3,164 which was still recoverable from him was written off. The Assistant Engineer was removed from service but secured employment under another agency. The Superintendent was also proceeded against and his next increment was stopped without cumulative effect. The departmental representative informed the Committee that the present employer of the Assistant Engineer had withheld his pay but the Engineer had filed a Civil suit against this action. The Superintendent had been transferred to another circle of accounts.

The Committee directed that if possible recoveries should be made from the persons concerned.

17. *Item 81 of the Written Replies (paragraph 16 on pages 7 and 8 of the Audit Report, Defence Services, 1963).*—This concerns non-recovery of interest from auctioneers on account of late deposit of sale proceeds. There are two cases under this item. In one case the extension was allowed as a special case because the last day of the auction happened to be a Bank Holiday. This explanation was accepted by the Committee.

In the other case, the written reply states that the auctioneer contended that he was not liable to make payment of interest for late deposit of money as he had deposited the amount the day MRO's were handed over to him by the Depot. This was checked up and it was found that in most of the cases, the late deposit of the amount by the auctioneer was due to late preparation|delivery of MRO's. Mr. N. A. Lashkar wanted to know why there was delay in the preparation of the MRO's.

The Committee directed that the Controller of Military Accounts should investigate this case and report to the Committee.

18. *Item 89 of the Written Replies (paragraph 24 on pages 11 and 12 of the Audit Report, Defence Services, 1963).*—This concerns over-payment on account of pay of rank due to incorrect interpretation of Government orders. According to the orders, a certain category of Officers, if promoted to a certain rank, were to be paid at different rates of pay depending on the date on which they were granted regular Commission. Some Officers were paid at the higher rate although they were entitled to draw pay at the lower rate; the over-payment was not recovered and was written off. The Military Accountant General explained that one Officer got this concession in India and later others who were promoted in Pakistan also got the benefit of higher rate of pay but when the orders came to notice payment at higher rate was stopped. The Comptroller and Auditor General drew the attention of the Committee that the Audit objected to the overpayment in 1952 but still no recovery of the amount overpaid was affected.

The Committee directed that recoveries where possible should be affected.

19. The Committee then took up the consideration of the Commercial Appendix to the Appropriation Accounts, Defence Services, 1961-62. At this stage the Finance Minister joined the meeting and took the Chair.

COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS, DEFENCE SERVICES, 1961-62

20. *Item 75 of the Written Replies (item 7 of the Annexure at page 45 of the Commercial Appendix, Defence Services, 1961-62).*—This concerns loss of stores. Only part was written off and part was reported to be under investigation. The written reply states that the figures reported by the Audit do not correspond with the departmental figures.

The Committee directed that the Director, Audit Defence Services should look into the case further.

21. *Item 76 of the Written Replies (item 8 of the Annexure at page 45 of the Commercial Appendix, Defence Services, 1961-62).*—This concerns loss of capital stores imported for completion of a Factory. The written reply states that the damage occurred as the consignment had not been crated but shipped loose because of high cost of packing. In a few cases the packages got mixed up with Civil cargo and could not be surveyed within the stipulated time and the carriers turn down the claim.

The Committee directed that the case should be settled and reported to the Committee in the next meeting.

22. The Comptroller and Auditor General informed the Committee that so far as the Audit Department was concerned a large number of points had been settled by the Director of Commercial Audit and in this he had received fullest cooperation from the officers of the Army, Navy and Air Force. For this the Comptroller and Auditor General expressed his thanks. The Comptroller and Auditor General also conveyed his thanks to the three Services for the work done by them during the War. Mr. N.A. Lashkar also thanked the officers. The Chairman also thanked them for their cooperation and said that since the consideration of the Defence Accounts was over those who wanted to leave could do so. The Officers of the Services then left the meeting. The Committee then took up the consideration of the Appropriation Accounts (Civil) 1959-60, Commercial Accounts 1959-60 and Audit Report, 1961.

APPROPRIATION ACCOUNTS (CIVIL) AND COMMERCIAL ACCOUNTS 1959-60

23. *Item 108 of the Written Replies [paragraph 89 on pages 45-49 of Appropriation Accounts (Civil), 1959-60 and Audit Report, 1961].*—This concerns progress of finalisation of the cases of financial irregularities, losses etc. reported in Annex. A to the Appropriation Accounts for the year 1953-54 to 1958-59. The written reply states "not concerned". The Committee was not satisfied with this reply and wanted further explanation. The representative of the Civil Aviation Department reported that some amounts were outstanding against foreign Airlines and some against the PIAC. A small sum was also outstanding against the Pak. P.W.D.

The representative of the Ministry of Defence also reported that some recoveries were due from certain officials of the Ministry of Defence but as the full details of the case were not available readily, it was not possible to submit the complete report.

The Committee directed that these cases should be finalised and reported to the Committee in the next meeting.

24. The Committee then took up the consideration of the Appropriation and Commercial Accounts, 1960-61 and Audit Report, 1962.

APPROPRIATION ACCOUNTS 1960-61, COMMERCIAL ACCOUNTS 1960-61 AND AUDIT REPORT, 1962

25. *Item 4 of the Written Replies [item 22 of the Annex. A at page 592 of the Appropriation Accounts (Civil), 1960-61]*—In this the Audit pointed out that the sale proceeds of a Staff Car auctioned to a firm in 1952 for Rs. 4,250 had not yet been realised credited to the Government account.

The written reply states that the car was disposed of through DGS & D with whom the matter was under correspondence. The departmental representative informed the Committee that the latest reply from the DGIP & S (the successors of the DGS & D) showed that they were trying to recover the amount.

The Committee directed that the DGIP & S should finalise this case without delay and should also take disciplinary action against the person| persons who delivered the car to the auction purchaser without realising the sale proceeds.

26. *Item 6 of the Written Replies [item 4(i) of Annex. B, at page 595 of the Appropriation Accounts (Civil), 1960-61].*—The Audit have stated that the physical verification has not been conducted. The written reply states "Ministry of Finance will reply". The Joint Secretary (Budget), Ministry of Finance informed the Committee that for the period to which the Audit Report relates, the Financial Advisers' Organisation was a part of the Ministry of Defence, and, therefore, the reply was incorrect. The explanation should have been given by the Defence Ministry.

27. *Items 23 to 28 Written Replies [pages 136 to 138 and 164 to 165 of the Appropriation Accounts (Civil), 1960-61].*—These concern 'Debt Services' recovery of interest portion on account of commuted value of pensions and "Capital Outlay on Pension" etc. The written reply states "Ministry of Finance will reply". The Joint Secretary (B), Ministry of Finance explained to the Committee that although such recovery|expenditure appears under the Demand of the Ministry of Finance it is the Heads of various Ministries Divisions who are the controlling Officers for the portions pertaining to those Ministries. The variations should, therefore, be explained by the Ministries concerned and not by the Ministry of Finance.

The Committee directed that the Ministry of Finance should submit a report in the matter to the Committee in their next meeting.

28. *Item 44 of Written Replies (paragraph 446 on page 212 of the Commercial Accounts, 1960-61).*—In this paragraph the Audit pointed out that no physical verifications of stores for the years under review was carried out. The observations concern the PIAC. The departmental representative explained that in 1959-60 reorganisation was introduced in the PIA which was completed in January, 1960, after which the physical verification was done. The Chairman enquired whether the PIAC was now up-to-date with the work of physical verifications. The departmental representative explained that the physical verification of stores in the PIAC was a continuous process and it was not possible to close down the stores for this work. The verification, therefore, was taken item by item and it was expected that in two years time the entire inventory would be covered. The Chairman then enquired whether parts of obsolete aircrafts were disposed of by sale. The departmental representative replied in the affirmative.

The Committee directed that general instructions should be issued to all Ministries|Divisions that wherever stores contained materials no longer required by the Government those should be disposed of.

29. The Committee then took up the consideration of the Appropriation Accounts (Civil) and Commercial Accounts for the year 1961-62 and Audit Report, 1963.

APPROPRIATION ACCOUNTS (CIVIL), COMMERCIAL ACCOUNTS, 1961-62 AND AUDIT REPORT, 1963

30. *Item 10 of the Written Replies [Grant No. 4 Other Expenditure of Ministry of Commerce note 2, at page 49 of the Appropriation Accounts (Civil), 1961-62].*—The Ministry of Defence has accepted the figure of expenditure relating to the Department of Tourism which is now under its administrative control. The Comptroller and Auditor General drew the attention of the Committee to the fact that the Department has explained the variations between the Revised Budget and the departmental actuals whereas the explanation should have been furnished in respect of variations between the Modified Grant and the Audit figures of expenditure.

31. *Item 21 of the Written Replies [Grant No. 10 Development Expenditure of the Ministry of Defence page 57 of the Appropriation Accounts (Civil), 1961-62].*—The saving of over Rs. 44 lacs has been accepted by the Ministry but the explanation given to the Committee was that the saving was partly on account of the fact that the Director-General, Investment Promotion and Supplies could not raise debit in time and part of the saving occurred on account of late approval of schemes.

The Committee observed that both of these explanations were unsatisfactory and reflected bad budgeting. The Ministry ought to have surrendered the amount for which debit was not likely to be raised within time. It should also have surrendered the amount which was not likely to be utilised as a result of late approval of schemes.

32. *Item 23 of the Written Replies [Grant No. 11 Capital Outlay on Civil Aviation note 1 and 2 on page 59 of the Appropriation Accounts (Civil), 1961-62].*—The written reply states that necessary explanation for savings and excesses was furnished to the A.G.P.R., Jauharabad in time. The Comptroller and Auditor General contested this statement.

The Committee observed that the facts should be reconciled.

33. This brought the examination of accounts to an end and the Committee thanked the departmental representatives who then left the meeting.

The Committee adjourned to meet a little later for consideration of the Report.

Proceedings of the Fourteenth Meeting of the Ad hoc Public Accounts Committee, held on 27th January, 1967 at 2.30 P.M.

The Public Accounts Committee met in Ayub Hall, Committee Room No. 1 on Thursday, the 26th January, 1967 at 2.30 P.M. under the Chairmanship of Mr. N. M. Uquaili, Minister for Finance. The following were present :—

- (1) Mr. Abdullah Al-Mahmood, Member.
- (2) Mr. Mohammad N. A. Lashkar, Member.
- (3) Mr. Hemayatuddin Ahmed, Member.
- (4) Mr. Aliman Shah, Member.
- (5) Syed Ali Asghar Shah, Member.
- (6) Mr. Nasim Ahmed Khan, S. K., Joint Secretary, Ministry of Finance.
- (7) Mr. Siraj Yusuf Khan, CSP., Secretary of the Public Accounts Committee

2. The Committee observed that the representation from the side of the Ministry of Defence and attached Departments was at very junior level. It has been the practice that the Secretary or if there be no Secretary the Joint Secretary Incharge appears before the Public Accounts Committee. Similarly, the representation from the Services should also have been at the level of the Service Chiefs or their Senior Staff Officers. The Chairman was requested to write a letter to the Minister for Defence drawing his attention to this fact.

3. The Committee considered the draft report and approved it. It was decided that a copy should be sent to Mr. Sadiq Ali Memon who was not present in this meeting for signature.

4. The Chairman thanked all the Members for their whole-hearted co-operation in the discharge of this difficult task.

5. The Members expressed their thanks to the Chairman for his able guidance in conducting the inquiries by the Committee.

6. The Ad hoc Public Accounts Committee then adjourned *sine die*.

PART III.—SUMMARY OF RECOMMENDATIONS

Directives given by the Ad Hoc Public Accounts Committee in its Session held from 14th February to 26th February, 1966

A. General

1. No purpose is served by the Divisions supplying the Compliance Reports and written replies to the observations made in the Audit Reports just when the Public Accounts Committee is about to meet. The directives of the Public Accounts Committee and the observations in the Audit Reports should be attended to as soon as these are received by the Divisions concerned.

2. The Committee has noted with dissatisfaction the state of affairs regarding the non-verification of stocks and stores in time. All Divisions should ensure that stock books and store accounts are maintained properly and verification is done regularly.

3. One or two persons other than those incharge of the stocks stores should be put in the team doing the work of verification so that an element of independent check is introduced.

4. The Divisions should keep in mind Government instructions issued on 15th September, 1962 regarding instituting departmental proceedings against persons responsible for loss to public exchequer before taking the case to the court of law.

5. The *ex post facto* sanction of re-appropriation after the close of the financial year does not have any meaning. As such sanctions of this nature should not be issued.

6. Withdrawal of money towards the close of the financial year and its being kept outside the Government account should not be allowed.

7. Whether an amount is drawn in the form of cheque or in cash, it should invariably be shown in the cash book of the department concerned.

8. No expenditure sanctions in excess of the budget provisions should be issued.

9. No amount should be sanctioned unless it was to be utilised immediately.

10. The purchasing agencies should invariably consult indenting agencies whenever it was intended to accept goods of different specifications than those indented for or where it was proposed to make a change in the date of delivery specified in the indent or to make any change in any other respect in the original indent.

11. Undisbursed amounts should not be retained in the cash chest unnecessarily for long periods.

12. Audit objections should be settled as soon as these are raised. Attempts should be made to settle the objections, if necessary, by consultation between the Controlling Officer and the Comptroller and Auditor General at the stage the draft para is received by the Divisions for comments before incorporation in the Audit Report. Further efforts should be made to rectify the defects and meet the objections as soon as the Appropriation Accounts and Audit Report are circulated. It was wrong to let these objections remain unsettled and wait for meetings of the P.A.C.

13. The departments who fail to convince the authorities of the Provincial Government ought to raise the level at which the matter should be taken up. In future, this policy of raising the level should invariably be followed till a satisfactory solution of the problem is found.

14. It should be the duty of the department concerned to seek Government's approval for continuance of temporary posts well in time and in no case should the posts be continued without Government's approval. The departments must not presume that the approval will be given by the Government.

15. In departmental proceedings initiated in cases of financial irregularities pointed out in the Audit Reports, the Comptroller and Auditor General should be consulted before the case is closed.

16. Ministries/Divisions should exercise utmost care in budgeting. Expenditure not likely to materialise should not be included. Expenditure in respect of past commitments likely to materialise should invariably be provided for to avoid savings and excesses over the sanctioned Grant.

17. The Committee directed that if an officer was held responsible for causing loss to Government, the Ministries/Divisions should make good the loss from him if serving and the Government should recover the loss from his pension if he has retired from the service.

18. The Committee directed that the whole procedure with regard to issue of No Demand Certificate at the time of the retirement of officers should be reviewed and it should be examined if pending cases can be included in the Demand Certificate. Retirement of officers should be watched and proceedings of Courts of Inquiry in which they are involved should be finalised before the date of their retirement.

19. The Committee directed that records should not be destroyed before the expiry of the prescribed period and desired that these instructions should also be repeated to other Ministries/Divisions also.

20. The Committee directed that if the loss involved in a case is written off it should be so stated instead of replying that the loss has been regularised and desired that these instructions should also be repeated to all Ministries/Divisions.

21. The Committee directed that the expenditure in the last month of the year merely to avoid the lapsing of the budget grant should be avoided. The Committee desired that these instructions should be repeated to all Ministries/Divisions.

22. The Committee directed that delegation of powers should be done only by the competent authority. The Committee further desired that these instructions should be repeated to all Ministries/Divisions.

23. The Committee directed that general instructions should be issued to all Ministries/Divisions that wherever stores containing materials no longer required by the Government those should be disposed of.

B. Specific*

CABINET DIVISION

1. The Cabinet Division should obtain the figures of expenditure from various Ministries relating to the grant for Ministers and if contact at one level failed to produce the desired result the matter should be taken up at higher level. The budget provision for Ministers should continue to be made under the Cabinet Division. (Paragraph 13 of the Proceedings of the meeting held on 14th February, 1966).

NOTE.—This is only the gist of the recommendations and should be read with the details given in the relevant paragraphs in part II.

COMMERCE DIVISION

1. The Commerce Division should produce necessary documents to Audit in support of the contention that the standard trade practice was to allow a margin of 6 pounds for ropes etc. in a pucca Bale of 400 pounds. (Paragraph II of the proceedings of the meeting held on 19th February, 1966).

2. The Commerce Division should produce to the Public Accounts Committee in its next session a copy of the Agreement signed by the Jute Board and the agents in connection with the case discussed in paragraph 11 of the proceedings of the meeting held on 19th February, 1966.

3. The Jute Board should not retain the 50% shares of the Taj Mahal cinema for any length of time. The safe course for the Jute Board is to auction the shares. (Paragraph 11 of the proceedings of the meeting held on 19th February, 1966).

4. The Commerce Division should probe deeper into the facts of the case discussed in paragraph 13 of the proceedings of the meeting held on 19th February 1966 and fix the responsibility on other persons involved especially the responsibility of the supervising officers whose duty it was to periodically check the cash books etc. They should also obtain the reports of the Special Police concerning this case.

5. The Commerce Division should introduce measures so as to eliminate the chances of the type of irregularities pointed out in paragraph 14 of the proceedings of the meeting held on 19th February, 1966. The case should also be settled to the satisfaction of the Audit.

6. The Jute Board should sell the stock of jute, which it is holding, now when the prices are high. (Paragraph 15 of the proceedings of the meeting held on 19th February, 1966).

7. The case discussed in paragraph 16 of the proceedings of the meeting held on 19th February, 1966 is to be considered as closed but where recovery was still possible efforts should be made to effect the recovery. Such cases also should be closed by the Jute Board in consultation with the Comptroller and Auditor General.

8. Compilation of Accounts in the Jute Board should be completed immediately and compliance reported to the Public Accounts Committee in the next session. (Paragraph 17 of the proceedings of the meeting held on 19th February, 1966).

9. The procedure regarding disposal of display material sent abroad in fairs and exhibitions needs streamlining. Standard instructions in this behalf should be issued by the Ministry of Commerce. (Paragraph 7 of the proceedings of the meeting held on 24th February, 1966).

COMMUNICATIONS DIVISION

(RAILWAY WING)

1. The Committee observed that there could have been no question of any different interpretation after the Audit had raised objections to the payment and that the payment ought to have been stopped straight-away; the fact that the payment continued to be made even after the

Audit had objected to it showed lack of responsibility on the part of the Accounts Officers. The Committee directed that the matter should be brought to the notice of the West Pakistan Railways Board for taking disciplinary action against Accounts Officer concerned. (Paragraph 18 of the proceedings of the meeting held on 26th February, 1966).

2. The Committee expressed dissatisfaction with the lack of decision regarding the price to be paid for the submerged barge purchased by the Pakistan Eastern Railways and observed that in 14 years that the barge has been under water not much of it is left and the bargaining over its price seemed pointless. (Paragraph 19 of the proceedings of the meeting held on 26th February, 1966).

3. Further investigation should be made to see whether the Station Masters and/or other staff was also involved. Apart from the staff posted at the stations of destination some person at the station from which the cement was booked should also be held responsible for not charging the correct freight. The Railway administration should investigate these matters and satisfy the Audit Department regarding the disciplinary action taken by them. (Paragraph 21 of the proceedings of the meeting held on 26th February, 1966).

4. The Railways should consider introducing the practice of commercial overtime to goods booking clerks, as was done in certain other Government Departments, for example, the Customs. (Paragraph 22 of the proceedings of the meeting held on 26th February, 1966).

5. Delay had occurred in putting the vessel to auction and the Railway Wing should satisfy the Comptroller and Auditor General that the delay was justified and that there were good reasons for not accepting the bid of Rs. 35,500. (Paragraph 23 of the proceedings of the meeting held on 26th February, 1966).

6. The Capital and Revenue Accounts of the Pakistan Eastern Railways should be finalised without delay. (Paragraph 24 of the proceedings of the meeting held on 26th February, 1966).

COMPTROLLER AND AUDITOR GENERAL

1. In future the nomenclature of the Appropriation Accounts and the Audit Reports should be "Appropriation Accounts/Commercial Accounts for the year——and Audit Report thereon".

2. For reconciliation of accounts between the Division/Department concerned, a programme for meeting at Jauharabad is drawn up. If the departmental representative did not turn up according to schedule, the matter should be brought to the notice of the head of the Division/Department concerned demi-officially fixing another date and requesting the head of the Department to make sure that his representative reached Jauharabad for this purpose according to the revised schedule. (Paragraph 16 of the proceedings of the meeting held on 14th February, 1966).

3. The Health Division in their written statement have stated that the amount due from the Karachi Port Trust have been adjusted against the amounts to be paid to the Port Trust by the Port Health Department.

This amounted to appropriation of receipts towards expenditure. The Comptroller and Auditor General should look into this aspect to see if this practice violates the principles of government accounting. (Paragraph 4 of the proceedings of the meeting held on 18th February, 1966).

4. The Comptroller and Auditor General and the Ministry of Finance should jointly evolve a system whereby it is ensured that the directions of the Public Accounts Committee are complied with promptly and the outstanding cases are constantly followed up so that the Committee when it meets may consider only the outstanding issues. (Paragraph 11 of the proceedings of the meeting held on 18th February, 1966).

5. The Audit should decide whether the certificates furnished by the Food Division in lieu of the vouchers stated to have been retained by the foreign governments through whom the payment was made are acceptable and close the case accordingly. (Paragraph 10 of the proceedings of the meeting held on 21st February, 1966).

6. The Comptroller and Auditor General should satisfy himself that the case regarding the shortages detected in the physical verification of stores has been properly dealt with by the Rehabilitation and Works Division and if he was satisfied the matter need not come up in the next session of the Public Accounts Committee. (Paragraph 7 of the proceedings of the meeting held on 22nd February, 1966).

7. The facts of the case, i.e., that the arrear rent due from those people who left for India can only be set off against rents accruing in India to people who migrated to Pakistan should be ascertained by Audit. (Paragraph 10 of the proceedings of the meeting held on 22nd February, 1966).

8. The figures regarding the quantity of teak wood supplied to contractor as quoted in the written reply of the Rehabilitation and Works Division did not tally with the figures brought out in the audit objections. This matter should be looked into further by the Audit. (Paragraph 12 of the proceedings of the meeting held on 22nd February, 1966).

9. The Audit Department should submit its recommendations to the Ministry of Finance regarding re-organisation in the system of accounts in the P.W.D. The system of stores accounting in the P.W.D. also needed looking into by the Audit Department. This should be done and the procedures should be streamlined. (Paragraph 16 of the proceedings of the meeting held on 22nd February, 1966).

10. The Comptroller and Auditor General may look into the facts of the case and satisfy himself that the additional expenditure incurred by the WPIDC was justified. (Paragraph 21 of the proceedings of the meeting held on 24th February, 1966).

11. The Comptroller and Auditor General should look into the facts of the case as reported in the written statement of the Industries Division. (Paragraph 28 of the proceedings of the meeting held on 24th February, 1966).

12. The Comptroller and Auditor General will verify the adjustments reported by the Home Affairs Division in the Compliance Report. (Paragraph 4 of the proceedings of the meeting held on 25th February, 1966).

The facts reported by the Foreign Affairs Division in the Compliance Report that recoveries in respect of the Mission at Australia have been made should be verified by the Audit. (Paragraph 4 of the proceedings of the meeting held on 26th February, 1966).

14. The Capital and Revenue Accounts of the Pakistan Western Railways should be checked up. (Paragraph 24 of the proceedings of the meeting held on 26th February, 1966).

15. The Committee directed that smaller items of irregularities should be settled between the Ministry of Defence and the Comptroller and Auditor General and those not settled should be brought by the Comptroller and Auditor General before the Public Accounts Committee. Also that the Ministry of Defence should set date line by which all issues must be resolved and submit a report to the Committee. (Paragraph 2 of the proceedings of the meeting held on 24th January, 1967)

ECONOMIC AFFAIRS DIVISION

1. The work of Project Accounting should be taken up by the Economic Affairs Division and they should revive the post surrendered by them as economy measure and fill it up with a suitable officer with effect from July, 1966. (Paragraph 16 of the proceedings of the meeting held on 25th February, 1966).

EDUCATION DIVISION

1. One or two persons other than those incharge of the particular section of the Library should be put in the team doing the work of stock verification so that an element of independent check is introduced. (Paragraph 3 of the proceedings of the meeting held on 19th February, 1966).

2. The type of irregularity pointed out in this paragraph, i.e., incurring of expenditure in excess of the sanctioned grant should be avoided. No amounts should be sanctioned unless there was immediate likelihood of their being utilised. (Paragraph 4 of the proceedings of the meeting held on 19th February, 1966).

3. No re-appropriation should be done after the close of the financial year as it cannot alter the facts of the shortage of money as it stood on the end of a particular financial year. (Paragraph 7 of the proceedings of the meeting held on 19th February, 1966).

ESTABLISHMENT DIVISION

1. The Establishment Division should complete the action regarding the amendment of Toshakhana Rules and report compliance to the Public Accounts Committee in its next session. (Paragraph 7 of the proceedings of the meeting held on 14th February, 1966).

2. The Establishment Division should complete the stock verifications, which are due. (Paragraph 11 of the proceedings of the meeting held on 14th February, 1966).

FINANCE DIVISION

1. The orders of the President should be obtained for regularisation of excess as reported in the Appropriation Accounts for the years 1959-60, 1960-61 and 1961-62. (Paragraph 17 of the proceedings of the meeting held on 14th February, 1966).

2. The Finance Division should issue instructions to the effect that *ex post facto* sanctions for re-appropriation, or for supplementary grants after the close of the financial year carry no meaning and should not be issued. (Paragraph 14 of the proceedings of the meeting held on 18th February, 1966).

3. For supply of books to Government offices, the Finance Division should, in consultation with DG, S & D and the Controller of Printing and Stationery, examine if it was possible to make a rate contract with suppliers. (Paragraph 15 of the proceedings of the meeting held on 18th February, 1966).

4. The Finance Division should initiate a study to devise ways of improving the standards of physical verification of stores and issue instructions to all Ministries|Divisions etc. (Paragraph 16 of the proceedings of the meeting held on 18th February, 1966).

5. The budgetary position of the departments making purchases through the Directorate of Investment Promotion and Supplies is disturbed when the ATDs, which are in respect of purchases made in the previous year, are sent to the Accounts Office for adjustment. To avoid this situation budgeting should be made after careful planning and assessment of the ATDs expected to be received. The Finance Division should issue instructions in this behalf. (Paragraph 21 of the proceedings of the meeting held on 22nd February, 1966).

6. The proposals of the Comptroller and Auditor General regarding the change in accounting procedure should be finalised without delay. (Paragraph 11 of the proceedings of the meeting held on 24th February, 1966).

7. The practice of giving TA advance in foreign exchange to Government servants on transfer to Pakistan from foreign countries was open to abuses as excess amount drawn in foreign exchange could only be recovered from the employee concerned in Pakistani rupee. The procedure in this behalf should be re-examined by the Finance Division. (Paragraph 8 of the proceedings of the meeting held on 26th February, 1966).

8. The Agricultural Development Bank of Pakistan should create reserves of a reasonable size for meeting the bad debts (Paragraph 28 of the proceedings of the meeting held on 26th February, 1966).

FINANCE DIVISION

(CENTRAL BOARD OF REVENUE)

1. Regarding settlement of claims against the Government of East Pakistan, the Central Board of Revenue ought to have raised the level at which the matter should have been taken up. They should now request

the Finance Secretary to write to the Chief Secretary of the Provincial Government. (Paragraph 30 of the proceedings of the meeting held on 26th February, 1966).

2. The Department relies entirely on cases pointed out by the Audit regarding under-assessment. A system should be devised by which such cases may be detected by the Department itself. (Paragraph 31 of the proceedings of the meeting held on 26th February, 1966).

3. The persons involved in fraud against Government should be awarded drastic punishment. (Paragraph 31 of the proceedings of the meeting held on 26th February, 1966).

4. Since the Scheme for purchase of salt has been wound up the accounts should be finalized without delay. (Paragraph 33 of the proceedings of the meeting held on 26th February, 1966).

5. The Committee took serious objection to this case and observed that it was strange that even after the lapse of 6 years the amount had not been adjusted and directed that the Central Board of Revenue should finalise this case by April, 1966. (Paragraph 35 of the proceedings of the meeting held on 26th February, 1966).

6. The case should be settled by the Central Board of Revenue in consultation with the Audit Department without delay. (Paragraph 36 of the proceedings of the meeting held on 26th February, 1966).

7. The practice of combining office with residence was highly objectionable and amounted to financial irregularity. The Central Board of Revenue by renting office-cum-residence accommodation for its officials have been violating the orders of the Ministry of Finance. They should release all such houses. (Paragraph 37 of the proceedings of the meeting held on 26th February, 1966).

8. The Committee directed that the Ministry of Finance should submit a report with regard to the variation shown in the Demands "Debt Services" and "Capital Outlay on Pensions" in the next Session of the Committee. (Paragraph 27 of the proceedings of the meeting held on 26th January, 1967).

FOOD DIVISION

1. As the audit objection has been withdrawn by the Comptroller and Auditor General, the persons held responsible in the departmental enquiry should be exonerated. (Paragraph 6 of the proceedings of the meeting held on 21st February, 1966).

2. Retention of the undisbursed amount in the cash chest unnecessarily for long periods of times should be avoided. (Paragraph 7 of the proceedings of the meeting held on 21st February, 1966).

FOREIGN AFFAIRS DIVISION

1. All outstanding cases should be finalized before April, 1966. (Paragraph 4 of the proceedings of the meeting held on 28th February, 1966).

2. In matter of fixation of rent ceilings the Mission in Calcutta cannot be treated at par with Missions in Washington or London and the ceiling of rent applicable in Calcutta should be proportionate to the salaries of the officers. (Paragraph 5 of the proceedings of the meeting held on 26th February, 1966).

3. The case should be finalized without delay. (Paragraph 6 of the proceedings of the meeting held on 25th February, 1966).

4. The practice of granting T.A. advance to employees posted abroad on their transfer from the foreign country to Pakistan was objectionable as the excess foreign exchange can only be adjusted against rupee payment by the employee resulting in loss of foreign exchange to the Government. The Foreign Affairs Division should not follow this practice in future. (Paragraph 8 of the proceedings of the meeting held on 26th February, 1966).

5. For use of staff cars in the Missions by visiting officials and non-officials, the Foreign Affairs Division should modify its Staff Cars Rules to cater for such needs. (Paragraph 9 of the proceedings of the meeting held on 26th February, 1966).

6. All outstanding cases of the Foreign Affairs Division should be settled in consultation with the Comptroller and Auditor General without delay. (Paragraph 10 of the proceedings of the meeting held on 26th February, 1966).

7. The Foreign Affairs Division should issue instructions to the Heads of Missions that they should deal with the audit objections as soon as these are raised and that the Heads of the Missions should see the Head of the Audit party when the latter is in a Foreign Mission conducting the audit. (Paragraph 11 of the proceedings of the meeting held on 26th February, 1966).

HEALTH DIVISION

1. The stores accounts of the Jinnah Central Hospital for the year 1961-62 should be submitted to the Comptroller and Auditor General in the correct form and compliance reported to the P.A.C. in the next session. (Paragraph 5 of the proceedings of the meeting held on 18th February, 1966).

HOME AFFAIRS DIVISION

1. Some delay had occurred in finalising departmental proceedings which could have been avoided. When Committee meets again to consider the Accounts of the Ministry of Defence the progress in this case should be reported. The Committee also recommended that some improvement was required in the procedure of departmental enquiries. (Paragraph 8 of the proceedings of the meeting held on 24th February, 1966).

2. The Committee took note of the fact that the Government of East Pakistan had furnished some figures relating to their counter-claim against the Central Government and directed that the Home Affairs Division should at least accept and settle that portion of the claim which did not

need further scrutiny. So far as the counter-claim of the Government of East Pakistan was concerned, it could be verified later. (Paragraph 4 of the proceedings of the meeting held on 25th February, 1966).

INDUSTRIES DIVISION

1. In allowing commission @ 16½% instead of the usual 6½% to the importer, Iron and Steel Controller misused his powers. The Secretary, Industries Division should look into this case and take disciplinary action against the persons responsible and also consult the Comptroller and Auditor General in the matter of awarding punishment. (Paragraph 4 of the proceedings of the meeting held on 24th February 1966).

2. The Committee expressed dissatisfaction over the practice of putting all the files together and transferring them from one station to another without proper listing and cataloging and directed that in this particular case persons who were responsible to maintain proper records of the files and the movement records should be proceeded against. (Paragraph 5 of the proceedings of the meeting held on 24th February, 1966).

3. An enquiry is to be held to ascertain who was responsible for delay in assessing the value of assets and liabilities of the sales and display centres transferred to the Small Industries Corporation because this delay led to loss for the Government. The Commercial Accounts should be prepared without further delay in consultation with the Comptroller and Auditor General. (Paragraph 7 of the proceedings of the meeting held on 24th February, 1966).

4. To expedite recovery of dues from the West Pakistan Government a letter may be addressed by the Finance Minister to Governor, West Pakistan. The draft of this letter should be put up to Finance Minister by the Industries Division duly vetted by the Audit Officer, Industries, Supply and Food. Secretary, Industries should also take up the question of settling of outstanding dues with Secretary, Communications and Secretary, Home and Kashmir Affairs. (Paragraph 9 of the proceedings of the meeting held on 24th February, 1966).

5. In future, the autonomous bodies wanting to make purchases through the Director General, Investment Promotion and Supplies should make cash payments. So far as the government departments are concerned, the Ministry of Industries, in consultation with the Ministry of Finance, should evolve a suitable procedure so as to avoid the situations in which huge amounts on account of purchases remain unadjusted. (Paragraph 9 of the proceedings of the meeting held on 24th February, 1966).

6. The Committee did not accept the position stated in the Compliance Report that the dues against the Provincial Governments are to be treated as irrecoverable and directed that, if at a lower level the matter could not be settled, it should be taken up at a higher level and the level should continue to be raised till the issue was finally settled. (Paragraph 11 of the proceedings of the meeting held on 24th February, 1966).

7. The Committee took note of the Compliance Report submitted by the Industries Division and agreed that in this particular case enforcing recovery from the employees will be harsh on them and that it may be written off. (Paragraph 13 of the proceedings of the meeting held on 24th February, 1966).

8. The Committee took serious objection to the fact that the EPIDC had not sent any representative before the Committee and desired that this should be communicated to the East Pakistan Industrial Development Corporation. (Paragraph 20 of the proceedings of the meeting held on 24th February, 1966).

9. The Public Accounts Committee took note of the fact that technical opinions differ on the subject of over-head crossing *versus* crossing below the river-bed and decided to recommend that in future wherever a bridge is constructed, the design should provide facility for over-head crossing of gas pipe-lines. (Paragraph 21 of the proceedings of the meeting held on 24th February, 1966).

10. The Comptroller and Auditor General may look into the facts of the case and satisfy himself that the additional expenditure incurred by the WPIDC was justified. (Paragraph 21 of the proceedings of the meeting held on 24th February, 1966).

11. The WPIDC should ask for the refund of the money donated by them to the political parties funds. (Paragraph 22 of the proceedings of the meeting held on 24th February, 1966).

12. The Industries Division should put up a claim against the contractors for the balance amount and the matter should be investigated further and the person/persons, who instructed the contractors to sell the jute on their own account should be proceeded against. (Paragraph 23 of the proceedings of the meetings held on 24th February, 1966).

13. Efforts should be made to get the recovery of the amounts expedited. (Paragraph 24 of the proceedings of the meeting held on 24th February, 1966).

14. The Committee was satisfied with the explanation that the payment was stopped as soon as the Audit objected to it but observed that this type of extravagant expenditure should not have been allowed in the first instance and that this should be a guide for the future. (Paragraph 25 of the proceedings of the meeting held on 24th February, 1966).

15. The action of the Corporation in supporting one mill from the funds another mill and that too without charging any interest was not regular because it is the shareholders in the mill who provided the funds and not just the Directors. (Paragraph 26 of the proceedings of the meeting held on 24th February, 1966).

16. This case relates to the EPIDC and since no representative of either the EPIDC or the Government of East Pakistan was present in the meeting, the Committee decided that Secretary, Industries Division, should take up this matter with Secretary, Industries, Government of East Pakistan and also discuss with the Comptroller and Auditor General while at Dacca in connection with the forthcoming session of the National Assembly beginning in March, 1966. (Paragraph 27 of the proceedings of the meeting held on 24th February, 1966).

17. The matter should be regularised by taking it to the Board of Directors. (Paragraph 29 of the proceedings of the meeting held on 24th February, 1966).

18. Apart from the Chief Inspector certain other persons could also be held responsible if a further investigation was made into this case. The Industries Division in consultation with the Audit Officer, Industries, Supply and Food, should go into the facts of the case again. (Paragraph 30 of the proceedings of the meeting held on 24th February, 1965).

19. The departmental proceedings against the Cashier responsible for embezzlement of Government money should be finalised and compliance reported in the next meeting of the Public Accounts Committee. (Paragraph 6 of the proceedings of the meeting held on 17th February, 1966).

20. The Committee directed that the Industries Division should finalise the case regarding flotilla barges mentioned in this paragraph quickly and report compliance. (Paragraph 9 of the proceedings of the meeting held on 23rd January, 1967).

21. The Committee directed that the Ministry of Defence and the Ministry of Industries should both investigate the matter reported in this paragraph and take action against the Officer responsible for reluctance of duty and report compliance to the Committee. (Paragraph 11 of the proceedings of the meeting held on 23rd January, 1967).

22. The Committee directed that the Officers of the Organisation of the then DGS & D who were held responsible by the Court of Inquiry in the case of three different supplies of sub-standard timber, should be punished and the Ministry of Industries should submit a report to the Committee. (Paragraph 30 of the proceedings of the meeting held on 24th January, 1967).

23. The Committee directed that the DGIP & S should finalise the case relating to the sale proceeds of a staff car reported upon in this paragraph and should also take disciplinary action against those persons who delivered the car without realising the sale proceeds. (Paragraph 25 of the proceedings of the meeting held on 26th January, 1967).

KARACHI ADMINISTRATION

1. Efforts should be made to locate other properties belonging to the accused and the case should be finalised. (Paragraph 6 of the proceedings of the meeting held on 25th February, 1966).

2. The attachment warrant against the accused was cancelled because the department failed to pursue the matter. However, as a suit for the recovery by or on behalf of Government could be filed within 60 years, proper legal action should be taken by the Government without delay. (Paragraph 7 of the proceedings of the meeting held on 25th February, 1966).

KASHMIR AFFAIRS DIVISION

1. The Committee was satisfied with the position explained in the Compliance Report that major portion of the accounts had been reconstructed. In respect of non-surrender of the unspent amounts, the Committee directed that this should not be allowed to happen. (Paragraph 9 of the proceedings of the meeting held on 25th February, 1966).

2. The orders issued by the Kashmir Affairs Division under their No. KII. 1 (2) 61, dated the 6th March, 1963 in this behalf are not being carried out by the local officers. This should be looked into by the Kashmir Affairs Division as promised by the departmental representative.

The allowable percentage should be determined by the Kashmir Affairs Division in consultation with the Ministry of Finance and the agreed percentage should be communicated to Audit. (Paragraph 12 of the proceedings of the meeting held on 25th February, 1966).

LABOUR DIVISION

1. The Labour Division should ensure that the type of irregularity pointed out in this paragraph, i.e., withdrawal of money towards the close of the financial year and keeping it in the cash chest in anticipation of incurring expenditure is avoided. Also, where the amount is drawn in the form of cash or in the form of cheques it must always be entered in the cash book. (Paragraph 15 of the proceedings of the meeting held on 18th February, 1966).

NATURAL RESOURCES DIVISION

1. The Public Accounts Committee took note of the written reply of the Natural Resources Division which states that the matter still remains unsettled and directed that it should be settled between the Natural Resources Division and the Comptroller and Auditor General. (Paragraph 33 of the proceedings of the meeting held on 24th February, 1966).

2. The Committee took note of the reply of the Natural Resources Division that it was not possible to provide an escalator clause to cover variations in the price of articles tendered. The Committee, however, directed that since changes in the price of articles did take place every contract should be examined on its own merits and it should be considered whether an escalator clause is to be inserted in the contract. (Paragraph 34 of the proceedings of the meeting held on 24th February, 1966).

3. The Committee took note of the fact that the stock returns had been cleared in all the Divisions except the stock returns for Warsak Dam project and directed that the outstanding cases should also be cleared without further delay. (Paragraph 36 of the proceedings of the meeting held on 24th February, 1966).

REHABILITATION AND WORKS DIVISION

1. In order to determine whether it was necessary to provide for variation in the contract for changes in prices of articles and specifications the contract forms should be looked into and if any revision was considered necessary it should be done in consultation with the Audit, the Ministry of Finance and the Ministry of Law. The work of revision of tender forms should be done by a Committee in which two representatives of the contractor, one from each Wing, should be included. (Paragraph 3 of the proceedings of the meeting held on 22nd February, 1966).

2. The Rehabilitation and Works Division should avoid delays in preparation and submission of accounts as in the case reported upon in this paragraph concerning the accounts of guest houses. (Paragraph 4 of the proceedings of the meeting held on 22nd February, 1966).

3. The question whether further recoveries from the Trust created for Saudabad quarters in Karachi should be written off needed looking into which should be done by the Rehabilitation and Works Division in consultation with the Audit and the Government of West Pakistan. (Paragraph 5 of the proceedings of the meeting held on 22nd February, 1966).

4. The suits against the defaulters for the recovery of Government dues on account of electricity charges should be filed without delay. (Paragraph 6 of the proceedings of the meeting held on 22nd February, 1966).

5. The problem of water-supply and the fixation of water-rates in the new colonies in Karachi should be settled urgently. (Paragraph 8 of the proceedings of the meeting held on 22nd February, 1966).

6. The audit objections should be settled as soon as these are received or at least at the time the Audit send the draft para for the Audit Report. If necessary the settlement should be done by consultation between the controlling officer and the Comptroller and Auditor General. Failure to attend to audit objections timely results in considerable wastage of time and public money. (Paragraph 11 of the proceedings of the meeting held on 22nd February, 1966).

7. For the issuing of teak-wood from the government forest, or for that matter on any problem, if the department failed to convince the authorities of the Provincial Government they ought to have raised the level at which the matter could be taken up. In future this policy of raising the level should invariably be followed till a satisfactory solution of the problem is found. (Paragraph 12 of the proceedings of the meeting held on 22nd February, 1966).

8. The Comptroller and Auditor General raised the point that how could the surplus stores be there in the store unless there was something wrong with the accounts and suggested that a Committee should be formed for joint inspection. The Committee accepted this suggestion and directed that the Rehabilitation and Works Division should depute their representative who should go into this case immediately. (Paragraph 13 of the proceedings of the meeting held on 22nd February, 1966).

9. The Committee took a very serious view of the irregularity and directed that such situation should be avoided in future and it should be the duty of the department concerned to seek Government's approval for continuance of temporary posts well in time and in no case should the posts be continued without Government's approval and that departments must not presume that the approval will be given by the Government.

The main chest was not meant for payment of salaries. In future no amount should be drawn from the main chest for payment of salaries under any circumstances.

The mere warning which has been given to persons responsible for this irregularity is not enough unless drastic punishment is given. It is not possible to check the recurrence of such instances. (Paragraph 15 of the proceedings of the meeting held on 22nd February, 1966).

10. The availability of funds ought to have been kept in mind by the Pakistan P.W.D. even if the administrative approval to the work had been given by the local government (in this case the Chief Commissioner, Karachi). The action to clear the suspense should be finalised without delay. (Paragraph 16 of the proceedings of the meeting held on 22nd February, 1966).

11. The system of stores accounting should be looked into by the Audit Department and the Works Division should look into the other two important aspects, namely, maintenance of the quality of works and the disposal of stores. The procedures in respect of all these three cases should be streamlined. (Paragraph 17 of the proceedings of the meeting held on 22nd February, 1966).

12. Some officials in the department failed to take timely action to recover the money and the Works Division should take disciplinary action against the persons responsible for this loss to Government.

The Works Division should examine the possibilities of introducing performance bonds in such contracts. (Paragraph 18 of the proceedings of the meeting held on 22nd February, 1966).

13. All outstanding claims against foreign embassies should be settled early.

The Committee took note of the explanation furnished by the Works Division and directed that to avoid such situations the Works Division should revise the contract rent form and introduce the system of obtaining two or three months' advance rent as security. (Paragraph 19 of the proceedings of the meeting held on 22nd February, 1966).

14. To settle the question of excess expenditure on maintenance grants and savings in the Capital Outlay the accounts needed looking into and possibly much of these savings and excesses could be accounted for by wrong classification. The matter should be taken up by the Works Division with the Audit Department. (Paragraph 20 of the proceedings of the meeting held on 22nd February, 1966).

15. Budgeting should be made after careful planning and assessment of the ATDs so that when these are received and accounted for by the Accounts Department the budget is not dislocated. (Paragraph 21 of the proceedings of the meeting held on 22nd February, 1966).

16. The matter should be looked into thoroughly by the Rehabilitation and Works Division and in the case of tampering of records disciplinary action should be taken against the persons responsible. (Paragraph 24 of the proceedings of the meeting held on 22nd February, 1966).

17. The Accounts must be brought up-to-date without delay as failure to compile the Stores Accounts timely gave the unscrupulous persons great opportunity for misappropriation. The work of stock verification should be done every year. (Paragraph 25 of the proceedings of the meeting held on 22nd February, 1966).

18. Action should be taken against the contractor who had absconded and also against the officers whose negligence resulted in the loss to Government. (Paragraph 26 of the proceedings of the meeting held on 22nd February, 1966).

19. The Rehabilitation and Works Division should take proper disciplinary action against persons who were responsible for having lost adjustment memos which are sent by name and through registered post. (Paragraph 27 of the proceedings of the meeting held on 22nd September, 1966).

20. The Rehabilitation and Works Division should establish the facts to the satisfaction of the Audit that the recoveries had been made as stated by them in the written statement. (Paragraph 28 of the proceedings of the meeting held on 22nd February, 1966).

21. The Rehabilitation and Works Division should settle all the outstanding objections, both in the previous Report of the PAC as well as in the subsequent Audit Reports and report compliance to the *ad hoc* Public Accounts Committee when it meets again in April, 1966. (Paragraph 30 of the proceedings of the meeting held on 22nd February, 1966).

22. In terms of Ministry of Finance O.M. No. D. 444|BV|64, dated 19th September, 1965 action should be taken and reported by the Rehabilitation and Works Division. (Paragraph 11 of the proceedings of the meeting held on 25th February, 1966).

MINISTRY OF DEFENCE

1. The Committee decided to revise its earlier recommendation regarding the introduction of clause in the Contract Forms providing for variation and directed that the Contract Forms as far as possible should not provide for variation. (Paragraph 5 of the proceedings of the meeting held on 23rd January, 1967).

2. The Committee directed that the Department should draw up a proper scheme for rearing milch cattle instead of beef cattle and should ensure that it ran on profit. The Committee further directed that the objective of increasing agricultural production as also of running the projects on profits should be achieved. (Paragraph 7 of the proceedings of the meeting held on the 23rd January, 1967).

3. The Committee directed that the Ministry of Defence should finalise the case regarding terms and conditions governing the British Service Personnel on loan to Pakistan Armed Forces early and report compliance. (Paragraph 8 of the proceedings of the meeting held on the 23rd January, 1967).

4. The Committee directed that the full particulars should be furnished and the case reported in this paragraph should be finalised as soon as the decision of the High Court is available. (Paragraph 10 of the proceedings of the meeting held on 23rd January, 1967).

5. The Committee directed that present procedure allowing the sale of tickets of the PIAC by the Agents is defective and the PIAC should review it and provide that some sort of a guarantee (e.g. a bank

guarantee) should be furnished by the Agents which can be easily enforced against defaulters without having to take recourse to a Civil suit. (Paragraph 12 of the proceedings of the meeting held on 23rd January, 1967).

6. The Committee directed that the department concerned should take early steps to adjust/recover the dues reported upon in this paragraph expeditiously and also take disciplinary action against the Officer for making over-payment and the action taken should be reported to the Committee. Para. 13 of the proceedings of the meeting held on 23rd January, 1967).

7. The Committee directed that the position with regard to the final action taken in the case reported upon in this paragraph should be reported in the next session. (Para 16 of the proceedings of the meeting held on 23rd January, 1967).

8. The Committee directed that the Ministry of Defence should examine the case reported upon in this paragraph and recover the losses from the pensions of officers held responsible for not recovering the amount of loss from the MES Contractors. (Para 17 of the proceedings of the meeting held on 23rd January, 1967).

9. The Committee directed that the loss involved as a result of the non-recovery of compensation from certain Contractors should be recovered from the pensions of the Officers responsible for it. (Para 19 and 21 of the proceedings of the meeting held on 23rd January, 1967).

10. The Committee directed that the whole procedure with regard to the issue of No Demand Certificate at the time of the retirement of Officer reported upon in this paragraph should be reviewed and it should be examined if pending cases can be included in the Demand Certificate. Retirement of Officers should also be watched and proceedings of Courts of Inquiry in which they are involved should be finalised before the date of their retirement. (Para 20 of the proceedings of the meeting held on 23rd January, 1967).

11. The Committee directed that the PIAC should take action as indicated in this paragraph in respect of Sundry Debts and report compliance to the Committee. PIAC should also submit a detailed report in this behalf to the Finance Minister. (Para 24 of the proceedings of the meeting held on 23rd January, 1967).

12. The Committee directed that the Ministry of Defence should finalise the case reported in this paragraph expeditiously and report compliance. (Para 25 of the proceedings of the meeting held on 23rd January, 1967).

13. The Committee directed that the entire tender procedure and payment procedure in M.E.S. should be studied by a Committee and it should be studied whether some other form of security like a bank guarantee which can be easily enforced should be obtained from the Contractors. (Para 4 of the proceedings of the meeting held on 24th January, 1967).

14. The Committee directed that the outstanding cases of serious financial irregularities mentioned in this paragraph should be finalised by the Ministry of Defence with the Comptroller and Auditor General and compliance reported to the Committee. (Para 5 of the proceedings of the meeting held on 24th January, 1967).

15. The Committee directed that the Ministry of Defence should consult the Comptroller and Auditor General in respect of fixation of rational formula to absorb the overheads of the Factory on current production and report the position to the Committee. (Paragraph 7 of the proceedings of the meeting held on 24th January, 1967).

16. The Committee directed that as far as possible linking of the goods actually received against the particular consignments should be done without delay and that the Ministry of Defence should go into the system and if there was any defect in the system itself it should be improved. (Para 10 of the proceedings of the meeting held on 24th January, 1967).

17. The Committee directed that defect in the procedure in the cases of overpayments reported upon on page 17 of the Appropriation Accounts, Defence Services, 1959-60 should be looked into and that the overpayments should be recovered. (Para 13 of the proceedings of the meeting held on 24th January, 1967).

18. The Committee directed that losses of aircrafts on account of crashes and accidents due to incidence of service should also find place in the statement of losses and the procedure should be looked into so that this defect is remedied. (Para 15 of the proceedings of the meeting held on 24th January, 1967).

19. The Committee expressed its displeasure at the lack of action taken by the Department in furnishing the review of expenditure pertaining to MES very late and directed that the work must be cleared without delay and compliance reported. (Para 19 of the proceedings of the meeting held on 24th January, 1967).

20. The Committee directed that whenever there is a loss to Government as a result of non-recovery of dues against individual or commercial concerns not only that the dues should be recovered but the Officials whose negligence or inaction resulted in the non-recovery of the Government dues should be proceeded against and the loss made good from them. (Para 21 of the proceedings of the meeting held on 24th January, 1967).

21. The Committee directed that records should not be destroyed before the expiry of the prescribed period and desired that these instructions should also be repeated to other Ministries/Divisions. (Para 23 of the proceedings of the meeting held on 24th January, 1967).

22. The Committee directed that outstanding cases of financial irregularities reported upon in paragraph 33 of the Audit Report, Defence Services, 1961 should be settled without delay and that their observation regarding a reappraisal of the payment procedure already given apply to this case also. (Para 24 of the proceedings of the meeting held on 24th January, 1967).

23. The Committee directed that the action taken in the case of deficiencies in deterioration of stock should be reported to the Committee in the next session. (Para 26 of the proceedings of the meeting held on 24th January, 1967).

24. The Committee directed that Military Farms should operate as commercial basis. (Para 28 of the proceedings of the meeting held on 24th January, 1967).

25. The Committee directed that some guarantee in the form of enforceable bond should be obtained from the Contractors on whom risk purchases as reported in this paragraph were made. (Para 29 of the proceedings of the meeting held on 24th January, 1967).

26. The Committee directed that if the loss involved in a case is written off it should be so stated instead of replying that the loss has been regularised and desired that these instructions should also be communicated to all other Ministries|Divisions. (Para 31 of the proceedings of the meeting held on 24th January, 1967).

27. The Committee directed that the procedure of obtaining bonds from the trainees should be reviewed and some enforceable security should be obtained from the trainees e.g. a bank guarantee or the assignment of insurance policy. The Committee further directed that these instructions should be repeated to all Ministries|Divisions. (Para 32 of the proceedings of the meeting held on 24th January, 1967).

28. The Committee directed that the Department concerned should pursue the case relating to the failure of a Contractor to make full supply of timber with the A. K. Government also in addition to taking recourse to the civil court for enforcement of award. (Para 33 of the proceedings of the meeting held on 24th January, 1967).

29. The Committee directed that detailed report alongwith the explanation of the Military Finance in the case relating to the supply of bricks under contract agreement reported upon in this paragraph should be submitted to the Committee. (Para 5 of the proceedings of the meeting held on 25th January, 1967).

30. The Committee directed that entering into contract agreement without the sanction of higher authorities reported upon in this paragraph should be avoided in future. (Para 7 of the proceedings of the meeting held on 25th January, 1967).

31. The Committee directed that the stores management should be made more strict. (Para 13 of the proceedings of the meeting held on 25th January, 1967).

32. The Committee directed that in future every Court of Inquiry should invariably go into the question of effecting recovery from the accused to the extent such recoveries were possible and make recommendations to that effect also. (Para 16 of the proceedings of the meeting held on 25th January, 1967).

33. The Committee directed that in future payment of compensation in cases as reported upon in this paragraph should be insisted upon. (Para 17 of the proceedings of the meeting held on 25th January, 1967).

34. The Committee directed that in future steps should be taken to prepare the claims in time. (Para 19 of the proceedings of the meeting held on 25th January, 1967).

35. The Committee directed that the matter ought to have been pursued as observed by the Court of Inquiry in a case of loss caused to Government as a result of acceptance of stores inferior to those specified in the contract. (Para 20 of the proceedings of the meeting held on 25th January, 1967).

36. The Committee directed that the break-up of the excess expenditure in respect of Factory Works as reported upon in this paragraph should be reported to the Committee. (Para 21 of the proceedings of the meeting held on 25th January, 1967).

37. The Committee directed that there should be more strict observations of rules the entire system of contracts and payments should be reviewed and that the departmental officers should continuously reconcile the budget provision with the statement of Accounts to avoid excesses over the budgeted amounts. (Para 22 of the proceedings of the meeting held on 25th January, 1967).

38. The Committee directed that expenditure in the last month of the year merely to avoid the lapsing of the budget grant should be avoided. The Committee further desired that these instructions should be repeated to all Ministries/Divisions. (Para 23 of the proceedings of the meeting held on 25th January, 1967).

39. The Committee directed that the action taken by the Department as a result of the decision taken by the Court of Inquiry in the case relating to non-installation of power meters should be reported to the Committee. (Para 25 of the proceedings of the meeting held on 25th January, 1967).

40. The Committee directed that M.A.G. should submit a report to the Committee in the case of irregular payment made to contractors by the Accounts authorities as reported upon in this paragraph. (Para 26 of the proceedings of the meeting held on 25th January, 1967).

41. The Committee directed that the stores which are either brittle or have such chemical composition which would automatically become unserviceable after a specified period as reported in this paragraph should be utilized or disposed of early. The Committee also desired that this directive should be repeated to all Ministries/Divisions. (Para 28 of the proceedings of the meeting held on 25th January, 1967).

42. The Committee directed that the case of overpayment to contractors reported upon in this paragraph should be disposed of quickly and compliance reported. (Para 29 of the proceedings of the meeting held on 25th January, 1967).

43. The Committee directed that the DGIP & S should pursue the case, reported upon in this paragraph, with the Ministry of Law and take action against the auctioneer. The DGIP & S should also consider whether the indemnity point against the contractor can be enforced. (Para 30 of the proceedings of the meeting held on 25th January, 1967).

44. The Committee directed that the position of the case reported upon in this paragraph relating to loss to Government due to defective contract and improper execution thereof should be reported to the Committee. (Para 35 of the proceedings of the meeting held on 25th January, 1967).

45. The Committee directed that the Controlier of Military Accounts should go into the details of the case relating to irregular fixation of pay of a re-employed pensioner reported upon in this paragraph and report to the Committee in the next Session. (Para 36 of the proceedings of the meeting held on 25th January, 1967).

46. The Committee directed that the outstanding cases against the contracors, reported upon in this paragraph should be settled with the Comptroller and Auditor General and a detailed breakup of the cases with the Army, Navy and Air Force should be reported to the Committee in the next Session. (Para 38 of the proceedings of the meeting held on 25th January, 1967).

47. The Committee directed that all cases of losses reported upon in this paragraph should be finalised without delay and recoveries should be effected wherever these were possible. (Para 39 of the proceedings of the meeting held on 25th January, 1967).

48. The Committee directed that the Contract form|procedure in the cases of Supply of Bhoosa reported upon in this paragraph should be reviewed and it should be examined if a system of obtaining bank guarantee can be introduced. (Para 41 of the proceedings of the meeting held on 25th January, 1967).

49. The Committee directed that delegation of powers, reported upon in this paragraph, should be done only by the competent authority. The Committee further desired that these instructions should be repeated to all Ministries|Divisions. (Para 3 of the proceedings of the meeting held on 26th January, 1967).

50. The Committee directed that the factual position alongwith the comments of the Audit in a case relating to certain works contracts reported upon in this paragraph should be reported to them in the next Session. (Para 4 of the proceedings of the meeting held on 26th January, 1967).

51. The Committee directed that the facts of the case relating to the overpayments on account of wrong fixation of pay of an officer reported upon in this paragraph should be ascertained and if any recovery was due from the person concerned attempts should be made to effect the recovery. (Para 7 of the proceedings of the meeting held on 26th January, 1967).

52. The Committee directed that a fresh attempt should be made to recover unauthorised overhead expenditure and that in future such function as reported upon in this paragraph should be financed from the Welfare Funds. (Para 8 of the proceedings of the meeting held on 26th January, 1967).

53. The Committee directed that the instance of losses reported upon in this paragraph should be avoided in future. (Para 9 of the proceedings of the meeting held on 26th January, 1967).

54. The Committee directed that all cases of writing off the cost of training where people left the Government service before the expiry of the bonded period should be reviewed and the recoveries due should be effected and result reported to the Committee in the next Session. (Para 10 of the proceedings of the meeting held on 26th January, 1967).

55. The Committee directed that the facts of this case relating to loss due to payment of interest on account of delay in challenging an arbitration award, should be cleared by the Department with the Comptroller and Auditor General and if the latter was satisfied the objection may be dropped. (Para 12 of the proceedings of the meeting held on 26th January, 1967).

56. The Committee directed that the facts of the case of short recovery of rent of Cinema building reported upon in this paragraph should be verified by the Comptroller and Auditor General. (Para 14 of the proceedings of the meeting held on 26th January, 1967).

57. The Committee directed that the repetition of such occurrence such as non-availability of records, reported upon in this paragraph, should be avoided. (Para 15 of the proceedings of the meeting held on 26th January, 1967).

58. The Committee directed that if possible recoveries should be made from the persons concerned in the case of loss due to breakage of crankshaft of a generating set reported upon in this paragraph. (Para 16 of the proceedings of the meeting held on 26th January, 1967).

59. The Committee directed that the Controller of Military Accounts should investigate the matter relating to the late preparation|delivery of MROs reported upon in this paragraph and report to the Committee in the next Session. (Para 17 of the proceedings of the meeting held on 26th January, 1967).

60. The Committee directed that recoveries where possible should be effected in the case of overpayment on account of pay of rank due to incorrect interpretation of Government orders. (Para 18 of the proceedings of the meeting held on 26th January, 1967).

61. The Committee directed that the Director, Audit, Defence Services should look into the case concerning loss of stores reported upon in this paragraph. (Para 20 of the proceedings of the meeting held on 26th January, 1967).

62. The Committee directed that the case concerning the loss of capital stores should be settled and reported to the Committee in the next Session. (Para 21 of the proceedings of the meeting held on 26th January, 1967).

63. The Committee directed that the cases of financial irregularities, losses, etc., reported upon in this paragraph should be finalised and reported to the Committee in the next Session. (Para 23 of the proceedings of the meeting held on 26th January, 1967).

PART IV STATEMENTS

APPROPRIATION ACCOUNTS FOR 1959-60

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	+Excess —Savings Compared to Original Grant	+Excess or —Savings Compared to Final Grant or Appropriation	Percentage of Original Grant or Appropriation	Percentage of Final Grant or Appropriation
1	2	3	4	5	6	7	8
(In lakhs of Rupees)							
<i>Expenditure met from Revenue :</i>							
Civil	74,26	78,96	89,00	(+) 14,74	(+) 10,04	19.8	12.7
Defence	98,42	98,42	1,04,81	(+) 6,39	(+) 6,39	6.5	6.5
Railways	53,27	55,78	55,71	(-) 2,44	(-) 7	4.6	0.1
Posts and Telegraphs ..	11,78	12,09	12,14	(+) 36	(+) 5	3.1	0.4
Total ..	<u>2,37,73</u>	<u>2,45,25</u>	<u>2,61,66</u>	<u>(-) 23,93</u>	<u>(+) 16,41</u>	10.1	6.7
<i>Expenditure met from Capital :</i>							
Civil	1,65,36	2,01,16	1,75,53	(+) 10,17	(-) 25,63	6.2	12.7
Defence	6,89	8,38	9,54	(+) 2,65	(+) 1,16	38.5	13.8
Railways	26,38	26,38	25,62	(-) 76	(-) 76	2.9	2.9
Posts and Telegraphs ..	5,10	5,70	4,84	(-) 26	(-) 86	5.1	15.1
Total ..	<u>2,03,73</u>	<u>2,41,62</u>	<u>2,15,53</u>	<u>(-) 11,80</u>	<u>(-) 26,09</u>	5.8	10.8
<i>Loans and Advances</i> ..	68,65	70,46	60,63	(-) 8,02	(-) 9,83	11.6	13.9
<i>Repayment of debt</i> ..	8,20,47	8,20,47	7,74,20	(-) 46,27	(-) 46,27	5.6	5.6
Grand Total ..	<u>13,30,58</u>	<u>13,77,80</u>	<u>13,12,02</u>	<u>(-) 18,56</u>	<u>(-) 65,78</u>	1.4	4.8

APPROPRIATION ACCOUNTS FOR 1960-61

<i>Expenditure met from Revenue :</i>							
Civil	80,40	87,64	89,56	(+) 9,16	(+) 1,92	11.4	2.2
Defence	99,16	99,16	1,11,91	(+) 12,75	(+) 12,75	12.9	12.9
Railways	63,30	63,30	62,12	(-) 1,18	(-) 1,18	1.9	1.9
Posts and Telegraphs ..	13,98	14,00	13,56	(-) 42	(-) 44	3.0	3.1
Total ..	<u>2,56,84</u>	<u>2,64,10</u>	<u>2,77,15</u>	<u>(+) 20,31</u>	<u>(+) 13,05</u>	7.9	4.9

	1	2	3	4	5	6	7	8
APPROPRIATION ACCOUNTS 1960-61—concl'd.								
<i>Expenditure met from Capital :</i>								
Civil	1,58,53	2,14,91	1,81,57	(1) 23,04	(—) 33,34	14.5	15.5	
Defence	7,61	9,67	9,21	(+) 1,60	(—) 46	21.0	4.8	
Railways	20,80	20,80	17,30	(—) 3,50	(—) 3,50	16.8	16.8	
Posts and Telegraphs ..	6,20	6,20	5,87	(—) 33	(—) 33	5.3	5.3	
Total	<u>1,93,14</u>	<u>2,51,58</u>	<u>2,13,95</u>	<u>(—) 20,81</u>	<u>(—) 37,63</u>	<u>10.8</u>	<u>14.9</u>	
Loans and Advances ..	74,05	78,56	66,81	(—) 7,24	(—) 11,75	9.8	15.0	
Repayment of debt ..	7,56,16	8,40,60	8,30,56	(·) 74,40	(—) 10,04	9.8	1.2	
Grand Total	<u>12,80,19</u>	<u>14,34,84</u>	<u>13,88,47</u>	<u>(+) 1,08,28</u>	<u>(—) 46,37</u>	<u>8.5</u>	<u>3.2</u>	
APPROPRIATION ACCOUNTS FOR 1961-62								
<i>Expenditure met from Revenue :</i>								
Civil	1,11,17	1,11,17	98,84	(—) 12,33	(—) 12,33	11.1	11.1	
Defence	1,00,66	1,00,66	1,11,38	(+) 10,72	(+) 10,72	10.6	10.6	
Railways	66,75	66,75	67,08	(—) 33	(+) 33	0.5	0.5	
Posts and Telegraphs ..	15,10	15,10	15,38	(+) 28	(+) 28	1.9	1.9	
Total	<u>2,93,68</u>	<u>2,93,68</u>	<u>2,92,68</u>	<u>(—) 1,00</u>	<u>(—) 1,00</u>	<u>0.3</u>	<u>0.3</u>	
<i>Expenditure met from Capital :</i>								
Civil	2,46,00	2,46,00	1,52,19	(·) 93,81	(—) 93,81	38.1	38.1	
Defence	7,74	7,74	6,67	(—) 1,07	(—) 1,07	13.8	13.8	
Railways	31,76	31,76	34,84	(—) 3,08	(+) 3,08	9.7	9.7	
Posts and Telegraphs ..	7,00	7,00	6,43	(—) 57	(—) 57	8.1	8.1	
Total	<u>2,92,50</u>	<u>2,92,50</u>	<u>2,00,13</u>	<u>(—) 92,37</u>	<u>(—) 92,37</u>	<u>31.6</u>	<u>31.6</u>	
Loans and Advances ..	97,73	97,73	74,69	(—) 23,04	(—) 23,04	23.6	23.6	
Repayment of debt ..	7,73,73	7,73,73	7,55,15	(—) 18,58	(—) 18,58	2.4	2.4	
Grand Total	<u>14,57,64</u>	<u>14,57,64</u>	<u>13,22,65</u>	<u>(—) 1,34,99</u>	<u>(—) 1,34,99</u>	<u>9.3</u>	<u>9.3</u>	

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	+ Excess — Savings Compared to Original Grant or Appropriation	+ Excess or — Savings Compared to Final Grant or Appropriation	Percentage of Original Grant or Appropriation	Percentage of Final Grant or Appropriation
1	2	3	4	5	5	7	8

APPROPRIATION ACCOUNTS FOR 1959-60

(In lakhs of Rupees)

Charged :

Civil	8,96,23	8,97,49	8,47,94	(-) 48,29	(-) 49,55	5.4	5.5
Railways	5,18	5,20	5,21	(+) 3	(+) 1	0.5	0.2
Posts and Telegraphs ..	58	59	60	(+) 2	(+) 1	3.4	1.7
Total ..	9,01,99	9,03,28	8,53,75	(-) 48,24	(-) 49,53	5.3	5.4

Voted/Authorised :

Civil	2,32,51	2,73,56	2,51,42	(+) 18,91	(-) 22,14	8.1	8.1
Defence	1,05,31	1,06,80	1,14,35	(+) 9,04	(+) 7,55	8.6	7.1
Railways	74,47	76,96	76,12	(+) 1,65	(-) 84	2.2	1.1
Posts and Telegraphs ..	16,30	17,20	16,38	(-) 8	(-) 82	0.5	4.7
Total ..	4,28,59	4,74,52	4,58,27	(+) 29,68	(-) 16,25	6.9	3.4
Grand Total ..	13,30,58	13,77,80	13,12,02	(-) 18,56	(-) 65,78	1.4	4.8

APPROPRIATION ACCOUNTS FOR 1960-61

Charged :

Civil	8,41,49	9,32,39	9,12,51	(-) 71,02	(-) 19,88	8.4	2.1
Railways	5,35	5,35	5,38	(+) 3	(+) 3	0.6	0.6
Posts and Telegraphs ..	65	67	64	(-) 1	(-) 3	1.5	4.5
Total ..	8,47,49	9,38,41	9,18,53	(-) 71,04	(-) 19,88	8.4	2.1

Voted/Authorised :

Civil	2,27,65	2,89,32	2,55,99	(+) 28,35	(-) 33,33	12.5	11.5
Defence	1,06,77	1,08,83	1,21,11	(+) 14,34	(+) 12,28	13.4	11.3
Railways	78,75	78,75	74,04	(-) 4,71	(-) 4,71	6.0	6.0
Posts and Telegraphs ..	19,53	19,53	18,79	(-) 74	(-) 74	4.5	3.8
Total ..	4,32,70	4,96,43	4,69,93	(-) 37,24	(-) 26,50	8.6	5.3
Grand Total ..	12,80,19	14,34,84	13,88,46	(+) 1,08,28	(-) 46,38	8.5	3.2

1	2	3	4	5	6	7	8
APPROPRIATION ACCOUNTS FOR 1961-62							
(In lakhs of Rupees)							
Charged :							
Civil	8,86,52	8,86,52	8,47,32	(—) 39,20	(—) 39,20	4.4	4.4
Railways	3,35	3,35	3,36	(+) 1	(+) 1	3.0	3.0
Posts and Telegraphs ..	77	77	81	(+) 4	(—) 4	5.2	5.2
Total ..	8,90,64	8,90,64	8,51,49	(—) 39,15	(—) 39,15	4.4	4.4
Other than Charged :							
Civil	3,42,12	3,42,12	2,33,55	(—) 1,08,57	(—) 1,08,57	31.7	31.7
Defence	1,03,40	1,08,40	1,18,05	(+) 9,65	(—) 9,65	8.9	8.9
Railways	95,16	95,16	98,56	(+) 3,40	(+) 3,40	3.6	3.6
Posts and Telegraphs ..	21,33	21,33	21,00	(—) 33	(—) 33	1.5	1.5
Total ..	5,67,01	5,67,01	4,71,16	(—) 95,85	(—) 95,85	16.9	16.9
Grand Total ..	14,57,65	14,57,65	13,22,65	(—) 1,35,00	(—) 1,35,00	9.3	9.3

		Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	+ Excess or — Savings Compared to Original Grant or Appropriation	+ Excess or — Savings Compared to Final Grant or Appropriation	Percentage of Original Grant or Appropriation	Percentage of Final Grant or Appropriation
	1	2	3	4	5	6	7	8
APPROPRIATION ACCOUNTS (CIVIL) 1959-60								
(In lakhs of Rupees)								
Totals								
Charged	8,96,23	8,97,49	8,47,94	(—) 48,29	(—) 49,55	5.4	5.5
Authorised	2,32,51	2,73,56	2,51,42	(+) 18,91	(—) 22,14	8.1	8.1
		<u>11,28,74</u>	<u>11,71,05</u>	<u>10,99,36</u>	<u>(—) 29,38</u>	<u>(—) 71,69</u>	2.6	6.1
<i>Expenditure met from Revenue :</i>								
Charged	17,85	18,97	23,86	(+) 6,01	(+) 4,89	33.7	25.8
Authorised	56,41	59,99	65,15	(+) 8,74	(+) 5,16	15.5	8.6
<i>Expenditure met from Capital :</i>								
Charged	—	14	10	(+) 10	(—) 4	100.0	28.6
Authorised	1,65,36	2,01,02	1,75,42	(+) 10,06	(—) 25,59	6.1	12.7
<i>Loans and Advances :</i>								
Charged	57,91	57,91	49,78	(—) 8,13	(—) 8,13	14.0	14.0
Authorised	10,74	12,55	10,85	(+) 11	(—) 1,70	1.0	13.5
<i>Repayment of Debt</i>	8,20,47	8,20,47	7,74,20	(—) 46,27	(—) 46,27	5.6	5.6
APPROPRIATION ACCOUNTS (CIVIL) 1960-61								
Totals								
Charged	8,41,49	9,32,39	9,12,51	(+) 71,02	(—) 19,88	8.4	2.1
Authorised	2,27,65	2,89,32	2,55,99	(+) 28,35	(—) 33,33	12.5	11.5
		<u>10,69,14</u>	<u>12,21,71</u>	<u>11,68,50</u>	<u>(+) 99,37</u>	<u>(—) 53,21</u>	9.3	4.4
<i>Expenditure met from Revenue :</i>								
Charged	20,01	22,95	22,60	(+) 2,59	(—) 35	12.9	1.5
Authorised	60,39	64,69	66,97	(+) 6,58	(+) 2,28	10.9	3.5

1	2	3	4	5	6	7	8
APPROPRIATION ACCOUNTS (CIVIL) 1960-61—concl'd.							
<i>Expenditure met from Capital :</i>							
Charged	—	Rs. 4,000	02	(+) 02	(+) 02	100.00	100.0
Authorised ..	1,58,53	2,14,91	1,81,55	(+) 23,02	(-) 33,36	14.5	15.5
<i>Loans and Advances :</i>							
Charged	65,32	68,84	59,33	(-) 5,99	(-) 9,51	9.2	13.8
Authorised ..	8,73	9,72	7,48	(-) 1,25	(-) 2,24	14.3	23.0
<i>Repayment of Debt</i> ..	7,56,16	8,40,60	8,30,56	(+) 74,40	(-) 10,04	9.8	1.2
APPROPRIATION ACCOUNTS (CIVIL) 1961-62							
Totals							
Charged	8,86,52	8,86,52	8,47,32	(-) 39,20	(-) 39,20	4.4	4.4
Other than charged ..	3,42,12	3,42,12	2,33,55	(-) 1,08,57	(-) 1,08,57	31.7	31.7
	<u>12,28,64</u>	<u>12,28,64</u>	<u>10,80,87</u>	<u>(-) 1,47,77</u>	<u>(-) 1,47,77</u>	<u>12.0</u>	<u>12.0</u>
<i>Expenditure met from Revenue :</i>							
Charged	26,30	26,30	25,46	(-) 0,84	(-) 0,84	3.2	3.2
Other than charged ..	84,88	84,88	73,39	(-) 11,49	(-) 11,49	13.5	13.5
<i>Expenditure met from Capital :</i>							
Charged	0,02	0,02	—	(-) 0,02	(-) 0,02	100.0	100.0
Other than Charged ..	2,45,97	2,45,97	1,52,19	(-) 93,78	(-) 93,78	38.1	38.1
<i>Loans and Advances :</i>							
Charged	86,46	86,46	66,72	(-) 19,74	(-) 19,74	22.8	22.8
Other than Charged ..	11,27	11,27	7,97	(-) 3,30	(-) 3,30	29.3	29.3
<i>Repayment of Debt</i> ..	7,73,73	7,73,73	7,55,15	(-) 18,58	(-) 18,58	2.4	2.4

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	+ Excess or - Savings Compared to Original Grant or Appropriation	+ Excess or - Savings Compared to Final Grant or Appropriation	Percent- age of Original Grant or Appropriation	Percent- age of Final Grant or Appropriation
1	2	3	4	5	6	7	8
APPROPRIATION ACCOUNTS (DEFENCE) 1959-60							
(In lakhs of Rupees)							
Expenditure met from Revenue (Voted) ..	98,42	98,42	1,04,81	(-) 6,39	(+) 6,39	6.5	6.5
Expenditure met from Capital Outlay (Voted).	6,89	8,38	9,54	(-) 2,65	(+) 1,16	38.4	13.8
Total ..	<u>1,05,31</u>	<u>1,06,80</u>	<u>1,14,35</u>	<u>(-) 9,04</u>	<u>(+) 7,55</u>	8.6	7.1
APPROPRIATION ACCOUNTS (DEFENCE) 1960-61							
Expenditure met from Revenue (Voted) ..	99,16	99,16	1,11,91	(-) 12,75	(+) 12,75	12.9	12.9
Expenditure met from Capital Outlay (Voted).	7,61	9,67	9,21	(-) 1,60	(-) 46	21.0	4.8
Total ..	<u>1,06,77</u>	<u>1,08,83</u>	<u>1,21,12</u>	<u>(+) 14,35</u>	<u>(+) 12,29</u>	13.4	11.3
APPROPRIATION ACCOUNTS (DEFENCE) 1961-62							
Expenditure met from Revenue (Voted) ..	1,00,66	1,00,66	1,11,38	(+) 10,72	(+) 10,72	10.6	10.6
Expenditure met from Capital Outlay (Voted).	7,74	7,74	6,67	(-) 1,07	(-) 1,07	13.8	13.8
Total ..	<u>1,08,40</u>	<u>1,08,40</u>	<u>1,18,05</u>	<u>(+) 9,65</u>	<u>(+) 9,65</u>	8.9	8.9

		Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	+ Excess or - Savings Compared to Original Grant or Appropriation	+ Excess or - Savings Compared to Final Grant or Appropriation	Percentage of Original Grant or Appropriation	Percentage of Final Grant or Appropriation
	1	2	3	4	5	6	7	8
APPROPRIATION ACCOUNTS (RAILWAY) 1959-60								
(In lakhs of Rupees)								
Total								
Charged		5.18	5.20	5.21	(+) 3	(-) 1	0.5	0.2
Voted		74.47	76.96	76.12	(+) 1.65	(-) 84	2.2	1.1
		<u>79.65</u>	<u>82.16</u>	<u>81.33</u>	<u>(+) 1.68</u>	<u>(-) 83</u>	2.1	1.00
<i>Expenditure met from Revenue :</i>								
Charged		5.18	5.20	5.21	(+) 3	(+) 1	0.5	0.2
Voted		48.09	50.58	50.50	(+) 2.41	(-) 8	5.0	0.2
<i>Expenditure met from Capital :</i>								
Voted		26.38	26.38	25.62	(-) 76	(-) 76	2.9	2.9
APPROPRIATION ACCOUNTS (RAILWAY) 1960-61								
Total								
Charged		5.35	5.35	5.38	(+) 3	(+) 3	0.6	0.6
Voted		78.75	78.75	74.04	(-) 4.71	(-) 4.71	6.0	6.0
		<u>84.10</u>	<u>84.10</u>	<u>79.42</u>	<u>(-) 4.68</u>	<u>(-) 4.68</u>	5.6	5.6
<i>Expenditure met from Revenue :</i>								
Charged		5.35	5.35	5.38	(+) 3	(+) 3	0.6	0.6
Voted		57.95	57.95	56.74	(-) 1.21	(-) 1.21	2.1	2.1
<i>Expenditure met from Capital :</i>								
Voted		20.80	20.80	17.30	(-) 3.50	(-) 3.50	16.8	16.8
APPROPRIATION ACCOUNTS (RAILWAY) 1961-62								
Total								
Charged		3.35	3.35	3.36	(+) 1	(+) 1	0.3	0.3
Voted		95.16	95.16	98.56	(+) 3.40	(+) 3.40	3.6	3.6
		<u>98.51</u>	<u>98.51</u>	<u>1,01.92</u>	<u>(+) 3.41</u>	<u>(+) 3.41</u>	3.5	3.5
<i>Expenditure met from Revenue :</i>								
Charged		3.35	3.35	3.36	(+) 1	(+) 1	0.3	0.3
Voted		63.40	63.40	63.72	(+) 32	(+) 32	0.5	0.5
<i>Expenditure met from Capital :</i>								
Voted		31.76	31.76	34.84	(+) 3.08	(+) 3.08	9.7	9.7

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	+ Excess or - Savings Compared to Original Grant or Appropriation	+ Excess or - Savings Compared to Final Grant or Appropriation	Percentage of Original Grant or Appropriation	Percentage of Final Grant or Appropriation
1	2	3	4	5	6	7	8

APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS) 1959-60

(In lakhs of Rupees)

Totals

Charged	58	59	60	(-) 2	(-) 1	3.4	1.7
Voted	16.30	17.20	16.38	(+) 8	(-) 82	0.5	4.7
	<u>16.88</u>	<u>17.79</u>	<u>16.98</u>	<u>(+) 10</u>	<u>(-) 81</u>	<u>0.6</u>	<u>4.6</u>

Expenditure met from Revenue :

Charged	58	59	60	(-) 2	(-) 1	3.4	1.7
Voted	11.20	11.50	11.54	(+) 34	(-) 4	3.0	0.3

Expenditure met from Capital :

Charged							
Voted	5.10	5.70	4.84	(-) 26	(-) 86	5.1	15.1

APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS) 1960-61

Totals

Charged	65	67	64	(-) 1	(-) 3	1.5	4.5
Voted	19.53	19.53	18.79	(-) 74	(-) 74	3.8	3.8
	<u>20.18</u>	<u>20.20</u>	<u>19.43</u>	<u>(-) 75</u>	<u>(-) 77</u>	<u>3.7</u>	<u>3.8</u>

Expenditure met from Revenue :

Charged	65	67	64	(-) 1	(-) 3	1.5	4.5
Voted	13.33	13.33	12.92	(-) 41	(-) 41	3.1	3.1

Expenditure met from Capital :

Voted	6.20	6.20	5.87	(-) 33	(-) 33	5.3	5.3
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APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS) 1961-62

Totals

Charged	77	77	81	(+) 4	(+) 4	5.2	5.2
Authorised	21.33	21.33	21.00	(-) 33	(-) 33	1.5	1.5
	<u>22.10</u>	<u>22.10</u>	<u>21.81</u>	<u>(-) 29</u>	<u>(-) 29</u>	<u>1.3</u>	<u>1.3</u>

Expenditure met from Revenue :

Charged	77	77	81	(-) 4	(-) 4	5.2	5.2
Authorised	14.33	14.33	14.57	(-) 24	(-) 24	1.7	1.7

Expenditure met from Capital :

Authorised	7.00	7.00	6.43	(-) 57	(-) 57	8.1	8.1
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APPROPRIATION ACCOUNTS 1959-60

Statement showing Excesses over Authorised Grants which require the approval of the President

Serial No.	No. and Title of Grant	Final Grant	Actual Expenditure	Excess requiring the approval of the President
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	4—Commercial Intelligence	4,51,000	5,69,478	1,18,478
2.	7—Ministry of Defence	10,55,000	22,58,188	12,03,188
3.	9—Aviation	1,93,61,000	2,13,94,267	20,33,267
4.	10—Defence Services	98,42,00,000	1,04,80,64,687	6,38,64,687
5.	12—Capital Outlay on Defence Services..	8,37,80,000	9,54,27,896	1,86,47,896
6.	13—Ministry of Education	23,71,000	27,75,569	4,04,569
7.	15—Assistance to Educational Institutions.	1,89,42,000	2,43,99,772	54,57,772
8.	17—Government Colleges and Schools ..	14,42,000	14,85,915	43,915
9.	18—Ministry of Finance (Main)	51,03,000	51,12,264	9,264
10.	19—Ministry of Finance (Revenue Division)	13,41,000	13,80,827	39,827
11.	26—Superannuation Allowances and Pensions	71,41,000	74,81,963	3,40,963
12.	30—Capital Outlay on Currency	23,80,95,000	23,83,87,176	2,92,176
13.	31—Capital Outlay on Pensions	39,04,000	40,76,472	1,72,472
14.	34—Ministry of Food and Agriculture (Food Division)	22,25,000	67,78,897	45,53,897
15.	36—Forest	6,32,000	6,50,564	18,564
16.	37—Survey of Pakistan	59,73,000	72,58,456	12,85,456
17.	39—Agriculture	1,77,91,000	1,96,52,905	18,61,905
18.	40—Veterinary Services	11,00,000	14,51,097	3,51,097
19.	41—Fisheries	47,21,000	49,75,929	2,54,929
20.	43—Capital Outlay on Forests, Agriculture and Fisheries	42,48,000	67,15,354	24,67,354
21.	45—Capital Outlay on Purchase of Fertilisers	3,49,00,000	5,95,06,330	2,46,06,330
22.	48—Ministry of Foreign Affairs and Commonwealth Relations	36,75,000	46,40,921	9,65,921
23.	49—Foreign Affairs	2,87,63,000	3,19,54,205	31,91,205
24.	50—Other Expenditure of the Ministry of Foreign Affairs and Commonwealth Relations	20,65,000	21,68,675	1,03,675

APPROPRIATION ACCOUNTS 1959-60—concl'd.

1	2	3	4	5
		Rs.	Rs.	Rs.
25.	52—Ministry of Health and Social Welfare (Health Division)	7,67,000	10,27,934	2,60,934
26.	53—Ministry of Health and Social Welfare (Labour Division)	41,92,000	14,94,768	2,768
27.	55—Public Health	23,13,000	41,98,331	18,85,331
28.	62—Geological Survey	35,76,000	37,06,382	1,30,382
29.	63—Industries	3,01,000	6,94,209	3,93,209
30.	64—Department of Supply and Development	82,83,000	1,02,01,576	19,18,576
31.	65—Stationery and Printing	1,57,66,000	2,48,41,922	90,75,922
32.	70—Capital Outlay on Miscellaneous Stores	8,20,03,000	8,20,59,459	56,459
33.	71—Ministry of Information and Broadcasting	72,94,000	97,15,466	24,21,466
34.	72—Pakistan Broadcasting Service	93,24,000	98,70,634	5,46,634
35.	75—Ministry of the Interior (Home Division)	17,76,000	42,41,735	24,65,735
36.	76—Ministry of the Interior (Establishment Division)	18,39,000	18,41,429	2,429
37.	82—Other Expenditure of the Ministry of the Interior (States and Frontier Regions Division)	3,02,000	3,02,803	803
38.	83—Karachi	3,05,99,000	3,09,11,921	3,12,921
39.	90—Other Expenditure of the Ministry of Law	2,46,000	2,51,685	5,685
40.	91—Cabinet	22,42,000	25,43,321	3,01,321
41.	92—President's Secretariat	52,91,000	83,32,073	30,41,073
42.	93—Planning Commission	20,45,000	20,94,768	49,768
43.	95—Ministry of Railways and Communications	4,47,000	4,93,268	46,268
44.	97—Pakistan Posts and Telegraphs	11,50,11,000	11,54,13,761	4,02,761
45.	98—Management of Chalna Port	16,54,000	20,30,476	3,76,476
46.	105—Rehabilitation of Displaced Persons and Protection of Evacuee Property	3,85,24,000	4,41,15,962	55,91,962
47.	107—Civil Works	5,22,00,000	8,18,16,886	2,96,16,886

APPROPRIATION ACCOUNTS 1959-60

Statement showing Excesses over Charged Appropriations which require the sanction of the Government of Pakistan, Ministry of Finance

Serial No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess requiring the sanction of the Government of Pakistan
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	— Debt Services	15,68,22,000	20,76,52,883	5,08,30,883
2.	— Privy Purses	51,04,000	53,65,354	2,61,354
3.	— Supreme Court	6,46,000	6,62,653	16,653
4.	— Staff Household and Allowances of the President	15,10,000	17,89,641	2,79,641
5.	— Federal Public Service Commission	9,01,000	9,43,504	42,504
6.	96—Pakistan Railways	5,19,82,000	5,21,21,299	1,39,299
7.	97—Pakistan Posts and Telegraphs ..	59,00,000	60,28,098	1,28,098

APPROPRIATION ACCOUNTS 1960-61

Statement showing Excesses over Authorised Grants which require the approval of the President

Serial No.	No. and Title of Grant	Final Grant	Actual Expenditure	Excess requiring the approval of the President
		Rs.	Rs.	Rs.
1.	8—Defence Services	99,16,00,000	1,11,90,70,955	12,74,70,955
2.	24—Superannuation Allowances and Pensions	78,21,000	80,41,356	2,20,356
3.	27-A—Capital Outlay on Currency	61,38,000	1,06,23,715	44,85,715
4.	28—Capital Outlay on Pensions	47,44,000	48,39,445	95,445
5.	40—Capital Outlay on Food Storage and other works	2,02,76,000	2,16,27,538	13,51,538
6.	41—Capital Outlay on Purchase of Fertilizers	4,94,70,000	10,79,89,634	5,85,19,634
7.	48-A—Salt		24,88,257	24,88,257
8.	49-A—Other Expenditure of the Ministry of Fuel, Power and Natural Resources	85,000	1,21,333	36,333
9.	51—Capital Outlay on Irrigation and Electricity	3,57,99,000	15,35,89,166	11,77,90,166
10.	53—Ministry of Health, Labour and Social Welfare (Health)	8,22,000	8,29,247	7,247
11.	66—Stationery and Printing	1,74,63,000	1,99,80,388	19,17,388
12.	69—Capital Outlay on Printing Presses	70,000	1,71,059	1,01,059
13.	70—Capital Outlay on Miscellaneous Stores	5,50,000	12,37,872	6,87,872
14.	72—Police	3,00,59,000	3,90,44,516	89,85,516
15.	76—Ministry of Kashmir Affairs	9,33,000	9,86,507	53,507
16.	78—Other Expenditure of the Ministry of Kashmir Affairs	53,09,000	59,90,170	6,71,170
17.	82—Ministry of National Reconstruction and Information	74,73,000	96,23,749	21,50,749
18.	90—Ministry of Railways and Communications	5,01,000	7,09,731	2,08,731
19.	93—Management of Chalna Port	16,90,000	21,64,190	4,74,190
20.	96—Central Road Fund	1,78,38,000	1,85,25,246	6,87,246
21.	101—Ministry of Rehabilitation and Works (Rehabilitation)	3,83,000	3,89,546	6,546
22.	103—Civil Works	5,41,68,000	10,89,93,446	5,48,25,446
23.	104—Rehabilitation of Displaced Persons and Protection of Evacuee Property	3,75,08,000	3,94,16,390	19,08,390
24.	109—Ministry of States and Frontier Regions	4,25,000	4,74,000	49,032
25.	110—Frontier Regions	6,39,01,000	6,75,37,942	36,36,942

APPROPRIATION ACCOUNTS 1960-61

Statement showing Excesses over Charged Appropriations which require the sanction of the Government of Pakistan, Ministry of Finance

Serial No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess requiring the sanction of the Government of Pakistan
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	24—Supperannuation Allowances and Pensions		4,656	4,656
2.	— <i>Elections</i>	9,78,000	12,67,252	2,89,252
3.	103—Civil Works	3,26,000	7,59,076	4,33,076
4.	107—Capital Outlay on Civil Works ..	—	2,11,996	2,11,996
5.	— <i>Privy Purses</i>	51,04,000	51,34,000	30,000

APPROPRIATION ACCOUNTS 1961-62

Statement showing Excesses over Authorised Grants which require the approval of the President

Serial No.	No. and Title of Grant	Final Grant	Actual Expenditure	Excess requiring the approval of the President
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	6—Ministry of Defence	25,64,000	26,26,967	62,967
2.	8—Aviation	2,51,79,000	2,64,56,971	12,77,971
3.	9—Defence Services	1,00,66,00,000	1,11,37,77,675	10,71,77,675
4.	14—Archaeology and Museums	20,95,000	22,54,973	1,59,973
5.	24—Central Board of Revenue	13,91,000	14,43,183	52,183
6.	26—Land Customs and Central Excise	2,17,02,000	2,24,06,143	7,04,143
7.	29—Currency	47,45,000	60,90,175	13,45,175
8.	30—Pakistan Mint	28,28,000	28,74,703	46,703
9.	31—Superannuation Allowances and Pensions	2,07,000	85,95,982	3,88,982
10.	37—Capital Outlay on Pensions	50,83,000	60,75,848	9,92,848
11.	38—Miscellaneous Capital Investments	4,22,49,000	5,00,98,650	78,49,650
12.	42—Ministry of Food and Agriculture (Agriculture Division)	24,48,000	26,84,574	2,36,574
13.	44—Survey of Pakistan	68,14,000	82,19,919	14,05,919
14.	47—Veterinary Services	8,94,000	9,84,613	90,613
15.	48—Fisheries	3,05,000	3,10,570	5,570
16.	52—Capital Outlay on Purchase of Fertilizers	8,63,50,000	10,07,79,502	1,44,29,502
17.	56—Bureau of Mineral Resources	27,49,000	40,74,179	13,25,179
18.	61—Capital Outlay on Irrigation and Electricity	8,77,01,000	12,05,83,451	3,28,82,451
19.	71—Capital Outlay on Medical Stores	2,79,31,000	4,66,79,550	1,87,48,550
20.	82—Stationery and Printing	1,82,89,000	2,26,30,903	43,41,903
21.	95—Pakistan Broadcasting Service	1,26,12,000	2,12,61,667	86,49,667
22.	107—Pakistan Posts and Telegraphs Department	14,09,48,900	14,56,59,829	47,10,929
23.	112—Other Expenditure of the Ministry of Railways and Communications	1,84,72,000	2,02,31,161	17,59,161
24.	115—Ministry of Rehabilitation and Works	12,52,000	12,74,083	22,083
25.	116—Civil Works	6,64,87,000	10,80,07,161	4,15,20,161
26.	117—Rehabilitation of Displaced Persons and Protection of Evacuee Property	3,52,70,000	4,08,53,260	55,83,260
27.	118—Development Expenditure of the Ministry of Rehabilitation and Works	29,47,000	32,51,377	3,04,377
28.	120—Capital Outlay on New Federal Capital	4,75,00,000	4,80,78,101	5,78,101
29.	124—Frontier Regions	7,20,46,000	7,63,58,983	43,12,983

APPROPRIATION ACCOUNTS 1961-62

Statement showing Excesses over Charged Appropriations which require the sanction of the Government of Pakistan, Ministry of Finance

Serial No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess requiring sanction of the Government of Pakistan
1	2	3	4	5
		Rs.	Rs.	Rs.
1.	— <i>National Assembly</i>	1,61,000	4,60,280	2,99,280
2.	— <i>Elections</i>	12,90,000	23,04,017	10,14,017
3.	— <i>Privy Purses</i>	51,13,000	51,14,000	1,000
4.	107—Pakistan Posts and Telegraphs Department	77,00,000	80,82,225	3,82,225