



R E P O R T

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF THE

GOVERNMENT OF PAKISTAN

FOR THE YEAR

1972-73



REPORT

*The recommendations of the Committee, Summarised in para 66
of the Report, were approved by the President on the
10th November, 1979.*

FOR THE YEAR

1972-73

CONTENTS

		PAGES
	REPORT	1—18
		<u>Annex I</u>
PROCEEDINGS OF THE AD-HOC PUBLIC ACCOUNTS COMMITTEE		
29-1-1979	Ministry of Railways	21—29
1-2-1979	Defence Division, Defence Production Division	31—38
28-3-1979	Interior Division, States and Frontier Regions Division, Kashmir Affairs and Northern Affairs Division, Ministry of Science and Technology, Production Division, Law Division, Supreme Court of Pakistan, Parliamentary Affairs Division, Election Commission of Pakistan, Ministry of Foreign Affairs, President's Secretariat (Personal and Public), CMLA's Secretariat including Pakistan Atomic Energy Commission, Ministry of Religious Affairs and Minorities Affairs.	39—81
29-3-1979	Ministry of Local Government and Rural Development, Works Division, Environment and Urban Affairs Division, Health and Social Welfare Division, Population Division, Ministry of Information and Broadcasting including PTV, PBC, Ministry of Industries.	83—104
1-4-1979	Culture and Youth Affairs Division, Tourism Division, Labour Division, Manpower Division, Commerce Division, Food and Agriculture Division, Finance Division, Economic Affairs Division, Planning and Development Division, Statistics Division, Central Board of Revenue, Cabinet Division, Establishment Division, Ministry of Communications including Posts, Telegraphs and Telephones and National Shipping Corporation	105—142
2-4-1979	Aviation Division, including PIA, Defence Division, Defence Production Division, Water and Power Division, National Assembly Secretariat, Ministry of Railways, Education Division, Petroleum and Natural Resources Division.	143—191

Annex II

STATEMENTS

(1)	Statement No. 1.—Summary of Results of the Appropriation Audit	195
(2)	Statement No. 2.—Analysis of savings and excesses by main Departments	196
(3)	Statement No. 3.—Analysis of savings and excesses under Revenue, Capital and Loans and Advances	197—198
(4)	Statement No. 4.—Statement showing Excess over Grants, which require to be regularised.	199—200
(5)	Statement showing Excess over Charged Appropriations, which require to be regularised	201

Annex III

Guidelines for furnishing replies to P.A.C.

NATIONAL ASSEMBLY SECRETARIAT

REPORT OF THE AD-HOC PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEAR 1972-73

Meetings of the Committee

The *Ad-hoc* Public Accounts Committee examined the Appropriation and other Accounts of the Federal Government for 1972-73 and the Auditor-General's reports thereon in the National Assembly Secretariat, State Bank Building, Islamabad on the 29th January, 1st February, 28th and 29th March and the 1st and 2nd April, 1979. The Chairman and the other members attended all its meetings, except Mr. Mushtaq Ahmad, former Auditor-General of Pakistan and a member, who could not participate in any meeting because of his illness.

Liquidating the back-log

2. The Committee is glad to record that the necessity and urgency of liquidating the back-log, impressed upon them, was duly realised by the Auditor-General, the Finance Division, other Ministries|Divisions and the National Assembly Secretariat. As a result, the Auditor-General finalised the Accounts for 1972-73 and his reports thereon and the Ministries|Divisions furnished replies thereto in record time, making it possible for the Committee to complete its examination within less than 2 months of having completed that of the 1971-72 Accounts. Not only this, but the finalised Accounts of the Federal Government for 1973-74 and the Auditor-General's reports thereon were also circulated by the Finance Division to Ministries|Divisions on 1st April, 1979, enabling the Committee to schedule their examination from the 26th May, 1979.

3. Further, the Federal Accounts for 1974-75 and his report thereon were also submitted by the Auditor-General to the Finance Division and the latter processed and circulated them to Ministries|Divisions on priority. The Committee is now scheduled to examine those Accounts from the 21st July, 1979.

4. The Auditor-General had, sometime ago, chalked out the following target dates, concurred in by the Committee, for finalising and printing the Federal Accounts and reports thereon, to bring them up-to-date :—

Year of Accounts and Reports	Target dates for printing.
1974-75	31.3.1979
1975-76	15.5.1979
1976-77	30.6.1979
1977-78	15.8.1979

5. Some delay has taken place in the targets for printing the Accounts for 1974-75 and 1975-76 reportedly due to priority for Budget work with the Printing Corporation of Pakistan. Every possible effort is being made by the Auditor-General to minimise the delay and keep as close to the target dates as possible.

Proceedings of the Committee

6. The proceedings of the Committee, during its sittings, detailed in para 1, are at Annexure I. The specific recommendations|observations made by the Committee and the directions given by it are included in the said proceedings and may be deemed to form part of this Report.

Matters highlighted in the Report

7. Apart from the observations|recommendations mentioned in para 6, the Committee would like to highlight some general and specific issues relating to these Accounts, with its recommendations thereon, aimed at inculcating financial discipline, bringing about more regularity and propriety in official financial dealings and obviating loss of public funds. They are brought out under relevant Heads as below :—

(1) PRESENTATION OF REPLIES BY MINISTRIES TO THE PUBLIC ACCOUNTS COMMITTEE

8. During the examination of the Federal Accounts for 1970-71 and 1971-72, it was noticed that, in certain cases, replies of Ministries etc., were either incomplete, evasive or factually incorrect of their written replies were substituted orally with different explanations during the Committee's meetings. Ministries etc. also tended without need to reproduce, *in extenso*, Audit paras and Appropriation Accounts in their statements of replies. To save the time of all

concerned and obviate avoidable waste, it is recommended that Ministries|Divisions be asked to observe the guidelines as at Annexure III, while furnishing replies to the Public Accounts Committee.

(2) LEVEL OF REPRESENTATION OF MINISTRIES AT THE PUBLIC ACCOUNTS COMMITTEE MEETINGS

9. The Committee noticed that several Ministries|Divisions had been sending a Deputy Secretary or a Joint Secretary to represent them. It desired that a communication be sent to Secretaries of Ministries|Divisions, impressing upon them the necessity of their presence before the Public Accounts Committee in their capacity as the Principal Accounting Officers of their Ministries|Divisions. The Finance Division in their O.M. No. F. 1 (3)-E.I.72, dated 18th May, 1973 had also brought out this requirement.

10. It is recommended that, in future, the level of representation at the meetings of the Committee should, ordinarily, be not lower than that of the Principal Accounting Officer of the Ministry|Division, whose account is taken up for examination. Since the dates for the meetings of the Committee are intimated to all concerned well ahead of time, it should, barring any sudden and really unavoidable engagement, be possible for the Principal Accounting Officers to chalk out their programmes accordingly. If, however, for any good reasons, it may not be possible for them to be personally present before the Committee, they should duly intimate the latter about their inability to do so and inform it beforehand of the alternative arrangement. In such a contingency, however, the officer next to the Principal Accounting Officer in the Ministry|Division, should normally represent him and should come fully prepared to explain his Ministry's or Division's case. (Paras 136—38).

(3) FINANCIAL INDISCIPLINE

Excesses not covered by matching grants

11. Under its terms of reference, the Committee was required to satisfy itself that money, shown in the accounts as disbursed, were legally available for the purpose for which they were charged and the expenditure conformed to the authority. It was noticed that, as in past years, instances abounded where excess expenditure was incurred over sanctioned grants and the departments concerned failed to foresee the need for additional funds, when preparing their Revised Estimates, and to ask for and obtain matching Supplementary Grants, in time. Such excesses usually betrayed a lack of budgetary control and timely assessment of funds requirements on the part of Principal Accounting Officers, a poor in-built system for the latter

being posted with up-to-date expenditure and/or an inadequate effort to keep the expenditure within the sanctioned grant. Paras 61, 124, 145, 153, 211, 335, 338, 409, 497, 503, 798, 800, 853 and 975 in Annexure I, may be seen as instances in point. The excess expenditure incurred in these cases were, thus, irregular.

12. In some cases, excesses were explained as being either due to the additional funds asked for having been refused by the Ministry of Finance or reduced allotments by the latter *vis-a-vis* the amounts originally asked for. The above explanation did not impress us, because the Ministries/Divisions etc. concerned had no authority to incur any expenditure that was in excess of the sanctioned grants or not concurred in by the Ministry of Finance. In one case a very large excess occurred when the request of the Ministry concerned for an additional allocation, made shortly after the Budget, was kept pending for a long period, while it continued incurring heavy expenditure and it was not feasible for it to contain the expenditure within the grant finally agreed by Government. Requests of Ministries for additional funds should be dealt with promptly and uncertainty on this score should be avoided.

13. The Committee would like to reiterate its earlier recommendation in para 16 of the Report on the Accounts for 1971-72, namely, that this recurring financial indiscipline be brought home by the Finance Division to the Principal Accounting Officers of Ministries/Divisions, setting out clearly their responsibilities and need for their closer supervision in this behalf. They should be asked to ensure that anyone found guilty of such financial indiscipline, due to negligence, carelessness or deliberate disregard of rules, is brought to book, under the rules.

Non-surrender of savings

14. In many cases, savings against grants were not surrendered before the close of the year *vide* paras 121, 132, 336, 337, 462, 505, 524, 803, 987, 989-90, and 1004 in Annexure I. There were also cases where savings over the final grants exceeded the amount of Supplementary Grant obtained during the year. The above instances showed a laxity of control over expenditure, poor maintenance of departmental Accounts and/or non-reconciliation of departmental figures with those of Audit. It is suggested that the Finance Division take note of these quite common lapses on the part of Ministries etc. and take steps that would minimise their recurrence.

Belated Adjustments

15. It is noted with concern that one of the reasons advanced for excesses in grants was belated receipt of book-debits. In some cases, savings were also ascribed to non-receipt of book-debits by

the spending agencies, in time. It is recommended that, to get over these problems, the departments should maintain a ledger of account, showing details of all likely adjustable debits during the year. These should be taken into consideration, while preparing the next budget estimates. Similarly, the departments must also maintain a record of all the transactions entered into and financial commitments made, but not paid for, during the year. Without a proper record of the payables at the beginning of each year and the unpaid bills at the end thereof, no correct assessment of belated adjustments could be possible.

(Paras 498-99).

(4) ACCOUNTING IRREGULARITIES|DEFECTS

Non-reconciliation of|Incorrect postings in Accounts

16. Like the Accounts for 1971-72, expenditure under many grants in the Accounts for 1972-73 *vide* paras 211, 212, 221, 222, 388, 404, 982, 983, 986, 987, 990, 991, 1002 and 1009 in Annexure I, were found to suffer from incorrect bookings. The Excesses or Savings, pointed out by Audit, were mostly ascribed by the departmental representatives to mis-posting of expenditure by the former, while Audit counter-blamed the departments for not having reconciled the figures with them. Even the Pak. P.W.D. accounts, departmentalised in 1975, were not free from inaccuracies. The Auditor-General promised to investigate the disputed figures and any excesses, coming to notice subsequently, will have to be regularised later.

(Paras 412—18)

17. The Committee would, therefore, like to repeat its recommendation pertaining to the 1971-72 Accounts that the Finance Division should again impress upon the Ministries|Divisions the need for a timely reconciliation of departmental figures with those of Audit, so that only one set of figures, agreed to between the Audit and the department, is presented to the Committee.

Non-availability of basic records regarding stores

18. In a defunct Village Electrification Division, no basic records, relating to stores worth Rs. 45.71 lakhs seemed to be available. It, therefore, did not become possible to take any proceedings against the defaulters. It may, therefore, be conveyed to the Ministries etc. that, in such cases, the relevant records must be got hold of speedily and then further action initiated without loss of time. Those found guilty of delaying the above process inordinately, deliberately or through sheer negligence, should be proceeded against according to rules.

Opening balance for Pak. P.W.D's departmentalised Accounts

19. The Pak. P.W.D. Accounts were departmentalised in 1975, but they had not even tentatively agreed figures for the Opening Balance. This serious mistake must be rectified immediately.

20. The Committee, accordingly, recommends that the department should, in consultation with Audit, arrive without delay at some agreed set of figures, as the Opening Balance on 1st Jan., 1975. Audit figures may be taken as they stand, unless specifically proved to be incorrect even if unreconciled. Audit should ascertain the real difference, if any, make requisite adjustments in their accounts and, if necessary, give a foot-note to that effect.

(Para 419).

Stores Suspense Accounts

21. The difficulties, being experienced by the T&T Department in maintaining Stores Suspense Accounts, have been discussed in the proceedings at Annexure I. They appeared to be genuine. It is, therefore, recommended that the existing system be reviewed and modified suitably, so as to make the procedure more workable.

(Paras 770 -77).

(5) JURISDICTION OF PUBLIC ACCOUNTS COMMITTEE OVER ACCOUNTS OF PUBLIC SECTOR AUTONOMOUS BODIES

22. The method and extent of supervision, exercised by the Government over public sector autonomous bodies came under consideration. The representative of the Finance Division informed us that a nominee of that Ministry usually serves on the Board of Directors of each of these bodies and he was supposed to take care of the financial interests of Government.

23. However, since the Legislature primarily approved the investment of funds in those bodies, they were considered entitled to know as to how were public funds being utilised by the latter. To that extent, such bodies were considered accountable to the Legislature through the Committee on Public Accounts.

24. It is, accordingly, recommended that—

- (1) the Finance Division should examine the legal position and consider steps for framing rules, if necessary, empowering the Auditor-General to audit, as Federal

Accounts, the accounts of all the autonomous/semi-autonomous bodies, under the management and control of the Federal Government and having more than 50% Government's shareholding in them.

- (2) the Auditor-General may, further, be authorised to call for copies of their financial documents, such as balance-sheet, profit and loss account, Auditor's report and report of the management to the share-holders etc.

FURNISHING OF ACCOUNTS BY SOME PUBLIC SECTOR AUTONOMOUS BODIES

(i) Autonomous bodies under the Ministry of Communications

25. It was found that, apart from the National Transport Research Centre (NTRC) and the National Radio and Telecommunication Corporation (NRTC), whose share capital had been subscribed jointly by the Ministries of Defence and Communications, the Ministry of Communications had also the TIP (Telephone Industries of Pakistan) and the CTI (Carrier Telephone Industries), set up as joint ventures with M/s. Siemens, with Government's majority share in the former but about equal to Siemens in the latter. They were both private limited companies and being run, on behalf of the share-holders, by their Boards of Directors. According to the Department, they were not required by law or the Constitution to submit their accounts or be accountable to any other authority.

26. Since Government is a major share-holder in the above Industries and Government funds therefor came from the Legislature, it may be examined whether such units should also come under the purview of the Auditor-General, as envisaged in para 24 above, or the Accounts etc. of such units should be furnished to the Finance Division for submission to the President, who may then cause the same to be laid before the Legislature for their information.

(Paras 765—68)

(ii) Some autonomous bodies with PIA holdings and Hotels under PTDC.

27. The Committee noted that PIA's holdings in the Pakistan Services Ltd. were 25% and in the PTDC and Midway House 51% each. Similarly, PIA owned controlling interests in the PIA Shaver Poultry Farms and International Advertising. Some hotels, like

Flashman's, Rawalpindi etc. were also originally "enemy property", but were taken over by the PTDC through transfer or acquisition by the Government|P|A.

28. It is suggested that the alternatives in para 26 mentioned above may be examined for suitable adoption in these cases also.

(Para 817)

(iii) REPCO Accounts

29. Though the Government now owns 54% of their shares, no accounts of REPCO were being submitted to the Legislature. After the action recommended in para 24 above, these Accounts will also automatically begin to be laid before the Legislature.

(Para 959)

(6) ALTERNATIVES TO LITIGATION AND ARBITRATION

30. It was noted that cases of departments in courts and arbitration lingered on for years and were also frequently decided against them. The result in a majority of such cases was, therefore, waste of time and unfruitful expenditure.

31. The Committee would like it to be impressed again upon the departments that—

- (1) before going to a court of law or referring a matter to arbitration, they must be doubly sure of the strength of their cause, by obtaining well before-hand proper legal advice in each case.
- (2) where, however, they did not find themselves on a very sure wicket, alternatives to litigation and arbitration like compromise etc., may be explored and adopted, consistent with the interests of the State.

(Paras 897—98).

(7) LOSSES TO GOVERNMENT

(a) Financial losses due to re-tendering, acceptance of tender other than the lowest, changing of inspection to warranty and faulty definition of term 'contract' in tender document

32. Instances of irregularities of the nature cited above and involving substantial financial losses to Government have been dealt with in paras 96—99 and 102—106 in the proceedings in Annex I. They are bad cases. It is, hence, recommended that the Defence Production Division should look into them again, locate responsibility and take action as may be warranted by the rules. They should also examine whether any procedural etc. improvements are required to prevent a recurrence of such defaults in the future.

(b) Losses or likely losses due to remissions, abandonment of claims and non-recovery of dues etc.

33. Many cases came to the notice of the Committee in which the Government suffered losses, as the departments did not initiate prompt action on the losses/irregularities pointed out to them by Audit. A few of such instances are :

- (i) *Railways Division*.—In the Railways, the accumulated balance of demurrage and wharfage charges, as on 30th June, 1977, stood at Rs. 34.99 lakhs.
(Paras 42-43)
- (ii) *Works Division*.—Non-recovery of Rs. 17,910 from a contractor was pointed out in February, 1972. The department contended that the arrear was only Rs. 4,597. Recovery of even this amount was outstanding after a lapse of 7 years.
(Paras 439—42)
- (iii) *Environment and Urban Affairs Division*.—An excess payment of Rs. 54,971 to a contractor was pointed out in May, 1971, but its recovery had not been effected so far.
(Paras 467—72)
- (iv) *Ministry of Foreign Affairs*.—As on 31st December, 1974, 331 inspection reports, issued up to 30th June, 1973 to the Diplomatic Wings of various Missions abroad, the Ministry and its Guest Houses in Pakistan, were outstanding for recoveries, regularisation and/or satisfactory explanations. Fifteen of them were outstanding for more than 20 years, 68 for more than 15, 54 for 10 to 15, 106 for 5 to 10 and 103 for less than 5 years.

The inspection reports were said to contain 3,500 audit observations, including those about recoveries in foreign exchange. As time passes, it would become increasingly difficult to find out facts from the old records, fix responsibility and effect recoveries.

34. The Committee was not fully satisfied with the explanations offered about the losses in para 33 (i) to (iv) above and recommends that the Ministries/Divisions concerned should be asked to have the above and similar cases under them finalised most expeditiously.

(Paras 370—72)

(c) Loss due to fire

35. A fire broke out in a store in Gilgit on 14th July, 1969, resulting in a loss of Rs. 71,675 to the Government. It was explained that the Gilgit police and the S.P., Anti-corruption investigated into the case and, on the advice of the Legal Adviser, the

Resident Commissioner had asked the department to make good the loss by fixing the responsibility of the defaulters. A court of inquiry was set up, but inquiry could not make much headway, because of non-availability of records.

36. The incidence of fire in offices/stores and disappearance of records thereby, involving heavy losses to Government, is not an unknown phenomena. It is recommended that, while action in this case be finalised quickly, departments etc. should be asked to initiate departmental proceedings, even if such a matter may have been referred to the Police for investigation. Records may be duplicated, if necessary, before giving them over to the Police, because the latter may take time in investigations. It may also be emphasised on the departments that the result of delay in Police investigation and departmental inquiry about such incidents generally is that the truth never comes to light and those involved get away scotfree.

(d) Non-realisation of Rs. 3.49 lakhs from a foreign firm

37. The Committee was informed that '477-Z' type bogie frames of 380 coaches, purchased in 1957 and onwards from M/s. L.H.B., West Germany, through the Railway Board, were found to have developed, within the warranty period certain defects, which were brought to their Resident Engineer's notice. Part payments for rectifying defects were made by the firm, from time to time, but Rs. 3,49,254 remained un-recovered. The responsibility for not recovering this amount, which now seems lost, does not appear to have been fixed. The necessity and importance of timely and prompt recoveries in such cases should again be impressed upon the Departments etc. The Government officials, found responsible for the loss, due to inaction or delayed action on their part, should not be allowed to get away unaccounted for.

(8) EXPENDITURE INCURRED WITHOUT PROPER SANCTION

38. Under the rules, no work should be started unless a detailed estimate has been prepared and prior sanction of the competent authority obtained therefor in advance. During 1972-73, 663 works, involving an expenditure of more than Rs. 2.55 crores, were undertaken by the Pak. P.W.D. without prior sanction, of which 56 are still to be approved by the competent authority. It was also learnt that, since then, up to 1977-78, 2,589 works, involving an expenditure of Rs. 89 crores, had been taken up by the Pak. P.W.D. in violation of rules. The Department pleaded that, if a contingency for some emergent work arose, the same had to be taken in hand.

at once without waiting for the completion of formalities. The executive should not be subjected to too many constraints and should be expected to know as to what was important and urgent.

39. The Committee is not convinced that real emergencies existed for taking up the execution of as many as 2,589 works, without prior technical sanctions. It, therefore, recommends again that Departments should be strictly enjoined not to take up any work for execution, before the preparation of detailed estimates and accord of technical sanctions, except in extraordinary urgency and that also after furnishing justification in writing and obtaining the prior approval of the competent authority. Any violation of these instructions should not be glossed over, and must be invariably dealt with under the rules.

(Paras 451-56)

(9) REVIEW OF THE WORKING OF PUBLIC SECTOR ENTERPRISES

Working Results of PIDC Projects

40. While reviewing the working results of PIDC Projects, we were informed that, during 1972-73, they sustained a net loss of Rs. 208.25 lacs as against Rs. 90.02 lacs in the previous year. Losses incurred by the Pakistan Machine Tools Factory and Heavy Mechanical Complex during 1972-73 were excluded from the above figures, as they were said to have been only in partial production. The above losses were mainly on account of Collieries in Baluchistan, Natural Gas Fertilizer Factory, Multan and the Bannu Sugar Mills. No notable action, against those managing the said enterprises, was taken on account of the above results.

41. Public sector is now controlling a much larger number of projects and the Government funds, many times over, are being allocated for them annually. The necessity and importance of holding the management of public sector enterprises strictly accountable for their performance and identifying and taking timely steps to rectify mishandlings and removing bottle-necks, if any, cannot, therefore, be over-emphasised. While the concerned Ministries|Divisions should be devising their own ways to achieve the above objectives, through periodical reviews etc., they must ensure that the moment an executive on a unit is found not coming up to the task, no time, whatsoever, should be lost in taking the corrective action and replacing him, before the losses and problems pile up irretrievably. This should be in addition to the action for inefficiency, dishonesty or negligence that may be otherwise warranted against him.

Mineral Development Corporation—Sharigh Collieries

42. It was reported that this colliery was trying to maintain a production level of 50,000 tons. Government investment in it was stated to be about Rs. 1.60 crore, @6-1½% interest, but the accumulated losses were of the order of Rs. 3.72 crores. We would, therefore, recommend that all possible steps must be taken quickly to redeem the situation and to bring the project financially on an even keel.

(Paras 1020—22)

Pakistan Television Corporation

43. The Corporation was continuously sustaining losses and the net loss up to 30th June, 1973 amounted to about Rs. 4.30 crores. We would suggest that the causes for incurring continuous losses may be identified and, to the extent that they can, the Corporation directed to remove them. The organisation should also be asked to manage its affairs strictly within the resources known to be available to it, including any subsidy that the Government may decide beforehand to give to it.

(Paras 512—17)

WAPDA's dues and the Adjuster's role

44. The balance sheet of WAPDA Electricity Operations Branch, as on 30th June, 1973, showed that about Rs. 16.33 crores was recoverable from the consumers on WAPDA Account and Rs. 24.74 lakhs on account of dues recoverable on the eve of transfer of Electricity Department from the Government to WAPDA. The REPCO, controlled by the Ministry of Water and Power themselves, owed about Rs. 3 crores to WAPDA. About Rs. 20 crores were outstanding against the Federal and Provincial Government agencies.

45. In reply to a query whether WAPDA could cut off power supply of the defaulters, the Committee was informed that the local authorities did not favour such a step, as it could create a law and order situation, and that the Government intended to strengthen WAPDA's hands in regard to private consumers by amending the Electricity Act. This needed to be expedited.

46. As for outstanding dues against the Federal and Provincial Government agencies, an Adjuster of the rank of Joint Secretary was appointed in the Finance Division sometime ago to help settle inter-agency dues. The Adjuster has been ineffective so far, because he could intervene effectively only and to the extent that the Finance Division had yet to release funds to a defaulting Government agency during the year. In some cases, either there were no

amounts outstanding for release to that agency when the case came up before the Adjuster or the amount due for release fell far short of the outstandings payable by it. It is, therefore, recommended that, in addition to the above device, suitable amendment in the Electricity Act itself may be considered, to enable the WAPDA to realise its dues more speedily from the Government agencies.

47. Agreeing with the departmental representative, it is suggested that Government should also consider debarring Courts from giving stay orders, if the normal bills of WAPDA may have remained unpaid.

(Paras 953—58)

Reduction of Capital

48. During discussion on the working results of companies etc., the Committee came to the conclusion that, in many cases, the turn-over of a company did not justify the amount of capital invested in it. It is, accordingly, proposed that, in such cases, either the factory be considered to be expanded or its capital reduced, since inflated capital in industries is bound to add to inflation.

(Para 299)

Conversion of loan into equity

49. It was noted that the development loans of Heavy Foundry and Forge Ltd., Taxila and some other factories/companies, had been converted into equity. This placed an avoidable burden on the enterprises and could further affect their viability. It is, therefore, recommended that the question of writing off their development loans in such cases should be considered, in consultation with the Ministry of Finance.

(Para 312)

Usable and obsolete assets

50. The Committee noted that, in several cases, Factories had been switched over from coal to natural gas, rendering many of their parts useless or obsolete. The value of such parts, however, continued to be reflected in the accounts as 'obsolete' assets. It is recommended that every such unit should be made to survey its 'Usable' and 'Obsolete' assets and the items found unusable in the future should be disposed of. The true financial picture of the unit concerned should then be depicted in their accounts.

(Paras 303—4)

Writing off cost of surveys and charging interest on Projects

51. During the examination of Accounts, it was noted that up to December, 1972, apart from the acquisition of fixed assets, an expenditure of Rs. 8,50,183 had been incurred by the WPIDC

on the survey and development of Chilghazi Iron Ore, Dalbandin. The scheme was then transferred to the Mineral Development Wing of the WPIDC (Baluchistan Cell). Nevertheless, interest continued to be charged against the project. It is suggested that the Ministry of Finance should, as a rule, consider the desirability of writing off the survey cost of this as well as similar other projects, since payment of interest thereon increased their cost of production and rendered the projects less viable.

(Paras 286—89)

Charging interest on non-development loans

52. It was noticed that interest was being charged on even items like loans for meeting revenue deficit, loans to meet railway losses etc., which had nothing to do with development advances. This did not seem to make much sense as, ultimately, most of such Federal loans have to be written off. Under the Constitution, all inter-Provincial financial arrangements are to be laid down by the Finance Commission. Apparently, that Commission should have made provisions for making more funds available to the Provinces for meeting their essential requirements.

53. It is, therefore, suggested that the Ministry of Finance should examine this matter with a view to finding a solution for it and, if necessary, come forward to the Public Accounts Committee with their proposals.

(Paras 670—72)

Sundry Debtors

54. The statement of Sundry Debtors of the National Shipping Corporation showed that, against the 'Agent Balances' of Rs. 6,22,94,000 as on 30th June, 1978, Rs. 3,99,97,000 were recoverable from the former Agents, including Rs. 3,17,69,000 from the East West Shipping Agencies, New York and Rs. 76,40,000 from Keel Shipping and Trading Company Ltd., Montreal. As to the former, we were told that the case had gone to arbitration, as ordered by a New York Court. The Ministry of Communications had suggested that, for recovering \$ 3.5 million, we may engage our own lawyer. The reaction of the U.S. Government to this proposition was awaited.

55. As for 'freight balances' on 30th June, 1978, against a total freight income of Rs. 45,33,99,000, the outstanding balances with the Agents, including old outstandings, amounted to Rs. 6,22,94,000, i.e. 13.74%. The position was far from happy.

56. Vigorous efforts are to be made to realise the above huge arrears. The individual Agent's accounts should also be carefully examined for initiating action, where warranted, to write off the outstandings that are assessed to be irrecoverable.

(Paras 757—60)

Winding up certain projects and writing off expenditure thereon

57. Our recommendations about winding up certain projects and writing off of expenditure thereon are as follows:—

- (i) *Export and Exhibition Cell*.—Although the Cell was now defunct, it had not been wound up yet. This must be expedited.

(Paras 598—601)

- (ii) *Pakistan Refugee Rehabilitation Corporation*.—It is recommended that this Corporation be also wound up at the earliest possible.

(Para 679)

- (iii) *Forest Operations Project, Hyderabad*.—The Project was reportedly closed on 30th April, 1973. Even after six years, accumulated losses, amounting to Rs. 18.68 lakhs, have not been written off. Expeditious action seemed called for to finalise this matter.

(Paras 283—85)

- (iv) *Survey and Investigation Schemes*.—An expenditure of Rs. 356.60 lakhs had been incurred up to 30th June, 1973 on certain survey and investigation Schemes, which were abandoned, from time to time, during 1967-68 to 1972-73. Having become infructuous, the said expenditure should have been written off. Special efforts are needed on the part of PIDC and the Ministry of Finance to have this long outstanding matter finalised.

(Paras 252—55)

- (v) *Coal Cell*.—The Committee was informed that a Coal Cell continued to exist in the Industries Division, upon which about Rs. 26.75 lakhs was spent since 1968, without much justification. It is recommended that this Cell be wound up immediately and, except the staff dealing with diplomatic cars, the rest be laid off. The records relating to recoveries may, however, be kept in safe custody.

(Para 528)

(10) MISCELLANEOUS MATTERS

Expenditure on Defence and Defence purchases—Information to Legislature and Scope of Audit

58. Under the existing rules, the Military Accountant General conducts internal audit on Defence purchase accounts and there is also a Test percentage Audit. It appeared that all documents relating to Defence purchases were not available to Audit and that all the audit comments on irregularities in Defence purchases or other Defence expenditure were also not being brought to the notice of the Legislature through the Public Accounts Committee.

59. It is suggested that, subject to requirements of security, suitable procedures may be considered so that the Legislature is taken into confidence with regard to the over-all expenditure provided in the Annual Budget for Defence Services.

(Paras 883—85)

Deposit of Government funds in Pakistani Banks abroad

60. There were several instances in which Pakistan Missions abroad deposited Government funds in non-Pakistani banks on the plea that their rates of interest were higher than those of Pakistani banks. This explanation was not satisfactory because the Embassies in question did not seem to have negotiated with the Pakistani bank authorities for competitive rates of interest.

61. It is, therefore, recommended that a directive be issued to the Pakistan Missions abroad, reiterating up-to-date orders about the deposit of Government funds in Pakistani banks. Deviation from those orders shall entail serious action.

(Paras 887—90)

Outstanding Adjustment Memos

62. Up to 1972-73, the number of adjustment Memos with the Pak. P.W.D. totalled 78, involving Rs. 24.81 lakhs. By 1975-76, 457 adjustment memos were pending, involving Rs. 1.5 crores. The Departments etc., should be asked to take immediate necessary action to liquidate such pending memos.

(Para 458)

Mis-utilisation of Scholarship Funds

63. It was noticed that, in a Model School, Rs. 35,454, allotted for Students' Scholarship, were spent on other items, with the approval of Board of Governors. The propriety of this expenditure appeared to be doubtful. Apparently, either the Ministry had, by mistake, sanctioned more funds for scholarships than required or the School had misused the funds, meant for scholarships. The department should be told that a recurrence of either mistake of this nature must be guarded against in the future.

(Paras 994--96)

CONCLUSIONS AND RECOMMENDATIONS

64. The following statements are appended to this Report as Annexure II :—

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

65. The Committee would like to record its appreciation of the help rendered to it by the Auditor-General, his officers and staff and the officers and staff of the National Assembly Secretariat in conducting its deliberations.

66. The Committee submits this Report to the President with the request that the recommendations and suggestions made in paras 6—63 above and in Annexure-I be accepted. It also recommends that the excess in expenditure, contained in the statements

referred to in para 64 (4) and (5) above and appended to the Report as Annexure-II or that may be figured out by the Auditor-General subsequently, on reconciliation or verification, be considered as regularised

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

A. G. N. KAZI,
Chairman.

MASARRAT HUSSAIN ZUBERI,
Member.

ABDUL QADIR,
Member.

YUSUF BHAI MIAN,
Member.

ISLAMABAD :

~~The 28th August, 1979.~~

27 FEB 1980

**ANNEXURE I
PROCEEDINGS
OF
PUBLIC ACCOUNTS COMMITTEE**

(19—20)

NATIONAL ASSEMBLY SECRETARIAT

PROCEEDINGS OF THE MEETINGS OF THE *AD-DOC* PUBLIC ACCOUNTS COMMITTEE ON THE FEDERAL ACCOUNTS FOR THE YEAR 1972-73.

29TH JANUARY, 1979

1st meeting

While taking in hand the examination of Federal Public Accounts for the year 1971-72, the *Ad-hoc* Public Accounts Committee had decided that they would examine, simultaneously, the 1972-73 accounts of Ministries|Divisions, whose replies on the Appropriation Accounts etc. for 1972-73 would be ready.

2. As replies in regard to their accounts for 1972-73 had been received from the Ministry of Railways, the *Ad-hoc* Public Accounts Committee took up the examination of the Accounts of the above Ministry at about 1 P.M., on the 29th January, 1979 in the Committee Room, State Bank Building, Islamabad.

3. The following were present :—

Ad-Hoc P.A.C.

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

National Assembly Secretariat

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

Audit

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

Ministry of Finance

Mr. Inam-ul-Haq, Joint Secretary.

4. The following departmental representatives were present :—

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

5. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Capital Outlay on Investment in Railways	109
2.	Capital Outlay on Railways	143
RAILWAY BOARD		
1.	Ordinary working expenses General Administration (Other than charged)	1
2.	Ordinary working expenses—Repairs and maintenance (Other than charged)	2
3.	Ordinary working expenses—Operating expenses (Other than charged)	3
4.	Improvement and Welfare (Other than charged)	4
5.	Appropriation to funds and payment of return on Central/Provincial Government Capital Investments and miscellaneous other expenditure	5
6.	Expenditure not met from Revenue (Other than charged)	6
7.	Contingency Item—War emergency expenditure (Other than charged)	7

APPROPRIATION ACCOUNTS 1972-73

6. *Grants No 109 and 143.*—Material in respect of these Grants were not received from the Ministry of Railways. Hence their consideration was deferred.

AUDIT REPORT (PAKISTAN RAILWAYS) 1972-73

Chapter I

7. *Grant No. 6—Store Suspense—[Page 5, para 7 (x)—Audit Report].*—It was pointed out that the provision of (—) Rs. 1,97,000 proved injudicious in the face of an actual expenditure of Rs. 4,28,79,000, funds for which were omitted to be provided. The department explained that the excess occurred mainly due to the return of more material from the projects of the Engineering Department and more scrapped material from the open-line than originally anticipated. However the departmental representative could not furnish the requisite information to Committee's query as to how much was anticipated and how much was actually received, and why could it not be possible to anticipate the returns, initially. The Committee directed that the matter be looked into and a detailed report, explaining the reasons and circumstances for the excess and non-anticipation, be submitted for the Committee's consideration.

Chapter III

8. *Review of Capital and Development expenditure (Para 1, page 7—Audit Report—PR).*—The Committee desired that a report, similar to the one indicated above should be furnished in respect of this para also.

Chapter VI

9. *Non-realization of Railway dues amounting to over Rs. 20 lac (Para 1, page 12—Audit Report—PR).*—The Auditor-General stated that according to the extant rules, sidings are provided by the Railway Administration to serve a factory, mill, godown or other industrial premises on annual payment of interest and maintenance charges, calculated at the prescribed rates. The rules also provide that an annual review shall be carried out to examine the profitability of the sidings for taking suitable action.

10. The accounts of sidings of the Karachi Division, audited in January, 1973, revealed that provisions of rules had not been observed. Moreover, certain basic and important information, such as up-to-date list containing the names of sidings, parties for whom constructed, authority for construction, main provisions of the siding agreements, dates of opening of the siding etc., was not available in that Division. In certain cases, even necessary agreements had not been executed or were executed very late and the agreements, which had expired, had not been renewed.

11. Out of 71 sidings, constructed at a cost of about Rs. 98 lac, 12 costing about Rs. 6 lac were subsequently closed, but complete particulars of the closed sidings and in some cases even dates of closing were not on record. Out of the remaining 59 sidings, interest charges were not recovered from the owners of 32 sidings, while in 16 other cases, the Railway claims, amounting to Rs. 14,12,405, had not been even preferred up to the date of review. In some cases, claims amounting to Rs. 6 lac were preferred but could not be realised. No record was produced to show that the annual review of sidings was being carried out in the Division.

12. The departmental representative explained that position had been found to be somewhat different than explained in the departmental reply. There were 62 sidings in Karachi, out of which 38 were in operation, serving factories, mills, godowns or other industrial premises. 24 had been closed and 10 dismantled. Necessary bills for the recovery of interest and maintenance charges continued to be preferred against the parties concerned. Up-to-date Rs. 24,676 only remained outstanding against the parties. Strenuous efforts were being made to recover this amount. Action was also being taken to carry out an annual review of sidings, in operation, and to determine their profitability, whereafter further necessary action will be taken on the merit of each case.

13. The Committee directed the departmental representative to identify the persons responsible for not having taken timely action and the one who gave the wrong information and to proceed against them under the rules.

14. The Committee further observed that, so far as they were concerned, it is the responsibility of the Board to find out as to who were responsible for the default, and have action been taken against them. The Board should also see that review is completed by the target date. Thereafter, a detailed report should be submitted to the Committee through the National Assembly Secretariat. The

Committee considered as discourteous the reply given to it that the requisite information was not available or it could not be said as to how long will it take to furnish the answer.

15. *Evasion of wharfage charges amounting to Rs. 7 lac per annum (Para 2, Page 12—Audit Report—PR).*—During the course of an inspection of the Badami Bagh Station, conducted by Audit in December, 1972, it was observed that the goods, which were shown in the books as having been delivered to the consignees long ago, were lying in the Station godown. An inventory taken on the spot indicated a stock of 1,47,650 bags of cement in the shed, but the delivery book of the station showed no entry of goods in the Railway custody. It was estimated that the consignees, obviously in collusion with the Railway staff, were deliberately evading payment of wharfage charges to the tune of Rs. 7 lac per annum. The irregularity was pointed out to the Railway Administration on the 8th March, 1973, also pointing out the possibility of large scale corruption, but no reply was received.

16. The departmental representative stated that the Audit party took the inventory of goods on the ground and estimated that 1,47,650 bags of cement were available in the Goods shed, awaiting to be removed by the consignees. The party, however, did not work out the exact number of bags, which were within free time and those which were under wharfage. Thus the Audit party worked on the assumption that 1,47,650 bags of cement would have remained available in the shed every day throughout the year under wharfage and, on this basis, estimated the evasion of wharfage charges to be Rs. 7 lac per year. The assumption about the availability of 1,47,650 bags per day was apparently highly over-estimated. Even according to the inventory taken by the Audit party on different dates, the average availability per day was 78,135 bags only. He further stated that, as no staff was found guilty of any dereliction of duty or evasion of wharfage charges, no action was taken against them.

17. A member of the Committee contended that it was a clear case of mal-practice and somebody has to be held responsible for it. The Director, Railway Audit, remarked that he also wrote a d. o. letter to the Chief Commercial Manager indicating the extent of corruption involved in this affair. He also wrote to the Deputy Director, who was a very senior officer, but to no avail.

18. The Chairman observed that the persons responsible for this should be identified and action taken against them. A report should be submitted to the National Assembly Secretariat in due course.

19. *Non-realization of an amount of Rs. 3,49,254 from a foreign firm (Para 3, pages 12-13—Audit Report—PR).*—The Auditor-General stated that, out of 702 frames of bogies purchased by the Railway Administration, 477 frames were defective and started cracking when put to use. Necessary repairs etc. were carried out in the Railway Workshops at an extra cost of Rs. 5,66,185. A sum of Rs. 2,16,931 only had been realised from the firm so far. The reasons for not recovering the balance of Rs. 3,49,254 were not clear.

20. The departmental representative explained that 477 'Z' type bogie frames of 380 coaches, purchased in 1957 and onwards from M/s. L.H.B., West Germany through the Railway Board, were found to have certain defects during service within the warranty period. The defects were brought to the notice of the Resident Engineer of the firm, who agreed to pay the cost incurred for the rectification of defects. The defects occurring at different stages were rectified

and part payments were made by the firm from time to time, on verification by the Resident Engineer, against several work orders. A balance of Rs. 3,49,254, however, remained un-recovered. The matter was being still pursued.

21. The Committee took a serious note of the abnormal delay in the matter and expressed the apprehension that nobody was pursuing the case. The Committee, therefore, directed the representative to pursue the matter vigorously, fix responsibility for this delay and take suitable action against those found responsible. The Audit was requested to watch the recovery of the outstanding amount and report back to the Committee, if necessary.

22. *Non-realization of rent of Railway land occupied by a Government Department (Para 4, Page 13—Audit Report—PR).*—A plot of Railway land in Rawalpindi was occupied by the Mint Authorities on 18.8.1951 for stacking machinery. No agreement, required under the rules, was executed with the Department. Rent charges were, however, assessed at Rs. 62,734, but had not been realised so far. The rent charges for the period July, 1967 to June, 1970 @ Rs. 10,357 per annum, amounting to Rs. 31,071, were also outstanding against the Department. Certain Railway buildings were also allowed to be occupied by the Department. Charges on account of rent of these buildings and for water and electricity consumption had also not been assessed and recovered.

23. The departmental representative explained that the plot in question was leased out to the Defence Department, who handed over the same to the Mint authorities without approval by the Railway Administration. Under these circumstances, an agreement could not be executed with the Mint authorities before occupation of land by them. The matter was taken up with the Defence Department for sub-letting the Railway land to the Mint authorities, who were also asked to vacate the Railway land, which they had occupied without approval. It transpired that only one Goods Shed No. 3 had been occupied by the Mint authorities on 28.9.1951, which was vacated by them on 27.3.1952. Rent for this shed, amounting to Rs. 1,236, was being realised from them. Moreover, the Mint Authorities had agreed, in principle, to pay the rent of the land and water charges to the Railway. The matter was being actively pursued with the Mint Authorities.

24. The Committee directed the departmental representative to settle this long standing matter at the earliest and requested Audit to watch the recovery of the dues.

25. *Infructuous expenditure on staff (Rs. 73,450) and (Rs. 28,857) (Paras 5 & 6, page 13—Audit Report—PR).*—In the light of the explanation furnished by the departmental representative, no further observation was made by the Committee on these paras.

26. *Loss of material worth Rs. 7,636 (Para 7, pages 13-14—Audit Report—PR).*—Explaining the loss, the departmental representative stated that the depreciated value of bars and keys, reported to be missing, as worked out, had since been written off in the case of one Division, while in the case of other, the amount had been adjusted by raising debits against the Division responsible, through a credit note. The Committee directed the Audit to verify the position.

Chapter VII

OTHER TOPICS OF INTEREST

27. *Bills receivable (Para 1, page 15—Audit Report—PR).*—The departmental representative informed the Committee that in June, 1978 an amount of Rs. 13.38 crore was to be recovered. Up to September, 1978, a sum of Rs. 4.28 crore had been recovered. Another Rs. 3.63 crore had been recovered from the Bangladesh Government in November, 1978. The up-to-date balance, as in December, 1978, was Rs. 5.23 crore, the break-up of which was Defence Department (Rs. 2.32 crore), Road Transport Corporation (Rs. 1.74 crore) and Postal and other departments (Rs. 1.17 crore). So far as the Road Transport Corporation was concerned, this provision was merely an academic one, as actual distributions of dividend depended on earning profits.

28. On an enquiry by the Committee, the representative further explained that at the direction of the Federal Government a certain amount had been invested in the Road Transport Corporation as equity on behalf of the Railways. The amount of Rs. 1.74 crores was, in terms of the agreement, being shown as dividend payable on that equity, though the Corporation had not earned any profit.

29. A member of the Committee suggested that, since the Corporation was not making any profit, they could not pay the dividend in question and the best course would, therefore, be to reverse the entry.

30. In reply to a query whether there was any clear-cut guarantee, the departmental representative informed the Committee that this had been discussed with the Finance Division a number of times, but a final decision had not been reached yet. Replying to another query whether the capital could be withdrawn, the departmental representative informed the Committee in the negative and added that, in fact, the capital had not been invested by the Railways on its own.

31. The Committee directed that the Railways and Finance Division should sort it out and, if there be no possibility of return of the amount, steps should be taken to write it off. The Audit was requested to keep track of the progress made in the matter.

32. *Bills payable (Para 2, page 15—Audit Report—PR).*—This head was introduced *w.e.f.* 1957-58 to account for working expenses in the year to which they related and was to be cleared when the bills were subsequently passed. At the close of accounts for the year under review, a balance of more than Rs. 12 crore stood under this head.

33. It was stated that this head was being operated on all the Divisions, to accommodate liabilities temporarily, for subsequent liquidation. Review was being carried out to clear the liabilities by payment, to adjust against the parties concerned.

34. The Audit representative pointed out that as the department did not want the grant to lapse, they put it in the bills payable, which is a sort of suspense head. Thereupon, a member of the Committee remarked that it meant that the expenses had not been incurred. They were only making a provision and keeping the money, to be used later. If the expenses had been actually incurred, there would have been nothing seriously wrong. The departmental representative informed the Committee that the money had not been spent.

35. The Audit further pointed out that the department had also not given the break-up of the amount. A member of the Committee remarked that this should have been mentioned in the Audit Report, *e. g.*, in the two years' report, the Audit could have mentioned that the foreign exchange loans had not been revalued. If the Department did not do it, the Audit should have done so, otherwise the whole purpose of financial control becomes meaningless.

36. The Committee directed the departmental representative to make available the requisite details of bills receivable and the liability not incurred to the Audit for initial verification and then brought to the notice of the Committee during its next session.

37. *Improvement Fund (Para 3, pages 15-16—Audit Report—PR).*—During 1970-71 and 1971-72, the expenditure incurred from the fund on public and passenger amenities and other staff welfare works constantly fell short of the estimates and the funds provided for the same were not fully utilised. Although the position had comparatively improved during the year under report, the funds provided during the year had not been fully utilized.

38. It was stated that there was some improvement over the previous years in the expenditure on public and passenger amenities and other Staff Welfare Works and the saving, which was 32% in 1971-72, had come down to 12%. Every possible effort was being made to utilize the allocation in full. It was further stated that the un-utilised allocation did not lapse but reverted to the Fund.

39. In reply to a query, the departmental representative informed the Committee that the current balance in the Fund is Rs. 20 crore, as against Rs. 17 crores during 1972. The Chairman observed that it seemed that the money was not being spent as it should have been. The departmental representative stated that the above balance of the Provincial Government was not available in one go.

40. It was pointed out that, at the time the Central Government was taking into consideration the Provincial Government's investment, that investment should have been reduced by this amount and then it would have been clear. That was the time when the money could have been secured from the Provincial Government. The Chairman observed that the Provincial Government did not have the money to pay.

41. The departmental representative was directed to clarify, next time, the position of Improvement Fund to the Committee, because Rs. 20 crore did not seem to be reflected in the books.

42. *Loss due to remission and abandonment of claims to Revenue (Para 5, page 16—Audit Report—PR).*—According to Audit, the losses due to remission etc. amounted to Rs. 14,57,123 during 1972-73 as against Rs. 18,16,001 during 1971-72. The demurrage and wharfage charges outstanding for recovery at the close of the year under report amounted to Rs. 20,18,114 and were the highest during the last five years.

43. The departmental representative stated that, out of Rs. 20,18,114, an amount of Rs. 15,85,535 had been already cleared and the balance would be recovered gradually. In reply to a query by the Committee, the departmental representative stated that the balance as on 30th June, 1977 was Rs. 34.99 lac.

44. *Un-covered loss (Para 8, page 17—Audit Report—PR).*—Audit pointed out that, during 1969-70, the Railways had shown a loss of Rs. 7,13,74,687, which was reflected in their accounts as “uncovered” on the ground that the losses were determined on late closing of accounts for that year. They could not be adjusted against Railway Fund balances, because the balances remained in the Provincial Consolidated Fund after the control of Railways was vested in the President of Pakistan *w.e.f.* 1-7-1970. The aforesaid losses as per the decision of the Government, were to be shown as “uncovered” in the accounts up to the year 1971-72 and set off against the assets and liabilities to be taken over by the Federal Government *w.e.f.* 1-7-1972. The Railway administration had now intimated that the losses would be met from the funds to be released by the Provincial Governments or from future profits.

45. In reply to a query, the departmental representative stated that these losses should have been covered against the release of balances with the Provincial Government. Though they were reserved balances, releases against them were taken into account for other financing, and they were not adjusted against these losses. In reply to another query, the departmental representative further said that the last instalment of about Rs. 3 crore was outstanding against the Provincial Government.

46. After hearing the departmental representative, the Chairman observed that this should have been adjusted long ago. A decision had been made to treat the amount as loan to the Railways on normal terms. He expressed the view that this will result in reducing the Railway budget by 5 crores and should be kept in view while preparing the next budget.

47. *Delay in disposal of Audit Notes, Inspection Reports (Para 9, page 18—Audit Report—PR).*—The departmental representative stated that efforts were being made to clear the backlog. This subject is also discussed in the Divisional Officers’ meetings every month, and it has been decided that Divisional level meetings should be held between the Audit and Executive Officers. The Director, Finance, Railway Board has been deputed to hold meetings at the Divisional level.

48. The Director Railway Audit remarked that the Accounts people have been taking due interest, but the Divisional Officers were mostly not co-operative. The departmental representative assured the Committee that they would instruct the Divisional Superintendents to hold monthly meetings with the Accounts and Audit Officers for clearance of the objections. In addition, some-one from the Ministry will also be deputed to look over the deliberations.

49. *Unsanctioned expenditure (Pages 26-27 of appropriation Accounts—PR).*—From the statement of outstanding unsanctioned expenditure as on 31.8.1975 and other miscellaneous irregularities, there seemed to be a tendency on the part of the department to incur expenditure beyond the sanctioned estimates. The Committee took a serious view of the unauthorised excesses and felt that this practice must stop and should be appropriately controlled. Explaining the position, the departmental representative said that, in many cases, after an estimate had been finalised and work started, many factors arose to affect the original estimates, *e.g.*, escalation in prices etc. From a practical point of view, it was uneconomical to stop a work, while in progress, and await financial sanction for expenditure that may likely to exceed the sanctioned estimates. It may also be noted that, even if a work is stopped, the staff employed on it has to be retained and many other incidental expenses have, in any case, to continue to be incurred. Waiting may, therefore, ultimately increase the cost of the project still further in many cases.

50. Similarly, there is some work which has to be undertaken urgently and it is always difficult to observe literally the various formalities of preparing the estimates in advance and get their prior approval etc. An urgency certificate has to be issued in such cases to enable the executing agencies to proceed with the work. *Ex-post-facto* approval of the competent authority is then sought, subsequently, to regularise the expenditure.

51. Notwithstanding the explanation, the Committee held that, in such matters, no authority, unless so authorised, should consider itself above the law and, in violation of the rules, feel justified in incurring, without prior sanction of the competent authority, expenditure over and above the sanctioned estimate. Increase in expenditure over the sanctioned estimate amounted to violation of the sanctity of an estimate and defeated the very object for which all this exercise has been enjoined under the rules. This made the estimates meaningless. All such unauthorised excess should, therefore, be deemed to be irregular expenditure.

52. To overcome the difficulties set out by the departmental representative and avoid a set-back in progress of a work under execution, the Committee expressed the view that the department should consider the advisability of proper delegation of financial powers to various subordinate authorities. They should also prescribe an authority who could accord approval to modified estimates, involving expenditure in excess of the sanctioned estimates up to a prescribed limit, in anticipation of *ex-post-facto* approval of the competent authority.

53. The Committee directed the departmental representative to get the cases of outstanding unsanctioned expenditure regularised as early as possible, under intimation to the Audit.

54. The Committee also directed the departmental representative to reintroduce the statement at page 28 of Appropriation Account (Not printed).

55. *Statement showing balance outstanding in suspense (Para 10, page 19 of Appropriation Accounts—PR).*—The Committee directed the departmental representative to furnish a statement, showing details of outstanding balances in 'suspense' account to the Audit for verification and then sending the same to the National Assembly Secretariat, for bringing it to the notice of the Committee.

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

57. The Committee, thereupon, adjourned to meet again at 9.30 A.M., on the 31st January, 1979.

M. A. HAQ,
Secretary.

Islamabad, the 31st March, 1979.

NATIONAL ASSEMBLY SECRETARIAT

1ST FEBRUARY, 1979

2nd Meeting

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

Ad-hoc P.A.C.

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

National Assembly Secretariat

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

Audit

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

Ministry of Finance

Mr. Inam-ul-Haq, Joint Secretary.

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

59. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Defence Division and the Report of the Auditor-General thereon.—

60. The following departmental representatives were present :—

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

APPROPRIATION ACCOUNTS (DEFENCE SERVICES) 1972-73

CHAPTER I

61. *General review—(Paras 1-2, page 1 of AA).*—The Committee noted an excess of Rs. 76,65,61,749. The departmental representative explained that the increase was due to various factors. They had asked for more funds at the time of supplementary schedule, but, for certain reasons, the full amount was not provided. A Member (Mr. Yusuf Bhai Mian), observed that some Ministries/Divisions, including the Ministry of Defence, are often seen to have spent large sums of money in excess of sanctioned allocations, without matching supplementary grants. It has to be realised that incurring of any "voted" expenditure, for which a prior sanction of the Legislature does not exist, is highly irregular. The Member suggested that the excess expenditure, amounting to about Rs. 76.65 crores over the sanctioned grant may not be regularised, unless it is explained to the satisfaction of the Committee as to why was it not possible for the Ministry to ask for and obtain a supplementary grant.

62. Since the excess involved was considerable, the Committee desired the departmental representative to submit a joint report with the Finance Division, explaining as to how this excess occurred.

AUDIT REPORT (DEFENCE SERVICES) 1972-73

CHAPTER II

63. *Excess payment of electric energy charges to supplier—(Para 1, page 3—Audit Report—Defence Services).*—The Auditor-General stated that, under the rules a regular contract agreement is required to be concluded with a supplying agency for the supply of electricity to defence buildings but, at a station, electric energy was obtained from an agency without executing a contract agreement. In the absence of agreement, electric supply was paid @ 28 paise per unit for the first 20 units and 16 paise per unit for the rest and, in certain cases, it was also charged at 44 paise per unit although, if negotiations were done and a contract agreement executed, the bulk supply could have been obtained @ 7.3 paise per unit. The Department was thus put to an extra expenditure of Rs. 2,95,655 during November, 1962 to February, 1971.

64. The departmental representative stated that, prior to 1967, Bahawalpur was a small cantonment comprising of two parts, located at three miles apart from each other. According to the prevailing conditions at that time, bulk-supply of electricity in any one of the two camps was not considered justified by the WAPDA authorities.

65. By 1967, the requirement of electricity in the cantonment had increased considerably. Action was, therefore, initiated to conclude a bulk supply Agreement with WAPDA. Duly prepared documents signed by MES were sent to WAPDA for signature and completion but, unfortunately, they got misplaced. A fresh agreement was prepared and forwarded to WAPDA in 1969, which was financed in July, 1973. WAPDA, however, refused to implement the Bulk-supply rate with retrospective effect.

66. In view of the above, there was no alternative but to regularise the extra expenditure incurred from November, 1962 to June, 1973. An extra expenditure statement for Rs. 3,58,805.86 was prepared up to the period June, 1973 and submitted to the Station HQ, Bahawalpur for convening a Court of Inquiry to investigate into the circumstances and apportion responsibility therefor. The matter is still pending before the Court of Inquiry.

67. The departmental representative was directed to check up and, if not already done have the matter finalised soon and steps taken to write off the amount, which went to WAPDA, due to higher rates.

68. *Non-recovery of Rs. 24,659 from a Contractor (Para 7, page 5—Audit Report—Defence Services).*—In a certain M. E. S. formation, final payment of Rs. 33,487 was made to a contractor in full settlement of a contract agreement in January, 1973. It was, however, observed in Audit in May, 1973 that, at the time of finalization of the final bill, Rs. 25,841 was outstanding against the contractor. This amount had been pending for a very long time and some of the amounts included therein pertained to the period 1963 and 1964. Out of the above, only Rs. 1,182 had been recovered and the balance of Rs. 24,659 was still outstanding.

69. The departmental representative stated that out of the outstanding balance of Rs. 24,659, Rs. 4,822 was recovered. For the balance, there was an arbitration and an Arbitrator was appointed by the court. The Arbitrator did not give award for any recovery.

70. The Committee observed that, if the Arbitrator had not given the award for recovery, action should be taken to write off the outstanding amount.

71. *Irregular expenditure of Rs. 21,102 on hiring of private accommodation (Para 9, page 6—Audit Report—Defence Services).*—After hearing the explanation the Committee directed the departmental representative to ask the Station HQ to explain the reasons for the irregular expenditure and then report back to the Committee.

72. *Loss due to acceptance of a tender other than the lowest (Rs. 12,750) (Para 11, page 7—Audit Report—Defence Services).*—The departmental representative explained that no contract was awarded in this case, as the rates quoted were higher than those prevailing in Quetta at that time. As such, the officer concerned re-tendered the whole thing. Next time, the rates quoted were far less than the prevailing rates. Therefore, the lowest tender was not accepted. The second lowest rates were accepted with the concurrence of the Financial authority, in accordance with the rules. In reply to a query, the departmental representative stated that none of the contractors, who had not been able to do the work or were not financially sound, were awarded the contract. The Committee observed that mere non-award of contract was not enough. In such cases, names of the contractors should have been removed from the approved list of contractors. In reply, the departmental representative said that their names could not be removed from the list, because if this was done, they would have gone to the court and obtained injunction. The Committee accepted the departmental explanation.

73. *Non-recovery of extra expenditure amounting to Rs. 10,315 from a defaulting contractor (Para 12 page 8—Audit Report—Defence Services).*—The Auditor-General contended that, in this case contract was first awarded to one contractor and then to Mr. Shahid Hussain and again to M/s. Inamul Haq. The departmental reply was that Shahid Hussain had died whereas, according to Audit report, he was alive. In 1975, the department had said that, since Shahid Hussain had defaulted, the work was carried at his risk and cost.

74. The Committee directed the Audit to check and verify the position.

75. *Delay in proper classification of bungalows resulting into loss of revenue—Rs. 19,328 (Para 15, page 9—Audit Report—Defence Services).*—The departmental representative stated that the Ministry of Defence had decided that write off action be initiated in this case, which was being done by the Base. The Committee requested the Audit to keep track of the case.

76. *Irregular remittance of liquidated damages—Rs. 7,238 (Para 16, page 9—Audit Report—Defence Services).*—The departmental representative stated that, as the contractor had failed to complete the work within the time stipulated in the contract, Rs. 14,476 was recoverable from him on account of liquidated damages. Out of this, Rs. 7,238 was recovered in November, 1969 and the recovery of the residue viz., Rs. 7,238 was waived off by the CMES on the plea that this was within his delegated financial power. It was pointed out by Audit in December, 1970 that, since the total amount of Rs. 14,476 on account of liquidated damages constituted one measure and exceeded the delegated powers of the CMES, the waiver of a part of the amount was not in order.

77. The Auditor-General stated that such cases should have the approval of the Finance authorities for so long as rules do not specifically delegate powers in respect thereof to some authority in the Division. He also quoted the directive of the PAC in 1956 as under :—

“We recommend, therefore, that, since in all cases of extended dates of deliveries, or complete failure to supply the stores, some loss, in one form or the other, is incurred by Government and since the object of inclusion of the “liquidated damages” clause in the contract is to make good such losses, any waiver or reduction of the penalties of this kind provided in the contract, should be permitted only in exceptional cases, and with the concurrence of the Ministry of Finance, in each case.”

78. Agreeing with the remarks of the Auditor-General, the Committee directed the departmental representative either to have the rules in respect of waiving off recoveries of liquidated damages amended or specific sanction of Finance be obtained in individual cases. The Committee further desired that the matter be put up to the Government for their consideration and orders. They also repeated the recommendation of the earlier PAC (mentioned above).

79. *Loss to state to the extent of Rs. 2,21,087 due to re-tendering (Para 17, page 10—Audit Report—Defence Services).*—The Auditor-General stated that tenders for the construction of rating quarter at Karsaz were invited on 7-11-1970 by an authority. The lowest tender, at a lump-sum cost of Rs. 67,78,563, offered by a firm, was not accepted. Tenders were again invited after two and a half months for the same work and this time the same firm quoted the rate at a lump-sum cost of Rs. 69,99,650, which was accepted on 15-3-1971. The re-tendering resulted in increased cost and consequently a loss of Rs. 2,21,087 to the Government.

80. After hearing the departmental representative, the Committee requested the Audit to verify the facts. The departmental representative was directed to furnish all the facts of the case to Audit.

81. *Cost of Defence lands/buildings valuing Rs. 2,14,83,141 outstanding against Rawalpindi/Hazara-Hill Improvement Trust Ayubia (Para 19, pages 10-11—Audit Report—Defence Services).*—The departmental representative stated that a decision in the matter had been arrived at since, according to which the Provincial Government would pay a lump-sum compensation of rupees one crore in three instalments for all the assets transferred to them. The matter was at present, under the consideration of GHQ and Ministry of Defence.

82. The Committee requested the Audit to keep a watch on the progress of the case.

83. *Non-recovery of Rs. 43,540 on account of rent of a leased land (Para 21, pages 11-12—Audit Report—Defence Services).*—The Auditor-General stated that it was noticed that at the Karachi Station, land measuring 76.20 acres was leased out and handed over to the Defence Housing Co-operative Society *w.e.f.* 25.8.1954, but rent was recovered from 15-7-1956, resulting in a short recovery of Rs. 43,540 for the period from 25.8.1954 to 14.7.1956.

84. The departmental representative explained that it was in 1954 when funds were being transferred for housing projects. The Government had no experience of such project, 76.20 acres were to be transferred, initially, with the condition that possession will be handed over to the Society, though the possession was handed over in 1954, the lease was accepted on 31.7.1956 and was to take effect from 15.7.1956. As the Society had no rights in the land as a lessee during these 2 years it could neither transfer the same to its allottees nor allot land to any other persons, to recover the rent premium. It was only, when the amount for recovery was decided upon, that recoveries started to be made and this was from the date approved by the Government *i. e.* 15.7.1956 and not 1954.

85. In reply to a query from the Chairman, the departmental representative confirmed that lease money should be payable by the Society. The Committee desired that effort should be made to recover the amount. One of the members proposed that the question should be got re-considered, locally and then put up to the Committee in its next meeting.

86. *Irregular local purchase of medical stores (Rs. 37,50,305) (Para 24, pages 13-14—Audit Report—Defence Services).*—The Auditor-General stated that, in contravention of rules, an authority purchased medical stores, during January, 1967 to January, 1968, for replenishment, although sufficient quantity of stores, in excess of the normal requirements, were already in stock. This resulted in an irregular expenditure of Rs. 37,50,305. Moreover, in a number of cases, sanction for local purchases, accorded by the authority, was irregular, as the amount involved exceeded the delegated financial powers of the authority.

87. The departmental representative stated that medical stores were purchased from different stations, *i.e.*, Peshawar, Rawalpindi, Kohat, Karachi, Lahore, Sahiwal, Kharian and Quetta etc. according to projected requirements.

88. The Committee requested the Audit to verify whether all these purchases were made at the same station and from the same person or from different persons at different stations, as stated, and whether the purchases at any one time exceeded the delegated financial powers of the purchasing authority. The departmental representative was directed to warn all concerned to be more careful and to guard against recurrence of such instances in future.

COMMERCIAL APPENDIX TO APPROPRIATION ACCOUNTS OF THE DEFENCE SERVICES

89. There was no material point for consideration by the Committee.

APPROPRIATION ACCOUNTS (CIVIL)|AUDIT REPORT (CIVIL) 1972-73

90. Replies from the Defence Division in respect of Grants No. 10, 36 and 116 of Appropriation Accounts (Civil) and paras 1, 2, 21 to 28 and 46 of Audit Report (Civil), were not received. The Committee, therefore, deferred consideration of these grants|paras to the next meeting.

91. *Paras not discussed to be treated settled*.—The Committee did not make any observation on the other paras in the Appropriation Accounts|Commercial Appendix pertaining to the Defence Division for 1972-73 and the Audit Report thereon. These would be deemed settled, subject to such regularising action as might be necessary under the rules.

(b) DEFENCE PRODUCTION DIVISION

92. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Defence Production Division and the Report of the Auditor-General thereon.

93. The following departmental representatives were present:—

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

APPROPRIATION ACCOUNTS (DEFENCE SERVICES) 1972-73

MAG's Certificate

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

95. The Chairman remarked that the procedure for linkage was far from satisfactory and the department should pay special attention to devise procedures for improving the system.

AUDIT REPORT (DEFENCE SERVICES)

96. (i) *Financial loss of Rs. 1,75,25,343 due to non-supply of 120 units contracted and paid in 1967 (Para 23, page 12—Audit Report)*.—(ii) *Loss of Rs. 32,66,777 due to supply of defective stores (Para 25, page 14—Audit Report)*.—The Committee was not satisfied with the explanation of the departmental representative and termed these as 'bad cases'. They desired that the department should look into these cases again and locate responsibility for the objections raised by Audit as there appeared to be no justification for (i) payment in advance, (ii) changing inspection clause to warranty clause and (iii) making payment for repairs, carried out during the warranty period.

97. *Loss caused to Government due to faulty definition of term contract appearing in the tender document Rs. 4,29,000 (Para 26, page 15—Audit Report—Defence Services)*.—The departmental representative stated that this case had not been finalized yet. About 8 or 9 different sections were involved in the case. Efforts were made to take up the cases with the Financial Advisor on section basis but the latter had advised that the entire case be brought to him as one. This was taking some-time. The case will be put up to the Committee in its next meeting.

98. The Committee agreed with the proposal.

99. (i) *Extra expenditure of Rs. 88,853 due to re-tendering and (ii) Extra expenditure of Rs. 66,120 due to inordinate delay in concluding the contract (Paras 28-29, page 16—Audit Report—Defence Services).*—The departmental representative stated that these cases were being processed with the authorities concerned. Expeditious action was, however, being taken to finalized them and final reply will be submitted to the Committee as early as possible.

100. The Committee observed that action should be expedited.

101. *Irregular payment of Port-Trust taxes|charges amounting to Rs. 55,614 to the contractor (Para 30, page 17—Audit Report—Defence Services).*—After hearing the departmental representative, the Committee observed that action should be taken for the recovery of the amount from the contractor and steps also taken to prevent the recurrence of such cases.

102. *Extra expenditure of Rs. 25,213 due to acceptance of higher offer (Para 31, page 17—Audit Report—Defence Services).*—The departmental representative stated that they had to go further into this case.

103. The Committee directed that the Ministry should look into it and report back as early as possible. It may also be specified as to from whom the recovery was made.

104. *Acceptance of tender other than the lowest (Para 32, page 17—Audit Report—Defence Services).*—The Auditor-General pointed out that, on the receipt of an Indent for the procurement of certain stores, invitations to tender were issued to various firms in April, 1969. Out of six firms, which participated in the tender inquiry, the rates offered by three were Rs. 5.97, Rs. 6.32 and Rs. 6.60 respectively. The sample of the second lowest tenderer was not sent by the purchase authorities for laboratory test, because it was considered to be inferior in quality. No confirmation regarding the quality of stores was, however, obtained from the inspecting authority. The samples offered by the 1st and 3rd bidders were sent for laboratory test and acceptance. The sample of the first lowest bidder was found acceptable, except for minor discrepancies, which were considered to be rectifiable in bulk production. The firm in question confirmed that they would supply the stores strictly in accordance with the specifications and the defects would be removed at the time of bulk production. The sample of the 3rd lowest bidder was not accepted by the Inspecting Officer. The contract was, nevertheless concluded with the 3rd lowest bidder after having got their rates reduced from Rs. 6.60 to Rs. 6.20. The Government was thus put to an extra expenditure of Rs. 6,118 due to non-acceptance of the 1st lowest offer of Rs. 5.97.

105. The Chairman enquired from the departmental representatives as to why was the lowest tender not accepted, particularly when the third lowest was not technically acceptable by the Inspecting Officer. The departmental representative said that they were only a purchase agency and had to accept the verdict of the Inspector in such matters. The first lowest was not acceptable and the second lowest was visually rejected. As such, the third lowest, which had quoted Rs. 6.60, was asked to reduce its price. The Chairman remarked that it was not acceptable, technically. The departmental representative reiterated that it was acceptable.

106. The Committee observed that the test had shown that the 3rd lowest was not technically acceptable. The departmental representative was directed to once again check the position and report back to the Committee at its next meeting.

COMMERCIAL APPENDIX (DEFENCE SERVICES) 1972-73

107. *Loss due to non-recovery of standard rent (Para 17, page 9—Commercial Appendix).*—After hearing the departmental representative, the Committee observed that Government must make up its mind and arrive at a definite decision in this matter, in consultation with the Finance Division (Military).

108. *Points outstanding from previous Report (Para 19, page 10 Commercial Appendix).*—The departmental representative stated that the cases referred to in this para had already been discussed in the PAC meetings held in 1967 and 1974. The Committee requested the Audit to verify the actual position and report back, if necessary.

109. *Audit Report (Civil).*—As the Defence Production Division had not furnished replies to paras 10 and 15 (Pages 24 and 26) of the 1972-73 Audit Report (Civil), the departmental representative was asked to produce the same at the next session of the Committee scheduled in March, 1979.

110. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in Appropriation Account, the Audit Report and Commercial Appendix to Appropriation Accounts of the Defence Services. These would be deemed settled, subject to such regularising action as might be necessary under the rules.

111. Thereafter, the Committee decided to resume the examination of the 1972-73 Federal Accounts at 10 A.M. on the 28th March, 1979.

M. A. HAQ,
Secretary.

Islamabad :
The 5th May, 1979.

NATIONAL ASSEMBLY SECRETARIAT

28TH MARCH, 1979

3rd Meeting

112. The *Ad-hoc* Public Accounts Committee resumed its examination of the Federal Accounts for 1972-73 in the State Bank Building, Islamabad, at 10.00 A.M. The following were present :—

Ad-Hoc P.A.C.

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

National Assembly Secretariat

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

Audit

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

Ministry of Finance

1. Mr. Azizur Rehman, F. A. (Interior, State & F.R. and Kashmir Affairs).
2. Mr. Jamilullah Khan, F. A. (Science, Technology and Production).
3. Mr. Aish Bahader Khan, F. A. (Law and Parliamentary Affairs).
4. Mr. Ahmed Rafi, F. A. (Foreign Affairs).
5. Mr. M. A. Haq, D.F.A. (President Sectt. & C.M.L.A's Secretariat).
6. Mr. Sharafat Hussain, D.F.A. (Religious Affairs).

MINISTRY OF INTERIOR

113. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Interior and the Report of the Auditor-General thereon.

114. The following departmental representatives were present :—

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

115. This Ministry controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Civil Armed Forces. (Group heads 'A', 'B' and Account 'I')..	13
2.	Planning and Development Division (Group head 'B') ..	34
3.	Interior Division	51
4.	Passport Organisation	52
5.	Civil Defence	53
6.	Other expenditure of Interior Division (excluding Group head "E")	54
7.	Development Expenditure of Ministry of Defence (Group head 'I' only)	111
8.	Development Expenditure of S&FR Division	119-A

APPROPRIATION ACCOUNTS 1972-73

116. *Grant No. 13.—Civil Armed Forces (Pages 33—36—A1).*—Audit pointed out that there were savings of Rs. 41,64,956, Rs. 60,35,155, Rs. 89,99,984 and Rs. 28,17,238 under the Group heads 'A', 'B', 'C' and 'E' respectively. The Chairman observed that it appeared that either the actual expenditure incurred was not being watched carefully or the figures thereof were not available at all. And, even if available, the same were not being looked at. He, therefore, desired to know the real state of affairs and whether the deficiencies pointed out above were still persisting or proper arrangements had been made to keep track of the actual expenditure on the Civil Armed Forces.

117. The departmental representative stated that these figures related to the period when the Civil Armed Forces were, for most of the time, under the Ministry of Defence. Since then the situation had improved considerably inasmuch as expenditure on them was now being watched carefully. All concerned have been directed to maintain proper registers and forward monthly accounts to the Division. In reply to a query, the departmental representative clarified that instructions to the above effect were issued two or three years back. After the last meeting of the Public Accounts Committee, all the heads of departments were warned in a meeting that very serious view would be taken if it was found in the future, that the accounts were not being maintained properly.

118. In reply to another query, the departmental representative stated that they had not only sent copies of the minutes of the Public Accounts Committee but had also issued specific instructions to the heads of the departments to follow strictly the instructions laid down for the maintenance of accounts. Thereafter, a meeting was held again to thrash out the same matter. Now, they

were getting the monthly accounts regularly. Thereupon the Committee desired to know as to the time lag in receiving accounts from the various departments and their reconciliation with Audit. Another member of the Committee enquired as to what last accounts were available with the Division. The departmental representative said that figures for January, 1979 had been received from different formations and the same had been furnished to the Finance Division also, because they had asked for monthly figures to be furnished to them. In reply to a further query by the Chairman, the departmental representative stated that the figures up to October, 1978 had been reconciled. The reconciliation was done by the respective departments and they had received implementation report up to September, 1978. However, so far as the departmental figures were concerned, they had received the same from the departments concerned up to January, 1979.

119. The Committee appreciated the reported improvement in the maintenance of Accounts. The departmental representative informed the Committee that experience had shown that delay in the compilation of accounts was either due to indifference of the staff or lack of training and inadequate knowledge about the correct procedure for the maintenance of accounts. To overcome these difficulties it had been decided to depute an officer from the Division to visit all the 20 to 30 formations and provide necessary guidance to the staff concerned with accounts.

120. A member of the Committee remarked that, instead of deputing an officer from the Division, it would perhaps, be more fruitful if responsibility is fixed on one person in each formation, as it may not be proper for the Federal Government to act like an inspecting agency for their accounts. The departmental representative replied that the heads of departments had already been made responsible for a proper up-keep of the Accounts.

121. *Grant No. 34 (Page 70—AA).*—Audit had pointed out a saving of Rs. 2,87,000, under the Major head “25—GA”, Group head “B—Pakistan Narcotics Control Board”. Explaining the reasons for this saving, the departmental representative stated that, prior to the establishment of the Pakistan Narcotics Control Board in March, 1973, its functions were being performed by the Central Board of Revenue. Initially the Pakistan Narcotics Control Board was placed under the Planning Division, though salaries of officers and staff were partly paid by the Central Board of Revenue and partly by Planning Division from their own budget. A supplementary grant of Rs. 2,87,000 was released at the end of May, 1973, and could not be utilised in June, 1973. This accounted for the saving.

122. *Grant No. 51 (Page 90—AA).*—Audit had pointed out an excess of Rs. 14,756 under the Group head “A—Secretariat” for which no explanation was made available at the time of preparation of Appropriation Accounts. The departmental representative stated that the excess related to the payment of arrears of pay to certain staff. Chairman wanted to know whether the explanation furnished was correct. The departmental representative stated that the excess related to pay and salaries and might have been due to payment of arrears of salary. A member of the Committee remarked that “might be” was no answer.

123. The Committee, thereupon directed the Audit to have the explanation offered by the department duly verified.

124. Regarding the excess of Rs. 71,915 under Group head "C—*Ex-gratia* Maintenance Allowance to *ex*-Government servants of East Pakistan Domicile" the departmental representative explained that it was due to payments made to *ex*-Government servants of East Pakistan Domicile, for which no funds had been provided. A member of the Committee enquired as to when were the payments made and why a supplementary demand was not asked for. The departmental representative stated that originally, the Government had decided that the East Pakistan employees would be paid subsistence allowances, chargeable under the Cabinet Division Grant. Subsequently, this expenditure was decided to be debited to the accounts of the respective Ministries. On a query by a Member when it was so decided, the departmental representative promised to check up the date.

125. *Grant No. 52 (Page 91—AA)*.—Audit pointed out an excess of Rs. 5,96,772, under the Group head "A—Passport Organisation" and further said that explanation for certain excesses/savings had not been made available at the time of preparation of Appropriation Accounts. The departmental representative stated that an excess of Rs. 14,198 (Central Circle) was due to (i) Payment to the Chief Editor, "Dawn" of Rs. 9,552 to re-imburse the cost of the Air-Journey to London and (ii) payment of Rs. 4,646 as cost of water coolers, purchased in the previous year but payment could not be made during that year.

126. A member of the Committee asked as to what had the Chief Editor, "Dawn" to do with the Passport Organisation. The departmental representative stated that Tariq Ali, son of the Chief Editor, Dawn, who held a British Passport, came to Karachi but was not allowed to enter the country. He was sent back and his expenses were borne by the Government. The departmental representative however, could not explain the circumstances requiring Mr. Tariq's return and said that it would have to be found out. In reply to another query to the effect that, if some one else were to be deported, would his expenses also be payable by the Passport Organisation, the departmental representative said that, as the Passport Organisation was not arranging any repatriation, the question of incurring any expenditure on the operation did not arise. This was a solitary instance, because Mr. Tariq Ali held a British Passport, otherwise the entry of any person, who held a Pakistani Passport, within the country cannot be refused. He further elaborated that expenses on any Pakistani, who was repatriated from abroad, were initially paid for by our Missions and were, later, recovered from the person concerned. On query by a member of the Committee as to what would be the position if it did not become possible to recover the expenses from such a person, the departmental representative said that the information would be furnished to the Committee later.

127. *Grant No. 53 (Page 92—AA)*.—There was no point for consideration by the Committee under this grant.

128. *Grant No. 54 (Page 94—AA)*.—Audit had pointed out an excess of Rs. 1,71,253 under the Group head "A—Special Police Establishment". The departmental representative contended that there was a saving of Rs. 62,374. The reported excess was due to wrong booking by Audit of an expenditure of Rs. 2,16,307 under this Group head. The Auditor-General remarked that, before finalising the accounts, Audit had forwarded the skeleton appropriation account to the Ministry on 19th May, 1975, and the same was accepted by them. As no discrepancy was pointed out by them at that time, the accounts were finalised.

129. The departmental representative stated that the department recognised its omission for not having got the figures reconciled at the proper time, but this did not absolve the Audit of wrong booking and asking the Ministry to furnish an explanation therefor.

130. On enquiry by a member of the Committee whether the details of wrong bookings were available and could be supplied to Audit, the departmental representative replied in the affirmative. The departmental representative was thereupon, directed to pass on the information to Audit and get it cleared. A similar action was required to be taken in respect of the saving of Rs. 1,26,328 under Group Head 'B'—Lump-sum charges paid to the Provincial Governments (Page 94—AA).

131. A saving of Rs. 1,20,73,342 was reflected under the Group head 'D'—Federal Security Force (Page 94—AA). The departmental representative explained that this was primarily due to non-receipt of debits of Rs. 1,16,00,966 on account of cost of tear gas equipment (Rs. 70,09,676) and transport (Rs. 45,91,292), and, secondarily, due to over-estimation of the final grant (Rs. 4,32,374) and misposting of expenditure (Rs. 40,000).

132. As for a saving of Rs. 6,37,800 under the Group Head "G-Rewards for Anti-Smuggling Measures", the departmental representative submitted that the final grant under this sub-head was Rs. 6,00,000, against which the actual expenditure was Rs. 4,60,000, for which Audit had issued payment authorities. The actual saving was thus only Rs. 1,40,000, which could not be surrendered. The omission was regretted. Audit confirmed the position.

133. Audit had pointed out a saving of Rs. 40,442 under Group head "H-Provincial Registration Organisation" (Page 95—AA). The departmental representative submitted that an amount of Rs. 2,27,800, which actually pertained to this Group head, was booked under the Group head "G-Rewards for Anti-Smuggling". The amount had neither been shown in the final grant nor reflected against "Actual Expenditure". Audit confirmed this position.

134. *Note 3—Secret Service Expenditure (Page 95—AA).*—Audit had pointed out that the annual certificate of check in respect of State Bank Circle Karachi and Inspector General of Police S.P.E. was not received. The departmental representative had stated that the required certificates had been furnished to Audit in 1974. The Committee asked the Audit to verify and if not received, these certificates should be obtained for necessary verification.

135. *Grants No. 111 (Group head 'I' only and 119-A).*—There was no material point under these grants.

136. *Representation of Ministries|Divisions at the meetings of the Public Accounts Committee.*—It was noticed that several Ministries|Divisions had been sending a Deputy Secretary or a Joint Secretary to represent them at the meetings of the Public Accounts Committee.

137. The Committee desired that a communication be sent to all the Secretaries of Ministries|Divisions, inviting their attention to the necessity of their presence before the P.A.C. in their capacity as the Principal Accounting Officers of their Ministries|Divisions. The Finance Division in their O.M. No. F. 1 (3)-E-I/72, dated 18th May, 1973 had also clearly brought out this requirement. The Committee desired that, in the future, the level of representation at the meetings of

the Committee should not be lower than the Principal Accounting Officer of the Ministry|Division, whose account is taken up for examination. Since the dates for the meetings of the Committee are intimated to all concerned well ahead of time, it should, barring any sudden and unavoidable fixture, be possible for the Principal Accounting Officers of Ministries|Divisions to chalk out their programmes accordingly. If, however, for any good reasons, it is not possible for them to be personally present before the Committee, they should duly intimate the latter about their inability to do so and inform it before-hand of the alternative arrangements. In such a contingency, however, the officer next to the Principal Accounting Officer in the Ministries|Division, should normally represent him.

138. The decision of the previous PAC, contained in para 4 of the PAC minutes dated 18th September, 1976 and incorporated in para 16 of the Booklet "Notable Decisions and Recommendations of the PAC" on the Accounts of the Government of Pakistan for 1968-69 and 1969-70, should stand modified to the above extent.

MINISTRY OF STATES, FRONTIER REGIONS AND KASHMIR AFFAIRS

(a) States and Frontier Regions Division

139. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the States and Frontier Regions Division and the Report of the Auditor-General thereon.

140. The following departmental representatives were present :—

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

141. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Civil Armed Forces (Account-I Group heads 'C' and 'E') ..	13
2.	States and Frontier Regions Division	55
3.	Frontier Regions	56
4.	Central Administered Tribal Areas	57
5.	Maintenance Allowance to Ex-Rulers	58
6.	Other expenditure of States and Frontier Regions Division ..	59
7.	Development Expenditure of Centrally Administered Tribal Areas	120
8.	Capital Outlay on Development of Tribal Areas	138

142. *Representation of the Division at lower level.*—The Committee noted that the Division was represented by a Joint Secretary instead of the Secretary. The departmental representative stated that as there were no Audit paras the Secretary did not consider his presence to be essential. The Chairman, thereupon, observed that the Secretary, States, and Frontier Regions should have been present in the meeting.

APPROPRIATION ACCOUNTS 1972-73

143. *Grant No. 55 (Page 96—AA).*—Audit had pointed out an excess of Rs. 7,685 under Group head “A-Secretariat”. The departmental representative submitted that the “Actual Expenditure” under this Group head was duly reconciled and worked out to Rs. 7,45,981 and not Rs. 7,53,685. There was thus a net saving of Rs. 19. The Audit accepted this position.

144. Audit had stated in Note 4 (Page 96—AA) that annual certificate of check in respect of “Secret Service Expenditure” (Group head ‘C’) had been received, but not admitted in Audit as the same was not in the appropriate form. The departmental representative was directed to send a revised certificate to the Audit. The Auditor-General was also requested to ensure that the certificate was furnished by the Division.

145. *Grant No. 56 (Pages 97—99—AA).*—Audit had pointed out an excess of Rs. 19,95,816 under the Group head “A-Frontier Constabulary and Militia”. The departmental representative explained that the States and Frontier Regions Division was concerned with the Appropriation Accounts in respect of Account-I only. He further stated that Supplementary Demand of Rs. 21,96,730, to meet the additional expenditure on account of enhanced pay/arrears due to the introduction of National Pay Scales from 1-3-1972 in respect of Levies/Khassadars, duly vetted by the F. A. Organisation, was submitted to the Finance Division on the 9th June, 1973 for inclusion in the supplementary demands for Grants. The same was, however, returned by the Finance Division on the 19th June, 1973 with the remark that it was too late, as the supplementary budget had already been finalised.

146. The Chairman remarked that it needed to be explained as to why was the supplementary demand not asked for at the appropriate time and why was it sent on the 9th June, 1973. The departmental representative said that this would require clarification from the Provincial Governments concerned, as actual requirement for this item during the currency of the year were to be worked out by them. Collection of information from the Provincial Governments involved a lot of tiers such as Political Agents, Commissioners etc., and, probably when the information reached the Division, it might have become too late for inclusion in the demands for supplementary grants.

147. The Chairman remarked that the exact cause of delay should have been found and stated. The departmental representative submitted that, normally, replies from the Provincial Government were received by the Division very late and those too after repeated reminders.

148. The Committee desired that the Division must evolve suitable procedures by which such delays could be obviated.

149. The Audit had pointed out a saving of Rs. 1,14,500 relating to the States and Frontier Regions under Group head “C-Miscellaneous Expenditure”. The departmental representative stated that they had made the following provisions in the Budget :—

	Rs.
Mehtar of Chitral	90,500
Nawab of Amb	24,000
Total ..	1,14,500

150. However, a provision of Rs. 1,74,000 existed in the Provincial Government's budget. As such, it was presumed by the local authorities that the drawal of Central funds might involve a double drawal for a single item and that this amount was adjustable by Provincial Finance Department. Under the circumstances no expenditure was incurred from the Central Grant.

151. In reply to a query, the departmental representative stated that payment was made by the Federal Government and reimbursed by the Provincial Government, because the *ex-rulers* were their liability. In reply to another query, the departmental representative further said that recovery was made by the Ministry of Finance. A member of the Committee observed that it all meant that neither any payment was made nor was it recovered.

152. The Committee did not recommend any further action in respect of this grant.

153. *Grant No. 57 (Pages 100 & 101—AA).*—There was an excess of Rs. 5,35,002 under the above grant. The departmental representative explained that the department's figure of actual expenditure was Rs. 1,96,64,137, and the amount of excess expenditure, therefore, came to Rs. 4,02,137 which was about 2.08% of the total grant. He further submitted that the overall budgetary position was reviewed in May, 1973 when it was found that the budget for the pay of teachers would fall short of the actual requirements by Rs. 10,66,000. In compliance with the direction to reduce the amount of supplementary demand to the minimum, an effort was made to effect a saving of Rs. 1,87,000 within the overall grant for the FATA and a request for the supplementary grant of only Rs. 8,79,000 was subsequently made to the Ministry of Finance, to meet the unavoidable expenditure on the pay of teachers. The proposal was not accepted by that Ministry on the ground that the original budget grant for the pay of teachers was sufficient and figures of past actuals did not justify any Supplementary Grant.

154. A member of the Committee remarked that, when the Ministry of Finance had refused the supplementary grant, could the expenditure be still legally incurred? The departmental representative said that, legally, the expenditure could not be incurred, but the people had to be paid their salaries.

155. In reply to another query, the departmental representative explained that it was a recurring expenditure. A member of the Committee then observed that, the Ministry of Finance was bound to make the necessary provisions for the staff salary. The representative of Finance Division thereupon, intervened to say that the demand related to payment of arrears of salary and the States and Frontier Regions had been advised to ask for a Supplementary Grant the next year. They came for a Supplementary Grant, but supporting details were lacking. Since, however, the amount had already been paid, the excess had to be regularised now. The Chairman then enquired whether the Ministry of Finance was prepared to condone the irregularity and recommend its *ex-post-facto* sanction. The representative of the Ministry of Finance submitted that the excess had, in any case, to be regularised now.

156. The Ministry of Finance was requested to furnish more facts to the Committee about the excess, stating at the same time whether the Ministry was satisfied with the expenditure or it was considered to be unjustified.

157. A member of the Committee enquired whether the initial budget provision had been intimated to the Provincial Government. The departmental representative confirmed that it had been so done. Another member observed that one possible solution was that the Provincial Government should then bear the

excess. The departmental representative submitted that Government were only the agents of the Federal Government. The member rejoined that, in that case, the agent had no authority to go beyond what he was allowed to spend by the Principal.

158. Audit had pointed out a saving of Rs. 7,140 under the Group head "E-Health Services" (Page 100-AA).—The departmental representative stated that the amount had been actually spent, but erroneously booked under the sub-head "D-Medical- Hospitals and Dispensaries". The Auditor-General explained that, in this case, no reconciliation had taken place. The departmental representative was asked to get this discrepancy settled, in consultation with the Audit.

159. Audit had pointed out an excess of Rs. 1,16,546 under the Group head "H-Miscellaneous Expenditure" (Page 101-AA).—The departmental representative stated that as per the departmental figures, the actual expenditure was Rs. 4,25,134. There was thus a saving of Rs. 26,753, which was due to the winding up of the Basic Democracies Department and absorption of its surplus staff in other departments. He further said that Audit had taken into account the expenditure on Forest Conservancy, under Group head "G—Other Department" (Page 100-AA). A member of the Committee remarked that the Forest Conservancy in question related to the Federally Administered Area portion of the Forest Department. The departmental representative clarified that this Amount was to be paid by the Department of Forest Conservancy, accounts of which were kept by the Forest Department, NWFP. In reply to another query, the departmental representative informed the Committee that the Forest Department, NWFP was supposed to inform the Division about the expenditure. A member of the Committee, thereupon, observed that, in that case the Ministry should have included the figures in their accounts.

160. The Chairman observed that it appeared that reconciliation was not done in respect of this entire grant but only the skeleton Appropriation Accounts were approved accepted. The departmental representative contended that they did not accept it. The Auditor-General, thereupon, said that as no reply was received from the department, Audit presumed that the latter had no objection to those Accounts. The Chairman then observed that a reply should have been insisted upon by the Audit.

161. Replying to a query, the departmental representative confirmed that Secret Service Expenditure had been checked by the Secretary of the Ministry. The Auditor-General informed the Committee that Secret Service Fund was not auditable by the Auditor-General and expenditure from it was to be incurred audited by the authorised officer. The relevant rules on the subject would be produced by him before the Committee, later.

162. Grant No. 58 (Page 102-AA).—Audit had pointed out a saving of Rs. 1,00,000 under the Group head "A-Maintenance Allowance to ex-Rulers". The departmental representative explained that the saving was due to non-receipt of debits in the books of the Comptroller, Baluchistan, Quetta regarding payment to Jam Sahib of Lasbella. Accountant General, Sind was requested to raise the debit against the Comptroller, Baluchistan, but necessary adjustments could not be made so far. In reply to a query, the departmental representative affirmed that the payments involved had been duly made. The departmental representative was directed to check it up.

163. *Grant No. 59 (Page 103-AA).*—There was no material point for consideration by the Committee under this grant.

164. *Grant No. 120 (Page 192-AA).*—Audit had pointed out a saving of Rs. 20,19,452 under the Group head "I-Frontier-Regions Development Schemes". The departmental representative explained that, according to the departmental figures, the actual expenditure was Rs. 1,48,89,458. As such, there was a saving of Rs. 1,10,542 only. The Audit accepted the position.

165. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other grants/paras in the Appropriation/Commercial Accounts. These would be deemed settled, subject to such regularising action as might be necessary under the rules.

(b) Kashmir Affairs and Northern Affairs Division

166. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Kashmir Affairs and Northern Affairs Division and the Report of the Auditor-General thereon.

167. The following departmental representatives were present :—

1. Mr. H. M. Chohan, Additional Secretary Incharge.
2. Mr. Muhammad Shafique, Joint Secretary.
3. Mr. Nasiruddin, Deputy Secretary.

168. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Frontier Regions (Account-II Group heads "A" and "C" to "H")	56
2.	Kashmir Affairs Division	60
3.	Other Expenditure of Kashmir Affairs Division	61
4.	Rehabilitation of Displaced persons and protection of Evacuee Property (Group head 'C')	80
5.	Capital Outlay on Purchases by Kashmir Affairs Division	103
6.	Development Expenditure of Kashmir Affairs Division	121
7.	Capital Outlay on Rehabilitation of Displaced Persons from Kashmir	142

AUDIT REPORT 1972-73

169. *Loss of F's. 2,71,675 due to fire in a Store (Para 21, page 28—Audit Report).*—The departmental representative informed the Committee that this para related to the Ministry of Defence.

170. *Avoidable expenditure of Rs. 3,42,220 during 1971-72 (Para 22 (i) pages 28—31—Audit Report).*—The Auditor-General stated that an examination of the accounts connected with expenditure of Rs. 6,84,440 incurred during 1971-72 on Rural Works Schemes by a Political Agent, had disclosed that, though the Rural Works Programme envisage public contribution at 50 per cent of the expenditure on the schemes executed under the programme, the entire expenditure had been met from Government funds.

171. Explaining the irregularity, the departmental representative said that the presumption of Audit regarding 50 per cent contribution by the public for the execution of all schemes under the Rural Works Programme was not correct. As per section 3, clause-III Manual of Instructions for the Rural Works Programme, the public was required to contribute for scheme in the shape of labour, land and materials, wherever possible. In the present case, the cost of land, material and labour, exceeding 50 per cent, had been neither charged for nor included in the abstract of the cost of the schemes.

172. A member of the Committee observed that it would be more advisable if a proforma, spelling out as to what was required under the scheme and what was actually contributed by the public, was prepared and the objection was settled in consultation with the Audit. It may be referred back to the Committee only if not so settled ultimately.

173. The departmental representative agreed to the above proposal.

174. *Irregular and uneconomical purchase of stores worth Rs. 35,218 and loss of stores worth Rs. 7,925 (Para 22 (ii), page 29—Audit Report).*—In June, 1971 a sum of Rs. 35,218 was drawn from the Treasury for the purchase of certain Tools and Plant. Instead of inviting open tenders in a proper manner, as provided by the rules, an Assistant Engineer was deputed to Rawalpindi with the money to make the purchases. The Officer spent Rs. 28,738 on purchases of stores, after collecting three quotations by hand and settling the terms on the spot. The balance amount of Rs. 6,480 was paid as transportation charges to a goods agency. Stores worth Rs. 7,925 were not accounted for and were stated to have been short received from the supplier, although transportation charges for full quantity were paid. Neither the recovery of the missing stores was made from the dealer nor from the goods agency concerned. It was also noticed that the Department had already sufficient such tools and plants in their stock and there was no need just then to supplement the available stock. The purchases thus made were not only uneconomical but also unnecessary and resulted in a wasteful expenditure of Rs. 35,218, besides a loss of Rs. 7,925.

175. The departmental representative explained that the Resident Commissioner, Gilgit had been asked to explain as to why had the missing stores worth Rs. 7,925, together with the transportation charges incurred thereon, not been recovered, so far, from those responsible. He had also been asked to explain as to why had the stores been purchased in the presence of already available sufficient stores with the department. Necessary disciplinary action would be taken against the delinquents after the receipt of reply from the concerned quarter.

176. The departmental representative added that they had since issued a notice to the firm and, after one month, they would proceed further. The Committee directed the Audit to keep watch over the progress of the case and the departmental representative was asked to make an extra effort to settle the objection.

177. *Irregular advance payment and doubtful expenditure of Rs. 75,000 (Para 22 (iii), page 29—Audit Report).*—The Auditor-General pointed out that amounts, aggregating Rs. 75,000, being the total estimated cost of construction of four Irrigation Channels, were paid in advance during October, 1971 to April, 1972, to certain persons, stated to be leaders of the Peoples Groups, called Project Committee, formed for the execution of Schemes, although the rules provided that only one fourth of the estimated cost of a scheme was to be paid in advance and the remaining funds were to be released in instalments, depending in the completion of prescribed stages of work. Besides, neither detailed estimates of the schemes had been prepared nor technical sanctions obtained. There was also no indication in the records that the Channels in question were ever inspected by any responsible officers at any stage of their execution or on completion. Though the schemes were shown as completed, the prescribed completion report of the Government's Engineer and Inspection Reports of the higher authorities were not available on the records. Measurement of the work was also not taken at any stage of the execution of the schemes. In the absence of the said essential documents, it was doubtful to vouchsafe that the schemes in question had been actually executed.

178. The departmental representative submitted that a report had since been received from the Resident Commissioner, Gilgit. The required material was available on the file and the schemes and channels had been duly completed. The Assistant Director concerned was proceeded against for corruption but he was acquitted. In reply to a query by the Chairman, the departmental representative said that it was the duty of the Assistant Director to submit a report, but he failed to do so. No further observation was made by the Committee on this para.

179. *Irregular deposit of Rs. 30,000 into private banks (Para 22 (iv), page 29—Audit Report).*—Sums of Rs. 12,500 and Rs. 17,500 were drawn from the Treasury in June, 1971 and December, 1971 respectively and deposited in unauthorised accounts, opened in a local commercial bank. While Rs. 20,000 were subsequently withdrawn from the Bank, a balance of Rs. 10,000 was still left in the account till the end of August, 1972. The unauthorised retention of Government money, outside the public account and in a commercial bank was a contravention of Government orders on the subject.

180. The departmental representative submitted that the Resident Commissioner, Gilgit had been asked to explain as why necessary action, as pointed out by Audit, could not be taken by him so far.

181. In reply to a query, the departmental representative further stated that the money had been kept in the official account and this actually resulted in a saving. There was no material violation. A member of the Committee observed that the money was not supposed to be kept in a bank account and it should have ordinarily been returned to the Treasury.

182. The Committee concluded that there was a technical violation of rules but, as the action did not seem to be *mala fide*, the official concerned should be warned to be careful in future.

183. *Expenditure of Rs. 32,400 on the construction and furnishing of a Rest House without Government sanction (Para 22 (v), page 29—Audit Report).*—The Auditor-General pointed out that an expenditure of Rs. 4,400 was incurred during 1970-71 on the purchase of sofa sets furniture, cutlery, etc., for a Rest House constructed during 1969 at a cost of Rs. 28,000. The construction of the Rest House did not fall in the scope of Rural Works Programme and the

expenditure of Rs. 32,400 incurred on the construction of the Rest House and its furnishing required the prior approval of the Government, which was not obtained.

184. In reply, the departmental representative stated that the implementation of scheme, *i.e.*, construction of Rest House, also fell within the scope of Rural Works Programme as per the Manual of Instructions. There was only one small Rest House, which could not accommodate the members of District Council during the Council meetings. As such, there was need for a separate Rest House for the District Council members and the scheme was implemented at a nominal cost of Rs. 32,000 being within the competency of the Project Director. This accommodation was now valued at lacs of rupee and was a permanent asset of the department.

185. In reply to a further query as to the scope of the work, the departmental representative said that the Rest House had not been provided for in the Public Works Programme. Instead, multi-purpose Community Centres, Lecture Halls etc. formed part of the scheme. Replying to a query whether the project had since been approved, the departmental representative submitted that, with the permission of the Committee, he could approve it. Thereupon, the Chairman observed that, if the Government now approves the scheme, it should meet the objection.

186. *Irregular expenditure of Rs. 20,000 on electrification and furnishing of District Council Hall [Para 22 (vi), page 30—Audit Report].*—The Auditor-General pointed out that Rs. 20,000 had been drawn from the Treasury in June, 1972 and spent on the purchase of various articles of furniture, electric goods and cement for use in the District Council Hall. The articles had been purchased at Rawalpindi, where an Overseer of the Department was deputed for the purpose. Besides an expenditure of Rs. 14,697, incurred on purchase of stores, Rs. 3,420 were paid as air freight on the transportation of the goods and the balance amount of Rs. 1,883 had been lying with the Overseer till the end of August, 1972. It involved the following irregularities :—

- (a) Furnishing and electrification of the District Council Buildings was outside the scope of Rural Works Programme.
- (b) Purchase of stores arranged through a non-gazetted official and, besides being uneconomical, it also involved infringement of rules, which required that open tender system must be resorted to in cases of purchase of stores costing Rs. 5,000 and more.
- (c) Use of cement, purchased for Rs. 420, could not be established from the records.
- (d) Retention of unspent balance of Rs. 1,883 with the official was irregular.

187. Replying to the objections that the expenditure pertained to a Community Centre, the departmental representative submitted that the Project Director (Political Agent) was competent to incur expenditure up to Rs. 50,000 on each scheme. Similarly, as a controlling authority, he was competent to entrust any duty to any officer/official thought fit for the purpose. All the stores were purchased after the fulfilment of Audit formalities. As regards cement, it was utilized on the Development Schemes, as permissible under the Manual of Instructions.

188. A member of the Committee remarked that the objection related to the retention of the unspent balance amount. The departmental representative said that no specific procedure had been laid down in this regard. He, however, admitted that the Project Director did not act wisely. The Chairman observed that action should be taken against the persons concerned. The departmental representative submitted that the real action on the part of the department would be that such things were not allowed to be repeated again. No further observation was made by the Committee on the para.

189. *Irregular advance payment of Rs. 9,000 to a Contractor [Para 22 (vii), page 30—Audit Report].*—The Auditor-General pointed out that a sum of Rs. 9,000 was advanced in June, 1972 to a contractor for the construction of a Community Centre, for which neither a detailed estimate was prepared nor technical sanction issued. Besides, the contract was awarded without calling an open tender for the job and without the execution of a contract agreement. The advance payment of Rs. 9,000 was thus not only irregular but amounted to extending undue favour to a contractor.

190. It was stated by the departmental representative that, according to the Manual of Instructions for the Peoples Works Programme, a nominal advance could be paid by the Project Director for an approved scheme, to expedite the commencement of work. As regards the estimates, the same had been prepared and recorded in the file.

191. The Committee then directed the Director, Budget, Northern Area, who was present, to look into the matter to see as to how the advance did compare with the total cost of the project. If it came out that it formed only a small portion of the total cost, the matter could end there, otherwise it should be reported back to the Committee.

192. *Non-recovery of loans amounting to Rs. 9,931 [Para 22 (viii), page 31—Audit Report].*—A sum of Rs. 10,383, out of the loans granted to certain Artisans during 1965 to 1969, was still outstanding, though the term and conditions of the grant of loans envisaged their repayment within a period of five years. The record showed a recovery of only Rs. 452 up-to-date.

193. The departmental representative said that the Resident/Commissioner, Gilgit had been asked to explain as to why the loans could not be recovered yet and also to furnish a detailed statement, showing the outstandings. His reply was still awaited. Apparently, the position was not satisfactory. The departmental representative further said that his Joint Secretary and a representative of Audit (as agreed in the last P. A. C's meeting) would go into such cases relating to the Northern Areas and *inter alia*, write off this amount, if sufficient justification was found for the same. The Deputy Commissioner will apprise this team of the latest position.

194. (i) *Short recovery of Rs. 22,531 and Rs. 6000 & (ii) Loss of Rs. 21,100 due to acceptance of higher tender rates (Paras 23-24, page 31—Audit Report).*—The departmental representative stated that these paras related to the Ministry of Defence.

195. *Loss of Imported wheat (Para 25, pages 31-32—Audit Report).*—During the local audit of whole-sale depot in September, 1972, a shortage of approximately 421 maunds of imported wheat, valuing Rs. 12,329, was detected. The loss was attributed to nominal sale against excess supply of stock and inadequate/unsatisfactory storage facility.

196. The loss of Rs. 40,028, being the cost of 138 maunds, was written off by the Department, in December, 1974 and July, 1976. The main reasons for this shortage were said to be inadequate and unsatisfactory storage facilities and excess storage of stock. The remaining loss of Rs. 8,301, being the cost of 283 maunds of wheat, was ordered in December, 1974 to be recovered from the official concerned.

197. Audit had suggested in August, 1971 that an officer from the Directorate of Civil Supplies and Transport be sent to assess the requirements of the locality and shift the surplus stock to some other depot, but no action was taken resulting in the shortage mentioned above.

198. The departmental representative said that, out of Rs. 8,301, Rs. 2,604 had already been recovered from the official concerned and the remaining amount of Rs. 5,697 was under process of recovery by the Director Food (AK), as the official had since been transferred to the Azad Jammu Kashmir Government with effect from 1st July, 1976. That Government had been requested to recover the balance in one instalment or raise the rate of monthly instalment to Rs. 250 instead of Rs. 124 p.m. vide DCS&T, Rawalpindi No. Acctt-3|1|NA|76, dated 27th February, 1979.

199. He further stated that, as a last resort, the Azad Kashmir Government had been informed that, in the event of non-recovery from the official, this amount would be recovered from the subsidy payable to that Government. Further, as a result of a recent decision of the Federal Government, there was a possibility of the officer returning to the Department. A recovery at Rs. 124 or so per month was already being made from him.

200. The Committee asked the Audit to keep track of the recovery.

201. *Purchase of "Atta" and "Kerosene Oil" from contractor instead of Civil Supply Department resulting in extra expenditure of Rs. 7,681 (Para 26, page 32—Audit Report).*—The Auditor-General stated that a Civil Hospital procured Atta and Kerosene Oil for hospital consumption through contractors instead of the Civil Supply Department, resulting in an extra expenditure of Rs. 7,681 during 1972-73.

202. When asked to justify the procurement of ration goods from private sources, the departmental authorities had explained that the Civil Supply Department was contacted, but they expressed their inability to supply Atta and Kerosene Oil to the Hospital on the ground that their stock was meant to cater to the needs of the general public. In actual fact, the Civil Supply Department was contacted after the irregularity had been pointed out by Audit and the Hospital authorities did not make any serious effort to purchase these items from the Civil Supply Department before making purchases in the market. No action appeared to have been taken to fix the responsibility in the matter or to condone the irregularity.

203. The departmental representative explained that the District Controller Incharge of the Civil Supplies Department was, in the first instance, asked to arrange supplies through the Civil Supply Depots. He expressed his inability to do so due to inadequate and uncertain supply of stocks. Moreover, the Civil Supply Depots did not have any Wheat Atta. The receipt of these articles was also nominal and uncertain. Accordingly, Atta and Kerosene Oil was regularly procured through a contractor along with other items of supply.

204. The explanation was accepted by the Committee.

205. (i) *Outstanding periodical returns*; and (ii) *Outstanding adjustment memos (Paras 27-28, pages 32:33—Audit Report)*.—The departmental representative stated that these paras related to the Ministry of Defence.

APPROPRIATION ACCOUNTS 1972-73

206. *Grant No. 56 (Pages 98-99—AA)*.—Audit had pointed out an excess of Rs. 38,97,891 under “Account-II-Other Charges : A-Political and Administrative Charges”.

207. The excess was explained as having been due to misclassification of debit of Rs. 17,15,600 under this group head instead of ‘G-Relief Measures’, increased expenditure on POL and certain other items, including revision of National Pay Scales, and belated receipt of accounts etc.

208. The Committee observed that the cost of POL could not increase all at once. Similarly, the effect of increases in pay and allowances, as a result of introduction of National Pay Scales could have been foreseen and worked out earlier and a supplementary grant obtained in time to cover the excess. The excess on these items reflected lack of proper control and exercise of check over expenditure by the Department. The Committee termed the explanation unsatisfactory. The departmental representative stated that he confessed that it was due to their own negligence during that period. He suggested and the Committee agreed that the party, which will be going to the Northern Areas, may also look into this item.

209. In reply to another query by the Chairman whether they were now getting their accounts up-to-date and expenditure was being watched progressively, the departmental representative said that the position had improved considerably. The delay of twelve months in the receipt of accounts had been reduced to three months. They had, however, not being able so far to materialise their objective of getting the last month’s accounts by the tenth of the following month.

210. *Grant No. 60—Kashmir Affairs Division, Note 4 (Page 104-AA)*.—Audit had pointed out that the Annual Certificate of check on secret service expenditure had not been furnished to them. The departmental representative stated that it had since been furnished. Audit was asked to verify it.

211. *Grant No. 103 (Page 169—AA)*.—Audit had pointed out an excess of Rs. 47,76,465 under Group Head “A—Purchases by Kashmir Affairs Division”. The departmental representative claimed that the excess was due to (i) wrong booking of an expenditure of Rs. 38,23,684 on account of cost of wheat and sugar under this Head, instead of group head ‘B’—“Purchases by the Gilgit Agency”, and (ii) booking of debits of Rs. 9,52,780 on account of cost of Wheat etc. pertaining to the previous year. Audit confirmed the above assertion.

212. *Grant No. 121 (Page 193—AA)*.—Audit had pointed out an excess of Rs. 38,42,027 under the sub-head “Y. I(3)—Grants for Rural Works Programme in Northern Areas”. The departmental representative explained that, according to the departmental figures, the actual expenditure, as accepted by the Accountant General, NWFP., Peshawar *vide* their O. M. No. DA-II/63-A-D/O/72-73 & 73-74/331, dated 27th November, 1976, was Rs. 15,02,000 only and

not Rs. 53,42,027 as reflected in the Appropriation Accounts. As such, there was a difference of Rs. 2,000 only. Audit confirmed the misposting of expenditure, resulting in this excess.

213. *Compliance in regard to earlier observations of the Committee.*—The departmental representative stated that, while examining the accounts of his Division for 1971-72, the Public Accounts Committee had sought information in respect of the following matters :—

- (1) *Para 68, Page 29—PAC's Report 1971-72.*—Whether the person at fault was still in service? If so, at least a warning should come on his service record.

The relevant records had been checked and it had been found that two Assistant Political Agents at Pagra were responsible for the irregularity, but both of them had retired from Government service.

- (2) *Para 89, page 31—PAC's Report 1971-72.*—The Committee had decided that Audit should carry out a check when a certain cash book, which had not been written earlier, was completed. The departmental representative said that the cash book was completed immediately after its non-completion was pointed out by Audit. The official responsible had since left service. The cash book was completed subsequently and got checked. Audit should verify it.

- (3) *Grant No. 79—Capital Outlay on Purchases by Kashmir Affairs Division—Para 104, page 33—PAC's Report 1971-72.*—The Committee had directed that a quantity and value-wise statement of Civil Supplies commodities be prepared for each year in a more understandable form, showing the opening balances and then proceeding therefrom. This had been done by the Department.

- (4) *Paras 101-102, pages 32-33—PAC's Report 1971-72.*—The last point related to the formation of a joint party consisting of an official from the department and one from Audit to examine all the pending paras. This was being implemented by the Department.

214. *Non-submission of replies.*—The Auditor-General pointed out that replies to the following had not been furnished by the Kashmir and Northern Affairs Division :—

- (i) Grant No. 13—Civil Armed Forces, Account II (Page 35-AA).
 (ii) Grant No. 56—Frontier Regions, Account II, group heads 'C' to 'H' (Pages 98—99—AA).
 (iii) Note 4 below Grant No. 56 (Page 97-AA), about Secret Service Expenditure.

215. The departmental representative said that there must be some mix up. Some of the replies are already given.

216. The departmental representative was requested to sort this out with the Audit.

217. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other grants in the Appropriation Accounts. These would be deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF SCIENCE AND TECHNOLOGY

218. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Ministry of Science and Technology and the Report of the Auditor-General thereon.

219. The following departmental representatives were present :—

1. Prof. Dr. Nisar Ahmed, Additional Secretary Incharge.
2. Mr. Basit Hasan, Deputy Secretary.

220. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Zoological Survey Department	37
2.	Medical Services (Group head 'C' only)	48
3.	Ministry of Science and Technology	98
4.	Other Expenditure of Ministry of Science and Technology	99
5.	Development Expenditure of Ministry of Fuel, Power and Natural Resources (Group head 'C' only)	117
6.	Development Expenditure of Ministry of Science and Technology	127-A
7.	Capital Outlay on Scientific and Technological Research	150

APPROPRIATION ACCOUNTS 1972-73

221. *Grant No. 99 (Page 163-AA).*—Audit had pointed out an excess under the Group head "D—Grants-in-Aid to Pakistan Council of Scientific and Industrial Research". The departmental representative explained that the excess pertained to group heads "G" and "H", but had been wrongly booked by Audit against this group head. Audit was asked to verify the position.

222. *Grant No. 117 (Page 188-AA).*—Audit had pointed out an excess of Rs. 2,02,529 under Group head "C—Irrigation, Navigation, Embankment and Drainage Works". The departmental representative explained that only a sum of Rs. 8,90,000 was released to the Irrigation, Drainage and Flood Control Research Council by the Administrative Ministry, against which Rs. 10,92,529 had been booked by the Audit Office. This wrong booking had also been pointed out to the Audit Office. The Auditor-General conceded that they had not been able to check this up.

223. The Chairman observed that this may be settled, subject to verification by Audit.

224. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other grants in the Appropriation Accounts. These would be deemed settled, subject to such regularising action as might be necessary under the rules.

MINISTRY OF PRODUCTION

225. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Production Division and the Report of the Auditor-General thereon.

226. The following departmental representatives were present :—

1. Mr.S. Haseeb Hussain, Additional Secretary (Production).
2. Mr. Z. U. Ahmed, Joint Secretary.
3. Mr. Muhammad Hanif, General Manager, State Cement Corporation.
4. Mr. M. R. Khan, General Manager, (Accounts) Pakistan Steel Mills Corporation.

227. This Ministry controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Associated Cement	64
2.	Ministry of Production and Presidential Affairs	96
3.	Associated Cement	96-A
4.	Capital Outlay on Medical Stores.. .. .	102
5.	Development Expenditure of Ministry of Production and Presidential Affairs	127

APPROPRIATION ACCOUNTS 1972-73

228. *Grants No. 64 and 96-A, (Associated Cement) (Pages 110 and 160-AA).*—Explaining the position regarding Associated Cement, the departmental representative stated that prior to the dissolution of One Unit on 30th June, 1970. Associated Cement was wholly owned and managed by the Government of West Pakistan. A Board of Management, consisting of a Chairman, a Managing Director and a Finance Director was constituted to run the Organization on commercial lines. Its annual budget was approved and incorporated in the Government of West Pakistan Budget under the Industries Department. All sale proceeds were also deposited in the Treasury and monthly withdrawals were allowed to the Board of Management, to meet the working expenses. A special accounting procedure was evolved for this purpose.

229. After the dissolution of One Unit, the accounting procedure introduced by the Government of West Pakistan could not be continued. The sale proceeds were retained by the Organization, out of which their working expenses were met. This was in conformity with the decision dated the 24th June, 1970 of the Joint Committee of Chief Secretaries.

230. Although no accounting procedure was introduced, the annual budgets used to be submitted by the Organization to the Industries Department and incorporated in the Federal Government Budget. Since funds were not withdrawn by the Organization, the actual expenditure against the grants had been shown as 'nil'.

231. In view of the above position, the Committee did not make any observation.

GRANT No. 96--MINISTRY OF PRODUCTION & PRESIDENTIAL AFFAIRS
(PAGE 159-AA).

D--Textile Board

232. The 'nil' figures for Final Grant under group head 'D' and 'E' was contended by the departmental representative, who affirmed that a Supplementary Grant of Rs. 68,000 was obtained and a schedule was furnished to the Finance Division *vide* their O.M. No. 6(1) PD-B&C/73, dated 5th May, 1973. Later, on the close of the financial year, an amount of Rs. 20,700 was surrendered under Audit order No. 8(1)-PD-B&C/73, dated 30th June, 1973, having a net appropriation of Rs. 47,300, which was equal to the actual expenditure reflected in the appropriation accounts.

233. The Committee directed that the Finance Division and the Audit may settle the issue after verification from the records.

GRANT No. 102--CAPITAL OUTLAY ON MEDICAL STORES (PAGE 168-AA).

Major Head "87--Capital Outlay on Schemes of State Trading".

DDT Factory, Nowshera running expenses (+) Rs. 14,68,364

234. The departmental representative said that the figure of Rs. 14,68,364 shown as actual expenditure under this grant, was not correct. The actual release to the DDT Factory during 1972-73 amounted to 40 lacs, which was equal to the final grant.

235. Audit was requested to settle the variations in their figures, in consultation with the department.

236. A member desired to know the position regarding the provision of Rs. 60 lakhs against which, in the preceding year, a certain amount could not be recovered. The departmental representative promised to look into it and submit a report later.

COMMERCIAL ACCOUNTS 1972-73

Pakistan Steel Mills Corporation (Para 708, page 591)

237. The Fifth Report for the year ending 30th June, 1973 revealed that in August 1972, the Corporation signed an agreement with M/s. Tiajpromexport of the U.S.S.R. for the preparation of a feasibility study for the location of the Karachi Steel Mills at Pipri. In pursuance of the agreement, a team of

Soviet Experts paid a visit to Pakistan for the collection of data in regard to various techno-economic characteristics of the Pipri site. On the basis of discussions held with the Soviet experts, the Government decided to shift the site of the Steel Mill from Buleji to Pipri.

238. In December, 1972, M/s. Tiajpromexport of U.S.S.R. submitted their detailed Project Report on the steel mills for the Buleji site. In this Report, the past rupee devaluation cost of the Project was estimated at Rs. 7,680 million, inclusive of foreign exchange cost amounting to Rs. 4,593 million. This implied an increase in the cost of imported plant, machinery and equipment in the detailed Project Report by almost 30% over the cost indicated in the last feasibility report. The foreign exchange cost of construction and erection, however, decreased in the detailed Project Report over the feasibility report by almost 12%.

239. In January, 1973, M/s. Tiajpromexport submitted their report on the feasibility of location of the steel mills at Pipri. The findings of the Soviet experts were that :

- (i) the construction of the steel plant at Pipri was feasible ; provided that adequate port facilities are made available at Phitti Creek for timely commissioning of the plant ;
- (ii) the capital cost of the steel plant at Pipri would be higher as compared to Buleji, mainly because of the poorer hydrogeological conditions resulting in heavier constructions, additional earth work and the higher cost of off site facilities ;
- (iii) the operational cost of the plant at Pipri would be lower as compared to Buleji ; primarily because of the cheaper transportation of imported raw materials from the port to the plant site.

240. In February, 1973, the Corporation appointed M/s. Sofresaid of France, for techno-economic appraisal of the detailed Project Report on the steel mills prepared by the Soviet experts. The findings of the French Consultants are yet awaited.

241. The share capital of the Corporation had been raised to Rs. 5 crores with effect from 2nd October, 1974 and share certificates for the total paid-up capital had since been issued in the name of the Federal Government.

242. *Control of Government.*—In reply to a query regarding the method of exercise of control by the Government over the affairs of the Corporation, the departmental representative said that there was a nominated representative of the Ministry on the Board of Directors like many other companies/corporations. He watches the interests of the Government in the Project.

243. *Accounts.*—A member of the Committee pointed out that the One-sheet Account, forwarded by the Corporation for the information of the Committee, did not convey the correct picture of the affairs of the Corporation.

244. The Committee directed the departmental representative to send to the National Assembly Secretariat 5 copies of complete and detailed accounts for the year ending 30th June, 1978, with a copy to the Auditor-General of Pakistan.

245. After consultation with the Auditor-General the Committee desired that audit comments on the usual items of the Balance Sheets like "Sundry Creditors", 'Sundry Debtors', etc., need not be included in the accounts year after year (unless there was some substantial point to report) but these might be commented upon in the accounts of the year when the arrears were cleared and the accounts became up-to-date. Audit should, however, continue to comment on unusual items appearing in the balance sheet and on the 'Profit and Loss' accounts of various concerns.

General procedure to be followed in respect of Accounts of Corporations, etc.

246. After some discussion, the Committee came to the conclusion that, wherever the Government have an interest in any Corporation, it is the Legislature who provide the funds therefor. The Corporations were therefore, accountable to the Legislature also about the conduct of their affairs. As such, the Legislature, through the Committee on Public Accounts, was entitled to know as to how Government funds were being utilised by them. The Committee, accordingly, decided that—

- (1) all public sector corporations and companies and other commercial and industrial institutions should be requested through the Ministry/Division concerned, to forward 5 copies of their up-to-date complete and detailed Annual Accounts, audited or unaudited, to the National Assembly Secretariat with a copy to the Auditor-General of Pakistan.
- (2) The accounts so forwarded should, in addition to the balance sheet and profit and loss accounts, be accompanied by any notes or annex to the accounts, the Auditor's report to the share holders and Auditor's report, if any, to the Board of Directors or the Managing Director, as the case may be.
- (3) The Holding Companies and Corporations should also prepare and forward to the National Assembly Secretariat, 5 copies of their up-to-date Consolidated Annual Account, Corporation-wise with a copy thereof to the Auditor-General, for being laid before the Committee with the observations of the Auditor-General, if any, thereon.
- (4) The Public Accounts Committee may examine the Accounts of one or more of these Corporations at each of its sittings or fix some exclusive dates for the examination of accounts of public sector corporations or companies.

Balance Sheet (Paras 711-12—CA)

247. The Committee made the following observations on the Balance Sheet :—

- (i) *Contribution in Hub Dam Project.*—While the amount of contribution as on 30th June, 1973 was said to be 1.67 lakhs, it was referred as 116.87 lakhs at note (3) below the balance sheet. The Committee desired the departmental representative to look into the figures and rectify the discrepancy.
- (ii) The Committee noted that the value of various items, e.g., library books, buildings, furniture, fixtures, tools, transportation and equipment was being regularly depreciated. A member desired to know what Machinery and Equipment was being depreciated. The departmental representative could not explain it to the satisfaction of the Committee.

The Committee, thereupon, directed the departmental representative to send to the Committee, at the earliest possible, the latest balance sheet, whether audited or unaudited. The Committee will then like to seek clarification from the representative of the Corporation in their next session during May, 1979.

- (iii) Regarding the fixed rate of conversion of Rouble into Pak. currency @ Rouble 1=Rs. 13.269829, the departmental representative was requested to have the Soviet Loan recalculated in Pak. currency, as the exchange rate had since undergone some change. The position on 30th June, 1978 of repayment of interest accrued thereon should be made known to the Committee next time.

COMMERCIAL ACCOUNTS 1972-73

P.I.D.C. Head Office

248. *Loss of Rs. 3,92,472 due to hiring of godown (Para 22, Page 19—CA).*—It was pointed out that, in March, 1967, a Corporation hired a godown at a monthly rental of Rs. 17,268, to be utilised for the transit storage of Cement by its various projects. On the 19th Spetember, 1967, a sum of Rs. 4,14,440 was paid to the landlord as advance rent for two years, commencing from March, 1967. The monthly rental was to be recovered from the Project @ Rs. 2 per ton per calendar month or a part thereof for the covered area and paisa 50 per ton per calendar month or a part thereof for open area, inclusive of Railway siding charges. It was observed that only Rs. 21,968 could be recovered from the project as storage charges during 2 years, leaving a gap of Rs. 3,92,472 as unrecovered rental, indicating that the godown had a much greater capacity than the one required for the purpose and the Corporation had thus to incur unnecessary extra expenditure.

249. It was explained by the departmental representative that, previously, the Corporation had to pay very exhorbitant storage charges to the K.P.T. The hiring of a godown was, therefore, considered to be economical. It was also not practicable to get a godown of exactly the size of the requirement.

250. As for other factors affecting non-utilisation of full space of the godown, it was submitted that export of Cement suffered a serious set-back during the period in question. The departmental representative informed the Committee that the godown had since been surrendered. The Committee was satisfied with the explanation of departmental representative except that the godown should have, in the circumstances, been surrendered earlier. The matter was treated as closed.

AUDIT COMMENTS BY THE DIRECTOR OF COMMERCIAL AUDIT

251. *Working Results (Para 719, Page 606—CA).*—Prior to 1972-73, the annual operating results of the project completed and in production were grouped with the profit and loss account of the H.O. Since 1972-73, these were being shown separately in the Balance Sheet. These Projects sustained a net loss of Rs. 208.25 lac during 1972-73, as against Rs. 90.02 lacs during the previous year. The departmental representative stated that the losses sustained by the Pakistan Machine Tools Factory and Heavy Mechanical Complex during 1972-73 were, however, not included in the PIDC Balance Sheet, as these two projects

were stated to be in partial production. The management of these projects had been handed over to State Heavy Engineering and Machine Tool Corporation in the year 1973-74. The above losses were mainly contributed by the Collieries in Baluchistan, Natural Gas Fertilizer Factory, Multan and the Bannu Sugar Mills. As these projects were running in losses continuously, adoption of necessary measures to improve their working results needed no emphasis. However, the other losing projects, such as the Coal Mines in Baluchistan and the Natural Gas Fertilizer Factory, Multan had also been handed over under the WPIDC (Transfer of Projects and Companies) Ordinance, 1974 (V of 1974).

252. *Infructuous expenditure amounting to Rs. 379.96 lac incurred on defunct survey and investigation schemes not written off (Para 720, Page 606-CA).*—The accounts of the Corporation for the year ended 30th June, 1973 showed that an expenditure, amounting to Rs. 356.60 lac, had been incurred upto the 30th June, 1973 on certain survey and investigation schemes, which were abandoned from time to time, during the years 1967-68 to 1972-73. The expenditure incurred thereon hence became infructuous and should have been written off in the accounts of the year in which they were abandoned. However, such infructuous expenditure was allowed to accumulate and a case for its write off was taken up with the Government in October, 1973. No progress appeared to have been made since then. Effective steps were, therefore, needed to ensure that the write off of the infructuous expenditure on defunct survey and investigation schemes is not delayed any further.

253. Besides an expenditure of Rs. 40.05 lac was also incurred up to the 30th June, 1973 on some other survey and investigation schemes. Of the above, expenditure, amounting to Rs. 23.36 lac, had been incurred on 30 schemes on which either no or nominal expenditure was incurred during the last 4 to 14 years. It was apparent that these schemes were no longer feasible and had already become defunct. In the circumstances, necessary steps needed to be taken to write off the infructuous expenditure of Rs. 23.36 lacs.

254. Explaining the position, the departmental representative stated that the PIDC had taken up the case of writing off of the expenditure on the defunct survey and investigation schemes *vide* its letter No. Budget/Fund-3, dated 31st August, 1971, but the Government had then not approved the write off. In fact, the PIDC was the mother Corporation and was, later split up into several Corporations. Accordingly, a consolidated summary was prepared for the Ministry of Finance, who raised a number of points. It all boiled down to Finance giving a grant, amounting to crores of rupees. It had now been decided that, instead of writing off all the expenditure simultaneously, the writing off of expenditure incurred on different schemes may be segregated and taken up separately for the concurrence of the Ministry of Finance. The Corporation had also to be recouped the amounts by the Ministry of Finance, because it had spent the money which the Government was liable to pay.

255. The departmental representative was advised to pursue the matter vigorously.

256. *Non-payment of interest amounting to Rs. 1.23 lacs on Government Funds received during the year (Para 721, Page 607-CDA).*—Stating that the procedure for the calculation of interest had undergone a change, the departmental representative explained that the Government used to charge interest on the Development Loan, utilized for completed projects and companies and not for underway projects. The quantum of loan appearing at the end of the preceding

year used to be taken for the calculation of interest and the same principle was being followed since 1965-66. Interest on the Development Loan for underway Projects used to be deferred and, in the calculation of deferred interest, the funds released up to the end of the preceding year were taken into consideration. Since 1974-75, the Government had modified the procedure and now the date of collection of the funds was taken into consideration.

257. *Interest amounting to Rs. 2.39 lac on Government Funds invested in Salt Mines neither paid to Government nor provided in the accounts for 1972-73. (Para 722, page 607-CA).*—The departmental representative explained that funds, amounting to Rs. 36.80 lac invested in the Salt Mines, were released by the Government under the accounts head "65—Capital Outlay". Therefore, interest was not charged by the Government and no provision was made by the PIDC therefor subsequently. The Salt Mines Projects had been transferred to the Pakistan Mineral Development Corporation *w.e.f.* 1st July, 1974. PIDC would not make any provision in the future for interest on the funds received for the Salt Mines.

258. *Improper Classification of House Building Advance (Para 724, Page 608-CA).*—The departmental representative explained that House Building advances were classified under current assets on the balance sheet. This had been done under the advice of External Auditors. This practice was being followed since 1952-53 and there had been no objection on this classification from any quarter. Similarly, Fixed Deposit Receipts are shown under the head "Cash and Bank Balances". This was also included under the current assets.

259. The Audit confirmed the position and the objection was withdrawn.

260. *Charging of interest amounting to Rs. 19,648 twice in the accounts for 1972-73 and affording double credit for the above amount to a Bank. (Para 725, Page 608-CA).*—The Auditor-General confirmed that the departmental explanation that the wrong credit of Rs. 19,648 in the accounts of the Commerce Bank on account of interest on overdraft had been rectified during 1973-74 *vide* Cash JV No. 798 of 30th June, 1974 by crediting Profit and Loss Appropriation Account.

261. The para was accordingly dropped.

262. *Depreciation less charged by Rs. 21,229, (Para 726, Page 608-CA).*—The departmental representative clarified that the depreciation schedules, attached with the PIDC balance sheet, had not been scrutinized by the Government Auditors. The depreciation had been correctly charged. As a practice, while calculating depreciation, additions and disposals in the various assets were kept in view. Depreciation was charged only for the period in which the assets remained in use. If an asset was acquired during the middle of the year, depreciation was not charged for the full year.

263. The objection was dropped.

264. *Irregular charging of depreciation on land of PIDC (Head Office) Building (Para 727, Page 609-CA).*—The Auditor-General observed that depreciation on the land of the WIPDC (Head Office) building was being charged annually at the rate of 2-1/2% of its written down value, for instance depreciation

amounting to Rs. 10,703 was charged during the year 1972-73. Depreciation aimed at distributing the cost of an asset over its estimated useful life. But, since land had unlimited life and did not exhaust with the passage of time, depreciation thereon did not appear to be justified.

265. Replying, the departmental representative said that depreciation on the land of PIDC building had been correctly charged. It was being charged since the inception of PIDC. The terms 'amortization', 'leasehold' and 'free hold' are relevant in the context of charging of depreciation on land.

266. On a point of enquiry, the departmental representative stated that the lease was still operative and there still remained 53 years. The para was dropped.

Qaidabad Woollen Mills Ltd.

267. *List of cases of financial irregularities/losses which have not yet been finalised (Para 31, Page 26-CA).*—The Auditor-General said that, while payment of the cost of Carpets sold to a customer in the Qaidabad Woollen Mills during July, 1968, amounting to Rs. 6,811, was still outstanding, carpets worth Rs. 9,050 were further sold to him on credit during August, 1968. The practice followed by the mills was, therefore, un-business-like and resulted in avoidable accumulation of outstanding dues.

268. The departmental representative explained that the customer, Sardar Mohammad Ishaq Khan, Ex-MPA from Baluchistan, had since died and a suit for the recovery of the price of the Carpets was pending adjudication before the Civil Court, Karachi. Presently, its hearing was fixed for 1st April, 1979.

269. Audit was requested to keep watch over the case.

270. *Stocks worth Rs. 6,37,538 lying at Karachi (Para 738, Page 633-CA).*—The Auditor-General made out that the physical verification of stocks, valuing Rs. 6,37,533 as on the 30th June, 1973, carried out during October, 1973 revealed alarming discrepancies between the book balances, shown in the books of the company and the physical verification statement prepared by a Committee, specially constituted for this purpose.

271. The departmental representative said that the position had greatly changed since. In October, 1973, the Mills godown at Karachi was closed and all the stocks available in the stores had been returned to the Mills godown at Qaidabad.

272. A member queried whether this involved good quality carpets being replaced with defective ones.

273. On taking into account the carpets returned to Qaidabad and subsequent issue of invoices, shortages were reduced to Rs. 2,35,757 only for which necessary steps, with the approval of the Board, for the write off of the amount in the Accounts of the mills for the year 1974-75 had already been taken.

274. The Committee observed that it showed a lack of proper control and hoped that proper care would be exercised in the future.

Timber Seasoning Project Piranwala

275. *Audit Comments (Para 755, Page 659-CA).*—The Project was closed down in August, 1970 due to the failure of the Scheme. The approval of the Government for the winding up of the Project and write off of losses sustained needed to be expedited to avoid recurring losses, which already stood at Rs. 11,33,288 at the end of the year under review.

276. The departmental representative informed the Committee that the Ministry of Production had since allowed the disinvestment of the Project *vide* their letter No. I(6)-D-II/75, dated 6th April, 1976. Now, it had been decided to shift the machinery and equipment, installed at the project, to the Dir Forest Industries Complex, Chakdara on its book value. The Chief Engineer Incharge, Dir Forest Industries Complex, Chakdara had been advised to depute a Mechanical Engineer to visit Piranwala Timber Seasoning Project for preparing and submitting a scheme showing the estimated expenditure on dismantling, packing, transportation of machinery and erection at Ramora.

277. The necessary sanction for the write off of the losses will be obtained from the competent authority, after the project had been disinvested.

278. The Committee directed the Audit to keep watch of the case. The departmental representative was asked to have extra efforts made to expedite the disinvestment of the project.

Dhariala Potash Fertilizer Project

279. *Audit comments by the Director of Commercial Audit (Para 773, Page 680—CA).*—In March, 1971 the activities of the project were suspended, as no tangible results were visible. Since then, an expenditure of Rs. 1,22,013 was incurred up to 30th June, 1972 as idle period expenses, which increased to Rs. 1,60,956 by 30th June, 1973.

280. The departmental representative said that the Project had been taken over by the Punjab Industrial Development Board, as potash was needed in the country and this was the only source for the procurement of potassium.

281. The rigs and stores/spares, valued at more than Rs. 2.00 lacs, had since been transferred/sold out to the Tarbela Cotton Textile Mills.

282. The departmental representative was directed to expedite the winding up of the project, to obviate any further recurring losses.

Forest Operation Project Hyderabad

283. *Audit comments by the Director of Commercial Audit (Para 784, Page 691—CA).*—The Forest Operation Project had been closed down with effect from 30th April, 1973 as per the decision of the PIDC Board of Directors dated 29th March, 1973. The Project suffered a net loss of Rs. 1,67,854 during the year under review and the accumulated losses amounted to Rs. 18,68,625 when the Project was closed down.

284. Action to investigate and obtain approval of the PIDC Board for the write off of the accumulated losses as on 30th June, 1973 was stated to be under process.

285. The departmental representative was requested to finalise the case as early as possible.

Chilghazi Iron Ore Scheme Dalbandin

286. *Audit comments by the Director of Commercial Audit (Para 787, Page 696).*—The Geological Survey of Pakistan submitted a report to the Government about the possibility of exploiting out iron ore at Chilghazi and Dalbandin, to the extent of 2.4 million tons. Which would consume receiving the report, WPIDC was asked to examine whether a small steel plant could be established on the Iron Ore Deposits at Dalbandin and Chilghazi. Accordingly, a scheme for the survey and development of Iron Ore at Chilghazi was sponsored by the WPIDC in December, 1970. An expenditure of Rs. 8,50,183, apart from the acquisition of fixed assets, was incurred up to December, 1972 when this scheme was transferred to the Mineral Development Wing of WPIDC. (Baluchistan Cell).

287. Up to 31st December, 1972, several experiments, disclosed that the iron ore, found at the surface, was mixed with copper. Efforts were made to separate iron from copper through the melting process, but the establishment of a small steel plant based on such iron ore was not found to be feasible because of the heavy expenditure involved in the melting process. In their reports, the Geological Survey of Pakistan had also indicated that the quantity of iron ore underground could approximate 20 million tons. The PIDC Mineral Development Wing was accordingly making arrangements for underground drilling at Chilghazi and Dalbandin. This project had now become a part of the main Pachinkoh Scheme.

288. The departmental representative confirmed that it had proved to be a successful project.

289. *General.*—A member made the proposition that the Ministry of Finance should, as a rule, consider the desirability of writing off the cost of this as well as similar other projects, to make them economically viable. It was no use transferring the project and continuing to charge interest thereon, which would increase the cost of production and thereby make the project uneconomical.

General Refractories Ltd., Landhi

290. *Audit comments by the Director of Commercial Audit (Para 794, Page 706).*—The Committee desired to discuss the accumulated depreciation and losses but, at the request of the departmental representative, agreed to postpone discussion of the same until the examination of accounts for 1973-74.

STATE CEMENT CORPORATION OF PAKISTAN LIMITED**Zeal Pak. Cement Factory Limited**

291. *Infructuous Expenditure of Rs. 36,495 on repair of Pipe Line (Para 28, Page 23—CA).*—The Committee accepted the explanation of the departmental representative and decided to drop the para.

292. *Loss of Rs. 1,08,920 as a result of purchase of two plots of land, (Para 29, Page 23—CA).*—After hearing the explanation of the departmental representative, the para was dropped.

Maple Leaf Cement Factory Ltd., Iskanderabad

293. *Report of Directors on Accounts (Paras 816—818, Pages 734-735—CA).*—The Committee noted the progress made by the Factory resulting in a net profit of Rs. 20,68,961 during the year as against a net loss of Rs. 1,31,278 during the past year. The net profit was partly off-set by increase in the cost of inputs

and labour. The Committee hoped that there would be more improvement in future.

294. *Comparative Balance Sheet (Para 819, Page 736—CA) Sundry Debtors.*—From the details of Sundry Debtors furnished by the departmental representative, the Committee noted that Rs. 1,03,019 remained recoverable from Messers Rubby General Industries, Karachi for the price of 1100 tons of sulphate resisting cement, sold to the party by the WPIDC Head Office, Karachi. It was stated that a case for the recovery of this amount was pending in court.

295. The departmental representative said that the Ministry's representatives were on the Board of Directors. They could go into the merits of the case and take decision.

296. *Compromise.*—The Committee expressed the view that, for the recovery of dues, litigation should not be resorted to as a rule. In cases where it may be proposed to go to a Court of law, the likely cost of litigation should be compared with the possible gain. As such, all avenues for settlement outside the court should be explored, in the first instance and an arrangement by which the interests of the State could be secured through a compromise should be welcomed. Litigation should be resorted to only after the possible avenues of settlement, outside the Court, had been explored and no success achieved.

Pakistan American Fertilizers Ltd., Iskanderabad

297. *Non-recovery of Rs. 6,000 on account of liquidated damages (Para 32, Page 27—CA).*—After going through the departmental explanation, the Committee agreed to the recovery of the amount being written off.

298. *Working Result of the Company (Para 821, Page 740—CA).*—The departmental representative said that the Plant was an old one and had completed its working life. However, measures for the replacement of obsolete spares, to achieve the rated capacity, were taken under a phased programme. As a result, production registered an increase against the rated capacity of 90,000 M. Tons as under:—

Year	Tonnage
1973-74	92,552
1974-75	95,094
1975-76	97,257
1976-77	100,405
1977-78	95,599

299. During discussion on the working result, a member suggested that either the Factory should be expanded or its capital reduced. Such inflated capital in different industries was adding to inflation in the country.

300. The departmental representative reported that there was a proposal to set up another plant, which had not yet been approved by the Government.

301. *Borrowing of funds.*—During further discussion, the departmental representative informed the Committee that there could be inter-unit borrowing, but the Uqaili Commission had rightly recommended that the inter-borrowing should be dispensed with and units should, if necessary, borrow from a financial institution direct.

302. The Committee then made the following suggestions :—

- (1) Either the capital of Pak-American Fertilizer should be reduced or, in case it is desired not to do so, the Company should be merged with one or more Companies, needing funds.

The departmental representative promised to have this examined.

- (2) The Ministry of Production should sit down with the representatives of each Company/Corporation to find out their financial position and examine the question of bracketing one unit, needing funds with another one having surplus funds.

The departmental representative agreed to get the needful done in regard to this suggestion.

303. *Realisable and obsolete assets.*—The Committee noted that, in several cases, Factories had been switched over from coal to natural gas, rendering many of their parts useless or obsolete. The value of such parts, however, remained being reflected in the accounts as 'obsolete' assets.

304. The Committee recommended that every unit should make a complete survey of their 'Realisable' and 'Obsolete' assets and the items which may not be of use in the future should be disposed of as scrap and the correct financial position of the unit concerned depicted in the accounts.

305. The departmental representative undertook to get the needful done in the matter.

Pak-Arab Fertilizers Limited, Multan (Natural Gas Fertilizers Factory Multan)

306. The departmental representative informed the Committee that the inauguration of this Factory was fixed for 31st March, 1979 but it had been postponed. After the Plant goes into production, it will be the largest in the country.

307. In reply to an observation made by the Chairman that the country could still not claim self-sufficiency in fertilisers, the departmental representative submitted that the Unit consisted of three plants for the production of Urea, Ammonium Nitrate and Ammonium Nitrate Crystals. After all the three plants go into production, Pakistan would become self-sufficient in nitrogenous fertilisery.

308. A member of the Committee desired to know the justification for increase in the expenses from Rs. 28 lac in 1971-72 to Rs. 60 lac during 1972-73.

309. The departmental representative promised to furnish detailed explanation later.

Heavy Mechanical Complex, Taxila

310. *Interest on Chinese Loan (Para 846, Page 764—CA).*—The departmental representative stated that a sum of Rs. 112.69 lac was recovered by the Government from Heavy Mechanical Complex as interest on Chinese loan. Later the Chinese government converted loan into grant. The amount of interest paid by the HMC thus became refundable by the government. An adjustment of

Rs. 34.05 lac had already been made during 1977-78 and the Finance Division were being pressed to arrange an early refund of the balance amount of Rs. 78.64 lac. He, however, added that the existing government policy was that they did not give any cash refund but make adjustments in the further re-payments.

311. A member suggested that the Ministry of Production should take initiative in the matter and have the refund settled with the Ministry of Finance as early as possible.

312. *External Auditor's Report—HMC (Para 1267, page 1093—CA).*—A member objected to the conversion of the Development Loan of Rs. 9.94 crore into equity. He suggested that the question of writing off the amount should be considered, in consultation with the Ministry of Finance.

Nowshera DDT Factory

313. *Excess expenditure of Rs. 47,74,608 on account of excess consumption of material etc. (Para 21, page 18—CA).*—The departmental representative informed the Committee that, so far as the future pricing of DDT was concerned, the Government had revised the Agreement with the Managing Agents. The price was now to be based on the actual cost of production.

314. In so far as consumption of excess raw material in the past was concerned, the Committee desired the departmental representative to have it checked who decided to amend the Agreement and whether due permission was obtained for changing the schedule of the Agreement and authorising the use of more material and whether such a change was justified. If not, suitable action should be taken against those responsible for the avoidable consumption of excess material. The position should be reported back to the Committee.

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

MINISTRY OF LAW AND PARLIAMENTARY AFFAIRS

(a) Law Division

316. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Law Division and the Report of the Auditor-General thereon.

317. The following departmental representatives were present :—

1. Mr. G. S. Ghangro, Joint Secretary.
2. Mr. M. A. Zaidi, Assistant Registrar, Supreme Court.

318. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Law and Parliamentary Affairs (excluding Group heads 'B' and 'C')	82
2.	Supreme Court	84
3.	Other expenditure of Ministry of Law and Parliamentary Affairs	85

APPROPRIATION ACCOUNTS 1972-73

319. *Grant No. 85 (Page 144-AA)*.—Audit had pointed out an excess of Rs. 2,05,415 under the Group head "B-Law Officers" (Authorised Section). The departmental representative submitted that the excess was partly due to booking of the regular pay of the Attorney-General under this Group head, instead of the Charged Section and partly due to belated debits. In reply to a query, the departmental representative said that, out of Rs. 2,05,415, a sum of Rs. 48,000 related to the pay of the Attorney-General and the rest to belated debits.

320. After some discussion, the Chairman observed that either the Ministry did not know that they were having an excess and, therefore, did not ask for a supplementary grant or the monthly expenditure was not being reviewed. The departmental representative replied that, unless they got the bills, they did not know their commitments. Thereupon, the Chairman remarked that the bills were received during the financial year and the department should have made note of this for consequential action. A member of the Committee remarked that, in any case, the daily fee of the Attorney-General must be known to the Ministry and they could work out their requirement of funds on that basis. The departmental representative informed the Committee that, the Attorney-General's fee was paid case-wise and on a certificate from the Court.

321. A member of the Committee observed that the main difficulty seemed to relate to the Attorney's fees. He suggested that a register should be maintained, if not being done already, to keep an account of the progressive figures of expenditure on fees. The departmental representative informed the Committee that they were already maintaining such a register.

322. *Grant No. 82 (Page 139-AA)*.—Audit had pointed out an excess of Rs. 120 under the Group head "A-Law Division" in the Charged section. The departmental representative contended that the excess in question did not relate to the Law Division, as no provision existed under the Charged section during the year 1972-73. Moreover, while forwarding the Revised Skeleton of Appropriation Accounts under their letter dated 29th April, 1975, the AGPR did not show this amount in the Charged section. The Auditor-General stated that they had checked and found that this amount was shown in the Skeleton Appropriation Accounts. A member of the Committee observed that it meant that the departmental explanation was not factually correct. The excess amount being so small, the Committee did not make any further observation on this grant.

Supreme Court

323. *Grant No. 84 (Pages 142-143-AA)*.—In reply to a query, by the Chairman, the departmental representative said that a total sum of Rs. 64,424 had been surrendered. The Auditor-General confirmed that this was so, but the Department had mixed up expenditure under the sections "Charged" and "Authorised" which could not be done under the rules.

324. The Chairman observed that, it appeared that the accounts were not being maintained properly as these expenditures should not have been mixed up. On a query the representative of the Ministry of Finance informed the Committee that according to the statement presented by the department, there was an expenditure of Rs. 11,49,000 (roundly) against a total grant of Rs. 12,14,000, showing a saving of Rs. 64,000 (roundly) but the account of Authorised and Charged Expenditure had not been kept separately.

325. The Chairman, thereupon, observed that the accounts of the Supreme Court were somewhat different than others and, secondly, they had mixed up the two kinds of expenditure, viz, "Charged" and "Authorised". He desired the departmental representative to entrust the maintenance of accounts to some experienced and knowledgeable official, so that the situation might improve. The accounts should be kept separate and, whenever any additional expenditure not provided for in the budget became necessary, they should ask for supplementary grant to prevent excesses. The Financial Adviser was requested to help them in keeping the accounts properly and correctly.

(b) Parliamentary Affairs Division and Election Commission of Pakistan

326. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Parliamentary Affairs Division and the Report of the Auditor-General thereon.

327. The following departmental representatives were present :—

1. Mr. G. S. Ghanghro, Joint Secretary.
2. Mr. S. A. Wahab, Deputy Secretary.

328. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Law and Parliamentary Affairs. (Group head "B")..	82
2.	Election Commission	83

APPROPRIATION ACCOUNTS 1972-73

Parliamentary Affairs Division

329. *Grant No. 82 (Pages 139-140—AA).*—There was no material point for consideration by the Committee under this grant.

Election Commission

330. *Grant No. 83 (Page 141—AA).*—Audit had pointed out a saving of Rs. 50,947 under the Group head "A-Election Commission", (charged section). The departmental representative explained that the saving was due to the fact that the office of Election Commissioner remained vacant and there was no expenditure on that account. The Committee made no observation.

331. In reply to a query, the departmental representative said that the draft electoral rolls were being published on the 31st March, 1979.

MINISTRY OF FOREIGN AFFAIRS

332. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Ministry of Foreign Affairs and the Report of the Auditor-General thereon.

333. The following departmental representatives were present :—

1. Mr. A. A. Farooq, Additional Secretary (Admn.).
2. Mr. Hamid Ali, Director (B&C).

334. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Ministry of Foreign Affairs.. .. .	41
2.	Foreign Affairs	42
3.	Other Expenditure of Ministry of Foreign Affairs	43
4.	Capital Outlay on works of Ministry of Foreign Affairs	108

APPROPRIATION ACCOUNTS 1972-73

335. *Grant No. 41 (Page 78—AA).*—Audit had pointed out excesses of Rs. 11,37,723 and Rs. 24,222 under the Group heads “A—Main Secretariat” and “B—State Guest Houses and Hostels” respectively. In reply to a query as to why supplementary grant was not asked for in time to cover the excess, the departmental representative explained that it was due to several factors. Bills pertaining to diplomatic mail bags were being received from the Telegraphs and Telephone agencies after several months’ delay. During that particular year, an unanticipated special difficulty arose, namely, that enormous publicity material had to be prepared and sent by diplomatic bags even up to the last day of the financial year. There were cases of repatriation of Pakistani POWs. So it was a very peculiar situation. The Committee accepted the explanation.

336. *Grant No. 42 (Page 79—AA).*—Audit had pointed out a saving of Rs. 15,26,419 under the Group head “A-1—Embassies”. Explaining the reasons therefor, the departmental representative said that the original budget grant of Rs. 9,03,57,000 (including Rs. 4,46,05,200 as lump sum provision on account of devaluation of Pak rupee) was made to defray the salaries and other expenses of Pakistan Missions abroad. After the surrender of Rs. 53,75,600, the final appropriation stood at Rs. 8,49,91,400 against which an expenditure of Rs. 8,34,92,653 was incurred by the Ministry, resulting in an overall saving of Rs. 14,98,747, which was less than the permissible saving of 2%. In reply to a query, the departmental representative further said that there was a steep devaluation of the Pak rupee, which threw the accounts in a mess. At times, they did not know as to what was the situation. In such a situation, any appropriation at the Ministry’s end would have been a guess in the dark.

337. *Grant No. 43 (Page 80—AA).*—There was a saving of Rs. 1,32,824 under the Group head “A—Entertainment Charges”. The departmental representative explained that a tour programme of Heads of Foreign Missions in Pakistan was arranged towards the end of financial year. The expenditure incurred by the Provincial authorities on it could not be reflected in full, resulting in this saving. In reply to a further query, the departmental representative submitted that, where

expenditure was incurred through a number of agencies, e.g., Ministry of Foreign Affairs, Provincial Governments and other administrative units, the consolidation of accounts presented problems. Non-receipt of timely information from the various spending agencies about the expenditure incurred might lead to a saving in the current year's grant and excess in the subsequent year. For example, the accounts of the Islamic Summit Conference, held at Lahore, were yet to be finalised. The Committee accepted the explanation.

338. *Grant No. 108 (Page 178—AA)*.—Audit had pointed out an excess of Rs. 3,45,884 under the Group head "A. 2—Communications". Explaining the reasons for excess, the departmental representative said that the Ministry purchased 40 Cypher machines from Switzerland for the Headquarter and different Missions abroad. The excess was due to revaluation of Swiss Francs during March, 1973, full impact of which could not be reflected in the re-appropriation order, based on actuals up to 30-4-1973. Besides, the cost on transportation of machines also increased towards the end of the year.

339. The Chairman observed that, apparently, the Ministry was rather slow in assessing the position. If the machines were purchased in Swiss Francs in March, 1973 the Ministry should have been able to find out the actual expenditure involved in the purchase. The departmental representative replied that these purchases were centralised. They were made in the Ministry and the adjustment of accounts was complicated. There was some difficulty in the rate of exchange to be adopted from time to time and about the rates, which were presumed to hold sometime did not actually hold. Therefore, the actual payment made was either in excess or less.

340. In reply to a query by a member of the Committee the departmental representative said that they were still grappling with the problem of rate of exchange which should be adopted with regard to allowances and salaries, because certain rates were artificial. Their normal practice was that, unless substantially different, they stuck to the rate prevailing on the 1st day of the month, although the rates kept fluctuating during the month. In reply to a query as to whether this hold good in respect of floating currencies only or for all currencies, the departmental representative stated that it was so in respect of all the currencies.

AUDIT REPORT 1972-73

341. *Irregular|uneconomical use of State Guest Houses and non-recovery of heavy dues (Para 9, pages 22-23—Audit Report)*.—Audit pointed out that the State Guest Houses were meant for the stay of only V I Ps, but officers and other persons, not entitled to stay there, were allowed to do so for long periods, e.g., one Additional Secretary stayed in a Guest House at Rawalpindi with his family for more than a year.

342. The departmental representative explained that it was perhaps about the Kohinoor Guest House, which was in no sense a VIP Guest House. It had not been repaired for the last about ten years. The requisite facilities for a VIP State Guest House were lacking in it. As far as the utilisation of Guest Houses was concerned, they tried to make the best possible use of these Houses. But sometimes, the visiting foreign groups are so large that they could not be accommodated in the Guest Houses. The groups then desire to stay at one place or

closer to each other. There were two such Houses in Islamabad and one in Rawalpindi. The Ministry were, therefore, obliged to accommodate the guests in cheaper hotels. The fact remained that, apart from the Guest House of the Presidency, there was no other Guest House which was really capable of being used by the VIPs.

343. In reply to the remark by a member as to why such Guest Houses were being retained at all, the departmental representative said that because these House were relatively inexpensive to maintain.

344. In reply to Audit's observation that a VIP Guest House was mainly meant for foreign dignitaries and not for putting up local people, the departmental representative explained that rules permitted Pakistanis also being accommodated in them in certain conditions and they were not meant exclusively for foreigners. The Committee made no observation.

345. *Time barred claim against shipping lines and their insurance companies (Para 10, page 24—Audit Report).*—The departmental representative said that this para related to the Ministry of Defence.

346. *Short recovery of utility charges (Para 11, page 24—Audit Report).*—Audit had pointed out that, in cases where charges for heating, electricity and water were included in the house rent and could not be separately identified, a recovery was to be made from the officials at 2% of the rent for each of three elements. In a Pakistan Mission abroad, water charges were recovered @ 1% of the monthly rent, while heating charges were recovered @ 2% for only 6 months during winter season. As a result, an amount of Swiss Francs 16,828.64 (Approximately Rs. 67,315) was short recovered during the period from 1st May, 1966 to 30th April, 1971.

347. The irregularity was brought to the notice of the Ministry in May, 1971, but the amount had not been recovered till December, 1974.

348. The departmental representative said that the amount of short recovery for the utility charges had been shown in the original Audit Inspection Report to be Rs. 18,292, but raised to approximately Rs. 67,315 in the Audit Report. The enhanced figure had, perhaps, been arrived at by converting Swiss Francs at the rate, which became applicable after the devaluation, whereas in terms of Finance Division O. M. No. F. 1 (8) FF (B-II), 76-2720 dated the 14th July, 1976, all dues for the period prior to devaluation were to be calculated at the rate of exchange prevalent at the time, the recoveries fell due. Thus, the amount of Rs. 18,292, as shown in the original Audit Inspection Report, was the amount which was recoverable.

349. Out of this amount, recoveries to the extent of Rs. 5,330 had been effected, leaving a balance of Rs. 12,962. Out of this outstanding balance, an amount of Rs. 5,650 pertained to officials of the Ministry of Foreign Affairs; Rs. 7,245 to the officials of the Ministry of Commerce and Rs. 67 to that of the Economic Affairs Division. It would be appreciated if Audit could pursue the recoveries direct with the other concerned Ministries.

350. In so far as present position of recoveries relating to the Ministry of Foreign Affairs was concerned, one of the officials had died and the case for writing

off an amount of Rs. 435 had been referred to the Ministry of Finance. One of the officials defected to Bangladesh and the recovery of Rs. 180 had been got noted in the Liability Register maintained for the purpose. After deducting these amounts, the recoverable balance against the officials of the Ministry was Rs. 5,035. Recovery would now be pursued vigorously.

351. The Auditor-General pointed out that the main point involved was also the interpretation of rules, namely whether the rate applicable would be the one prevailing at the time when the transaction took place, and whether the recovery was to be in foreign exchange or Pakistani rupee and at what rate? All these things had to be settled. After some discussion, the Committee observed that the Ministry of Finance may be asked to give a clear ruling on the issues involved and necessary action should be taken accordingly.

352. *Avoidable expenditure of Rs. 42,959 on the storage of personal effect (Para 12; page 24—Audit Report).*—Audit had pointed out that an Ambassador was transferred from a mission abroad to the headquarters in June, 1972. He handed over charge on the 22nd June, 1972 and resumed duty at Islamabad. His personal effects consisting of three boxes, were stored in a private warehouse at the old station, the storage charges being Rs. 75.76 per day. The Ministry of Foreign Affairs accorded sanction for the storage of his personal effects until the place of his next posting was decided. After 18 months in January, 1974 the Ministry asked the Mission to despatch the personal effects immediately to Pakistan, which was done in February, 1974. In the meantime, the mission had to pay a sum of Rs. 41,592 in foreign exchange as storage charges for the period from 14th August, 1972 to 13th February, 1974 and an additional expenditure of Rs. 1,367 had to be incurred on account of increase in freight charges over the rates prevalent in June, 1972.

353. The Auditor-General added that the Mission had replied that sanction for storage was issued in view of factors, which could not be disclosed to Audit. Even if the initial decision was based on some administrative reasons, a timely reconsideration of this arrangement could have saved a major portion of this expenditure.

354. The departmental representative said that the case was under reference to the Ministry of Finance for the regularisation of this expenditure. He explained that the officer concerned was told that he would be posted to some other country very soon and he was kept in waiting for quite a long time. That is why he could not move his personal effects. The Auditor-General said that, in any case, the officer was not being sent back to the old station. He should have brought his goods to Islamabad. The departmental representative stressed that the officer was not to be blamed. He was kept in waiting for months altogether but the Government did not decide about his posting. He continued throughout in a state of suspense. Even if he had brought his goods to Islamabad and took it to the new station of his posting, the actual expenditure might have been much greater.

355. The Committee felt that, as there were no official storage arrangements in Islamabad and the Government did not decide upon the early posting of the officer, there was no escape from incurring the expenditure. Since the Ministry had referred the case to the Ministry of Finance, no further observation was made.

356. *Misappropriation of Rs. 41,850 (Para 13, pages 24-25—Audit Report).*—Audit had pointed out that, in June, and September, 1967 an amount of US \$ 5,382.19 was drawn for the payment of transportation charges for the personal effects of three non-gazetted members of staff of a Mission on their transfer back to Pakistan. Out of this, only US \$ 1,154.95 was actually paid to the Shipping Co. and the balance of US \$ 4,227.24, equivalent to Rs. 41,850, was misappropriated.

357. The paid cheques were removed from the records of the Mission and their counterfoils indicated only the purpose of the payment but not the names of the payees. An enquiry conducted by the Ministry could not, in the absence of relevant records, establish whether the amount had been paid to the individuals concerned or drawn by the Mission for payment to the Shipping company and the handling agents.

358. The irregularity first came to notice during audit in January, 1970. A preliminary inquiry was initiated by the Ministry immediately thereafter and was completed in March, 1972. According to the Ministry, the inquiry could not be finalised earlier, as the case remained under correspondence with several outside Agencies. Besides, the East Pakistan crisis in late 1971 created a heavy pressure of work and considerable dislocation of manpower after defection by the East Pakistan officials.

359. Two of the officials involved defected to Bangladesh and the allegations against the third could not be established from the available records. The First Secretary, who was the Drawing and Disbursing Officer at that time, had resigned from service in 1967.

360. After the detection of this fraud, it was decided by the Government that, in future, advance for fares and transportation of personal effects should not be paid in cash to any Government servant under orders of transfer to Pakistan or from one Mission to another. The Missions were now required to purchase, for the transferees, non-transferable tickets themselves and also to clear the bills for the transportation of their personal effects, etc.

361. The departmental representative informed the Committee that, since the two accused officials involved in the misappropriation of Rs. 41,850, namely M/s. S. K. Waheed, formerly a Stenographer and K. A. Rauf, formerly Accountant in the Embassy of Pakistan, Rio de Janeiro, defected to Bangladesh, no departmental action could be taken against them. The entire amount of \$ 4227.24 i.e. Rs. 41,850 had been got noted in the Liability Register, maintained by the Chief Accounts Officer, Ministry of Foreign Affairs against the two defected officials.

362. On a point of information, the departmental representative said that the Rupee equivalent of US \$ 4227.24 at the rate of exchange prevailing at the time the fraud occurred was Rs. 20,130.68, whereas at the current rate of exchange it would come to Rs. 41,850.

363. Audit observed that the amount had not yet been written off. The departmental representative said that it had been got included in the Liabilities Register. So, it could not be written off, for the present. The Committee made no observation.

364. *Expenditure on residential accommodation in excess of entitlement (Para 14, Page 25—Audit Report).*—After hearing the explanation of the departmental representative the para was dropped subject to verification by Audit.

365. *Irregular payment of foreign allowance amounting to Rs. 17,794 (Para 15, Page 26—Audit Report).*—The departmental representative stated that the outstanding recovery of Rs. 2,187 was against a Stenographer, who belonged to the Ministry of Defence. That Ministry had intimated that the amount had been recovered from the official. The Chairman observed that, in future, recurrence of such irregularities must be guarded against. The departmental representative brought to the Committee's notice the question of misplaced accountability of the Missions abroad whereby by irregularities that were attributable to other Ministries/Organisations got attributed to them e.g., Military Attaches, Press Attaches, Labour Attaches, etc. were the responsibility of their respective Ministries, but the Audit wrongly laid the responsibility for any irregularity concerning them, on the Missions, because only one accountant handled all the affairs of the Missions. The Auditor-General added that, in such cases, the irregularity took place in the Missions and, therefore, instead of going to the Ministry concerned, they went to the Ministry of Foreign Affairs for explanation.

366. A member enquired about the kind of irregularities usually occurring in a Mission. The Auditor-General said that there was, normally, one Drawing and Disbursing Officer for the whole Mission. All expenditure was incurred through him. Therefore, whenever an irregularity was detected, though Audit also wrote to the Ministry concerned, the Mission had to co-ordinate the replies, because they happened to be the controlling people.

367. Contesting this statement the departmental representative said that the Mission might be concerned with just paper work. The fact was that, no Counsellor Officer in the Mission could ask any Attache to account for the money paid through him as to how and where was the money spent. He was presented only with a bill and he signed it.

368. It would, therefore, be more appropriate, if the Audit took up their objections direct with the Ministry responsible for authorising the expenditure. This would make the accounts simpler and the settlement of audit objections much more prompt.

369. The Chairman, finally, observed that a better course would be that the Missions be allowed to book the expenditure, incurred under the grants for the Ministry of Foreign Affairs, separately from that incurred for and on behalf of other Ministries/Divisions etc. Thus, there would be two sets of accounts in the Missions, one directly concerned with the personnel of the Ministry of Foreign Affairs and the other where the Mission acted only as agent for others. The Ministries of Finance, Foreign Affairs and Audit should jointly look into this observation.

370. *Outstanding Inspection Reports (Para 18, Page 26—Audit Report).*—The Auditor-General pointed out that as on 31st December, 1974, 331 inspection reports issued up to 30th June, 1973 to the Diplomatic Wings of various Missions abroad and to the Ministry and its Guest Houses in Pakistan, as a result of local

audit of their accounts, were outstanding because actions for recoveries or regularisation or furnishing satisfactory explanations had not been taken. The break-up of these reports was:—

(i) Outstanding for more than 15 years	68
(ii) Outstanding for 10 to 15 years	54
(iii) Outstanding for 5 to 10 years	106
(iv) Outstanding for less than 5 years	103

371. Some inspection reports had been outstanding for more than 20 years. In the case of 15 inspection reports, even the first replies were awaited.

372. The inspection reports contained more than 3,500 audit observations involving, in a large number of cases, recoveries in foreign exchange and Pakistan currency. The slow progress in the disposal of inspection reports reflected adversely on the state of financial discipline. As time passed, it would become increasingly difficult to obtain all the facts from the old records and fix responsibilities. The chances of effecting recoveries would also become meagre due to retirement, transfer, etc., of the persons concerned. The total number of outstanding reports issued up to 30th June, 1978 was 365.

373. The departmental representative thereupon submitted a detailed report of the efforts being made by the Ministry in this direction (Appendix I). The Committee desired the departmental representative to make extra effort to have the outstanding reports settled soon.

PRESIDENT'S SECRETARIAT (PERSONAL AND PUBLIC)

374. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the President's Secretariat (Personal and Public) and the Report of the Auditor-General thereon.

375. The following departmental representatives were present:—

1. Mr. Riazur Rehman Khan, Joint Secretary,
President's Secretariat (Public).
2. Mr. F. A. Zuberi, Deputy Secretary (Admn.),
President's Secretariat (Public).
3. Mr. M. A. Shah, Assistant Secretary,
President's Secretariat (Personal).

376. This Secretariat controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Staff Household and Allowance of the President (Group heads "A" to "G") (Page 230-AA)	—
2.	Secretariat Staff of the President (Group head 'H'). (Page 230-AA)	—
3.	I—Lumpsum Provision for the National Security Division (Page 231-AA)	—

APPROPRIATION ACCOUNTS 1972-73

(a) Personal

STAFF, HOUSEHOLD AND ALLOWANCE OF THE PRESIDENT (PAGES 230-231-AA)

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

(b) Public

378. *Group head H—Secretariat Staff of the President (Page 230—AA).*—Audit had pointed out a saving of Rs. 2,22,911 under this Group head. The departmental representative stated that in fact, there was no saving as the alleged saving had been re-appropriated before the close of the financial year.

379. In reply to a query by the Chairman, the Auditor-General said that the re-appropriation of Rs. 2,22,911 was not taken into account by the AGPR, because the Re-appropriation Order was found to be irregular. A member of the Committee queried whether it meant that the saving was used for some other purpose. The Auditor-General explained that the total of the amount withdrawn and re-appropriated to various units of appropriation within the same grant should have been the same which was not so in this case. Hence the re-appropriation order issued by the Secretariat was not accounted for.

INTELLIGENCE BUREAU

380. *I-Lump sum Provision for the National Security Division (Page 231—AA).*—Explaining the saving of Rs. 7,73,158 under the above Group head, the departmental representative submitted that the National Security Council Division was abolished *w.e.f.* 10-3-1973 when 47 posts of officers and members of the staff, sanctioned for that Division were transferred to the Intelligence Bureau. Consequently, 47 additional posts were created to absorb the surplus officials. The defunct National Security Council Division had also transferred to the Intelligence Bureau the unspent balance of Rs. 3,96,200, out of the revised budget grant of Rs. 9,71,000. At the close of the financial year, Rs. 1,68,100 and Rs. 80,300 were surrendered to Government. Thus there was practically no saving towards the close of the year.

381. In reply to a query by the Chairman whether the position, as explained by the departmental representative was correct, the Auditor-General said that Audit had not been able to look into it so far. In reply to another query, the departmental representative clarified that the additional posts for the surplus staff were created on an *ad-hoc* basis.

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

382. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the C.M.L.A.'s Secretariat and Pakistan Atomic Energy Commission and the Report of the Auditor-General thereon.

383. The following departmental representatives were present:—

1. Mr. Abdul Haq, Deputy Director (Admn).
2. Mr. Murir Ahmed Khan, Chairman, P.A.E.C.
3. Mr. A. H. Raazi, Member (Finance), PAEC.

384. This Secretariat controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Staff Household and Allowances of the President (Group heads 'J' to 'N'), (Page 231-AA)	—
2.	Other expenditure of Ministry of Production and Presidential Affairs (Group heads 'A' and 'E')	97
3.	Capital Outlay in Ministry of Production and Presidential Affairs.	148

APPROPRIATION ACCOUNTS 1972-73

385. *Grant No 97 (Page 161—AA).*—The Chairman observed that, under this grant, the amount was credited to the Bank Account of the Commission and then it was spent by the Commission. In reply to a query, the departmental representative informed the Committee that, though the Atomic Energy Commission's accounts were audited by the AGPR, they did not form the subject matter of the appropriation accounts. They come before the Committee only if there was a para about them in the Audit Report.

386. A member of the Committee enquired whether the Commission prepared any balance sheet or kept their accounts in any other form. The departmental representative, replied that they did not prepare the balance sheet, but had only receipts and disbursements accounts which were auditable by the AGPR.

Unnecessary supplementary grant

387. *Grant No. 148 (Page 225—AA).*—Audit had pointed out a total saving of Rs. 1,33,16,000 under the Group head "A—Development of Atomic Energy Commission". Out of which a sum of Rs. 48,15,887 had been surrendered. Replying to the query of the Chairman about the non-surrender of the balance saving of Rs. 85,01,113, the departmental representative contended that the Budget Estimates of 1972-73 provided Rs. 2,28,25,000 as Foreign Aid, which included Rs. 2,01,15,000 as Canadian Loan for KANUPP. A sum of Rs. 1,52,99,113 was utilized out of this loan for payment of hold back to Prime contractors and the balance of Rs. 48,15,887 was surrendered. The Economic Affairs Division however, erroneously indicated this amount under "Q—Loans and Advances by Central Government", instead of under Grant No. 148 *vide* their letter No. 1(1)/FA-I/72-Vol. I, dated 8-11-1973. Due to this misclassification the AGPR did not book the expenditure under the Grant No. 148 against the P.A.E.C.

388. Similarly, the actual expenditure of Rs. 4,38,88,000, as shown in the Appropriation Accounts was also not correct. It was, in fact, Rs. 5,01,87,113. Besides, the release of Rs. 90,00,000, pertaining to grant No. 128, was also incorrectly booked by Audit under this group head.

MINISTRY OF RELIGIOUS AFFAIRS AND MINORITY AFFAIRS

389. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Religious Affairs and Minority Affairs and the Report of the Auditor-General thereon.

390. The following departmental representatives were present :—

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

391. This Ministry controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Rehabilitation of Displaced persons and protection of Evacuee Property (Group-head 'B' only)	80
2.	Ministry of Law and Parliamentary Affairs. (Group head 'C')	82
3.	Other expenditure of Ministry of Law and Parliamentary Affairs (Sub-head 'D-2')	85
4.	Ministry of Minorities Affairs and Tourism (excluding group heads 'C' and 'D')	86
5.	Other expenditure of Ministry of Political Affairs and Communications (Group-head 'D' only)	95
6.	Advisory Council of Islamic Ideology (Group Head-C)	82

(a) Religious Affairs Division

APPROPRIATION ACCOUNTS 1972-73

392. Grants No. 80, 82 and 86 (Pages 136, 139 and 146—AA).—There was no material point for consideration for the Committee under these grants.

(b) Minority Affairs Division

APPROPRIATION ACCOUNTS 1972-73

393. Grants No. 85 and 95 (Pages 144 and 157—AA).—There was no material point for consideration by the Committee under these Grants.

394. The Committee then adjourned to meet at 9 A.M. on the 29th March, 1979.

M. A. HAQ,
Secretary.

Islamabad, the 13th June, 1973.

NATIONAL ASSEMBLY SECRETARIAT

29th MARCH, 1979

4th Meeting

395. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 09.30 A. M. The following were present :

Ad-hoc P.A.C.

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

National Assembly Secretariat

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

Audit

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant General, Pakistan Revenues.
4. Mr. Muhammad Javed Ilyas, Director of Foreign Audit, Islamabad.
5. Mr. Idrees Ahmad, Audit Officer, I. S. & ^F Karachi.
6. Mr. Mashkoo-ul-Haq Usmani, Deputy Director, Audit & Accounts (Works), Lahore.
7. Mr. S. Jamil-ur-Rehman, Deputy Director, Commercial Audit, Karachi.

Ministry of Finance

1. Mr. Jamil Ullah Khan, F.A. (Local Government, Housing and Works).
2. Mr. Sharafat Hussain, D.F.A. (Health and Population Division).
3. Mr. M. A. Mumtaz, D.F.A. (Information and Broadcasting).
4. Mr. Javed Ahmad Neol, D.F.A. (Industries).

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

396. The first item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Ministry of Local Government and Rural development and the Report of the Auditor-General thereon.

397. The following departmental representatives were present :—

1. Malik M. Siddiq, Joint Secretary.
2. Ch. Muhammad Rafique, Section Officer (F&A).

398. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Information and Broadcasting, Auqaf and Haj (Group-head 'B' Research and Evaluation Unit)	68
2.	Other expenditure of Labour and Local Bodies Division (Group-head 'B' Social Welfare Directorate)	77

APPROPRIATION ACCOUNTS 1971-72

399. Grants No. 68—Group head "B"—and 77—Group head "B"—(Pages 115 and 129—AA).—There was no material point for consideration by the Committee under these grants.

MINISTRY OF HOUSING AND WORKS

(a) Works Division

400. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Works Division and the Report of the Auditor-General thereon.

401. The following departmental representatives were present :—

1. Maj. Gen. Shafiq Ahmad, Secretary.
2. Mr. Rehmatullah Khan, Deputy Secretary.
3. Mr. C. A. Qawi, Chief Engineer, P.W.D.

402. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Rehabilitation and Works Division	78
2.	Civil Works	79
3.	Other Expenditure of Rehabilitation and Works Division ..	81
4.	Development Expenditure of Works and Rehabilitation Division	124-A
5.	Capital Outlay on Civil Works	141

APPROPRIATION ACCOUNTS 1972-73

403. *Grant No. 78 (Page 130—AA).*—The Audit had pointed out a saving of Rs. 21,849 under the Group head “A-Secretariat”. The departmental representative stated that the amount, which was re-appropriated to the minor-heads “A-4—Other Charges” and “C—Rest Houses”, had not been taken into account by Audit. The final appropriation, therefore, came to Rs. 9,54,420, leaving a saving of Rs. 15,139, which was due to the non-drawal of salary by a Deputy Secretary. In reply to a query, the departmental representative said that the salary could not be drawn by the Deputy Secretary due to non-fixation of his pay.

404. *Grant No. 79 (pages 131—135—AA).*—A saving of Rs. 64,974 accrued under the Group head “A—Original Works Buildings (Charged)”. The departmental representative explained that the reconciled departmental figure of expenditure was Rs. 7,47,800 and not Rs. 6,51,026, as pointed out in the Appropriation Accounts. The difference of Rs. 96,774 was due to wrong booking of expenditure by Audit under “B-Repairs-Building—(Charged)” instead of “A-I-Minor Works—(Charged)”.

405. A member remarked that it meant that, against the Budget provision of Rs. 7,16,000, an expenditure of Rs. 7,47,800 was incurred. If so, the Ministry should have obtained supplementary grant for the excess amount. The departmental representative replied that the same had been asked for, but it was a bit too late.

406. Audit had pointed out an excess of Rs. 45,75,302 under the Group head “A—Original Works—Buildings (Authorised)”. The departmental representative submitted that the reconciled figures of expenditure stood at Rs. 7,02,088 and not Rs. 52,75,502, as shown in the Appropriation Accounts. Therefore, the actual saving came to Rs. 2,088, which was within permissible limits. In reply to a query, the Auditor-General stated that there were more than fifty P. W. Divisions and only a few had reconciled their accounts with the Audit's figures.

407. On a query by the Committee as to how much of the expenditure had actually been reconciled, the departmental representative said that, in overall reconciliation, only a variation of Rs. 45,73,414 had been found under group head ‘B’. Of this Rs. 37,14,721, pertaining to the Group head “B—Repairs—Buildings” and Rs. 40,000 pertaining to the Group head “C—Repairs—Communications” had been wrongly booked against the Group head under discussion. This was duly pointed out to Audit but, at the moment, there was no record for production before the Committee.

408. The Chairman observed that, so far as this Group head is concerned, there seemed to have been no reconciliation.

409. An excess of Rs. 1,08,89,507 was reported under the Group head “G—Suspense”. The departmental representative explained that the excess was due to acceptance of more debits (ATDS) than anticipated. In reply to a query, the departmental representative said that ATDS were received from the DGIP & S and Audit. A Member of the Committee enquired, if they did possess the records of the goods ordered then why should they not have made provisions therefor? The departmental representative clarified that provision had been duly made but, while the indents were placed during the year, the goods were received the following year and the ATDs two to three years later. The member then observed

that, so far as he understood, the procedure under the Public Works Account code was that the goods, when received, were debited to 'stock suspense' and credited to 'purchases', as the case may be and finally, when the debit was received, it was credited to the exchange account and debited to suspense head 'purchases'. As such, the procedure was clear. It seemed that, in this case when the goods were received, no provision was made therefor at that time, which was a bad accounting. It had nothing to do with the advices. So, the present explanation did not carry conviction.

410. The Auditor-General stated that the procedure mentioned above was correct to the extent that these stores had been cleared in respect of the debits pertaining to the previous year and the figure of expenditure furnished by the department might be factual to that extent. But it could be observed from page 134 of the Appropriation Accounts that the total amount under the head was Rs. 94 lac. Even if it was assumed that Rs. 41 lakhs were for the current and Rs. 53 lac were in respect of the debits received for purchases made during the last year and credited this year, there was an unexplained excess. A member of the Committee remarked that the explanation that it related to belated ATDs was not correct. Secondly, the explanation that they did not know about the previous year's liability was also not correct. Had they followed the instructions given in the Public Works Account code, this situation would not have arisen. So, the department needed to go more thoroughly into this to find out the facts.

411. The departmental representative said that a major difficulty appeared to be that the problem had to be solved by mutual discussion with Audit. The same member of the Committee, thereupon remarked that if the Department would do its work properly, such a situation would not arise. The basic question was whether the Departments or the offices concerned under them were keeping proper books of accounts? Whether the Auditor-General was keeping his books of account properly or not, was not the main issue in dispute here? Another member remarked that either the department should stick to the explanation furnished by them to the Committee in writing or, if they had to make a departure therefrom, they should furnish supplementary notes about the same well in time.

412. On the Chairman asking as to what should be done now, the Auditor-General submitted that, after 1975, the PWD accounts had been departmentalised. Now, there was a separate organisation under the Chief Engineer for this purpose. Audit hoped that the department's accounts position will improve considerably because accounts were being maintained close to the P.W. Divisions, where money was being spent. As for the reconciliation of the past accounts, there was no procedure whereby the total expenditure incurred by the P.W. Divisions was compiled by the Department and brought down to the Audit Office for reconciliation. However, as the figures were being maintained now by the divisions themselves in the future, reconciliation could be effected by their head-quarter offices. It might not be possible to do the same regarding the past accounts. Thereupon, the Chairman observed that, presently, he was concerned about this particular Grant No. 79 and not the system and remarked whether it would be worthwhile to go into this now.

413. A member of the Committee remarked that, so far as he could see, there was no reconciliation even within the departmental accounts. Unless the opening liabilities and the expected debit advices were known, there could not be a proper accounting of even the current expenditure. It was not known whether, at the time of departmentalisation of accounts, anyone had made an attempt to get an opening balance. The departmental representative replied

that this had not yet been done. The same member then said that, without an opening balance, they could not have a proper departmental accounts. The Chairman observed that the figures under suspense had not been challenged by the Department. He enquired from the Auditor-General if it would be worthwhile to attempt a reconciliation of the figures pertaining to Grant No. 79 once again ?

414. A member of the Committee suggested that a much simpler procedure would be to supply the departmental balances to Audit as on the 1st January, 1976 along with the balances in suspense etc. As they would never be able to reconcile the variations the same should be written off. They could at least start with something which was agreed upon and effort must be made to start from a point where both the sides agreed.

415. In reply to a query by the Chairman, the departmental representative informed that the new system was introduced with effect from 1st January, 1976. Thereupon, the Chairman observed that the Department might have started with certain balances and enquired if the Department had got those figures to give to the Audit. In reply it was said that the Department had got balances, but these had not been communicated to Audit. A member of the Committee remarked that the total number of Divisional Engineers was only about 50. The department could add the figures received from them and thus firm up opening balances, to start with, instead of asking for balances from the Audit. Thereafter, the difference between these balances and the audit balances, if any, should be looked into. In reply to another query, the departmental representative said that they would require six months for the collection and consolidation of the figures from the Divisional Engineers. They had already requested the various Divisions to forward them debited item-wise lists of expenditure. A member of the Committee observed that the opening balance as on the 1st January, 1976 should be available with the Departments much earlier.

416. In reply to a query by the Chairman, the Auditor-General said that a way out could be that the Audit might adopt the agreed figures in regard to their future accounts and give a foot note to that effect. Thereupon, a member of the Committee expressed his disappointment over the basic fact that proper accounts were not being maintained by many Departments in which there was no co-ordination. In most cases, the material produced before the PAC seemed to be observing a formality.

417. The departmental representative submitted that he fully shared the member's view because, as the head of the Ministry, he himself did not understand the present way of accounting. He would like to have a system whereby he could be able to take the man to task on any irregularity or could hear from him that such and such job was in hand and so much amount had been over-spent for such and such reasons. In that event, he could face the PAC and explain the whole thing to them frankly. The unfortunate problem was that we seemed to be fighting over the trees, losing sight of the woods.

418. The Chairman observed that it all boiled down to this that the departmental explanations would have to be accepted, unless the Audit felt that the same were incorrect. Here, the Audit could neither deny nor accept them, and could at best say that the figures of expenditure were not reconciled. He enquired from the departmental representative that, so far as this particular grant was concerned, what was the estimate, what was the demand and the

sanctioned grant? A member of the Committee remarked that these figures did not appear to be available.

419. The Chairman, finally, concluded that, so far as the reconciliation of these figures was concerned, the accounts should be left at that, for the present. However, Opening Balances must be struck immediately by the department and some sort of agreed figure, in consultation with the Audit, arrived at. So far as Audit figures were concerned, these might be taken as they stand, unless specifically proved to be incorrect. Of course these figures would not be reconciled figures. At the stage of Finance accounts they would see the real differences, if any. It will be thus for the Department either to accept the same or suggest any modification therein.

420. *Grants No. 81 and 124-A (Pages 138 and 197—AA).*—There was no material point for consideration by the Committee under these grants.

421. *Grant No. 141 (Pages 218—220—AA).*—Audit had pointed out an excess of Rs. 11,83,809 under the Group head "A—Original Works Building (Charged)". The departmental representative stated that the actual excess amounts to Rs. 14,73,571, as the work of "Conversion of Bachan Niwas Building into the Presidency" was taken in hand in May, 1973 under para 58 of the C.P.W.D. Code. No supplementary grant could be obtained, as it was too late to make such a request. In reply to a query the departmental representative replied that if a contingency, requiring execution of some emergent work arose, the same had to be taken in hand without administrative approval and observance of codal formalities. In reply to another query, the departmental representative submitted that, in this particular case, it was the Cabinet Division who had to give the administrative approval. A member of the Committee observed that, if the Ministry had prepared the estimate and spoken to the Cabinet Division about the same, it would not have taken much long.

422. The Chairman observed that the Appropriations Accounts should be left there, because it might be a waste of time to try to sort them out further.

AUDIT REPORT 1972-73

423. *Non-recovery of rent to the tune of Rs. 23,02,219 (Para 29, page 33—Audit Report).*—The departmental representative explained that, out of Rs. 23,02,219, a sum of Rs. 15,25,944 had already been recovered and the recovery of the balance amount of Rs. 7,76,275 was in progress.

424. Audit was requested to verify the recovery and to keep watch over the recovery of the balance amount or write off action of the irrecoverable balances.

425. *Overpayment of Rs. 5,031 due to incorrect analysis of rate (Para 30, page 33—Audit Report).*—Audit had pointed out that in a construction Division of the Pakistan Public Works Department, rate for a scheduled item of work which, apart from the cost of cement and sand also included cost of supply of bajri at site, had been enhanced irregularly, by adding the cost of carriage of bajri to the scheduled rate, and payment had been made to the contractor at the higher rate, resulting in a loss of Rs. 5,031 to the Government.

426. After discussion, the departmental explanation was accepted and the objection was agreed to be dropped.

427. *Loss of Rs. 13,19,996 on the stock (Para 31, page 33—Audit Report).*—Audit had pointed out that, according to rules, storage rate was fixed annually for each Public Works Division on the principle that the total estimated annual expenditure as far as possible, was recovered from the issues of stock likely to be made during the year. This rate was intended to cover such charges as were incurred after the acquisition of stocks, such as rent of godown, etc. In a Public Works Division an amount of Rs. 13,19,996 was debited to Miscellaneous Public Works Advances by credit to stock storage in November, 1972 after a lapse of over 15 years, which showed that neither the amount had been recovered from the parties concerned nor adjustments made under the orders of the competent authority. The Government was thus put to a loss of Rs. 13,19,996 either due to non-recovery or short recovery.

428. This irregularity was pointed out during the Central audit in March, 1973.

429. The departmental representative informed the Committee that Rs. 7,53,890, out of Rs. 13,19,996, had since been adjusted towards the said storage charges so far, through the excess credits for storage charges received, as per minutes of the Departmental Accounts Committee meeting held with Audit at Karachi on the 26th and 27th July, 1974. The Director, Audit and Accounts (Works), Lahore had since been requested to verify this position.

430. As regards the balance of Rs. 5,66,106, the same would be adjusted along with the disposal of the balance stock, for which relevant survey reports, duly sanctioned by the competent authority, have already been furnished to the D.G.I.P. & S, who was responsible for the auction and disposal of surplus stores.

431. A member of the Committee enquired as to why did it happen only in one Division? The departmental representative said that there were only five stock Divisions in the PWD. The same member asked that when the department credited the stock storage worth Rs. 13,19,996, was that shown as a recovery in the account? If it was a recovery where was it credited and where did it go? He desired that Audit should check this up and bring it to the notice of the Committee if necessary. After that, the department had adjusted Rs. 7,53,890, leaving a balance of Rs. 5,66,106. If the stock was not issued, then why did the Department credit the same?

432. After further discussion the Chairman concluded that it appeared that recoveries had not been made for the past period and they were actually trying to realise the short fall for the past by issuing the material at higher rates now. The contractors, who had been told that they would be charged at 3% would now be charged at 6%. The departmental representative submitted that it was an agree-mental figure which they could not amend. The objection was dropped.

433. *Shortage of material worth Rs. 1,10,437 (para 32, page 34—Audit Report).*—The departmental representative explained that the departmental enquiry into the shortage of the stores in question was already in process and its result would be reported to the Committee.

434. The departmental representative assured the Committee that, as it was a delayed case, its summary disposal would take place. The Committee directed the Audit to keep watch over the case and report the final outcome thereof to the Committee.

435. *Overpayment of Rs. 21,933 on account of excessive rate (Para 33, page 34—Audit Report).*—Audit had pointed out that a contractor was allotted a work in June, 1965. The agreement stipulated the scheduled rate of Rs. 234 per hundred sft. in force at that time for an item of work. Subsequently, the Chief Engineer reduced the rate for the said item of work to Rs. 145/40 per hundred sft. in October, 1965.

436. The agreement envisaged 19,950 sft. of work for the said item, whereas 40,207 sft. was got executed from the contractor in 1967-68 i.e., two years after the revision of the said rate, and paid at the higher rate of Rs. 234 per 100 sft., despite the rate having been revised to Rs. 145/40 about two years ago. Audit felt that work for only 19,950 sft., provided for in the agreement, could be justifiably got executed and paid for at the agreement rate of Rs. 234 per hundred sft. The extra quantity of 20,257 sft. should have been got executed at the reduced rate of Rs. 145 40 per hundred sft., either through the same contractor or through another one. As the contractor was paid at Rs. 234 per hundred sft. for the extra quantity as well, he was overpaid Rs. 21,933.

437. The departmental representative explained that the work was got executed according to the rates as per the agreement approved by the competent authority. The excess expenditure objected to by Audit did not relate to any new item of work, not originally provided for in the agreement, but to an excess quantity of colour concrete work which, as per agreement, was 19,950 sft., whereas as per actual execution it worked out to 40,207 sft.

438. No further observation was made by the Committee on the para and it was deemed settled.

439. *Non-recovery of Rs. 17,910 from the contractor (Para 34, page 35—Audit Report).*—Audit had pointed out that a contract for work was executed in 1968. The contractor left the work incomplete. The final bill prepared by the Assistant Engineer on the 14th February, 1969 ran in a minus figure of Rs. 26,851, which was partly adjusted against the security deposit as late as in January, 1972 and the unrecovered balance of Rs. 17,910 was debited to Miscellaneous Public Works Advances. Part of this amount was also not recovered from the payment of Rs. 11,462, made to the same contractor on the 29th June, 1971.

440. Non-recovery of Rs. 17,910 was pointed out during the local audit inspection held in February, 1972, when a reply was received that the matter had been referred to the Chief Engineer for legal action. The matter was also taken up with the Chief Engineer in May, 1972, but no disciplinary action had yet been taken nor any inquiry held to fix the responsibility. There was, thus, every likelihood of Rs. 17,910 becoming irrecoverable.

441. Not agreeing with the Audit observation, the departmental representative confirmed that it was not correct to say that the final bill of the contractor had been prepared on 14-2-1969 and had run in a minus amount of Rs. 26,851. The final bill was actually prepared on 14-2-1970 and, since it had not been prepared correctly, it was not approved by the *ex-Engineer* concerned. The amount actually recoverable from the contractor worked out to only Rs. 4,597. This amount could be recovered from him either by taking legal action or through arbitration, which was in process.

442. As regards disciplinary action against those who failed to recover the amount from the bill of the contractor paid to him on 29-6-1971, the same has been initiated and its result would be communicated in due course.

443. Audit was requested to keep watch over the progress in the case.

444. *Non-recovery of Rs. 14,291 from a contractor (Para 35, page 35—Audit Report).*—In reply to a query by the Chairman about confirmation of recovery, the Auditor-General stated that, unfortunately, they had not been able to trace the deposit schedule. The Works Division was requested to supply a copy thereof to Audit to settle the matter directly.

445. *Loss of Rs. 11,484 due to non-recovery of difference in cost (Para 36, page 35—Audit Report).*—The departmental representative explained that the loss was not due to any negligence or lack of supervision or to non-receipt of material from the contractor, but it was entirely due to the defection of the Bengali contractor. The loss in question had since been written off. The para was dropped subject to verification by Audit.

446. *Wasteful expenditure of Rs. 10,754 (Para 37, page 36 Audit Report).*—Explaining the position, the departmental representative submitted that the objection related to the cost of Canadian Tiles and glue, which were not acceptable to the client department as, being old, the materials had lost their utility.

447. The tiles were not purchased but were brought from the Karachi store. The Auditor-General added that these tiles had either been kept in the stores for too long or were purchased in a defective form. After hearing the departmental explanation, the objection was dropped.

448. The Committee, however, observed that the department should lay down and ensure, if not already done so, periodical assessment and checking of such unuseable stores. The departmental representative confirmed that this was being done regularly and lists of such items were also being circulated to other departments for their purchase.

449. *Expenditure incurred on deposit works in excess of deposits received (Para 38, page 36—Audit Report).*—According to the statement of the departmental representative, the position had been regularised in all the cases. Audit undertook to verify the position.

450. *Stock Returns for the year 1972-73 (Central), Subsidiary Accounts, Stock Accounts for 1972-73 (Para 39, pages 36-37—Audit Report).*—The departmental representative informed the Committee that all the stock returns had since been furnished by them. Audit confirmed that position.

451. *Expenditure incurred on works in anticipation of technical sanction (Para 40, page 37—Audit Report).*—According to the Works Account Code, no work should ordinarily be started unless a detailed estimate had been prepared and technical sanction therefor accorded by the competent authority.

452. However, in violation of the above rule, the number of works executed by the Department without prior technical sanction during the year 1972-73 totalled 633, involving an expenditure of Rs. 2,55,13,044. In the absence of sanctioned estimates, it was not possible to vouch that the works undertaken were feasible and technically sound and had been executed economically.

453. The departmental representative explained that the position of the outstanding items, as per the records of the Pak. P.W.D., was that against 663 outstanding sanctions, 607 sanctions had already been issued, leaving a balance of

only 56. This fact had already been intimated to Audit. Efforts were being made to issue the remaining 56 sanctions, involving an expenditure of Rs. 14,97,884.

454. The Auditor-General added that the up-to-date position up to 1977-78 was that 2,589 sanctions, involving an expenditure of Rs. 89 crore, were outstanding and lists in respect thereof had already been supplied to the Chief Engineer. The departmental representative accepted that the said lists had been received by him only at the end of February, 1979 and circulated among all the P.W. Divisions, Circles, for verification and comments.

455. The Committee expressed their dissatisfaction and concern over this state of affairs in the Pak. P.W.D., who could, in flagrant violation of the rules, incur expenditure totalling Rs. 89 crore. It could hardly be believed that enough justification could exist for taking up the execution of as many as 2,589 works, without obtaining prior technical sanctions.

456. They reiterated the earlier decision of the Public Accounts Committee that the requisite approvals for the schemes, including administrative approval and technical sanctions, must be obtained before tenders are decided to be invited. Any violation of these rules would be taken serious note of by the Public Accounts Committee in the future.

457. *Outstanding periodical returns (Para 41, page 38—Audit Report).*—The departmental representative submitted that, as per their records, all the outstanding returns had since been sent to Audit. The para was, therefore, treated as settled.

458. *Outstanding adjustment memos (Para 42, page 38—Audit Report).*—The departmental representative stated that, as per their records, only 78 adjustment memos amounting to Rs. 24,81,263 now remained to be adjusted and efforts were being made to do the same. The Auditor-General pointed out that these adjustment memos related to the period 1972-73. But the position up to 1975-76 was that 457 adjustment memos were pending, involving Rs. 1.5 crore. The departmental representative submitted that, since the Audit had now given an up-to-date list, they would try to get the adjustments expedited.

(b) Environment and Urban Affairs Division

459. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Environment and Urban Affairs Division and the Report of the Auditor-General thereon.

460. The following departmental representatives were present:—

1. Maj. Gen Shafiq Ahmad, Secretary.
2. Hafiz S. D. Jami, Joint Secretary.
3. Mr. M. A. Kazmi, Chairman, CDA.
4. Sheikh Fair Ahmed, Director General (Works), CDA.

461. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Islamabad	3
2.	Other expenditure of Ministry of Production and Presidential Affairs (Group Heads B' & C')	97
3.	Capital Outlay on New Federal Capital	149

APPROPRIATION ACCOUNTS 1972-73

462. *Grant No. 97 (Page 161—AA).*—The departmental representative pointed out that the actual saving against the final Appropriation was Rs. 73,22,011 and not Rs. 33,10,044, as exhibited in the Appropriation Accounts. This saving accrued due to non-drawal of the grant, keeping in view the carry-over of the saving of Rs. 73,22,011 from the year 1971-72. This was confirmed by the Audit.

463. The Audit was requested to check the figures and rectify them as far as possible.

464. *Grants No. 3 and 149 (Pages 18 and 226—AA).*—There was no material point for consideration by the Committee under these grants.

AUDIT REPORT 1972-73

465. *Loss of Rs. 2,85,000 (Para 43, Page 39—Audit Report).*—After hearing the departmental representative the para was treated as settled.

466. *Irregular expenditure of Rs. 1,30,30,295 (Para 44, Page 39—Audit Report).*—After hearing the explanation of the departmental representative, the para was treated as settled.

467. *Extra payment of Rs. 54,971 (Para 45, Page 39—Audit Report).*—Audit had pointed out that a contract for the construction of a diversion tunnel was executed on the 20th September, 1967. As the contractor did not remove the excavated stuff to the designated spoil area, water accumulated in the tunnel during the floods. An extra payment of Rs. 54,971 was made to the contractor for dewatering the tunnel on the 30th November, 1971 through dewatering, according to the contract, was the liability of the contractor.

468. The excess payment of Rs. 54,971 had been pointed out to the Authority in May, 1971, but no proper reply was furnished to Audit except that the extra payment for dewatering was made on the basis of actual labour employed.

469. During a lengthy discussion, the departmental representative submitted that the contractor could not complete the work within the stipulated period. He applied for an extension of time on genuine grounds, the reasons being occurrence of floods, shortage of labour and insufficient supply of store material. His request was accepted by the competent authority and he was granted a total extension of two years and ten months.

470. According to the contract the contractor was supposed to remove the excavated material to the designated spoil area. When the work was in progress, floods came on 13th August, 1970 and 31st August, 1970 due to heavy rains and water accumulated in the channels. To make the space available for further work, the authority had no other alternative but to get this water removed through the contractor. This constituted an extra item of work for which the contractor was paid an additional amount of Rs. 54,971. The payment was made on the basis of actual labour employed by the contractor, because the work was not measurable.

471. In reply to a query, the departmental representative informed the Committee that the work related to the Simly Dam. The first extension of 7 months to the contractor was given from 20th July, 1968 to 8th February, 1969. The floods, which caused the damage, actually occurred at the far-end of the extended period. As the river was to be diverted through this very channel, this work could not be completed. Both during 1968 and 1969, there were floods, causing damage, which needed dewatering. During the 1970 floods, the contractor again applied for an extension on genuine grounds, which was granted by the authority.

472. The Auditor-General pointed out that it was provided in the contract that the cost of dewatering the tunnel due to over-topping of the plugs shall also be included in the unit price. After going through the provisions in the contract agreement, the Chairman observed that in view of Audit interpretation, the payment seemed to be doubtful. The Committee, therefore, directed the departmental representative to look into the case again, in consultation with the Audit and the factual position be reported. It may be brought back to the Committee.

MINISTRY OF HEALTH AND SOCIAL WELFARE

(a) Health and Social Welfare Division

473. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Health and Social Welfare Division and the Report of the Auditor-General thereon.

474. The following departmental representatives were present:—

1. Maj. Gen. M. I. Burney, Director, N.H.L.
2. Mr. Abdul Qadir Butt, Deputy Secretary.
3. Dr. B. A. Qureshi, Director, JPMC, Karachi.

475. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Health and Social Welfare Division	47
2.	Medical Services	48
3.	Public Health	49
4.	Development Expenditure of Health and Social Welfare Division	118

APPROPRIATION ACCOUNTS 1972-73

476. *Grant No. 47 (Page 84—AA).*—There was no material point for consideration by the Committee under this grant.

477. *Note 3 below Grant No. 48 (Pages 85-86—AA).*—Explaining the background of the objection, the Auditor-General pointed out that a Medical Institution was required to prepare Store Accounts for the year 1947-48 onwards. Due to some practical difficulties, the institution was exempted by the Government from the preparation of the accounts for the period from 1947-48 to 1954-55. The Stores Accounts were, therefore, to be prepared for the years 1955-56 and 1956-57 and were no doubt compiled by the institution, but were not in accordance with the rules and in the form prescribed by the Audit. The institution was, therefore, asked to recast the Accounts. The matter was also considered in the Public Accounts Committee held in December, 1960 and as suggested by them, it was further discussed between the representatives of Audit and the Controlling Ministry in July, 1961. During the discussion, the manner and form in which the Accounts for the year 1955-56 and onwards were to be prepared was agreed upon. The Medical Institution, however, still failed to prepare the required accounts and the Government once again had to exempt the institution from the preparation thereof for and up to the year 1960-61. The accounts thus required to be prepared by the institution were for the years 1961-62 to 1972-73.

478. The departmental representative explained that efforts were made to compile the Stores Accounts on Value basis on the prescribed proforma, but it had not been found possible to do so due to various practical difficulties. After some discussion, the Committee arrived at the conclusion that preparation of value-wise stores account was not an impossibility. However, they finally decided that stores/equipments, having an approximate life of three years or more, should be accounted for value-wise.

479. A member of the Committee dissented from the above decision and maintained that all the stores, without any exception, be accounted for value-wise.

480. *Grants No. 49 and 118 (Pages 87 and 189—AA).*—There was no material point for consideration by the Committee under these grants.

481. *Paras not discussed to be treated as settled.*—The Committee did not make any observation on other paras in the Appropriation and Commercial Accounts. These would accordingly be deemed settled subject to such regularising action as might be necessary under the rules.

(b) Population Division

482. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Population Division and the Report of the Auditor-General thereon.

483. The following departmental representatives were present :—

1. Mr. Sikandar Hayat Khan, Joint Secretary.
2. Mr. S. H. Haqqi, Director (B&C).

484. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Family Planning Division	50
2.	Development expenditure of Family Planning Division	119

APPROPRIATION ACCOUNTS 1972-73

485. *Grants No. 50 and 119 (Pages 89 and 190—AA).*—There was no material point for consideration by the Committee under these grants.

MINISTRY OF INFORMATION AND BROADCASTING

486. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Information and Broadcasting and the Report of the Auditor-General thereon.

487. The following departmental representatives were present :—

1. Maj. Gen. Mujib-ur-Rehman Khan, Secretary.
2. Mr. Muhammad Tufail, Joint Secretary.
3. Mr. Q. A. Saeed, Director General, PBC.
4. Mr. Zia Nisar Ahmed, Managing Director, PTV.

488. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Information and Broadcasting, Auqaf and Haj (except Group-heads 'B' 'D' & 'H')	68
2.	Department of Films and Publications	69
3.	Press Information Departments	70
4.	Information Services Abroad	71
5.	Directorate and other Broadcasting Services	72
6.	Broadcasting Stations	73
7.	Pakistan Television Service	74
8.	Other expenditure of Ministry of Information and Broadcasting, Auqaf and Haj	75
9.	Development Expenditure of Ministry of Information and Broadcasting, Auqaf and Haj	123
10.	Capital Outlay on Broadcasting Service	140

AUDIT REPORT 1972-73

489. *Drawal of money in anticipation of actual requirement (Para 16, page 26—Audit Report).*—In April, 1966 an allocation of Rs. 15,000 was proposed by the Government to be placed at the disposal of a Mission, for intensifying Pakistan's Publicity during May and June, 1966. The amount was drawn by the Mission one day before the close of the financial year 1965-66 and advanced to an agent to implement a publicity programme, which envisaged the writing of pamphlets and special articles. An expenditure of Rs. 13,044 was incurred from the amount advanced to the agent in the following year, 1966-67.

490. The drawal of Rs. 15,000, one day before the close of the financial year in anticipation of actual requirements, was irregular. Despite what was spelled out in the programme, only one pamphlet was produced during 1966-67, and that too, was not distributed.

491. The departmental representative justified the expenditure on the ground that the allocation was confirmed only nine days before the close of the financial year, the publicity campaign had to be launched and the non-distribution of pamphlet was guided by subsequent considerations.

492. A member of the Committee observed that if the amount had already been advanced to the writer, then this amounted to payment. The Chairman observed that the Committee had no strong feelings about it. The objection was, thereupon, dropped.

493. *Unspent balance of Rs. 16,858 temporarily misappropriated for about two years (Para 20, page 28—Audit Report).*—The Auditor-General submitted that the unspent balance of Rs. 16,858 out of the advance drawn for the Summit Conference, was not refunded to the Government until October, 1975 (Rs. 10,858) and April, 1976 (Rs. 6,000), although the same should have been refunded in February, 1974 or before the close of the fiscal year 1973-74 at the latest. This amounted to temporary misappropriation of Government money for more than two years.

494. The departmental representative informed the Committee that, as a result of an investigation, it had transpired that the unspent balance of Rs. 16,858, out of the funds made available for expenditure connected with the Islamic Summit, remained in the chest of the department of Films and Publications from February, 1974 till the same was refunded to Government in October, 1975 and April, 1976. There was no evidence that the amount in question was at all utilised during the period in question for purposes other than official. The departmental representative regretted the omission on the part of the Department of Films and Publications who had been directed to be careful in the future and follow the rules strictly. The Committee made no observation.

APPROPRIATION ACCOUNTS 1972-73

495. *Grant No. 68 (Page 116—AA).*—The Chairman observed that there was again the problem of wrong booking. A member of the Committee remarked that this was, unfortunately, a general malady and in the case of many a grant, booking was not correct.

496. In reply to a query, the departmental representative confirmed that Secret Service Funds were checked by the Secretary, who went through the details of expenditure therefrom and approved the same. In this particular case, there were some observations by the Secretary which were being looked into.

497. *Grant No. 69 (Pages 117-118—AA).*—The Committee took a serious view of the non-regularisation of the excess of Rs. 2,83,012 under the Group head “A—Department of Films and Publications” by obtaining a supplementary grant. The usual explanation was that the main excess was due to belated adjustment of expenditure pertaining to previous year. The Committee felt that, if the debits were received after March, there might have been some justification for not obtaining a supplementary grant. If these were received earlier then the department should have asked for supplementary grant. Besides, the Ministries/Divisions should be aware of their expected debits and should obtain funds for such adjustment in time, either through a supplementary grant or by making adequate provision in the budget estimates.

498. *General decision regarding belated adjustments.*—The Committee decided that, so far as past debits were concerned, departments must maintain some sort of ledger or account, showing the details of probable debits which might have to be paid during the year and when preparing their budget estimates they must take them into account.

499. Similarly, a record of all such transactions|expenditure incurred during the year, but which might not have been paid for during that year, must be maintained, for unless such a record was kept, showing what was payable at the beginning of the year and what bills remained unpaid at the end of the year, the correct position about delayed adjustments could not be understood.

500. *Grant No. 70 (Page 119—AA).*—There was no material point for consideration by the Committee under this grant.

501. *Grant No. 71 (Page 120—AA).*—The Committee noted a saving of Rs. 2,76,438 under the Group head “A—Information Services Abroad”. It was stated by the departmental representative that this saving was the result of (i) enforcement of strict economy measures, and (ii) certain posts remaining vacant in some of the Information Sections abroad. When asked about the details of strict economy measures, taken by the Ministry, the same were not available readily. The departmental representative promised to send them later.

502. The Chairman remarked that it could not be understood as to why a grant of Rs. 2,50,000 was asked for when the department were aware that they were taking economy measures. In fact they should have surrendered something out of their existing grant.

503. *Grant No. 72 (Page 121—AA).*—An excess of Rs. 2,82,381 had been registered under the Group head “B—High Power Transmitters”. The departmental representative explained that the excess in the Central Circle was due to (a) incorrect assessment of the actual requirement at the time of fixing final grant (14,412), and (b) more expenditure than anticipation on telephone charges (67,354). In the Punjab Circle it was due to telephone charges (43,614) and in the Sind Circle to (a) Maintenance of Plant (85,521), (b) telephone charges (5,768), (c) Maintenance of Vehicles (35,700) and (d) leveries (30,012).

504. A member remarked that all this sounded to be over-accurate. Why could they not get the right accounting. The departmental representative said that the grant was for the whole year, but, during the year, Radio Pakistan became a Corporation and change-over took place. On a query by another member, the departmental representative said that they were told to surrender unspent amount on the 20th of December and then they got their requirements and planned the expenditure.

505. *Grant No. 73 (Page 125—AA).*—Audit had pointed out a saving of Rs. 5,12,572 under the Group head "E—External Broadcasting". The departmental representative explained that the saving was mainly due to non-utilisation of Supplementary Grant relating to the introduction of Mitali (friendship in Bengali Language) Service and Coverage of Haj.

506. In reply to a query, the departmental representative informed the Committee that now they had got a Financial Adviser whom they did not have previously. He further said that they had proposed to increase the time of Mitali Service but, due to non-availability of transmitters at that time, the service was re-organised. Another member remarked whether it was the Government policy that they were spending more time on trying to make friends with people outside. The departmental representative replied that they were broadcasting 175 hours daily for the people inside. In reply to another query, the departmental representative clarified that the proposed programme was meant for Bangladesh in order to bring the two Muslim Countries as close as possible—the main theme being Islam.

507. *Grant No. 74 (Page 125—AA).*—There was no material point for consideration by the Committee under this grant.

508. *Grant No. 75 (Page 126—AA).*—Audit had pointed out an excess of Rs. 19,06,600 under group head 'C'. The departmental representative stated that, according to the departmental figures, the actual expenditure was Rs. 43,49,000 and, as such, there was no excess. Audit noted this and would verify.

509. *Grant No. 123 (Page 195—AA).*—There was no material point for consideration under this grant. However, upon a query by the Committee, the departmental representative said that the extraordinary publicity projects had to be dropped as a result of the unhelpful attitude of the Consortium countries.

510. *Grant No. 140 (Page 217—AA).*—The Chairman remarked that, here again, unfortunately reconciliation was not done in all the Group heads. The Auditor-General stated that he was endeavouring to find out the correct position. The Committee left the figures to be settled between the Audit and the Department.

COMMERCIAL ACCOUNTS 1972-73

Asian Television Service (Paras 635—642, pages 512—516)

511. The Committee noted that Asian Television, which was a subsidiary of Pakistan Television was continuously sustaining losses, which amounted to Rs. 4,16,422 during 1972-73, and the cumulative net loss up to 30-6-1973 was 7,05,224. In reply to a query whether, in the circumstances, it was necessary to maintain the Asian Television Service, the departmental representative said that the issue was being reviewed. A Special Committee has been set up to look into the usefulness and its merger with any other service. In reply to another

query the departmental representative informed the Committee that the Corporation was not making money. When it was originally set up, there was participation by an outside company, but this year all the shares of the foreign firm had been returned and now the Service was hundred per cent Government owned. The Ministry of Finance had been requested to work out the revised capital outlay and consider its financial re-structure, equity and system of payments etc.

Pakistan Television Corporation (Paras 644—657, pages 521—536)

512. The Committee found from the comments of the Director, Commercial Audit that the Corporation was continuously sustaining a loss. The figure of net loss up to 30-6-1973 was Rs. 4,29,99,626. The financial position of the Corporation was thus alarming.

513. The Committee recommended that the structure of the Corporation should be worked out on the basis of current reality. A member of the Committee remarked that as it would never be a profit making concern, there was no justification for retaining it as a Corporation. If it was Government-owned and was mainly meant to project the Government's objectives and since Government were also obliged to subsidise it, there seemed to be no need to retain it as a Corporation. The departmental representative replied that being a 'Corporation' bestowed creditability on it. The Chairman observed that he would like to add that it was not necessary that Government would have always the same policy and that the Corporation would have losses all the time. Let it, therefore, remain a Corporation for the time being. The door was not closed on the Government to change their policy subsequently.

514. The departmental representative submitted that Radio Pakistan was a Government Department and continued as such till 1972. Then, there was a Commission on it, which deliberated for one year and recommended, for a number of reasons, that it be converted into a Corporation. Thereafter, the Television Organisation was set up as a Corporation, not a Statutory Corporation like the Radio but a private registered Corporation. He informed the Committee that it was being considered whether it should continue as a Corporation. The Chairman remarked that, in India, it still worked as a Government Department. The departmental representative added that, so far as Television was concerned, the Corporation could become very viable provided that it was not saddled with projects, which were not very viable. There were certain stations, like Quetta and Peshawar, which were not paying. Certain other projects had to be done in view of national requirements and certain uneconomical programmes were found to be indispensable. The programmes might not be always very interesting or very paying and this would have been the inherent difficulty if it was a Department.

515. A member of the Committee remarked that he had seen so many Corporations. The main idea behind and justification for a Corporation normally was that it should be independent of Government control and regulations. As far as Broadcasting was concerned, it was Government owned in most of the countries—at least in the developing countries. He cited example of Turkey, where it was wholly owned by the Government, but the Constitution guaranteed its full and complete independence.

516. In reply to a query by the Chairman, the departmental representative said that the Corporation would have to secure their full independence. Another member of the Committee remarked that independence did

through the setting up of a Corporation or by remaining a department of Government. If the Government desired that it might function independently, it would begin to do so, irrespective of whether it was a department or a Corporation. The setting up of a Corporation or its absence did not make much of a difference in this context.

517. *Dividend*.—A member of the Committee enquired from the Auditor-General whether he had accepted the position about the payment of dividends to the NEC, otherwise this matter would also become liable for long discussions later. The Chairman observed that the law was silent on the subject. The correct thing to do would have been that the Government should have given the Corporation a grant, and not have treated it as a loan. The departmental representative explained that the Pakistan Television Corporation was a limited Company, registered under the Companies Act, 1913, and there was an agreement between the Government and the NEC that, if the PTV did not make profits in any year, it would be the Government's responsibility to pay dividends. That is why the Government had guaranteed the shares.

518. No further discussion took place on this matter.

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

MINISTRY OF INDUSTRIES

520. The last item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Industries and the Report of the Auditor-General thereon.

521. The following departmental representatives were present:—

- (1) Mr. Allauddin Ahmad, Secretary.
- (2) Mr. Mahmood Akhtar, Additional Secretary.
- (3) Mr. Asif Ali Shah, Joint Secretary.
- (4) Mr. Abdul Qaiyum, Deputy Secretary.

522. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Industries	62
2.	Industries	63
3.	Department of Investment, Promotion and Supplies	65
4.	Other expenditure of Ministry of Industries	67
5.	Capital Outlay on Miscellaneous Stores	104
6.	Development expenditure of Ministry of Industries	122
7.	Capital Outlay on Industrial Development.	139

APPROPRIATION ACCOUNTS 1972-73

523. *Grants No. 62, 63 and 65 (Pages 108-109 and 111—AA).*—There was no material point for consideration by the Committee under these Grants.

524. *Grant No. 67 (Page 114—AA).*—The Committee took note of a saving of Rs. 10,32,206 under the Group head “E—Controller of Weights and Measures”. The departmental representative stated that the saving was due to non-payment for the equipment of Laboratory and Training Institute and printing charges and non-filing of some vacant posts. A member of the Committee remarked that, if the money was not needed, it should have been surrendered. The Chairman observed that saving might have taken place due to some change in the time-schedule. The departmental representative confirmed the presumption. In reply to a query, he informed the Committee that the Training Institute had been established at Islamabad now.

525. The Chairman observed that, except for purchase and sale of diplomatic cars, all the accounts of other schemes had to be closed. A member of the Committee remarked that production and supply of coal was the one item which needed consideration. The explanation of the department was not intelligible to him. The Chairman observed that the department might have thought that they would be able to clear the accounts, but they could not succeed. The same member enquired as to what were the credits lying and how were they going to clear them? The departmental representative replied that the coal account was not being operated upon now. Previously, coal used to be supplied to a number of indentors, mostly Government organisations in both the wings of the country.

526. The Chairman remarked that the point was that coal had been supplied and receipts were also obtained, but they were not taken into account. The departmental representative clarified that receipts were available with the Government Treasury but could not be located easily as head of account against which they were accounted for was not known. The Audit representative added that the scheme was closed in 1964 when it was transferred to the Government of West Pakistan. There was some dispute about the date of the transfer, namely, whether it should be 1st January 1964 or 1st November, 1964. The dispute had not been settled as yet. There was a gap of ten months during which the stocks were not taken over by the Provincial Government. They were insisting that the date should be 1st November, 1964. After that, the main problem was the settlement of balances. The Provincial Government had taken over the balance, but the book value and the actual value had to be reconciled and settled. The issue had remained with the Provincial Government since 1964. A portion of the scheme was decentralised in 1960.

527. The departmental representative further made out that, at the moment, they had to recover Rs. 63,44,000 from the Government of West Pakistan and Rs. 1,04,12,590 from the Government of Bangladesh and two accounts were pending with the Government of India *i.e.* for Rs. 42,76,041 and Rs. 8,95,897. These were the total amounts that had to be recovered. In reply to a query, the departmental representative informed the Committee that some skeleton staff—about 12 persons—had been employed on this work, mainly in the lower ranks of U.D.C. etc. In reply to another query, the departmental representative stated that about Rs. 26,75,000 may have been spent so far on the pay etc. of this staff during the last ten years. He conceded that this exercise was hardly worthwhile.

NATIONAL ASSEMBLY SECRETARIAT

1ST APRIL, 1979

5th Meeting

543. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 9.00 A. M. The following were present :—

Ad-hoc P. A. C.

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

National Assembly Secretariat

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

Audit

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant General, Pakistan Revenues.
4. Mr. Asif Mahmood Malik, Deputy Accountant General, P.T&T.
5. Mr. S. Jamil-ur-Rehman, Deputy Director, Commercial Audit.
6. Mr. Idrees Ahmad, Audit Officer, I. S&F.

Ministry of Finance

1. Mr. Mumtaz A. Burney, D.F.A. (Culture and Tourism).
2. Mr. Jamil Ullah Khan, F. A. (Labour and Manpower and Communications).
3. Mr. I. A. Usmani, D.F.A. (Commerce, Economic Affairs and Planning Development Division and Statistics Division).
4. Mr. M. I. Hassan, F.A. (Food and Agriculture).
5. Mr. M. A. Haq, D.F.A. (Cabinet and Establishment Division).

MINISTRY OF CULTURE AND YOUTH AFFAIRS**(a) Culture and Youth Affairs Division**

544. The first item on the Agenda was examination of Appropriation Accounts for the year 1972-73, pertaining to the Culture and Youth Affairs Division and the Report of the Auditor-General thereon.

545. The following departmental representatives were present :—

1. Mr. Iqbal Masud, Secretary.
2. Mr. Salim Akhtar, Deputy Secretary.

546. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Education and Provincial Co-ordination (Group head 'C')	15
2.	Archaeology and Museums	16
3.	Ministry of Information and Broadcasting, Auqaf and Haj (Group head 'D' only)	68
4.	Development Expenditure of Ministry of Education and Provincial Co-ordination (Group head 'K')	112

APPROPRIATION ACCOUNTS 1972-73

547. *Grant No. 15—Group head 'C' (Pages 37-38—AA).*—There was no material point for consideration by the Committee under this grant.

548. *Grant No. 16 (Pages 39-40—AA).*—The Audit pointed out that there was saving of Rs. 10,000 under the Group head "B-Conservation of Ancient Monuments (Charged)". The departmental representative stated that, according to the Schedule of the Supplementary Grant, a Supplementary Grant of Rs. 9,800 and not Rs. 10,000 had been sanctioned. The actual expenditure, as per departmental (reconciled) figures came to Rs. 9,800 and not 'NIL' as shown by the Audit.

549. The Chairman observed that it showed that somebody had not made the correct appropriations. The departmental representative explained that this expenditure had to be incurred, because the amount was decreed by the Court and was paid as workmen's compensation. The Auditor-General explained that the payment for this expenditure was incurred in the Punjab Circle but the debit had not been passed on and adjusted against the Punjab head of account in the Central Circle.

550. *Grant No. 68—Group head "D" (Page 115—AA).*—There was no material point for consideration by the Committee under this Group head.

551. *Grant No. 112—Group head 'K' (Page 182—AA).*—Audit pointed out a saving of Rs. 3,80,820 under this group head. The departmental representative explained that, according to the departmental figures, the actual expenditure was Rs. 7,31,400 and not Rs. 3,50,580, as mentioned in the Appropriation Accounts.

552. The Auditor-General stated that they were making a note of all the payments which had not been adjusted and would be clearing their 'suspense account' with the help of these figures.

553. A member of the Committee enquired from the Auditor-General if he could supply to the Committee a list of items which had been traced under 'suspense'. The Auditor-General said that they had made certain adjustments and would be able to give the list in the next session.

(b) Tourism Division

554. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Tourism Division and the Report of the Auditor-General thereon.

555. The following departmental representatives were present:—

1. Mr. Iqbal Masud, Secretary.
2. Mr. M.J.R. Khan, Joint Secretary.
3. Mr. A.S. Huda, Deputy Secretary.

556. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Minorities Affairs and Tourism (Group 'C' and 'D')	86
2.	Development Expenditure of Ministry of Minority Affairs and Tourism	125

APPROPRIATION ACCOUNTS 1972-73

557. *Grants No. 86—Group heads 'C' and 'D' and 125 (Pages 146 and 198—AA).*—There was no material point for consideration by the Committee relating to Appropriation Accounts under these grants.

COMMERCIAL ACCOUNTS 1972-73

558. *Non-inclusion of Accounts (Para 3(x)—page 5—CA).*—A member remarked that this was the first year of the existence of the Corporation, but its accounts did not appear in the Commercial Accounts. The departmental representative submitted that 1973-74 was the first year of taking over. Before that, the Hotels were being run by the PIA on lease on behalf of the Custodian of Enemy Property. The member of the Committee enquired if the Hotels had been taken over and were being run by the Ministry. The departmental representative stated that these had been taken over by the Pakistan Tourism Development Corporation, which was under the Ministry.

559. The same member observed that as the Ministry owned the Corporation, a subsidiary account thereof should also be prepared. In reply to a query whether they audit the accounts of the Corporation or not, the Auditor-General stated that they had taken it up and this was the observation which they had made. The same member further observed that, as these were public accounts, they should have been put together and the Ministry's comments, if any, furnished thereon. Since the Hotels were originally enemy property, the

PAC would like to know as to how did they finally come to the Tourism Development Corporation, i.e., were they transferred by the Government, or acquired by Government/PIA?

560. The Committee finally directed the departmental representative to let the Committee have a detailed note about the financial working of the Hotels, for its information.

MINISTRY OF LABOUR AND MANPOWER

(a) Labour Division

561. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Labour Division and the Report of the Auditor-General thereon.

562. The following departmental representatives were present:—

1. Mr. Muinuddin, Joint Secretary.
2. Mr. S. H. Tirmezy, Deputy Secretary.

563. This Division controlled the following grants:—

S. No.	Name of Grant	Grant No.
1.	Labour and Local Bodies Division: (Excluding Group heads 'B' and 'H').	76
2.	Other Expenditure of Labour and Local Bodies Division (Group head 'C' only).	77
3.	Development Expenditure of Labour and Local Bodies Division. (Group head 'Z' only).	124

APPROPRIATION ACCOUNTS 1972-73

564. In reply to a query, the departmental representative stated that the Division was being represented by the Joint Secretary because, at that time, there was no Secretary of the Division.

565. Grant No. 75 (Pages 127-128—AA).—Explaining the reasons for excess under this grant and their inability to obtain a supplementary grant to cover the excess, the departmental representative stated that an amount of Rs. 1,38,248 was paid to the ILO, but it was booked under some other head. There was some mistake in issuing the re-appropriation order. This amount was hence not accounted for. The officer concerned had expressed his regret for the same. He had since retired.

566. Grants No. 77 and 124 (Pages 129 and 196—AA).—There was no material point for consideration by the Committee relating to Appropriation Accounts under these grants.

(b) **Manpower Division**

567. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Manpower Division and the Report of the Auditor-General thereon.

568. The following departmental representatives were present:—

1. Mr. M. Aslam Bajwa, Joint Secretary.
2. Mr. Khaliq Ahmed Khan, Deputy Secretary.

569. This Divisions controlled the following grants:--

Sl. No.	Name of Grant	Grant No.
1.	Labour and Local Bodies Division (Group heads 'B' and 'H')	76
2.	Other Expenditure of Labour and Local Bodies Divison (Group heads 'A' 'D' and 'E')	77
3.	Devel. pment Expenditure of Labour and Local Bodies Division (Group head 'V' only)	124

APPROPRIATION ACCOUNTS 1972-73

570. Grant No. 76 (Pages 127-128—AA).—There was no material point for consideration by the Committee under this grant.

571. Grant No. 77 (Page 129—AA).—The Audit pointed out an excess of Rs. 3,40,627 under group head 'A'—"47-Miscellaneous Departments". The departmental representative stated that this grant included a sum of Rs. 3,29,000 for the newly set up National Industrial Relations Commission, for which no provision existed in the sanctioned grant. According to the records of the Bureau of Emigration and Overseas Employment, the final grant stood at Rs. 19,66,100, resulting in a saving of Rs. 1,14,000.

572. A member of the Committee remarked that it had been stated in the reply of the Division that this included the grant of Rs. 3,29,000 for the NIRC. If an expenditure was incurred for NIRC, for which there was no budget provision, why was a supplementary grant not asked for? The Chairman observed that they actually met the expenditure by re-appropriation. Asked about the date on which the Commission was set up. The departmental representative, expressed his inability to give the same as this matter was being handled in the past by the Labour Division.

573. Another member of the Committee remarked that the explanation was not clear. What they were saying was that against Rs. 24,92,011, shown by the Audit, the actual expenditure was Rs. 21,81,100. The departmental representative confirmed the position. Thereupon, the same member observed

that it meant that there was an unreconciled difference of about Rs. 3 lacs. The department should first locate the reasons for the difference between the figures of Rs. 21,81,100 and Rs. 24,92,011 and whether it related to them or some other Division. Without this exercise, no correct explanation was possible.

574. The Chairman observed that the figures of actual expenditure should be furnished by the Department to the Audit, who should have a look at them and settle this matter with the Department. Audit might, however, come back to the Committee, if they consider it to be necessary.

575. *Grant No. 124 (Page 196—AA).*—There was no material point for consideration by the Committee under this grant.

MINISTRY OF COMMERCE

576. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Commerce and the Report of the Auditor-General thereon.

577. The following departmental representatives were present:—

1. Mr. Izhar-ul-Haque, Secretary.
2. Mr. M. Yakoob, Chairman (Pakistan Insurance Corporation).
3. Mr. Aftab Ahmad, Chairman (Trading Corporation of Pakistan).
4. Mr. Barkat-ullah Khan, Deputy Secretary.

578. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Commerce	7
2.	Export Promotion	8
3.	Other Expenditure of Ministry of Commerce (excluding Group heads 'A' and 'B')	9
4.	Capital Outlay on Export Promotion	105

APPROPRIATION ACCOUNTS 1972-73

579. *Grant No. 7 (Page 24—AA).*—Audit pointed out excesses of Rs. 63,350 and Rs. 3,11,692 under the Group heads "A-Secretariat" and "C-Trade and Commercial Offices in Foreign Countries", respectively. The departmental representative explained the excess of Rs. 63,350 as being due to additional expenditure on postage (Rs. 8,350), telephones (Rs. 10,000), Conveyance Charges (Rs. 25,000) and contingent paid staff (Rs. 20,000).

580. The other excess of Rs. 3,11,692 was stated to have been due to higher expenditure on pay of officers and establishment (Rs. 21,655), Allowances and honoraria (Rs. 2,66,091) and purchase of a new staff car (Rs. 23,496).

581. In reply to a query, the departmental representative said that, under Group head 'A', the actual grant was Rs. 39,48,400, out of which a sum of Rs. 7,49,400 was surrendered. Thereupon, the Chairman remarked that the department should then explain as to why was an excessive surrender made. He added that, so far as our Trade and Commercial Offices in foreign countries were concerned, the department could be right to some extent, but there was no justification for it at all concerning the Secretariat because the figures of expenditure were being watched by the department from month to month. The departmental representative explained that the accounts were not being received in time. The Chairman remarked that this could be mostly true only in the case of telephones. A member of the Committee then enquired whether the contingent paid staff was known to the department and Audit. The departmental representative stated that it was known to both. The same member remarked that, as payments to the contingent paid staff were made by the department, they should have known about the same and kept a record of payments by taking a little bit of more care.

582. The Chairman concluded that it only showed that the progress of actuals was not being watched in the department. Otherwise, there could be no occasion for an excess expenditure on the "Secretariat". They were paying conveyance charges day to day and their books should have carried the expenditure figures. In reply to another query, the departmental representative said that, though permission for the purchase of a staff car by the Trade and Commercial Office was given by the Ministry, the Ministry did not know as to when was the car actually purchased. The Chairman observed that, if the car was purchased after the close of the year, then this information should have been given by the Department in their explanation.

583. After further discussion the Committee advised the departmental representative to improve the system of maintenance of account in the Ministry, so that, at the end of March, they could assess more realistically whether there was a likelihood of saving or need for a supplementary grant. The departmental representative promised to do so.

584. *Grant No. 8 (Page 25—AA).*—There was no material point for consideration by the Committee under this grant.

585. *Grant No. 9 (Page 26—AA).*—The Audit had pointed out an excess of Rs. 34,849 under the Group head "E-Special Commission of Enquiry". The departmental representative stated that the excess was due to an inaccurate estimation of funds requirement at the time of assessment for the final grant. A sum of Rs. 2,78,200 was surrendered under this Group head. In reply to a query, the departmental representative replied that the Special Commission of Enquiry was the Tariff Commission.

586. The Chairman observed that, in fact, it was their wrong assessment in the middle of the year that they surrendered too much. The budget could not be blamed for it.

587. *Grant No. 105 (Page 171—AA).*—There was no material point for consideration by the Committee under this grant.

COMMERCIAL ACCOUNTS 1972-73

588. *Irregular payment of bonus amounting to Rs. 18,917 (Para 5, page 11—CA).*—Audit pointed out that, during the year 1967-68, a certain Corporation paid Rs. 18,917 as bonus in violation of the terms and conditions determined by the Foreign Service Deputation Terms Committee to those Government servants, who were on deputation with it. When pointed out by Audit in July, 1969 that the grant of bonus was not provided for in the terms and conditions of their deputation, the Corporation requested the Ministry to approach the Foreign Service Deputation Terms Committee to regularise the bonus paid to the deputationists. The result of that reference was still awaited.

589. Of the 16 deputationists who had received bonus from the Trading Corporation of Pakistan, Mr. Wazir Ali, Vice-Chairman, had retired long ago and Mr. Abdul Khaliq, an officer of the status of Additional Secretary to the Federal Government had gone over to Bangladesh. The question of effecting recoveries of the amounts from the others in service or their waiver, as per the recommendation of the Trading Corporation of Pakistan, was under examination, in consultation with the Ministry of Finance. It was hoped that the matter would be finalised soon.

590. The Chairman remarked that it was a policy question whether bonus should be paid to the deputationists or not. In reply to a query, the departmental representative informed the Committee that bonus was not being paid to them now.

591. The Chairman finally observed that this matter should have been decided upon much earlier. However, since the major recipients had already retired or gone over to Bangladesh and it would be difficult to recover the balance amounts now, their recovery should be waived off. This should, however, not be a precedent and there should be no repetition of payments, not approved by the competent authority, in the future.

592. *Loss of Rs. 315,218 due to short landing of 46,699 lbs. of tea (Para 6, Page 11—CA).*—The Audit had pointed out that, in a certain Corporation, 46,699 lbs. of tea was found short in two consignments. The total loss on this account worked out to Rs. 3,15,218, for which claims were preferred with the shippers, who rejected the same in the case of one consignment on the ground that no ship survey was requested for nor held at the appropriate time and that only an *ex-parte* survey was carried out by the Corporation at the godown of the clearing agents after one month of discharge of the cargo, despite the insistence of the surveyors for a joint survey. The claim regarding the second consignment was rejected on the ground that no notice of loss was given to the Shippers prior to removal of the goods from their original place of landing. The entire loss had thus to be borne by the Corporation.

593. The departmental representative explained that the loss was due to short landing of 46,699 lbs. of Tea *Ex-S.S.* "SAFIN-E-NUSRAT", which arrived in November, 1971 and *Ex-S.S.* "MAOBOOL BUKSH", which arrived in December, 1971. The underwriters, M/s. National Insurance Corporation of Pakistan Limited, had filed a suit in the court for the recovery of the loss from the Shippers. Any amount recovered by the NIC from the carriers through the court of law would be passed on to the T.C.P.

594. The Chairman enquired whether this was due to short landing or the Clearing Agent was responsible for the loss. The departmental representative said that, in this case, the main difficulty was that the documents were not received and the goods were cleared on the basis of Bank Guarantee. They were brought to the godown, where the shortage was discovered. The Clearing Agent's point was that the tea should have been weighed at the time of delivery at the warehouse. This could not be done due to non-availability of documents. A member of the Committee remarked that the National Insurance Company should have had all this knowledge. The departmental representative replied that the cargo was insured and they had filed two suits, which were still pending in the court. The main snag was that the cargo was not weighed and accounted for at the time of delivery. A member of the Committee remarked as to how would the department prove that the loss was not between the dock and their godown. The departmental representative said that the matter was before the court.

595. The Committee observed that this appeared to be a bad case. The departmental representative clarified that, in this case, the Shipping Company was responsible because they did not depute their inspection agent for a joint ship survey. Moreover, it was also not their own cargo. The entire cargo had been diverted during the war of 1971.

596. *General recommendation.*—The Committee noted that the Ministries/Divisions tended to reproduce in the statement of replies, submitted by them to the Committee, every para pertaining to the Appropriation/Commercial Account/Audit Report, in respect of which no departmental comments were required at all. The Committee directed that to obviate the avoidable waste of paper, time and energy of all concerned, in future only those portions of Appropriation etc., Accounts should be reproduced in the departmental replies in which Audit might have raised any objection which called for any comment by the department. A mere reference to the relevant Pages and Paras of the Appropriation etc. Accounts should suffice in other cases.

597. *Pakistan Tobacco Board.*—There was no material point for the consideration of the Committee in the accounts pertaining to the above Board.

Export and Exhibition Cell

598. *Audit Comments (Para 40, Page 41—CA).*—Audit pointed out that, during the year under review, the Profit and Loss Realisation Account showed a net loss of Rs. 51,025, as compared to Rs. 46,855 in the preceding year. The increase of Rs. 4,170 in losses was due to the writing off of bad debts of Rs. 21,187, provisions for depreciation on the fixed assets of Rs. 74,831, off set by lesser provision of Audit and Interest charges, amounting to Rs. 41,746, and elimination of time-barred unclaimed liabilities amounting to Rs. 50,101.

599. The departmental representative stated that there was no objection to the facts brought out in the Audit comments. However, the Export and Exhibition Cell was now a defunct organisation and had ceased to function as a commercial concern. Increase in losses was thus not real, because interest on Government loan, depreciation on fixed assets and audit fee were charged to profit and loss accounts as per the instructions of Audit.

600. In reply to a query as to when was the cell going to be wound up, the departmental representative said that it was put to auction but did not fetch

a minimum more reasonable price. The Disposal wing of the Industries Division had, therefore, issued fresh tenders. In case a higher bid was received, approval of the Ministry of Finance would be obtained and the Cell would be disposed of. The matter was being pursued vigorously.

601. The Committee directed that the Cell must be wound up before May, so that this matter did not come before the Committee again.

Export Credit Guarantee Scheme

602. There was no material point for consideration by the Committee in the accounts pertaining to the above Scheme.

Pakistan Insurance Corporation

603. *Recovery of outstandings (Para 76, Page 63—CA).*—Audit pointed out that the amount of outstandings under various heads worked out to Rs. 10,74,91,659 as on 21st December, 1972 showing an increase of 15.73 % over the previous year as indicated below :

	Rs.
(i) Amount due from persons or bodies carrying insurance business	7,83,60,740
(ii) Deposits held by ceding companies	2,55,60,524
(iii) Interest Accrued and Dividends receivable	4,35,102
(iv) Sundry Debtors	31,35,293
	10,74,91,659

604. The departmental representative said that, against the amount of Rs. 783.61 lacs mentioned at (i) above recoverable from persons or bodies carrying insurance business, a sum of Rs. 5.90 lacs only remained as recoverable. Efforts were being made to recover this amount as early as possible.

605. Of the sum of Rs. 255.60 lacs on account of deposit held by ceding companies, it was stated that this amount was made up of the following Heads of Accounts :—

- (a) Premium reserve withheld/refunded by Ceding Companies.
- (b) Premium/Cash losses reserve withheld/refunded by Ceding Companies.
- (c) Cash Losses paid to Ceding Companies.

The premium reserve, withheld by the companies, was linked with their premium and the increase/decrease in premium resulted in corresponding increase/decrease in their account. The other two components mentioned at (a) and (b) above were linked with the losses incurred. Any increase/decrease in the losses incurred caused an obvious increase/decrease under those Heads of accounts. Further, the amount appearing in all the above mentioned components at (a) to (c) were not physically payable in cash but adjustable through book entries. Whereas the first two components were normally refunded in the same quarter of the subsequent year, the last one was refunded when the actual loss was

debited. In fact, these amount should not be taken into account, while working out the debtor's position. So far as S. No. (iii) was concerned, he stated that the entire interest, amount of the dividend accrued and the interest receivable had already been collected except a small amount of interest on Defence Saving Certificates, which fell due only on the maturity of the Certificates.

606. In respect of Sundry Debtors, the departmental representative explained that, as a result of efforts made, a substantial amount of Rs. 30,72,955 had since been recovered|adjusted leaving a nominal balance of Rs. 62,337 only, which represented the following :—

	Rs.
(a) Claim Expenses	32,595
(b) Insurance Review	29,742
Total ..	62,337

Of the amount at S. No. (a) above, a sum of Rs. 25,920 was lying as Deposit in a Court case with the High Court of Sind and would be adjusted, as soon as the case was decided. Efforts were being made to clear the remaining amount of Rs. 6,675 also shortly. Necessary examination was also in hand to settle|adjust the amount of Rs. 29,742 as at (b) above.

607. In reply to a query, the departmental representative said that there were two Pakistani Companies against whom they had now taken legal action. They were in financial difficulties and there was little likelihood of any recovery being made from them. In reply to another query the departmental representative informed the Committee that they had made the necessary provision for such a contingency.

608: *Transfer of funds to Marine Business Account (Para 77, page 63—CA).*—Audit had pointed out that a sum of Rs. 1,02,00,000 was transferred from the Exceptional Loss Reserve Account to the Marine Business Account. After this transfer, the Marine Business Account showed a net profit of Rs. 2,11,710. There was thus a net loss of Rs. 99,88,290 in the Marine Business Account and a total net loss of Rs. 39,13,102, as against the total net profit of Rs. 62,86,898, shown in the accounts, after the transfer of Rs. 1,02,00,000. The net profit shown in the Profit and Loss Account for the year under review was, therefore, not a full and fair statement of facts.

609. The departmental representative stated this was according to the normal practice followed by Insurance Companies. Upon a query by a Member, the departmental representative stated that they had now decided that in future they would pass all the debit|credit entries through profit and loss appropriation account. The Committee made no observation.

610. *General.*—A Member of the Committee pointed out that Audit should not comment on the usual items of Balance Sheet like Sundry Creditors|Debtors, etc., year after year, unless there was some substantial point to report, and these should be commented upon in the accounts of the year when the arrears were cleared viz. 1978-79. Unusual items appearing in the balance sheet and Profit and Loss Accounts of various concerns might, however, be commented upon. This would save time.

Trading Corporation of Pakistan

611. *Adjustment of assets lying in Bangladesh (Para 138, page 93—CA).*—Audit had pointed out that an amount of Rs. 31,086,981, representing the value of the net assets lying in East Pakistan, had been adjusted against an amount of Rs. 43,842,786, payable to the Federal Government on 30th June, 1972, without their consent. This was not regular. The necessary consent of the Government needed to be obtained early.

612. The departmental representative said that the amounts had not yet been adjusted in the Government account and had been written off in 1973-74 against their own profits.

613. *Contingent liability (Para 140, page 94—CA).*—Audit pointed out that details of the contingent liability as on 30th June, 1973, amounting to Rs. 4,456,287 were not made available to them. The departmental representative then furnished the break-up of the transactions as follows:—

	Rs.
(i) Steel Strips award pending with High Court	2,856,287
(ii) 6% payable to M/S Riaz and Kandawala on sugar ..	600,000
(iii) Refund of customs duty on R/Rubber to various parties ..	1,000,000
Total ..	4,456,287

614. Replying to a query, the departmental representative said that items (i) and (ii) were the award items. The third item was a claim for refund of duty. In reply to another query, the departmental representative informed the Committee that a case against the Arbitrator's award was pending before the High Court. This money was to be received by the Corporation and had to be paid back to other parties.

615. The departmental representative confirmed to the Committee that External Auditor's Reports for the years 1970-71, 1971-72 and 1972-73 had been received by the Corporation and the same had been supplied to the Government Audit.

616. *Physical Verification of stocks (Para 144, page 94—CA).*—Audit had pointed out that the physical verification of stock-in-trade, held in godowns, had not been carried out at the close of each financial year. The departmental representative informed the Committee that the trading stock had been stored with the Clearing Agency Godowns. They had been receiving the account of each item, and the same had been adjusted. They had finally to carry out a physical check of the entire stock at the end of the year, which took 10—20 days. The Auditor-General had no further observation to make regarding this Para.

617. *TCP's in port procedure.*—A member of the Committee observed that, some-how, the TCP did not enjoy a very good reputation and were alleged to have been colluding with parties etc. The departmental representative vehemently rebutted the allegation by saying that the TCP decided upon importing an item only after collecting information from all possible quarters about the total demand for the same. TCP's standard are international. The demands are

placed before a Consultative Committee, which comprised of officials and representatives of various Chambers, trades and bulk user etc., and this Committee goes over the specifications offered. They then made recommendation whether a particular tender should or should not be accepted. Sometimes, tenders were not accepted by the Committee against the advice of the TCP, because it felt that the prices would be high because of higher specifications. Thus, the TCP official had hardly much hand in deciding upon a deal. The complaints which were coming to the notice of the members of the Public Accounts Committee on appearing in the press emanated from the inherent objection to the vested interests against the very institution of the TCP.

618. On being informed by the member, who had raised the above point, that the people, who had spoken to him about the TCP were from outside Pakistan, the departmental representative submitted that, if the exact defects in the system could be spelt out to him, he would be too glad to remove them. He further said that among the complaints that they had been receiving, there was seldom any which related to collusion. He could, on the basis of his personal experience, affirm that TCP was one of the well organised institutions. The problem was that it had unwilling clients. People who dealt with it did not want it, because they would be freer if they imported themselves. Government had now set up a Committee, headed by the Finance Minister, to go into the working of the TCP and suggest measures for improvement in its working.

619. Their preliminary examination has revealed that the main problem with the TCP was that they were not quite free in the matter of timings of purchase. It was one of the complaints that the TCP did not go into the market at the best possible time. The complaints had been more against the inefficiency of the TCP rather than any collusion. The inefficiency, if it was at all there, did not arise because of the inherent defect in the organisation itself, but because of certain limitations and the main limitation was that they were not free in the matter of timings for purchase. Firstly, they had to wait for orders to come from the foreign buyers and, secondly, they had to wait for releases from the Ministry of Finance. The Committee were now considering as to how could freer to choose the timing for their purchases, according to the market conditions. If, even then, the TCP did not go into the market at the right time, the criticism against them will be valid.

620. *Paras not discussed to be treated settled.*—The Committee did not make any observation on other paras in the Appropriation|Commercial Account and Audit Reports. These would be deemed settled subject to such regularising action as might be necessary under the rules.

MINISTRY OF FOOD AND AGRICULTURE

621. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Food and Agriculture Division and the Report of the Auditor-General thereon.

622. The following departmental representatives were present :—

1. Mr. Manzoor Ahmad, Additional Secretary.
2. Syed Alamdar Raza, Joint Secretary.
3. Mr. Riaz-ul-Haq Siddiqui, Deputy Secretary.

623. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Food and Agriculture Division	35
2.	Plant Protection Measures	38
3.	Other Agriculture Services	39
4.	Fisheries	40
5.	Capital Outlay on Purchase of Fertilizers	100
6.	Capital Outlay on Purchases by Ministry of Food and Agriculture	101
7.	Development Expenditure of Ministry of Food and Agriculture (excluding Group head 'K')	116
8.	Capital Outlay on Fisheries	133
9.	Capital Outlay on Food Storage and Other Works	134

AUDIT REPORT 1972-73

624. *Excess payment of Rs. 7,090 as pay and allowances and Rs. 2,630 as overtime allowance to drivers employed in excess of requirement (Para 8, page 22—Audit Report).*—Audit had reported that the Agriculture Wing were maintaining two staff cars against which four drivers were employed, which was irregular. It had resulted in infructuous expenditure of Rs. 9,720, as pay and overtime allowance, etc.

625. The departmental representative said that, during 1972-73, they had originally two staff cars for the Food and Agriculture Division. In January, 1973, a third vehicle No. KAK-7583 was received by them from the defunct Agriculture Development Corporation. The necessary approval of Cabinet for the retention of the 3rd vehicle by the Food and Agriculture Division was obtained *vidè* their O.M. No. 1/57/73/Coord-I, dated 5th December, 1973. There were two regular posts of Driver and one of leave reserve. The third post of Driver was created, with the approval of Competent Authority, which was still in existence.

626. The F.A. (Food & Agri. Division) intervened to say that there was no leave reserve, so far as drivers were concerned. A member of the Committee enquired from the Auditor-General the position about leave reserve. He said that even where there was greater number of cars in the Ministries/Departments, there was no leave reserve for drivers, because all the vehicles were not normally required to ply simultaneously.

627. The Chairman observed that though there might have been no prescribed leave reserves for the drivers, that did not mean that the individual

Ministries could not create such posts under the powers delegated to them. If the competent authority had duly created the post then there was no irregularity involved.

628. After some more discussion the Committee directed the departmental representative to settle the issue of propriety of a leave reserve driver, in consultation with the Finance Division and the Establishment/Cabinet Division. The departmental representative undertook to do the same and added that he would also ascertain the position obtaining in other Ministries.

APPROPRIATION ACCOUNTS 1972-73

629. *Grant No. 35 (Page 71—AA).*—The Audit pointed out excess of Rs. 9,25,592 and Rs. 4,90,412 under the Group heads “A—Agriculture Wing” and “B—Food Wing” respectively. The departmental representative contended that, according to their figures, the actual expenditure was Rs. 60,43,470 and Rs. 5,77,589 against Rs. 69,73,495 and Rs. 10,69,812, respectively, as shown by the Audit.

630. The Committee requested the Audit to reconcile the figures after a statement was furnished to them by the department, who were requested to do so.

631. *Grant No. 38 (Page 75—AA).*—Audit had shown a saving of Rs. 13,578 under the Group head “A—Subordinate and Expert Staff” and an excess of Rs. 85,679 under the Group head “B—*Ex-Gratia* Maintenance Allowance to *ex-Government* Servants of East Pakistan Domicile”. The departmental representative contended the figures.

632. Thereupon, the Chairman observed that action in this case also should be taken on the lines indicated by the Committee in respect of Grant 35.

633. *Grants No. 39 and 40 (Pages 76-77—AA).*—There was no material point for consideration by the Committee under these grants.

634. *Grant No. 100 (Page 165 and 236—238—AA).*—It was stated under the Running Account (1972-73) of the scheme for the purchase of fertilizer that value of stocks as on 30th June, 1972 was “NIL”. Replying to a query, the Audit representative clarified that this related to the period when the fertilizer scheme was transferred to the West Pakistan Agricultural Development Corporation. The department had not submitted the running account in respect of the current scheme in 1972-73. According to the Committee’s recommendation, all the old accounts were to be closed. A member of the Committee further remarked that an amount of Rs. 2,93,92,000 was still left outstanding and had to be realized. He enquired from the departmental representative as to how much of it was realised upto 30th June, 1973? The departmental representative said that the figure quoted by the member related to the old scheme. When they took over, then Rs. 18 crore was outstanding. After some more discussion, the Committee directed the departmental representative to furnish a detailed report about the “Scheme for the purchase of Fertilizers”.

635. *Grant No. 101 (Pages 166-167 and 240—253—AA).*—Audit had pointed out an excess of Rs. 1,26,25,865 under the Group head “A—Purchase of Food-stuffs by Food and Agriculture Division”. The departmental representative submitted that the excess expenditure of Rs. 188,87,046 against the overall

grant of Rs. 2,03,56,01,000 was less than 1% and needed no explanation. However, this excess expenditure could have been further reduced to Rs. 14,48,707 only if the following expenditure, aggregating Rs. 74,38,339, not pertaining to the year would not have been adjusted or paid during the year under review:—

- (i) Rs. 53,00,000 .. Expenditure of Rs. 53,00,000 on account of export duty of Rs. 50,00,000 paid to the Customs, and Rs. 3,00,000 paid to the KPT for wharfage and which had wrongly been classified under "87-Capital Outlay" instead of "Part-III Advances".
- (ii) Rs. 11,32,393 .. Debit of Rs. 11,32,393 in respect of salt and maize pertaining to 1971-72 which had been adjusted in 1972-73.
- (iii) Rs. 10,05,946 .. Payment of bills of Handling Agents pertaining to 1971-72, but claims from whom were received and paid in 1972-73.

636. A member of the Committee remarked as to how did the expenditure mentioned at (ii) and (iii) above, pertaining to 1971-72, get into the accounts of 1972-73? The Audit was requested to check the position and satisfy themselves about the correctness of the position.

Note 3 below Grant No. 101

637. Major Head "87"—Capital Outlay on scheme of State Trading Purchases by Food and Agriculture Division (Page 167—AA).—A Member pointed out that in place of 'closing stocks' shown therein, it would be better if the accounts were prepared showing:—

- Opening balance.
- Purchases during the year.
- Sales during the year.
- Balance in stock.

638. The departmental representative promised to do it in future.

639. Viewing the foodstuffs imported, the Committee noted certain quantities of wheat etc., received free of cost which were distributed for relief purposes.

640. The Committee directed that stocks received from donor agencies should appear in the books on "Aid" Receipts and a report about how the aid was utilised should be prepared to confirm the proper utilisation thereof. The Member asked the departmental representative to give the report to know what happened to these relief goods.

641. The statement of transactions about sugar page 246—AA was not quite intelligible. The Audit was requested to look into the figures and let the Committee have a report about it, for its information.

642. *Grants No. 116, 133 and 134 (Pages 187, 208 and 209—AA).*—There was no material point for consideration by the Committee under these grants.

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

PROGRAMME FOR PRINTING OF APPROPRIATION ACCOUNTS ETC.

644. With a view to updating of the Appropriation Accounts and Reports, etc. the following schedule was prepared by the Auditor-General and approved by the Committee :—

A/cs. and Reports of the year	Target date for printing
1973-74	15-2-1979
1974-75	31-3-1979
1975-76	15-5-1979
1976-77	30-6-1979
1977-78	15-8-1979

MINISTRY OF FINANCE

(a) Finance Division

645. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Finance Division and the Report of the Auditor-General thereon.

646. The following departmental representatives were present :—

1. Mr. Qamaruddin Siddiqui, Additional Secretary.
2. Mr. Inamul Haq, Joint Secretary.

647. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Other expenditure of Ministry of Commerce Group heads 'A', 'B' and Recovery)	9
2.	Finance Division	19
3.	Audit	20
4.	Currency	21
5.	Pakistan Mint	22
6.	Superannuation allowances and Pensions.	23
7.	Other Expenditure of Finance Division	24
8.	Grants-in-Aid and Miscellaneous adjustment between Federal and Provincial Governments.	25
9.	National Savings	31
10.	Rehabilitation of Displaced persons and Protection of Evacuee Property (Group head 'E' and Recovery)	80
11.	Capital Outlay on Pensions	105—A
12.	Federal Miscellaneous Investments	106
13.	Other Loans and Advances by the Federal Government	107
14.	Development Expenditure of Finance Division	113
15.	Capital Outlay on Min.	130
16.	Miscellaneous Capital Investment.	131
17.	Development Loans and Advances by the Federal Government.	132
18.	Debt Services (Pages 228 20—AA)	—
19.	Repayment of Debt (Pages 32-AA).	—

APPROPRIATION ACCOUNTS 1972-73

648. *Grant No. 9 (Page 27—AA).*—There was no material point for consideration by the Committee under this grant.

649. *Grant No. 19 (Pages 43-44—AA).*—Under the Group head "I—Monopoly Control Authority" against the final grant of Rs. 11,50,000 the actual expenditure was also shown to be Rs. 11,50,000. The Chairman enquired whether the Ministry of Finance made a lumpsum payment to the Authority who then made their own disbursements. The departmental representative confirmed the presumption.

650. A member of the Committee desired to know the reason for the distinction made between "Securities and Exchange Authority" and "Monopoly Control Authority". In one case it were the Ministry who made disbursements to the employees and other concerned while in the case of Monopoly Authority,

a lumpsum grant was made to them. The departmental representative informed the Committee that, while the Monopoly Control Authority was an autonomous body, the Securities and Exchange Authority was an attached department of the Finance Division. Thereupon the same member asked if audit of accounts relating to 'Monopoly Control Authority' was being conducted. If so, what were its affairs? Audit promised to check it up.

651. *Appropriation—Debt Services (Page 228—AA).*—The Audit had pointed out excesses of Rs. 2,32,35,527 and Rs. 14,42,33,921 under the Group head "A—Internal Debt" and "B—Foreign Debt". A member of the Committee remarked that, under the Group head "B—Foreign Debt", the final appropriation was Rs. 55,50,48,000 against which the actual expenditure was Rs. 69,92,81,921. It seemed that the Ministry did not know until the last day of the financial year as to what was happening. If they were aware of the position, they would have applied for a supplementary grant. The departmental representative stated that actually, it was only the transfer of money to the Special Rupee Account maintained with State Bank of Pakistan in favour of the beneficiaries till their repatriation to the Creditor Countries on conclusion of bilateral debt relief agreements. On being enquired whether it were the payments which were made from the 'Account', the departmental representative replied that these were the payments which regulated the budget provision, because till the end of the financial year 1972-73, nobody really knew as to how much relief would be received? It had, therefore, become difficult to forecast the debt payment accurately. An excess of Rs. 13,15,13,489 over the final appropriation was caused due to approaches by creditor countries for provision of relief as also due to increase in the burden of payments on account of the differential in the debt service payments of guaranteed loans, resulting from the devaluation of Pakistan rupee. Another factor resulting in increase in expenditure was the payment of Rs. 2,77,76,814 relating to debt service for the year 1971-72, made in the year 1972-73 by the State Bank.

652. A member of the Committee remarked that the Ministry of Finance should have asked for the needed supplementary grant in time. The Chairman observed that the position was that accounts were not being duly maintained of the cumulative payments made during the course of the year.

653. *D—State Provident Funds.*—Audit pointed out an excess of Rs. 8,95,853 under this Group head. The departmental representative said that the actual excess amounted to only Rs. 4,38,853, as no provision was made against the Railways, but the AGPR had made an excess booking of interest charges, amounting to Rs. 4,57,000. However, the expenditure against this Group head was not susceptible of accurate estimation and payments were made by book adjustments, which were determined after the fixation of final appropriations. Explaining the practice being followed the Auditor-General submitted that provision for interest on Provident Fund was made by the Finance Ministry on the basis of the figures supplied by the AGPR.

654. The Chairman observed that the Ministry of Finance did not make any provision for interest payable on the Provident Fund of the Railways and enquired as to why was this not done? Should it have been provided here or not and what was the practice in the past? The departmental representative confirmed that a provision on this account should have appeared in the overall figures, but it

seemed that, due to omission, making of this provision escaped notice at the time of preparing the budget estimates. The Committee desired that more carefulness should be exercised by the Ministry in such matters in future.

655. *Grants No. 20, 21 and 22 (Page 45—49—AA).*—There was no material point for consideration by the Committee under these grants.

656. *Grant No. 23 (Page 52—AA).*—Audit had pointed out an excess of Rs. 36,53,987 under the Head “55—Supperannuation Allowances and Pensions”. The departmental representative explained that the expenditure under this grant was not susceptible to accurate estimation. It were the Accounts Officers, who were responsible for framing the estimates, keeping in view the trends in the past. These trends had remained unclear due to various factors, like compulsory retirements, premature voluntary retirements, revisions of pay and pensions of retiring public servants. The Accounts Officers had no control over the excesses, because of the obligatory nature of the payments.

657. A member of the Committee remarked that the excess was 10%. In reply to a query, the Auditor-General added that payment of pension was normally made in time, except in cases where papers were not complete. Anticipatory pension could be paid where final payments could not be made readily.

658. *Grant No. 24 (Page 53—AA).*—Audit had pointed out a saving of Rs. 27,08,000 under the Head “57—Miscellaneous”. The departmental representative contended the figure and said that the actual savings amounted to Rs. 41,34,799 which was mainly due to—

- (i) expenditure of Rs. 1,98,912 on account of *Ex-Gratia* Maintenance Allowance to Central Government servants of East Pakistan domicile not having been booked under this head; and
- (ii) Non-payment of 4th instalment to the bank (authorised on the 28th June, 1973) on account of difference in the rate of exchange resulting from devaluation of U.S. dollar.

659. A member of the Committee remarked that, if the instalment had been paid, then this should have resulted in an excess and a supplementary grant should have been asked for. The departmental representative confirmed that a supplementary grant had been asked for, but the payment could not be made. Thereupon, the member observed that it was wrong either way.

660. *Grant No. 25 (Page 54—AA).*—Audit pointed out an excess of Rs. 1,83,000 under the Group head “A—Grants-in-Aid to Provincial Governments (Charged)”. It was explained that the excess was merely an adjusting entry, made by Audit relating to payments already made in the previous years but not correctly classified and booked in the accounts for the current year.

661. A member of the Committee remarked that, when the payment had been made in the previous year, why it could not be adjusted in the final head in that year. The Audit stated that they would have to check it up.

662. The Chairman added that Audit should also check the saving of Rs. 50,28,405 (Authorised) under the same Group head and Rs. 3,09,91,405 under Group head 'Z' in the light of the explanation of the department according to whom the expenditure was equal to the final grant and there was no saving under these Group heads.

663. *Grant No. 31 (Page 66—AA).*—Audit had pointed out a saving of Rs. 2,67,628 under the Group head 'B—Miscellaneous and unforeseen charges'. The departmental representative said that the saving was due to—

- (a) Non-accountal of expenditure relating to two offices located in Karachi; and
- (b) Non-receipt of full debit of telephone and trunk calls in respect of offices located at Lahore, Multan and Sargodha.

664. A member of the Committee remarked that their accounts were always on a cash basis. This seemed to be the one case where they might have started missing the debits.

665. *Grants No. 80 and 105 (Pages 136 and 172—AA).*—There was no material point for consideration by the Committee under these grants.

666. *Grant No. 106 (Pages 173—175—AA)—Miscellaneous Government Investments.*—A member of the Committee remarked that, in his opinion, all these miscellaneous investments (appearing in different grants 106 and 131) must be combined. The departmental representative submitted that they were doing so. In the past, there used to be some investments on the non-development side. Now they would keep it on the development side.

667. In the statement of "Details of expenditure booked in the grant and progressive investment made during 1972-73 thereunder", there appeared an item "Investments Abroad" at Sl. No. 14. A member of the Committee desired to know as to what these investments related to? The Audit promised to furnish the information to the Committee. In reply to another query, the Auditor-General said that no payment had been made to IDA during the year under review. This was not an item of investment during the year. It seemed that a couple of items were somehow omitted. He had noted this and would have them traced out.

668. *Appropriation—Repayment of Debt—Group head 'A—Repayment of permanent debt' (Page 232—AA).*—There was an excess of Rs. 3,77,08,072 under "Rupee Debt" and of Rs. 11,07,13,192 under "Foreign Debt, Foreign Loans". The Chairman enquired whether this repayment was actually made or credited to the Fund? The departmental representative replied that it was first credited to the 'Special Rupee Account' maintained with State Bank of Pakistan in favour of the beneficiaries till their repatriation to the Creditor Countries on conclusion of bilateral debt relief agreements. During the year and, at the end of negotiations about debt relief terms, actual payment was made thereof. The Chairman observed that then a supplementary grant should have been asked for, because it was a very large amount. The departmental representative said that the amount of debt servicing interest was more than the repaid principal during some years. The Chairman remarked that it was a very small amount in the context of outstanding liabilities. Probably, no payments were made during that year—the year being a very abnormal one.

669. *Grant No. 107 (Pages 176-177—AA).*—Explaining the excess of Rs. 2,50,20,000 under Group head 'A-1—Loans to Provincial Governments' shown in the appropriation accounts, the departmental representative stated that the entire amount of final grant of Rs. 19,28,34,000 was disbursed to the Provincial Governments and there should have been no excess under this Group head. Audit promised to look into it. Further a sum of Rs. 3,50,00,000, out of the final grant mentioned above, was provided for the re-organisation and augmentation of Police. A member of the Committee wondered whether it would not have been better to indicate as to how much went to the Provinces. The departmental representative agreed with the member. The same member further pointed out that sums of Rs. 10,00,000 and Rs. 50,00,000 were loaned to the Government of the Punjab for the construction of over-head bridge at Gujranwala and widening of Ekmoria and Domoria under-passes at Lahore respectively and why was this not considered to be a sort of development work? The Chairman observed that, perhaps, in that year it might not have been included in their Annual Development Programme though, technically, it was a development work.

670. A member of the Committee enquired if they were charging interest on other than development advances, such as, loans for meeting revenue deficit, loans on railway losses, etc. The reply of the departmental representative was in the affirmative. Thereupon the member further enquired as to how did the Ministry expect interest to be paid on loans for meeting revenue deficit, loans on railway losses, etc. This did not make much sense.

671. The departmental representative desired to know if the Committee would like to give any directive in this behalf. The member said that he was going to write a separate note on it.

672. The Chairman clarified that one aspect which had to be taken into account in this matter was that, under the Constitution, all inter-Provincial financial arrangements were to be laid down by the Finance Commission. Extra constitution aid to any individual Province had to be avoided, but loans could be made available to all the Provinces. A member of the Committee enquired if loans for meeting revenue deficits were ever going to be recovered. The departmental representative drew the Committee's attention to the fact that most of the Federal loans were written off in 1973. Thereupon, the Chairman observed that the Finance Commission did not seem to have done good job. They should have made provisions for the availability of more funds to the Provinces to meet their essential requirements. Another member of the Committee remarked that the Ministry of Finance should make a note of it.

673. *Grants No. 113, 130, 131 and 132.*—There was no material point for consideration by the Committee under these grants.

COMMERCIAL ACCOUNTS 1972-73

Agricultural Development Bank

674. *Misutilization of loan amounting to Rs. 50,000 (Para 18, page 17—CA).*—Audit pointed out that, in a branch of a Bank, a loan of Rs. 50,000 was sanctioned in January, 1965 for the purchase of a truck. The utilization report dated 31st March, 1967 revealed that the truck had been sold out by the loanee. It became possible for him to do so because the truck was not got actually pledged with the Bank, as required under Para 3 (c) of the sanction letter.

675. There was a difference of opinion about the question whether the trucks were mortgaged or not against loans. The Auditor-General pointed out that the Bank's view was that the land was mortgaged against loans but not a truck. Thereupon, the departmental representative read out the relevant para of the Agreement holding that anything taken out of the loan stood mortgaged. The words were "Property created out of the loan fund". The Chairman observed that this did create a right, but in fact the Bank did not have actual control over the truck. A member of the Committee remarked that this was what he was saying namely no right was created. Only a mortgage might create a right. The departmental representative said that they also meant that it would be hypothecated. The same member elucidated that the difference between "pledge", "hypothecation" and "mortgage" should be clearly understood. A pledge was something else. A hypothecation involved a charge and a mortgage implied a custody or the title itself. So all these three terms could not be legally taken to be one. The departmental representative was asked to consult his legal advisers, because, if the loanee was able to sell the truck it meant that it was not mortgaged.

676. The Chairman observed that they (Bank) had, in his opinion, accepted this position subsequently. Now they had started doing it in joint names and had become wiser.

House Building Finance Corporation

677. In the Balance Sheet as on 30th June, 1973 (Page 360—CA), under Long Term Loans a sum of Rs. 7.50 crore was shown as "Non-refundable deposits from Government of Pakistan". A member of the Committee desired to know as to what did this mean? The departmental representative explained that it had now been converted as a part of the capital. Thereupon, the member remarked that it meant that the equity had now gone up from Rs. 5 crore to Rs. 12.50 crore. He further enquired as to what had happened finally to Rs. 19.57 crore under East Pakistan (Page 361—CA)? The departmental representative explained that this amount still remained in their books and had not yet been transferred. Replying to another query, the departmental representative informed the Committee that Government was not charging any interest thereon.

678. On a further enquiry by the Member as to how much loan had been given by the Government, to finance these Rs. 19.5 crores, the departmental representative said that current figures were not available with him. Thereupon, the same member observed that it was seen that debentures had come from the Banks, which were financing these accounts, as Government loan was not sufficient. The departmental representative was requested to let the Committee have a note, setting out the exact position.

Pakistan Refugee Rehabilitation Corporation

679. A member of the Committee observed that this Corporation should be wound up at the earliest possible. The departmental representative promised that this would be done in a month's time.

State Bank of Pakistan (Para 458—Page 387—CA).

680. A member of the Committee initiated the discussion by saying that the argument between Audit and the State Bank revolved round the question

of excessive interest charge. The Auditor-General remarked that there was need for reducing the charges of the Bank on the Government business transacted. The Chairman observed that it might become necessary to review it in the light of the introduction of Islamic system.

681. A member wanted to know whether adequate powers vested in the State Bank to make it somewhat independent of the control of the Ministry of Finance. The Chairman, who also happened to be the Governor of the State Bank, explained that, in law, the Bank was independent. The same member closed the discussion by saying that he wondered whether the State Bank exercised any salubrious influence on the monetary policies of the Ministry of Finance.

682. *Paras not discussed to be treated settled.*—The Committee did not make any observation on other paras in Appropriation|Commercial Accounts and Audit Reports. These would be deemed settled subject to such regularisation action as might be necessary under the rules.

(b) Economic Affairs Division

683. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Economic Affairs Division and the Report of the Auditor-General thereon.

684. Mr. Sarfraz Khan Malik, Additional Secretary, represented the department.

685. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Economic Affairs Division (Group head 'A' only)	32
2.	Technical Assistance Scheme	33

APPROPRIATION ACCOUNTS 1972-73

686. *Grant No. 32 (Page 67—AA).*—There was no material point for consideration by the Committee under this grant.

687. *Grant No. 33 (Page 68—AA).*—The Audit had pointed out an excess of Rs. 35,93,244 under the Group head "A", and a saving of Rs. 32,30,430 under the Group head "B". The departmental representative explained that this was due to misclassification between Group heads "A" and "B".

688. Audit pointed out an excess of Rs. 5,00,00,000 under the Group head "E—Other Expenditure met by Supplementary Grant". The departmental representative said that Rs. 5 crore were given to them as grant in connection with the humanitarian programme for East Pakistan, but later the U.S. Government levelled allegation that these funds had been utilised for military purposes.

Thereupon the matter was taken up by Mr. M. M. Ahmad with the then Director of U.S. AID. Although the Government of Pakistan did not concede the allegations this amount was ultimately refunded to the Foreign Aid Deposit Accounts. The amount should have been refunded by debiting "Foreign aid deposit Account" to which it was originally credited but due to instructions from Finance Division the amount was refunded through this grant for which a supplementary grant had to be obtained. The departmental representative regretted that due to some lack of co-ordination in the Budget and Cash and Accounts Sections, they could not link up the requirement in time and supplementary grant could not be asked for. Measures had now been taken to ensure that there was proper coordination to prevent any recurrence of such situation in future.

689. A member of the Committee enquired as to why did the Finance Division ask that it should be debited to this account? The departmental representative said that, perhaps, this was the easier course to follow, otherwise it would have entailed a lot of adjustments. The same member again remarked that, when the money was received, it should have gone to the Foreign Aid Account, as it was not a loan. The Chairman observed that the point was that if they had shown it as receipt of foreign aid, it would have to be treated as cash. The departmental representative said that it was taken to the Deposit Head of Account and had already been shown as utilised.

690. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation Accounts. These would be treated as settled subject to such regularisation action as might be necessary under the rules.

(c) Planning and Development Division

691. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Planning and Development Division and the Report of the Auditor-General thereon.

692. The following departmental representatives were present:—

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

693. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Planning and Development Division (excluding Group head 'B')	34
2.	Development Expenditure of Planning and Development Division	115

APPROPRIATION ACCOUNTS 1972-73

694. *Grants No. 34 and 115.*—There was no material point for consideration by the Committee under these grants.

(d) Statistics Division

695. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Statistics Division and the Report of the Auditor-General thereon.

696. The following departmental representatives were present :—

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

697. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Economic Affairs Division (excluding Group head 'A')	32
2.	Development Expenditure of Economic Affairs Division	114

APPROPRIATION ACCOUNTS 1972-73

698. *Grant No. 32 (Page 67—AA).*—There was no material point for consideration by the Committee under this grant.

699. *Grant No. 114 (Page 195—AA).*—Audit had pointed out a saving of Rs. 4,06,061 under Group head "D-1—Lumpsum Provision for Development of Statistics and reorganisation of Central Statistics Office". The departmental representative explained that the saving was due to the fact that certain items of IBM equipment valued at Rs. 18,31,000 had been delivered to Statistical Division before the 30th June, 1973. As such, this amount had been accounted for as actual expenditure. The Department of IP&S was advised to ensure that the payment the entire amount on account of the cost of IBM equipment was made before the end of the financial year. However, while making the payment to IBM Co, that Department withheld the payment of Rs. 4,16,661 on account of liquidated damages. Necessary information about withholding the said payment was received through the IBM, Karachi, in the last week of July, 1973, when the Statistical Division could not do anything.

700. Replying to query by a member as to whether the matter had been settled with the IBM, the departmental representative said that the matter was settled with them subsequently and the withheld amount was paid to them the next year.

(e) Central Board of Revenue

701. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Central Board of Revenue and the Report of the Auditor-General thereon.

702. The following departmental representatives were present :—

1. Mr. N. M. Qureshi, Chairman.
2. Mr. F. R. Khan, Member
3. Mr. N. H. Akhtar, Member.

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

Sl. No.	Name of Grant	Grant No.
1.	Central Board of Revenue	26
2.	Sea Customs	27
3.	Land Customs and Central Excise	28
4.	Taxes on Income, Corporation Tax and Sales Tax	29
5.	Estate Duty	30

AUDIT REPORT 1972-73

704. *Non-recovery of house rent and water and conservancy charges Rs. 5,764 (Para 7, page 21—Audit Report).*—After hearing the explanation of the departmental representative that both the concerned officers had already passed away, the Committee decided to drop the para.

APPROPRIATION ACCOUNTS 1972-73

705. *Grant No. 26 (Page 56—AA).*—The Audit pointed out an excess of Rs. 46,844 under the Group head “E—Directorate of Complaints (Investigation)”. The departmental representative contended that according to the reconciled departmental figures, the actual expenditure under this head amounted to Rs. 2,26,077, resulting in a saving of only Rs. 3,823 over the final grant, which was within limits. The Auditor-General stated that the expenditure resulting in excess had been adjusted in the supplementary accounts.

706. *Grant No. 27 (Pages 57-58—AA).*—There was no material point for consideration by the Committee under this grant.

707. *Grant No. 28 (Pages 59—61—AA).*—The Audit pointed out an excess of Rs. 1,29,726 under the Group head “E—Central Excise Department”. In reply to a query as to why a supplementary grant was not asked for, the departmental representative said that he would look into it and take action against the defaulters, if any.

708. *Grant No. 29 (Pages 62—64—AA).*—Audit had pointed out an excess of Rs. 50,568 under the Group head “G—*Ex-gratia* Maintenance Allowance to *Ex-Government* Servants of East Pakistan domicile”. The departmental representative explained that, according to the departmental figures, the actual expenditure under this head was Rs. 53,112 as against Rs. 1,02,268, printed in the Appropriation Accounts, resulting in an excess of only Rs. 1,412 over the final grant of Rs. 51,700. This was inevitable due to more payments than anticipated to the laid off *ex-Government* Servants of East Pakistan domicile. The Audit would verify the position.

709. *Grant No. 30 (Page 65—AA).*—There was no material point for consideration by the Committee under this grant.

710. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation Accounts. These would be deemed settled subject to such regularisation action as might be necessary under the rules.

CABINET SECRETARIAT

(a) Cabinet Division

711. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Cabinet Division and the Report of the Auditor-General thereon.

712. The following departmental representatives were present:—

1. Mr. S. M. Niazi, Secretary.
2. Mr. Inamul Haq, Deputy Secretary.

713. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Cabinet Division (Except group head 'F')	1
2.	Cabinet	4
3.	Rehabilitation of War Displaced persons and other Relief Measures	5-A
4.	Other Expenditure of Cabinet Division	5-B
5.	Ministry of Defence (Group head 'B' only)	10
6.	Other Expenditure of Ministry of Production and Presidential Affairs (Group head 'E' on y)	97

APPROPRIATION ACCOUNTS 1972-73

714. *Grants No. 1 and 4 (Pages 14 and 19—AA).*—There was no material point for consideration by the committee under these grants.

715. *Grant No. 5-E (Page 22—AA).*—Audit had pointed out a saving of Rs. 2 lac under Major Head "61—Grants-in-Aid to Provincial Government". The departmental representative stated that this sum was placed at the disposal of the Comptroller, Baluchistan, Quetta through a supplementary grant *vide* Cabinet Division letter No. 103/42/72-Min., dated 24th October, 1972. Accordingly AGPR, Rawalpindi authorised the Comptroller Baluchistan, Quetta to make this payment to the Provincial Government *vice* their letter No. TA/JJ/Cab. Auth/72-73/805, dated October/November, 1972. The debit could not be adjusted to the final head of account in that year. The skeleton of Appropriation Account of that year was also not made available to the Cabinet Division

for acceptance. The above position was explained to Audit *vide* Cabinet Division letter No. 3|30|72-Accounts-I, dated 5th January, 1976.

716. In reply to a query, the departmental representative further said that the amount was given to the Baluchistan Government for the renovation of the Governors' Houses at Quetta, Ziarat and Sibi. The Audit promised to look into it.

717. *Grant No. 10 (Page 28—AA).*—There was no material point for consideration by the Committee under this grant.

718. *Grant No. 97—Group head 'E' (Page 161—AA).*—The departmental representative stated that this Grant was the responsibility of either the CMLA's Secretariat or the Prime Minister's Secretariat. The Auditor-General was requested to check up the position. The departmental representative could not inform the Committee about the functions of the Commission of Enquiry.

719. *Grant No. 5-A (Page 21—AA).*—Explaining the saving of Rs. 7.22 crore under Group head 'A' the departmental representative stated that a debit of Rs. 7.04 crore had not been accounted for in the Appropriation Account. The Audit pointed out that this debit had been adjusted in subsequent year's account *viz.*, 1973-74.

720. *Paras not discussed to be treated settled.*—The Committee did not make any observation on other paras in the Appropriation Accounts. These would be deemed settled subject to such regularisation action as might be necessary under the rules.

(b) Establishment Division

721. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Establishment Division and the Report of the Auditor-General thereon.

722. The following departmental representatives were present:—

1. Brig. Manzoor Ahmad Ghori, Joint Secretary.
2. Ch. Muhammad Aslam, Deputy Secretary.

723. This Division controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Establishment Division	2
2.	Federal Public Service Commission	5
3.	Other Expenditure of Establishment Division	6
4.	Development Expenditure of Establishment Division	110

APPROPRIATION ACCOUNTS 1972-73

724. *Grant No. 2 (Page 16—AA).*—The Audit pointed out an excess of Rs. 4,42,397 under the Group head “A—Secretariat”. The departmental representative distributed copies of revised reply of the Division among the members of the Committee. The departmental representative was requested that this should not be made practice in the future.

725. According to the revised reply, the excess came to Rs. 2,99,976 instead of Rs. 4,42,397. The Chairman enquired as to why was a supplementary grant not asked for? The departmental representative said that Rs. 80,000 of the excess related to telephone bills. A member of the Committee remarked that, for the remaining Rs. 2,19,976, a supplementary grant should have been asked for.

726. The Audit pointed out an excess of Rs. 1,12,696 under the head “B—Civil Service of Pakistan Academy”. The departmental representative explained that the excess of Rs. 77,762 was due to wrong booking by the Audit of the pay and allowances of Probationers under this head, instead of booking the same under their respective heads of account. The balance of Rs. 34,934 represented the adjustment of pay and allowance of Police Service Probationers, who were attached for training with the Academy for sometime and for which no funds were placed at the disposal of the Academy.

727. The Chairman observed that a supplementary grant should have been asked for to cover this excess. The departmental representative said that it was too late at the end of the year. Thereupon, the Chairman observed that, in that case they should not have spent the money. It went only to show that progressive accounts of expenditure were not being scrutinised.

728. *Grant No. 5 (Page 20—AA).*—There was no material point for consideration by the Committee under this grant.

729. *Grant No. 6 (Page 23—AA).*—The Audit pointed out an excess of Rs. 2,73,000, under Group head “A—Contribution to the Fund for Scholarships to the Children of Non-Gazetted Government Servants”. The departmental representative stated that contribution to the ‘Fund’ was provided under this grant and subsequently transferred to Development Grant No. 110 where expenditure on payment of scholarships was booked. This was only an accounting mistake and no actual excess was involved.

730. The Auditor-General stated that the Establishment Division should have obtained a supplementary grant of Rs. 2.48 lac under this grant, which they did not do. They could not secure supplementary funds under one grant and then treat it under two different grants, because that would amount to double accounting. The departmental representative said that they had been doing this in the past. The Committee directed that this practice should be discontinued.

731. *Grant No. 110 (Page 180—AA).*—There was no material point for consideration by the Committee under this grant.

732. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation Accounts or

the Audit Report. These will be deemed settled subject to such regularisation action as may be necessary under the rules.

MINISTRY OF COMMUNICATIONS

733. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Communications and the Report of the Auditor-General thereon.

734. The following departmental representatives were present :—

1. Maj. Gen. Shafqat Ahmed Syed, Secretary.
2. Mr. G. K. Dakhan, Deputy Secretary.

735. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Political Affairs and Communications	88
2.	Management of Chalna Port	91
3.	Department of Shipping Control and Mercantile Marine	92
4.	Lighthouses and Lightships	93
5.	Central Road Fund	94
6.	Other Expenditure of Ministry of Political Affairs and Communications (excluding Group head 'D')	95
7.	Development Expenditure of Ministry of Political Affairs and Communications	126
8.	Capital Outlay on Port and Shipping	146
9.	Capital Outlay on Communication Works	147
	(PAK.T.&T)	
10.	Pakistan Post Office Department	89
11.	Pakistan Telegraph and Telephone Department	90
12.	Capital Outlay on Pakistan Post Office Department	144
13.	Capital Outlay on Pakistan Telegraph and Telephone Department	145

APPROPRIATION ACCOUNTS 1972-73

736. Grant No. 88 (Pages 148-149—AA).—The Audit, in their Note 1 under the grant, pointed out that the original grant of Rs. 33,59,000 was increased to Rs. 34,55,000 by a supplementary grant of Rs. 96,000, authorised in June, 1973. The total grant closed with an excess of Rs. 7,42,999. A sum of Rs. 68,900 was, however, surrendered, increasing the excess to Rs. 8,11,999.

737. The departmental representative explained that the original grant of Rs. 33,59,000 was increased to Rs. 34,55,400 and it included a supplementary grant of Rs. 96,400, authorised in June, 1973. Against this, the actual expenditure was Rs. 33,86,500. Thus the total grant closed with a saving of Rs. 68,900. An amount of Rs. 68,900 was thereby surrendered by Railway Wing.

738. Audit observed that there was a difference of Rs. 400 only between the Audit Department's figures of supplementary grant but the Ministry had not explained the excess expenditure of Rs. 8,11,999 which was mainly under Group head 'A'. The Committee requested the Audit to settle the figures, in consultation with the departmental representative.

739. *Grants No. 91, 92, 93 and 94 (Pages 150—156—AA).*—There was no material point for consideration by the Committee under these grants.

740. *Grant No. 126 (Page 199—AA).*—Audit pointed out that, against the Estimated Recovery of Rs. 2,25,86,000 under the Group head "X—Civil works", the actual recovery amounted to Rs. 1,79,72,800, causing a short recovery of Rs. 45,13,200.

741. The departmental representative said that the "Estimated Recovery", which had been shown to be Rs. 2,25,86,000 was not correct. The Estimated recovery was always equal to the Final Appropriation under the head "Actuals". Hence it should have been Rs. 2,04,52,800. Thus, the less recovery came to Rs. 24,80,000, which was due to the non-payment of the amount to the Government of Baluchistan, as the authority letter issued by the Ministry in this behalf was not received by the AGPR. This fact, however, came to the notice of the Ministry after the close of the financial year.

742. The Audit representative intervened to say that estimated recoveries had been shown as per the revised estimates. In reply to a query as to what were the revised figures, the Auditor-General said that those were Rs. 2,25,86,000, which should have been revised in the revised estimates as the actual recovery was only Rs. 1,79,72,800. If the estimated figures were revised accordingly, there would be no saving at the end.

743. No further observation was made by the Committee on this grant.

744. *Grant No 147 (Page 224—AA).*—Audit pointed out a saving of Rs. 8,01,259 under the Group head "A—Communication Works". The departmental representative explained that, against the budget grant of Rs. 50,000,000, actual expenditure was Rs. 68,545,194, involving an excess of Rs. 18,545,194. The reasons for excess were that the allotment of Rs. 5 crore was basically meant for expenditure on the construction and maintenance of Karakoram Highway Project. Later, it was decided to hand over the construction work of sector Thaket-Kunjerab to the Chinese Road Builders. Since the funds allocated by the Government, *i.e.*, Rs. 5 crore, were inadequate to cater for the needs of additional projects undertaken by FWO, the matter was discussed in a meeting of the KKH High Powered Board held on 26th January, 1975 and attended, among others, by Mr. A. G. N. Kazi (then Secretary, Ministry of Finance). Consequently, they were allowed to go ahead with the construction work, irrespective of the shortfall in the budget allocation.

745. A member of the Committee remarked that, in the circumstance, the decision to go ahead, knowingly without asking for a supplementary grant seemed to be irregular. The departmental representative affirmed that a supplementary grant had been asked for. The works on the Karakoram Highway, on which the money was spent, were carried by troop labour and, unlike the contract labour, whether you took work or not for the troop labour you kept on paying them. Rupees five crore, which was allocated in the budget grant for this work, was not sufficient. The High Powered Board were, however, obliged to decide that, under the above condition, the work should continue. Revised estimates for the year 1972-73 were scrutinised by the FA (Army), who approved Rs. 9.6 crore more, but this fact had not been brought out in this case.

746. The departmental representative further informed the Committee that a supplementary demand had been put through the financial channels of the Army. But what happened subsequently was not known, because the next year also they faced the problem of excess of Rs. 1.85 crore. The excess was accumulating and continuous and might have amounted to about Rs. 6 crore.

747. The Committee observed that the Ministry of Finance should take note of it and find out as to how all this happened? Whether a supplementary grant had been asked for and why was the request turned down, when no curtailment of expenditure could be possible? However, could the High Powered Committee/Board give a go-ahead signal, even in the face of such a refusal?

(a) Ports and Shipping Wing

748. *Grant No. 88 (Pages 148-149—AA).*—Audit had pointed out an excess of Rs. 1,68,859 under the Group head "E—Directorate General of Ports and Shipping". The departmental representative submitted that the figure of final appropriation of Rs. 12,00,000, as shown by the Audit, was not correct. The final appropriation figure, as intimated to audit in reply to their skeleton appropriation account was Rs. 12,77,600. As against this amount, the actual expenditure, duly reconciled with audit, was Rs. 12,76,582, leaving an excess of Rs. 1,018. Audit was requested to check it up.

749. *Grant No. 92 (Pages 151-152—AA).*—Audit pointed out an excess of Rs. 22,69,800 under Group head "C—Other Charges—Miscellaneous". The departmental representative contended this figure and explained that, in addition to the final grant of Rs. 2,66,800 shown in the Appropriation Accounts, a supplementary grant of Rs. 23,00,000 was also sanctioned by the Ministry of Finance. Thus the final grant for that year stood at Rs. 25,66,800, against which an expenditure of Rs. 25,36,600 was incurred, effecting a saving of Rs. 30,200. The Auditor-General said that a supplementary grant might have been asked for by the Department, but it did not seem to have been sanctioned because it was not in the Budget book. The departmental representative contended that a supplementary grant of Rs. 23 lac was actually sanctioned (documents were shown to the Committee). The Chairman observed that it should be cleared with the Ministry of Finance as according to Audit, the supplementary grant was not appearing in the supplementary budget book.

750. *Grant No. 95 (Page 157—AA).*—Audit pointed out a saving of Rs. 58,36,600 under the Group head "F—Subsidy to Ship-building". The departmental representative explained that a sum of Rs. 1,08,09,000 was allocated in the Budget 1972-73 for payment of subsidy to the KSEW. Out of this, Rs. 49,72,400 were paid to the KSEW (Rs. 5,00,000 in cash and

Rs. 44,72,400 in the form of adjustment of debt and debt service charges). The balance of Rs. 58,36,000 was to be paid after the scrutiny of subsidy claim of the KSEW by the Cost Accounts Organisation. The scrutiny of subsidy claim was delayed by the C.A's Organisation under the Ministry of Finance, as a result of which the payment due to the Shipyard could not materialize during 1972-73. The report of the Cost Accounts Organisation was finalized only in 1975 when, as recommended by them, a payment of Rs. 52,17,000 was made against a claim of Rs. 58,36,000.

751. The Committee wanted to know as to why the Cost Accounts Organisation took three years in scrutinising the subsidy claim. It asked the representative of the Finance Division to let the Committee know about the justification or otherwise of this unthinkable inordinate delay as to why they took three years in finalising this matter.

752. *Grant No. 146 (Page 223—AA)*.—Audit pointed out a saving of Rs. 4.79 lac under Group head 'E'. The departmental representative explained that a sum of Rs. 21.75 lac was invested by the Government towards the equity of KSEW against which Rs. 16.96 lac were paid in cash and the balance amount of Rs. 4.79 lac was paid through adjustment against interest receivable from KSEW Ltd.

753. Audit was requested to check the position explained by the department.

COMMERCIAL ACCOUNTS 1972-73

(a) Karachi Shipyard and Engineering Works

754. There was no material point for consideration by the Committee in the accounts pertaining to the Karachi Shipyard and Engineering Works.

(b) National Shipping Corporation

755. *Cost of stores (Para 252, page 172—CA)*.—Audit had pointed out that stores and spares worth Rs. 1,52,14,440 were being shown in the balance sheet at the estimated cost, even though they had registered an increase of 41.5% over the previous years. The departmental representative explained that stores and spares had been shown in the balance sheet at the estimated cost due to the adjustment of their pre-and-post devaluation cost.

756. The Chairman remarked that stores and spare parts had been shown in the balance sheet. This did not seem to be the correct method. The departmental representative explaining the position submitted that costing of stores would keep on coming every year and it was now that they had started costing of stores on the basis of actuals. At the same time, the accounts of certain stores, which were purchased abroad, and were being shown in lumpsum, would now be furnished with complete details. Now a target date of three months had been fixed to bring the store accounts up-to-date and computerisation of accounts had been introduced for the purpose. He admitted that, honestly they had no answer for the past.

757. *Sundry Debtors (Para 253, page 172—CA)*.—The departmental representative informed the Committee that the agents' balances, as on 30th June, 1978, included a sum of Rs. 3,99,97,000, which was recoverable from the former

agents, including Rs. 17,69,000 from the East-West Shipping Agencies, New York and Rs. 76,40,000 from Keel Shipping and Trading Company Limited Montreal. In reply to a query as to whether there was any development in the case of East-West Shipping Agencies, the departmental representative said that this case had gone to arbitration as ordered by the New York Court. The Attorney-General, Mr. Pirzada, who was also the Attorney for the N.S.C. had gone there to look into the case. But the Ministry had suggested that, in order to recover \$ 3.5 million they might spend some money and engage their own lawyer. Whether the U. S. Government would allow this or not it had yet to be seen.

758. *Agents balances (Para 254, page 172—CA).*—Audit had pointed out that, from the year 1971-72 agents balances were being shown under "Advances, Deposits and pre-payments", instead of under Sundry Debtors. The placement of these balances as such needed justification. The departmental representative explained that this was mainly a question of presentation and did not involve any question of principle or policy. The Corporation's accounts had to conform to the requirements of Securities and Exchange Act, 1971, which had not been violated by this method of presentation.

759. In reply to another query, the departmental representative stated that they maintained current accounts through the agents. Certain agents owed them money and they owed money to certain agents. As such, they were shown in the advance deposits. A member of the Committee remarked that the dues outstanding against various agents could not be shown under sundry debtors. The departmental representative said that those were advances. The same member observed that advances and receipts were two different things. If the freight accounts were due, then it was a receipt. But if the agent had been advanced money, then that was a different matter. The departmental representative contented to say that there were three major agents one each in the UK, USA and Japan. They were required to deposit the freight receipt's and only then advances were made to them. The total time allowed to an agent to collect the entire freight was 30 days. If he did not collect, then the responsibility was his. For disbursements, they were advanced the necessary funds.

760. The Committee desired that the department should examine carefully the individual agents accounts and initiate action to write off the outstanding balances against them, which might appear to be irrecoverable.

761. *Loss of Rs. 7,467 due to non-recovery of amount paid in advance (Para 12, page 14—CA).*—After hearing the explanation from the departmental representative that, as the owner of the firm was not traceable, the amount had been written off with the concurrence of Board of Management, the para was treated as settled.

762. *Un-authorized expenditure amounting to Rs. 1,03,748 incurred on an officer (Para 13, page 14—CA).*—The departmental representative explained that the officer took an advance from the Corporation's agents without any prior approval of the Board or the Head Office. He had since left for Bangladesh. Efforts were being made to effect recovery through the Bangladesh Embassy, otherwise to write it off.

763. The Committee observed that nothing could be done now, because the case was time barred. It would be better if the Board was asked to write it off.

(c) Pakistan Post Office

764. The Committee made no observation on the Accounts and Audit Report of the Pakistan Post Offices.

(d) Pakistan Telegraph and Telephone

765. *Accounts of Factories.*—Replying to a query, the departmental representative informed the Committee that the T&T Department had got under it the TIP, NRTC and CTI. In addition, a Factory was also coming up. A member pointed out that the accounts of those organisations had not been made available to the PAC. The audit representative added that those accounts had also not been audited by the Government Audit. The departmental representative was requested to have the accounts of those organisations furnished to the Committee and should also make them available with their comments to Audit.

766. The departmental representative explained that except the NRTC, the share capital of which had been subscribed jointly by the Ministries of Defence and Communications, the two other factories had been established as a joint venture with M/s. Siemen. In the CTI, they were coming to a ratio which would be more or less in equal proportions and, in the TIP, the Government share was still higher. But they were private limited companies and their affairs were being managed by their Boards of Directors.

767. A member suggested that they should submit their balance sheets, Profit and Loss Account and the Auditor's report to Government, as a major shareholder, and the Committee, as the watch-dog of Appropriation approved by the Legislature. The departmental representative said that they had got their Board of Directors, and they were not required by any law or the constitution to submit their accounts to anybody else. The member of the Committee, thereupon, remarked that the Board of Directors managed the Companies on behalf of the shareholders.

768. After some discussion, the Committee directed the departmental representative to have the Constitutional position examined and arrange the submission of the accounts of the organisations in question to the Legislature through the PAC.

APPROPRIATION ACCOUNTS (PAK T&T) 1972-73

769. *Grant No. 145.*—There was no material point for consideration by the Committee under this grant.

770. *Store suspense Account (Page 106—AA—P.T&T).*—In reply to a query, the departmental representative stated that a debit of Rs. 9.23 crore was expected to be received during the year on account of purchases abroad. Instead, a debit of Rs. 15.29 crore was actually received. Thus, there was an excess of Rs. 6.06 crore which had been increased by less issues of Rs. 0.09 crore and the net excess was of the order of Rs. 6.15 crore. Asked to explain this vast difference the departmental representative stated that they had been experiencing difficulty all along about the stores. Firstly, the delivery periods were not very rigidly observed. Secondly, the adjustments involved a very long procedure, viz. receipt of debits from the State Bank by the Economic Affairs Division and the Accountant General. This took a long time, resulting in either savings or excesses.

771. The Chairman remarked that it had been shown in the accounts as purchases made in Pakistan. The departmental representative clarified that this was a misleading head, which should have been changed long long ago as those were all imports. Thereupon, the Chairman pointed out that there was a separate head in the Accounts for purchases abroad. The departmental representative explained that in old days, all foreign purchases were made through the U.K. High Commission. The rest of the purchases were termed as purchases in Pakistan.

772. The departmental representative further stated that, in 1972-73 also, part of the excess was due to order having been placed sometimes before the devaluation of Pakistan rupee, but the stores came at the post-devaluation rate. The Chairman observed that, even if those were budgetted originally on the basis of non-devaluated Pakistan rupee, a supplementary grant could have been asked for. The departmental representative agreed with the Chairman and submitted that it got intermixed. Another factor which placed them in a great difficulty was that their accounting was done by an agency outside the department and they received these expenditure figures so late that exercise of budgetary control was not possible. Adjustments to the tune of Rs. 18 crore were made between June, 1973 and September, 1974, although the accounts were closed on 30th June, 1973, and they had no time for applying for a supplementary grant.

773. Suitable changes in the existing procedure were receiving attention and it was proposed to effect certain improvements therein. But, for the time being, the department was experiencing great difficulty in exercising budgetary control on this item of expenditure.

774. A member invited the attention of the departmental representative again to the Stores-Suspense Account and pointed out that the opening balance for stores was Rs. 7.93 crore and the purchases during the year amounted to Rs. 15.29 crore. As against the above, the issues were of Rs. 11.16 crore. It meant that some of the issues were from the new purchases.

775. The departmental representative explained that when giving reasons for excess, he had said that the stores were all mixed up and excess were not entirely due to increase in prices. Secondly, the procedure of pricing for the purpose of accounting, was not very correct. The procedure during those days was that the rate at which the stores were to be issued was fixed on the 1st of July and, unless there were very heavy variations, that rate was not changed at all during the year.

776. The departmental representative added that the procedure had since been modified. Now they had an adjustment account under which the stores, on the opening of the next year, were revalued at the new rate list. The difference between the value that should have been and the value which had emerged were adjusted through a stock adjustment account. A member remarked that all these differences would, perhaps, appear in the next year's budget. The departmental representative replied in the affirmative and stated that they had changed the procedure by introducing a system, called "Weighted Average Rate" to be determined every year.

777. The Committee did not make any further observation on the Store-Suspense Account.

AUDIT REPORT (T&T) 1972-73

778. *Loss of Rs. 35,897 due to unauthorised payment of overtime allowance (Para 2, page 44).*—The departmental representative contended that, instead of Rs. 35,897, it should be Rs. 34,076. Sometimes, there was delay in receipt of material and at other times the labour was sitting idle and production suffered. The labour was paid overtime in emergency.

779. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation Accounts (Civil and P.T. & T.) and Commercial Accounts or the Audit Reports thereon. These would be deemed settled subject to such regularising action as might be necessary under the rules.

780. Thereafter, the Committee adjourned to meet again at 9.00 a.m. on the 2nd April, 1979.

M. A. HAQ,
Secretary.

ISLAMABAD :
The 13th June, 1979.

NATIONAL ASSEMBLY SECRETARIAT

2ND APRIL, 1979

Sixth Meeting

781. The *Ad-hoc* Public Accounts Committee met in the State Bank Building, Islamabad, at 09.00 A.M. The following were present :—

Ad-hoc P.A.C.

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

National Assembly Secretariat

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

Audit

1. Mr. M. A. Muid Khan, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&R).
3. Syed Shaukat Hussain, Accountant-General, Pakistan Revenues.
4. Mr. Abdul Majid Khan, Director, WAPDA Audit
5. Mr. Muhammad Javaid Ilyas, Director, Foreign Audit.
6. Mr. Mashkoo-ul-Haq Usmani, Deputy Director, Audit and Accounts (Works).
7. Mr. S. Jamil-ur-Rehman, Deputy Director, Commercial Audit.

Ministry of Finance

1. Mr. M. A. A. Siddiqi, D. F. A. (Civil Aviation, Defence and Defence Production Division).
2. Mr. Zafar Hussain, F. A. (Natural Resources).
3. Mr. Aish Bahader Khan, F. A. (National Assembly Secretariat)
4. Mr. Jamil Ullah Khan, F. A. (Railways).
5. Mr. Mumtaz A. Burney, D. F. A. (Education).

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

782. The first item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Aviation Division and the Report of the Auditor-General thereon.

783. The following departmental representatives were present :—

1. Mr. Rashiduddin Arshad, Additional Secretary.
2. Mr. Z. A. Shah, Deputy Secretary.
3. Mr. Yaqub Ahmad, DEC, A. D. A.
4. Mr. M. A. Majid Khan, Director (Admn.), Civil Aviation Department.
5. Mr. M. Rehnatullah, G. M. S., Pak Met : Deptt.
6. Mr. Arshad Mahmud, Director (Finance), P. I. A. C.

784. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No
1.	Ministry of Defence (Group head 'A')	10
2.	Meteorology	11
3.	Aviation	12
4.	Development Expenditure of Ministry of Defence (excluding Group head I)	111
5.	Capital Outlay on Civil Aviation and other works (excluding Group head 'B')	128

AUDIT REPORT (CIVIL) 1972-73

785. *Non-recovery of Rs. 12,318 from a contractor (Para 3, page 20—Audit Report)*—Audit pointed out that in a Government agency, machinery purchased by the Central Government for construction of Airports were pooled for being lent to various bodies or contractors, on hire basis. Some machinery was supplied to a contractor on hire against an advance of Rs. 24,415 during 1969. The contractor continued to use the machinery till the hire charges mounted to Rs. 36,733, exceeding the advance by Rs. 12,318. The agency which had lent the machinery did not exercise due vigilance to realise the outstanding amount in time, with the result that the balance of Rs. 12,318 had not been recovered from the contractor even after the lapse of 3 years.

786. It was explained by the departmental representative that on the return of the equipment the hire charges were calculated to be Rs. 35,621 on the basis of provisional 50% enhanced rate but on the basis of normal prescribed rates, this worked out to Rs. 24,422 only. Since the amount of Rs. 24,422 already received from the Contractor, covered the normal hire charges, the question of recovery of additional Rs. 12,318 did not arise.

787. The departmental representative added that this para was discussed with the Director, Audit and Accounts (Works), in a D.A.C. meeting held at Lahore on 16th August, 1977 and settled. The Audit was requested to check whether the rate charged was agreed one. Subject to this observation, the Para was dropped.

788. *Excess payment of Rs. 11,519 (Para 4, Page 20—Audit Report).*—Audit had pointed out that, in an autonomous body, a local contractor, while submitting an item-rate tender, offered 10 per cent reduction in the rates for the building portion of a work, but this reduction was not made applicable to the payment of extra/substituted items relating to the building portion costing Rs. 1,15,190.

789. The Divisional Officer was requested in June, 1970 to recover the excess payment, but it was stated in reply in August, 1972 that payment was made at the rates sanctioned by the competent authority in accordance with the provisions of the contract. Audit was unable to appreciate the reply, as the contractor was liable to carry out the altered, substituted or additional work on the same rates and conditions on which he agreed to do the main work.

790. The departmental representative submitted that the reduction of 10% in respect of the building portion, offered by the contractor, was on his quoted rates for the item of work included in the schedule of quantities attached to the agreement. This reduction in contractor's quoted rates had been made on all the agreement item of the building portion. The rates of extra and substituted item were approved by the competent authority and were quite in conformity with the provision of the relevant clause of the contract, viz., 18.13.

791. This para was also discussed with the Director Audit and Accounts (Works), in DAC meeting, held on 16th August, 1977 at Lahore, in which it was decided to get the statement of substituted items, with analysis of rates, verified by the concurrent Audit Officer, ADA Karachi, who verified this fact, vide his letter No. CAO/ADA/A-5, dated the 30th May, 1978. The para was again taken up for discussion in the DAC meeting held in Karachi on 13th August, 1978 with the Director of Audit and Accounts (Works), Lahore in which it was desired that this position may be, got verified by the present Concurrent Audit Officer, which had also been done. He had since confirmed vide his letter No. CAO/ADA/A-5/1022, dated 18th January, 1979 that the rates paid to the contractor on the basis of these analysis of rates were correct.

792. The Auditor-General pointed out that this was to be verified by the Concurrent Audit Officer but bills had not been produced so far for verifying the fact. The department was contending that 10% deduction had already been made for all the items. The Audit observation was that it was not so made for all the items. Now, it was to be checked with reference to the bill, which had to be produced to the Government Audit.

793. The Audit was requested to settle the objection after verification from the bill.

794. *Shortage of Cash Rs. 5,400 (Para 5, page 20—Audit Report).*—It was pointed out by Audit that when the accounts of the Department were audited, cash, amounting to Rs. 5,400, was found short from the chest of a department on the 23rd May, 1970. The shortage was attributed to theft on the 21st April, 1967, which was reported to the police.

795. The Chairman observed that it was a very old case, but it looked odd that the police could not trace it. Somebody must have been responsible for keeping the chest and whether all the precautionary measures had been taken

by him. The departmental representative said that a departmental enquiry was held, it was found to be a case of theft and not of embezzlement, as somebody had broken open the chest. No individual was found guilty in this case. Remedial measures had, however, been taken since.

796. The Committee decided to drop the para, subject to the regularisation action called for, if any.

APPROPRIATION ACCOUNTS 1972-73

797. *Grant No. 10 (Pages 28-29—AA).*—There was no material point for consideration by the Committee under this grant.

798. *Grant No. 11 (Page 30—AA).*—Explaining the excess of Rs. 3,40,928 under the Group head "A-Headquarters, Regional Offices and Observatories" the departmental representative submitted that the excess in expenditure, which related to sub-head "A-4-Other Charges", was due to belated adjustment of Rs. 4,13,262 relating to Customs Duty, Sales Tax, etc., made by the AGPR after the close of the financial year. In reply to a query, the departmental representative said that they were not aware at that time, that this debit was due to be received. He further stated that they had made purchases, but the Audit Office did not adjust the same in that financial year. They were adjusted in the subsequent year. They had made provisions for the purchases, but had to surrender the same. The Auditor-General confirmed that a sum of Rs. 3,52,329 was surrendered.

799. The Committee requested the Audit to settle this after verification of departmental explanation.

800. *Grant No. 12 (Pages 31-32—AA).*—According to Audit, there was an excess of Rs. 7,52,096 under the Group head "C—Aeronautical and Communications Service". The departmental representative said that the excess was mainly due to receipt of debits, amounting to Rs. 7,37,196 pertaining to the previous year on account of Customs Duty and Sales Tax from the Department of I.P.&S. In reply to a query, the departmental representative stated that the debit was received after the close of previous year's accounts.

801. As there were certain other excesses and savings under the grant, the Audit was requested to settle the discrepancies in consultation with the department.

802. *Grant No. 111 (Page 181—AA).*—There was no material point for consideration by the Committee under this grant.

803. *Grant No. 128 (Page 202—AA).*—Audit had pointed out a saving of Rs. 38,26,920 under the Group head "A—Civil Aviation". Explaining the reasons for savings, the departmental representative stated that details on account of Customs Duty and Sales Tax, etc. (Rs. 28,29,420), against the purchases made through the Department of IP&S were not received in the Audit Office in time.

804. The Audit was requested to settle this discrepancy after verification and come back to the Committee, if the matter remained unresolved. In reply to a confirmation sought by Committee as to when the information about receipt of

debit was received by the department, the departmental representative said that he would check the position and come back with necessary information.

COMMERCIAL ACCOUNTS 1972-73

Pakistan International Airlines

805. *Loss of Rs. 9,277 due to import of banned items (Para 15, page 16—CA).*—After hearing the explanation of the departmental representative, the para was treated as settled.

806. *Loss of Rs. 8,289 on account of spoilage of 13,157 packets of Challet Cheese (Para 16, page 16—CA).*—Audit made out that due to excessive import of challet cheese by a Corporation during the period from 13th February, 1967 to 26th August, 1967, stock of 31,533 packets of challet cheese got accumulated as on 1st September, 1967. The excessive import seemed to have been made due to an unrealistic estimate of the monthly requirements. No action for the disposal of the overstocked cheese was taken and, as such, 13,157, packets out of the above stock, worth Rs. 8,289, became unfit for human consumption. These were written off in September, 1971, under the orders of the Director of the Department concerned. The Corporation thus suffered a loss of Rs. 8,289 due to incorrect estimation and negligence on the part of its officers, which needed investigation and fixing of responsibility.

807. The departmental representative submitted that all purchases of food items were made after approval by the Purchase Committee, which was a high-powered Committee who were guided mainly by the Average Monthly Usage supplied by the user Department. Food items could at times, not be utilized cent per cent and there could be excesses in certain items. However, every possible effort was made to utilize the purchased items to the maximum possible extent and, when anyone of them became unfit for use, the same is written off by the competent authority. The loss of Rs. 8,289 on account of spoilage of challet cheese was one of such cases in which the cheese, purchased for use by First Class passengers only on the International Sectors, could not be fully consumed, because of fluctuation in the number of passengers travelling in First Class. There was, however, no negligence on the part of any individual or the Purchase Committee, who approved the purchase of cheese alongwith other food items. In accordance with item No. 7 (a) of the Schedule of Powers, the Director Finance, who was competent to approve write off for losses not due to theft, fraud or neglect upto Rs. 10,000, approved the write off of the amount involved (Rs. 8,289).

808. In reply to a query of the Chairman, the Auditor-General stated that actual consumption during the last six months was about 1,000 packets per month. Whereas the estimated consumption worked out to about 4,000 packets per month. Keeping in view the average consumption about 31,533 packets were purchased in excess of the estimated monthly requirement.

809. The Chairman observed that someone had made a mistake in calculation. As such, the mistake should have been accepted instead of trying to explain it away. The departmental representative regretted the error and the para was deemed settled.

810. *Extra expenditure of Rs. 12,500 on account of purchase of long cloth at higher rates (Para 17, page 16—CA).*—Audit had pointed out that a Corporation invited tenders for the supply of long cloth of superior quality from different

suppliers in May, 1970. The lowest quotation of Rs. 2 per yard was ignored on the plea that long cloth superior was a standardised material and its previous years' price was Rs. 3.25 per yard. The supply order was placed in July, 1970, on a firm who had quoted the highest rate of Rs. 3.25 per yard. No reasons were, however, recorded for rejecting the lowest offer and placing order on the highest bidder.

811. The management contended that the purchase in question was a repeat order and quotations were called for as a general practice to get an idea of the latest market trend. As such, reasons for accepting the highest rate were not recorded by the Purchase Committee.

812. The reply was not considered to be convincing, as it appeared purposeless in the circumstance to have at all called for quotations. Neither any test was conducted to ascertain the quality of the cloth offered by the other suppliers nor was it established that the material offered by them was below the standard. The repeat order placed at the higher rate, ignoring the lower rates available, caused an un-necessary extra expenditure of Rs. 12,500 to the Corporation.

813. The departmental representative submitted that the Employees' Union had been agitating that the cloth used in the Uniforms was of inferior quality and should be replaced with that of a better quality. The Management was of the view that the quality of cloth "LEADER-80000", already in use at that time, was of the best available quality in the local market and, therefore, repeat order should be placed on the supplier M/s. Sattar and Co. However, to pacify the demands of Labour Union, it was decided to invite fresh tenders from the local suppliers. M/s. Sulaiman & Co. had offered the lowest quotation at Rs. 2.00 per yard for the "SQ-23366" brand cloth and were the lowest tenderer. Since the quality of their cloth was very inferior, the Union Representative selected "LEADER 80000" brand of long cloth, which was already being supplied by M/s. Sattar & Co. at Rs. 3.25 per yard. Thus reference to the Purchase Committee did not appear to be necessary. As such, there was no mention of these facts in the minutes of the Purchase Committee.

814. A member of the Committee remarked that, if it was a repeat order, then why were tenders invited at all? The Chairman observed that it was, not a repeat order. They were forced by the Employees' Union to make the purchase in question.

815. It was, finally, decided to drop the objection.

816. *Investments of the Corporation (Para 277, page 209—CA).*—It was stated that the investments of the Corporations as on 30th June, 1973, amounted to Rs. 1,25,60,737 as below :—

	Rs.
1. Pakistan Services Ltd.	90,55,960
2. Pakistan Tourism Development Corporation Ltd.	1,00,000
3. International Aerodic Ltd.	4,777
4. Midway House Ltd.	24,00,000
5. PIA Shaver Poultry Breeding Farms Ltd.	5,00,000
6. PIA Hotels Ltd.	4,00,000
7. International Advertising Ltd.	1,00,000

817. In reply to a query, the departmental representative stated that PIA's holdings in Pakistan Services Ltd. was 25% and in the Tourism Development Corporation and Midway 51% each. A member of the Committee asked that since the PIA owned the controlling share in the Midway House, the PIA Shaver Poultry Farms and the International Advertising, the accounts of these organisations needed to be submitted to the Government and the Legislature even if this was not being done before.

818. The Committee agreed with the above view and asked the departmental representative to make note of it.

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

(b) Defence Division

820. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Defence Division and the Report of the Auditor-General thereon.

821. The following departmental representatives were present :—

1. Mr. Rashid-ud-din Arshad, Additional Secretary.
2. Mr. M. Islamuddin, Deputy Secretary.
3. Mr. Ghazanfarullah Khan, Military Accountant-General.

822. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Defence (Group head 'A' only)	10
2.	Survey of Pakistan	36
3.	Development Expenditure of Ministry of Food and Agriculture (Group head 'K' only)	116

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

823. *Loss of Rs. 46,616 to government (paras 28-29, page 155 of PAC's report for 1968-69 and 1969-70).*—The departmental representative informed the Committee that the matter was being investigated through the police and the result was being awaited.

824. The Committee decided not to proceed with the objection pending the receipt of the police report.

825. *Non-recovery of Government dues amounting to Rs. 27,429 (Paras 38-39, page 157 of PAC's report for 1968-69 and 1969-70).*—The departmental representative stated that Colonel Mohammad Salim, Commander 491 Engrs. Group, had been appointed Inquiry Officer in December, 1978 and the enquiry was in its last stage. The Committee passed on to the next item, observing that it took about 11 years in appointing an enquiry Officer.

826. *Non-accountal of tools and plants articles worth Rs. 2,06,718 (Paras 40-41, page 157 of PAC's report for 1968-69 and 1969-70).*—The departmental representative stated that since the last PAC meeting held in October, 1978, no Audit party had visited the Northern Areas. The Chairman requested the Audit to entrust the matter to the next Audit party as and when it was sent to the Northern Areas. The audit representative agreed to do it.

827. *Non-accountal of material worth Rs. 24,820 (Paras 48-49, page 158 of PAC's report for 1968-69 and 1969-70).*—The Committee was informed that necessary departmental action was in progress. A member of the Committee enquired whether the action being taken was to write it off or to fix the responsibility? The departmental representative said that the man was not traceable, and a case had been registered with the police. The only thing they could do in the circumstances, was to write off the loss and to declare the man absconder.

828. The Audit was directed to watch the progress of the case.

829. *Outstanding periodical returns as on 30th June, 1969 (Paras 52-53, page 159 of PAC's report for 1968-69 and 1969-70).*—The departmental representative submitted that all the 25 stock returns were ready and would be produced before the Audit party when they would visit Skardu next time.

830. The para was dropped subject to verification by Audit.

831. *Non-recovery of material worth Rs. 8,418 (Para 76, page 161 of PAC's report for 1968-69 and 1969-70).*—The Committee was informed that the accounts were now complete and would be produced to the Audit party on their next visit. The Audit undertook to have the same verified.

832. *Expenditure incurred on works in anticipation of technical sanction (Para 81, page 162 of PAC's report for 1968-69 and 1969-70).*—The departmental representative said that the latest position had been intimated to the Director of Audit and Accounts (Works), Lahore. The Audit representative confirmed the statement.

833. *Outstanding adjustment memos amounting Rs. 18,49,563 (Paras 82-83, page 162 of PAC's report for 1968-69 and 1969-70).*—The departmental representative explained that all the memos, except 16, had been adjusted. The originals of the 16 memos not being traceable, copies thereof had been requested from the Audit and the needful would be done on their receipt. The audit representative informed, that the vouchers, etc, were sent in original with those memos and the Divisions concerned should trace them out.

AUDIT REPORT (CIVIL) 1972-73

834. *Heavy outstanding dues Rs. 20,51,125 (Para 5, page 25—Audit Report).*—The departmental representative informed the Committee that this para had been transferred to the Defence Production Division.

835. *Overpayment of daily allowance amounting TL 48,909.60 (Rs. 25,000) (Para 13, page 28—Audit Report).*—It was brought to the notice of the Committee that, in a Pakistan Mission abroad, certain officers of the Defence Department were paid daily allowance at rates in excess of their entitlement under the rules. This resulted in an overpayment of TL 48,909.60 (Rs. 25,000), to the Officers during the period from June, 1966 to August, 1968. The overpayment was pointed out by Audit in September, 1970. In a meeting held in December, 1973, the Ministry agreed to take up the matter with the Defence Authorities, but no action appeared to have been taken so far.

836. The departmental representative submitted that the case related to overpayment of D.A. to 21 PAF Officers (Trainees) by the Embassy of Pakistan in Turkey during 1965. The case remained under correspondence between the Air Headquarters and the Ministry of Defence/Ministry of Finance (Mily). As pointed out by the F. A. (Defence) and the Ministry of Defence, the Pakistan Embassy in Ankara had been requested to intimate the reasons for the overpayment. Reply from the Embassy was awaited.

837. The Auditor-General said that the Ministry already knew the whole case, because it was in 1977 that the Ministry had decided, on the representation of the officers concerned, that the overpayment had to be recovered. Thus the case was fully known to the Ministry and a reference to the Embassy now would not serve any useful purpose.

838. The Committee directed the departmental representative to take immediate action in the matter, in consultation with the Ministry of Finance. Either the overpayment should be recovered or it should be written off to finalise the issue.

839. *Misappropriation of wheat worth Rs. 54,802 (Para 31, page 36—Audit Report).*—Audit pointed out that 629 maunds of wheat, worth Rs. 54,802, were issued on indents and charged to the work but were not taken on the Stock Register. Apparently, the wheat was mis-appropriated. The matter was brought to the notice of the Department in October, 1969. In a reply during October, 1971, it was stated that the verification of material taken on the Material-at-Site accounts was not possible, as the records were lying with another Division. The reply was not acceptable, because the Department failed to get the records verified even one year after the receipt of the material. Despite the lapse of about four years and issue of repeated reminders by Audit neither the loss had been made good nor any action taken against the officers at fault.

840. The departmental representative stated that out of 629 maunds of wheat, 330 maunds of wheat, worth Rs. 23,956, stood accounted for in the stock register and Audit had been informed about it. Accounting of 279 maunds of wheat valued Rs. 29,574 was found the responsibility of Mr. Iftikhar Ahmad, Assistant Engineer (Basic Democracies) who was said to be absconding. A case against him had been registered by the Resident Commissioner Gilgit, and its result was awaited. The responsibility for 20 maunds, worth Rs. 1,292, was under investigation.

841. The Committee directed the departmental representative to take action quickly and requested the Audit to keep watch over the progress of the case.

842. *Outstanding adjustment memos (Para 40, page 40—Audit Report).*—Audit pointed out that, in accordance with the existing procedure, debits for stores, purchased by Northern Area Public Works Department through the Embassies and High Commissions in foreign countries and the Director-General Investment Promotion and Supplies, and for services rendered by other departments, were advised to the Divisions concerned by the office of the Director, Audit and Accounts (Works), through adjustment memos. The Divisional Officers were required to accept the debits, after a verification of the stores received etc. by them and to adjust their cost in the books.

843. At the end of 1971-72, as many as 87 adjustment memos, involving an amount of Rs. 16,73,612, had not been responded to by a number of Divisional Officers of the National Area Public Works Department whereas, during 1970-71, as many as 77 adjustment memos, involving an amount of Rs. 16,63,468, were outstanding. The non-acceptance of the debits had resulted in an understatement of expenditure under the final heads to the above extent and might have also led to losses to Government through mis-appropriation of stores, detection of which was not possible, unless the responding Divisions accepted or rejected the debits and informed the authorities concerned in time.

844. Though the position was also brought to the notice of the Ministry through a draft para in October, 1972 the number and amount of the outstanding adjustment memos was still quite heavy.

845. The departmental representative explained that the amount involved against the 77 adjustment memos was Rs. 16,63,468 out of which 26 memos carrying a value of Rs. 8,20,580 had since been adjusted. 51 unadjusted memos involving Rs. 8,42,888 remained to be adjusted. The matter was under active consideration and it was expected that unadjusted memos would be cleared very soon.

846. In reply to a query, the departmental representative stated that, earlier, this case was with the Northern Area P.W.D. Later, this was transferred to the Defence Division. At the time of the transfer it was found that the records were in very bad shape. Attempts were being made to reconstruct them.

847. A member of the Committee observed that it would, perhaps, be worth considering whether the figures given by the department were accepted, no new information could be expected. It would, therefore, be better if this matter was sorted out between the Audit and the department and a solution was found out between them.

848. *Expenditure incurred on works in anticipation of technical sanction (Para 45, page 42—Audit Report).*—The departmental representative explained that, out of 71 works, technical sanctions had already been accorded for the estimates of 66 works. Technical sanctions for the remaining 5 works were in process and would be finalised soon. The departmental representative was directed to expedite the sanctions in respect of the outstanding works.

849. (i) *Outstanding inspection reports, Audit Notes, etc.* (ii) *outstanding periodical returns (Paras 46-47, pages 42-43—Audit Report).*—The Audit representative informed the Committee that they had received the requisite information and its verification was in progress.

APPROPRIATION ACCOUNTS 1972-73

850. *Grant No. 10 (Page 28—AA).*—There was no material point for consideration by the Committee under this grant.

851. *Grant No. 36 (Page 72—AA).*—Audit had pointed out an excess of Rs. 2,40,085 under the Group head "C—Survey Parties". The departmental representative explained that the excess was due to double accounting of expenditure of No. 1 party in both the Central and Baluchistan circles. The Audit was requested to verify the position.

852. In reply to a query as to how much amount was spent on preparing maps annually the departmental representative stated that the present budget provision was of about Rs. 1,50,00,000, but it was very little as compared to their requirements and they had submitted the case to the CMLA. The whole question of reorganisation of Survey Department was presently under consideration and they had sent a study team abroad. Now they had come back and would submit a report.

853. *Grant No. 116 (Page 187—AA).*—An excess of Rs. 95,763 occurred under Group head "K—Scientific Departments". The departmental representative explained that the excess was mainly due to increased expenditure on the pay and allowances of the officers and staff, as a result of introduction of the National Scales of Pay and revision of T.A. rules, for which no funds were provided.

854. In reply to a query by the Chairman as to why matching supplementary grant was not obtained in time, the departmental representative said that they had requested for the supplementary grant, but it was not sanctioned. At that time the Department was under the Ministry of Food and Agriculture, but in 1972 it was transferred to the Ministry of Science and Technology and again in 1976 to the Ministry of Defence.

AUDIT REPORT (CIVIL) 1972-73

855. *Imported machinery costing about Rs. 9.41 lacs remained idle for several years (Para 1, page 19—Audit Report).*—After hearing the explanation of the departmental representative, the para was treated as settled.

856. *Irregular local purchase of stores costing Rs. 1,35,107 without sanction (Para 2, page 19—Audit Report).*—The departmental representative submitted that the matter was under investigation, in consultation with the Inspector General Frontier Corps, NWFP and the Committee would be apprised of the latest position at its next meeting.

857. *Irregular payment of foreign allowance amounting to Rs. 17,794 (Para 15, page 26—Audit Report).*—The departmental representative informed the Committee that the balance of Rs. 2,187 had since been recovered from Mr. S. Shaukat Ali, Stenographer, who remained employed with the Embassy of Pakistan in Damascus from 1st March, 1969 to 31st January, 1971. The para was treated as settled.

858. *Loss of Rs. 2,71,675 due to fire (Para 21, page 28—Audit Report).*—The departmental representative explained that the Gilgit police had investigated the case and, afterwards, the Superintendent Police, Anti-Corruption had carried

out the enquiries. On the request of Legal Adviser, the Resident Commissioner had asked the department to make good the loss by fixing the responsibility on defaulters. A court of inquiry had been set up to fix the responsibilities on defaulters. The delay in the finalisation of inquiry was due to non-availability of records. As soon as the findings of the Court were finalised, appropriate action would be taken by the department.

859. It was directed that the results of enquiry should be made known to the Committee.

860. *Show recoveries of Rs. 22,531 and Rs. 6,000 (Para 23, page 31—Audit Report).*—After hearing the departmental representative the Chairman observed that they had recovered Rs. 22,532, which was quite creditable. They, however, could not recover Rs. 5,000 as, according to them, the prices at that time were lower. Now, this was a question of fact. The audit representative said that they had verified the former amount. As for the latter amount of Rs. 6,000, they would verify the rate. The objection, therefore, was dropped subject to verification of lower rate by Audit.

861. *Loss of Rs. 21,100 due to acceptance of higher tender rate (Para 24, page 31—Audit Report).*—Explaining the position, the departmental representative stated that, in a Public Works Division, two tenders for road Gol-Hushay were invited in 1972. When opened on the 29th July, 1972, the lowest rates quoted were Rs. 39,000 and Rs. 79,000. Without assigning any reason, the Chief Engineer rejected them. When tenders were re-invited on 23rd August, 1972, the lowest rates of Rs. 45,000 and Rs. 95,000 were quoted by some other contractor and accepted by the Chief Engineer. According to audit this resulted in a loss of Rs. 21,100 to the Government.

862. The circumstances under which the originally received tenders were rejected could not be ascertained from records at this belated stage. It was, however, understood that the then Chief Engineer had anticipated lower rates in re-tendering but, seeing the rising trend, decided to award the contract on the second call of tenders. It was, at best, an error of judgment.

863. A member of the Committee remarked that quotations were invited on the 29th July and re-invited on the 23rd August, resulting in an additional payment of Rs. 21,000. The departmental representative said that the accepted practice was that, if initial rates were considered high, fresh tenders were invited. The Auditor-General said that in that case, the Chief Engineer should have put on record the reasons for rejecting the earlier quotations, which he had not done. The Chairman remarked that the reason was that he considered the rates to be high.

864. Replying to another query of the member, the departmental representative informed the Committee that the people who had tendered, were not the same on both the occasions.

865. The para was deemed to be settled.

866. (i) *Outstanding Periodical Returns*; and (ii) *Outstanding Adjustment Memos (Paras 27 & 28, page 32—Audit Report).*—After hearing the departmental representative, no further observation was made by the Committee on these paras.

867. *Blockade of public money Rs. 1,64,220 (Para 46, page 39—Audit Report).*—Audit pointed out that a Department had purchased photographic papers and chemicals, worth Rs. 1,64,220, for aerial photography during the years 1960 to 1967. Almost all papers and chemicals, etc. remained unutilised and kept in storage till April, 1974, when the accounts of the department were audited. This was in contravention of the Government rules, which prohibited blocking of capital on the purchase of stores, unless required for immediate use.

868. Replying to a query by the Chairman as to what were the circumstances which led to all these purchases, the departmental representative asserted that, by virtue of their responsibilities, they were expected to remain always in preparedness and keep the arrangements complete because nobody could foresee as to when would the floods come or forecast as to when would there be a war. Thereupon, the Chairman enquired if they had determined their minimum requirement. The departmental representative replied that their minimum requirements were about two or three lakhs and the material bought by them was the minimum which they were supposed to maintain. Replying to the presumption of the Chairman that some of these material might be specifically useable only with plane, the departmental representative submitted that the material could be used with the plane when contact film prints were required, as well as otherwise. Moreover, the material had not gone waste and it was being used. The material was purchased at that time according to the expected requirements. Then one of the planes met with an accident and the other was taken over by the Governor. Hence the material remained unutilised. It had been kept in air-conditioned room and could be used for a longer period.

869. The Chairman observed that, when the material was purchased, they seemed to have had full intention to use it. The material was still useable. The objection was decided to be dropped.

AUDIT REPORT (DEFENCE SERVICES) 1972-73

870. *Appropriation and Control over Expenditure—Excess expenditure of Rs. 76.66 crore (Paras 1—3, pages 1-2—Audit Report).*—After hearing the explanation of the departmental representative and considering the written explanation furnished by the department, which had also been seen by the Ministry of Finance (Appendix II), the Committee made no further observation on these paras.

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

872. *Outstanding items.*—The departmental representative was informed that material in respect of the following grants was not made available to the Committee :—

- (i) Grant No. 56—Frontier Regions—Account II—Other Charges ; Group head 'B'—Works ; and
- (ii) Grant No. 61—Other expenditure of Kashmir Affairs Division—Group heads "F—Chief Engineer Azad Kashmir and Northern Area" and "C—Miscellaneous Payments".

873. The departmental representative explained that those items did not relate to them. The Committee directed that Audit should take them up with the Ministry of Defence to settle the same and should come up to the Committee only if deemed necessary.

(c) Defence Production Division

874. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Defence Production Division and the Report of the Auditor-General thereon.

875. The following departmental representatives were present :—

1. Mr. Tariq Mustafa, Additional Secretary Incharge.
2. Mr. Talib Hussain, Section Officer.

876. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Defence (Group heads 'A' and 'C')	10
2.	Capital Outlay on Civil Aviation and other works (Group head 'B' only)	128

APPROPRIATION ACCOUNTS 1972-73

877. Grant No. 10 (Page 28—AA).—There was no material point for consideration by the Committee under this grant.

878. *Grant No. 128 (Page 202—AA).*—Audit had pointed out a saving of Rs. 90,00,000 under the Group head "B—Other works". The departmental representative explained that, against the Budget Grant of Rs. 1,22,20,000, the actual expenditure, as confirmed by the AGPR Karachi, was Rs. 90,00,000. The saving of Rs. 32,20,000 was surrendered. The main reason of saving was non-utilization in full of the rupee provision for purchase of stores and equipment due to belated release of foreign exchange for the import of major items of equipment, delay in allocation of YEN credit and completion of formalities for utilization thereof and non-utilization of funds provided for civil works, etc. In reply to a query, the departmental representative said that the foreign exchange was a big problem. Enough foreign exchange was not provided that year and the payment was to be made in foreign exchange. If it were a rupee payment, then the position could have been different. In reply to another query, the departmental representative said that foreign exchange was applied for timely and in the normal course.

879. The Committee did not make any further observation.

AUDIT REPORT (CIVIL) 1972-73

880. *Time barred claims of \$ 7.521 (Rs. 74,458) against shipping lines and their insurance companies (Para 10, page 24—Audit Report).*—It was pointed out by Audit that, in January, 1965 it was found in a Mission that cases of damages and deficiencies in goods, relating to defence procurement, to the extent of \$ 8,257 had been lying unsettled for a period of three years. The necessity of their expeditious finalization was stressed upon the department. During the intervening ten years claims to the extent of \$ 736 only could be finalised. The Mission stated in March, 1975 that the remaining claims, amounting to \$ 7,521, had become time-barred, because necessary information and documents, demanded by the shipping

lines, could not be provided to them in time. The shipping lines kept asking for various documents and, in turn, the Mission kept requesting the Embarkation Headquarter and Central Ordnance Depot for the same. A loss of \$ 7,521 (Rs. 74,458) was sustained due to the failure of the authorities to furnish the required information in time and pursue the case properly. No action appeared to have been taken to regularise the loss and fix responsibility.

881. The departmental representative explained that, despite the best efforts made to get the deficiencies replaced by the firm carrying company, an amount of \$ 7,521 (Rs. 74,458) remained outstanding out of the total of \$ 16,049.20. Necessary action had already been initiated to regularise loss. The concurrence of FA (Procurement) for the write off action had since been obtained and the Government letter for the regularisation of the above loss of \$ 7,521 (Rs. 74,458) was now about to issue.

882. Replying to a query about the abnormal delay in the regularising action, the departmental representative added that information had to come from the Embarkation Headquarter and COD. The Ministry kept on reminding them through the GHQ but the information did not come in time. They had reportedly destroyed the files. Thereupon, the member observed that the explanation was not satisfactory and somebody was at fault.

883. Another member of the Committee referred to a recent controversy about shipping of tanks to Iran etc. and the rates therefor. He enquired if there were any audit comments on this issue. The departmental representative replied in the negative. Thereupon, the member desired to know the scope of audit in respect of defence matters and whether Audit comments were being sent only to the Ministry of Finance, because irregularities in defence purchases and procurements or other defence expenditure, if any detected by Audit, were not being brought through the PAC to the notice of the Legislature, who was entitled to know about the same.

884. The Auditor-General explained that there were two organisations. One MAG who conducted internal audit and the other was Test Audit, which conducted percentage audit. The departmental representative added that he would consult the records to find out the extent to which the records, relevant to defence purchase in detail were produced to the Audit.

885. To a query by the Chairman, the Auditor-General replied that if any irregularity in defence purchases came to their notice, it was being reported to the Public Accounts Committee. A member of the Committee remarked that, if in the case of Secret Service Fund the disbursing officer did not disburse them the Audit could not know about it because it was secret, and no action could be taken against the defaulter. Therefore, this aspect of the matter needed to be taken note of by the Ministry of Finance (Military).

AUDIT REPORT (CIVIL 1971-72)

886. *Heavy outstanding dues (Rs. 20,51,125) Para 5, page 25—Audit Report*.—After hearing the explanation of the departmental representative, the para was treated as settled.

COMPLIANCE REPORT ON PUBLIC ACCOUNTS COMMITTEE'S REPORT FOR 1968-69 AND 1969-70

887. *Para 95, page 94—Public Accounts Committee's report for 1968-69 and 1969-70.*—The departmental representative submitted that, in compliance with the directions of Public Accounts Committee, the matter had been reported by the Director of Foreign Audit to the Ministry of Foreign Affairs, for obtaining their comments on the deliberate action by the Mission to keep the idle funds in a current account, instead of "deposit account". In reply, it had been pointed out by Ministry of Foreign Affairs that, during 1971-72, the Embassy in Washington D.C. had received some funds from the Food and Defence Procurement Divisions and utilised them in short term investment. A considerable amount of interest (US \$ 3,13,400) was earned thereon. The Embassy proposed that the practice should be extended to the other Missions also. The case was referred to the Ministry of Finance for their concurrence. It was held by the Ministry of Finance that keeping Government money in Deposit Accounts and earning interest thereon was not permissible under the Treasury Rules. That Ministry was, however, of the view that such investment could be done only after relaxation of rules by the competent authority, which was the Minister of Finance himself. But the Finance Minister had indicated in separate files that relaxation of rules should be permitted in no case.

888. The position thus was that neither any power had been delegated to the Ministry nor to Pak Missions abroad to permit investment of idle funds. Accordingly, the funds in the present case could not be kept in the Deposit Account with a view to earning interest thereon.

889. The Audit representative said that they had observed that Government money was not being kept abroad in interest-earning Deposit Accounts. Audit's observation was not for investing the Fund but for placing them, according to the rules, in banks in interest-earning account. There was no restriction on the accounts being placed in interest-earning accounts. Moreover in the rules relating to Excess Property Programme to which this para pertained, it had already been provided that the amounts would be kept partly in fixed deposit and partly in current account, according to anticipated requirements. If these rules had been applied, there would have been no infringement of Treasury Rules. The Mission had already maintained a fixed deposit account and Audit had only suggested to keep idle funds in fixed deposits (with a short term recall stipulations) by which the Mission would have earned interest of incurring expenditure on current account. The departmental representative said that they should be permitted to place the funds in foreign banks also and not necessarily in Pakistani banks only. The Auditor-General explained that the policy was that Government money was to be kept in the National Bank and, in its absence in a Pakistani Bank there. If no Pakistani Bank existed then the money should be kept in a bank approved by the State Bank of Pakistan.

890. The Chairman observed that the Pakistani Banks abroad were offering competitive rates. The departmental representative pointed out that Pakistani banks were not competitive in this particular instance in France. Thereupon, the Chairman observed that, if the Embassy would have talked to the concerned bank people, they could be able to secure a competitive rate.

891. *General.*—The Committee, finally, decided that a directive be again issued to all the Pakistani Missions abroad setting out the up-to-date orders about the deposit of Government funds in Pakistani banks.

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

MINISTRY OF WATER AND POWER

893. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Water and Power, and the Report of the Auditor-General thereon.

894. The following departmental representatives were present:—

1. Mr. M. Q. Siddiqi, Additional Secretary.
2. Maj. Gen. Fazl-i-Raziq, Chairman, WAPDA.
3. Mr. Nuzhat Hussain, Member (Finance), WAPDA.

895. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Fuel, Power and Natural Resources (excluding Group head 'D')	44
2.	Other Expenditure of Ministry of Fuel, Power and Natural Resources (Group heads 'A' and 'E')	46
3.	Development Expenditure of Ministry of Fuel, Power and Natural Resources (Group head 'Y')	117
4.	Capital Outlay on Irrigation and Electricity	136

APPROPRIATION ACCOUNTS 1972-73

896. *Grants Nos. 44, 46, 117 and 136.*—The Audit representative informed the Committee that they were still verifying the position in respect of these grants in the light of replies of the Ministry. The Committee requested the Audit to verify and settle the same in consultation with the Department and bring any point concerning them to the notice of the Committee, if necessary.

AUDIT REPORT (WAPDA) 1972-73

WAPDA

(a) Indus Basin Projects

897. *Irregular payment of Rs. 30,38,575 and \$ 21,174 on account of clearance charges and Import Permit Fee (Para 1, page 3—Audit Report—WAPDA).*—The departmental representative submitted that, upon Audit's insistence, the matter was referred to the Engineer for his decision. The Engineer gave his decision in favour of the contractor on May 9, 1977. Consequently, WAPDA

had since notified its intention to register the case for Arbitration under clause 67 (1) of the conditions of contract.

898. A member of the Committee remarked that no case should be referred to arbitration, unless it was believed that the cause was correct, otherwise it would be mere waste of time and money. WAPDA should, in the first instance, have an opinion on the subject and also know what it wanted. The departmental representative said that their view was that it was the prime cost item and so the audit objection was not correct.

899. Thereupon, the Auditor-General read out a letter from the WAPDA in which it had been stated "we agree with the Audit point of view". The Chairman observed that this finished the controversy.

900. *Irregular excess payment amounting to Rs. 18,29,569 and French Francs 27,927 to a main contractor (Para 2, Page 3—AR—WAPDA).*—The departmental representative stated that presently the case was in the Civil Court. There had been about thirty hearings at the Sub-Judge and Civil Judge level. Now it was proposed to move the High Court in the matter, as the total amount involved was about Rs. 40 crore. The Audit representative said that WAPDA had, earlier, notified its intention to go for arbitration (in nine out of ten items involved in this case) prior to the dates on which audit observations were issued. The statement contained in WAPDA's reply that "Authority had not objected these payments but counter claims for them were filed on the dictates of Audit" was, therefore, contrary to the factual position. Audit wanted to put the record straight that this was not being done at their instance.

901. *Non-maintenance of accounts of spare parts, etc., worth Rs. 6,14,751 (Para 3, page 4—Audit Report—WAPDA).*—The departmental representative stated that the final figure of shortages was Rs. 39,597 only, which was arrived at as a result of joint verification. It was also stated that the suppliers had promised either to supply the spare parts or to make good the shortages. It was also added that the record relating to spare parts etc., worth Rs. 56,842 would be produced to Audit for verification. The Committee did not make any observation on the para.

902. *Un-allocated expenditure [Para 4(2) (ii), page 6—Audit Report—WAPDA].*—Audit had pointed out that Rs. 7,634 was outstanding for want of verification/adjustment, in the IBP Division. Two items relating to fraud cases were under police investigation. The cases were very old and required early recovery/write off. The departmental representative said that one of the accused in the case was absconding and the other had died. Some amount had already been written off and action to write off the balance was being taken. The Committee directed that the balance amount should be written off quickly.

903. A similar action was recommended in respect of item (iii) relating to sundry debtors of Mangla Dam.

(b) Non-Indus Basin Projects

904. *Wasteful expenditure of Rs. 30,800 on the purchase of a defective weigh-bridge (Para 5, page 7—Audit Report—WAPDA).*—The departmental representative submitted that the weighing bridge was of standard size and according to the specification and drawing. The expenditure could not, therefore, be termed as wasteful expenditure. However, an Inquiry Committee to

probe into the defect in weighing bridge had been constituted and its findings were expected within a month or so. The departmental representative added that, in the previous contracts, there was no clause for obtaining the guarantee from the supplier at that time. But this defect was rectified in 1969.

905. *Irregular refund of Rs. 59,900 (Para 6, page 7—Audit Report—WAPDA).*—After hearing the departmental representative, the para was treated as settled.

906. *Loss of revenue of Rs. 31,407 (Para 7, page 7—Audit Report—WAPDA).*—The departmental representative explained that disciplinary action against the officials, for negligence of duty, was finalized and three annual increments were stopped without future effect. A member of the Committee remarked that the punishment awarded was inadequate. The departmental representative said that, in principle, he agreed with the member but they had very little discretion, because power to award various punishments were delegated. It was the SE, who gave them this punishment. Another member of the Committee remarked that an appropriate course, in such cases, would be to initiate action against competent authority awarding such low punishments.

907. The departmental representative explained that action was taken against the SE for dealing with the case leniently. But as the Committee knew there were Labour Unions etc. which use their pressures against strict punishments by demonstrations and agitations.

908. *Extra expenditure of Rs. 16,243 due to purchase of Earthing sets at higher rates (para 8, page 8—Audit Report—WAPDA).*—Audit had pointed out that, during the local audit of the accounts of a WAPDA formation for the year 1967-68, it was observed in September, 1969, that 1380 Earthing Sets were purchased in February, 1968 at the rate of Rs. 21.50 each whereas in October, 1967, the Central Purchase Agency of WAPDA had placed an order on another firm for the purchase of 10,650 Earthing Sets at the rate of Rs. 9.73 each, showing that the Earthing Sets were purchased by the formation at a higher rate, resulting in an extra expenditure of Rs. 16,243, which could be avoided by arranging the purchase through the Central Purchase Agency.

909. The departmental representative stated that cases of irregular purchases were enquired into by the Anti-corruption Establishment, Punjab, Lahore. Departmental Enquiry Committee was also constituted under the convenership of the then C.E. on 9th March, 1970. The Director Anti-Corruption Establishment had informed WAPDA on 9th March, 1971 that the matter had been closed on his side.

910. As the purchases were made according to the procedure laid down by the Authority under Delegation of Financial Powers to Power Wing (issued on 2nd September, 1969) there was no deviation from the rules. Fluctuation in rates might be due to rise in the market in those days. Hence the question of regularisation did not arise.

911. A member of the Committee remarked that the difference was too big to be explained. The departmental representative said that they agreed that this was a bad case. The Audit representative stated that they had brought this to the notice of the authorities in 1969. Audit's point of view was that, if the concerned authority had taken interest at the proper time, they might have recovered the entire amount.

912. The departmental representative explained that the Punjab Anti-Corruption Department had reported that, so far as they were concerned, the case was closed. Soon thereafter, the man responsible for this irregular purchase retired from service. There was a clearance by the Anti-Corruption Department at that time.

913. The Chairman observed that the Committee could not do anything at this stage. The objection was, therefore, dropped.

914. *Heavy local purchases of stores worth Rs. 21,34,977 by an Executive Engineer (Para 9, page 8—Audit Report—WAPDA).*—The departmental representative submitted that the actual amount of purchases during 1967-68 and 1968-69 was Rs. 21,04,597 and not Rs. 21,34,977. The case of local purchases of stores, made by the then XEN (C) Div., Sahiwal during 1967-68 in excess of his financial power, with the approval of then S. E. Sahiwal, was probed into. The Authority considered that the purchases were made in the public interest for Tubewells, Industrial Service connections and other important works under the Master Plan requiring priority. Accordingly, the authority regularised the power exercised by the XEN in good faith. A copy of *ex post facto* sanction of the Authority was supplied to Audit.

915. The Audit representative requested for a copy of the report. The departmental representative undertook to supply the same.

916. The Committee were of the view that there was no check or administrative control and exercise of supervisory power was slack which needed to be geared up. The departmental representative confirmed that suitable measures had been adopted since then.

917. *Un-accounted for material valuing Rs. 1,28,578 (Para 10, page 9—Audit Report—WAPDA).*—The audit representative stated that there were two paras involved in it. In the case of one para (No. 6/73) the material valuing Rs. 1,77,603 had since been verified by Audit while in case of other para (No. 4/73), the record for the balance material valuing Rs. 61,698 was not produced to Audit and was yet to be verified. The Audit was requested to follow it up.

918. *Non-recovery of Rs. 21,811 in connection with the construction of a Power House Quarters (Para 11, page 9—Audit Report—WAPDA).*—The Auditor-General said that, in this case, the only point involved was that of delay. It took about ten years and thus it became time-barred. The departmental representative said that they were trying to find out the whereabouts of the contractor from the Provincial Government. The Chairman observed that the addresses of contractors must be with the department. The departmental representative stated that contractors keep on changing their addresses. The only course open to them was that the case should be taken to the court. No further observation was made by the Committee on the para.

919. *Un-sanctioned (Rs. 2,19,302) and infructuous expenditure (Rs. 53,264) on the installation of a power house (Para 12, page 10—Audit Report—WAPDA).*—After hearing the departmental representative, the Committee made no further observation. The para was deemed settled.

920. *Loss due to damage of transformers valuing Rs. 1,16,782 (Para 13, page 10—Audit Report—WAPDA).*—During the local audit of a WAPDA formation for 1968-69, Audit observed in October, 1970 that 45 transformers were damaged|burnt. The departmental representative submitted that the total number of transformers were 44 and not 45. The position was that 13 transformers were installed after repairs and 20 surveyed off which had been verified by the Audit. The record, showing the disposal of 11 transformers, was also available for verification by Audit.

921. In reply to a query the departmental representative confirmed that, after survey, the scrap part was auctioned.

922. The objection was dropped.

923. *Damage to transformers valuing Rs. 18,000 (Para 14, page 11—Audit Report—WAPDA).*—The Auditor-General stated that they could not verify the reasons, because the equipment and maintenance registers from which they wanted to check the position was not made available. The department also could not furnish information as to how many damaged transformers were repaired and installed and, if they were beyond repairs, then how were they disposed of. A member of the Committee remarked that they must have had some sort of record. The departmental representative said that there was a monthly report about the number of transformers repaired, which was available to Audit.

924. The departmental representative was directed to provide information to the Audit about the number of transformers in position and damaged in a particular year and how were they replaced? The departmental representative said that they could give them the latest position, but not year-wise. The Committee observed that they should supply the necessary information to the Audit, whereafter this para should be settled by them.

925. *Non-maintenance of basic record in respect of store worth Rs. 45.71 lacs (Para 15, page 11—Audit Report—WAPDA).*—The departmental representative explained that the matter related to the defunct Village Electrification Division for the year 1961-62. An Enquiry Committee was appointed to probe into the matter and fix responsibility for non-production|non-maintenance of record. Proceedings could not start as the old record of the defunct division, which was dumped in a room in the old Shahdara Power House was not traceable.

926. A member of the Committee remarked that it would be better to close these old cases as it was just flogging a dead horse. The Audit representative said that, after 15 years, they did not expect that the records would be there. But, had timely action been taken, there would not have been this position now.

927. The departmental representative assured the Committee that, in future, timely action would be taken. Now a Chief Engineer had been made responsible for tracing out the records and they would certainly have the matter verified by the Audit, with whatever record was available.

928. The objection was dropped.

929. *Extra expenditure of Rs. 40,96,407 on the erection of a portion of a transmission line (Para 16, pages 12-13—Audit Report—WAPDA).*—The departmental representative explained that this para arose out of the award and

cancellation of the contract to M/s. Omersons Ltd. which was considered by the PAC, who accepted the Authority's explanation and dropped the issue. There was no point raising the issue again.

930. A member of the Committee remarked that there was nothing which could be done now. The Chairman observed that this had to be done at that time, because WAPDA would be losing Rs. 15 lac per day otherwise. This was the main transmission line linking Mangla with Lahore. The departmental representative said that this was a US Aid Project. They asked the US Aid Authority, who said that Omersons Ltd. had carried out satisfactory work in East Pakistan. Therefore, on their recommendation, the contract was given to them. At that time, it was one of the biggest firms.

931. The observation was dropped.

932. *Non-accountal of material worth Rs. 1,32,994 (Para 17, page 13—Audit Report—WAPDA).*—After hearing the explanation of the departmental representative, no further observation was made by the Committee.

933. *Infructuous expenditure of Rs. 96,000 (Para 18, pages 13-14—Audit Report WAPDA).*—The departmental representative maintained that WAPDA had exercised due care and vigilance. The construction schedule for the E&M and Civil Works was cranked out with proper planning and co-ordination. Payment of bonus to the civil contractor and imposition of penalty on the E&M Contractor was the result of normal operation of contract and there was nothing abnormal in it.

934. In reply to a query as to how much had they received from SKODA, the departmental representative said that the Czechoslovakian Government was pleading to the Pakistan Government to direct WAPDA not to recover liquidated damages. A Member had remarked that Authority should at least recover this amount of Rs. 96,000 from M/s. SKODA. The departmental representative further stated that they had not accepted the pleading of the Czechoslovakian Government, who had approached the Ministry. SKODA had given a very bad deal in Guddu and their request was not acceded to.

935. *Shortage and mis-appropriation of stores valuing Rs. 58,572 (Para 19, page 14—AR—WAPDA).*—The departmental representative submitted that a departmental enquiry Committee had been constituted to look into the case and fix responsibility. Further action would be taken in the light of the enquiry report.

936. The Committee directed that Audit should come back before the Committee, if necessary, after the enquiry was complete. The departmental representative was asked to keep the Audit posted about the progress of the enquiry.

937. *Non-recovery of Rs. 50,621 from an industrial concern (Para 20, page 14—Audit Report—WAPDA).*—The departmental representative explained that a sum of Rs. 17,734 (according to Audit, Rs. 22,546) was outstanding and the whereabouts of the consumer were being traced out for its recovery. The Committee observed that, if the amount was not recoverable, it should be written off and the matter closed.

938. *Loss of Rs. 28,054 due to excess drawal of material (Para 21, page 15—Audit Report—WAPDA).*—Audit pointed out that it was observed from the

accounts of three WAPDA formations that, for the work of H.T. and L.T. structures, cement, sand and bajri was drawn in excess of the requirements, according to the yard-stick approved by the Authority. The departmental representative explained that there were different types and different designs. There was no standardization. The design was correct and whatever material was specified had been used. As to the design, Audit had no jurisdiction, because that was technical matter and it could be verified only by the technical superior of the Executive.

939. The audit representative said that this was not the case as according to specification determined by the Executive after physical verification, Audit had found that Rs. 11,000 worth of material was drawn in excess of those specifications. This fact was brought to the notice of the authorities. The departmental representative said that they would check this up and take the necessary action. The para was dropped after the above promise by the departmental representative subject to verification by Audit.

940. *Un-accounted for material valuing Rs. 26,593 (Para 22, page 15—Audit Report—WAPDA).*—The departmental representative stated that the records in respect of material worth Rs. 14,663 against Mr. Javed Mustafa, L|S II, removed from service in 1976, had been traced out as a result of registering of a FIR against him and was available for verification by Audit. As regards the material worth Rs. 11,930 Mr. Maqbool Ahmed L|S II, absconded on 6th August, 1970 and his services were terminated on the recommendation of the Inquiry Officer, WAPDA. The amount was written off, being irrecoverable. In reply to a query, the departmental representative said that they had not given up the first case. The FIR still stood and action was being taken up on it.

941. Audit was requested to keep track of the case.

942. *Non-Accountal of electrical material worth Rs. 24,769 (Para 23, page 15—Audit Report—WAPDA).*—After hearing the explanation of the departmental representative the Chairman observed that the best thing would be that Authority should furnish certificates to Audit who would accept their certificates and end the matter there.

943. *Mis-appropriation of stores valuing Rs. 10,495 (Para 25, page 16—Audit Report—WAPDA).*—Audit had pointed out that, during the course of local audit of the accounts of an electricity formation, it was observed in October, 1971 that stores and tools and plants (T&P) worth Rs. 10,495 were issued to various works in June, 1970. But the same were not taken on material at site account or in the material consumption register or the electrical measurement book or T & P Register. In the absence of these documents, *bona fide* consumption of the material and accounts of the T & P could not be established.

944. The departmental representative submitted that no mis-appropriation of stores was involved in this case, but it was a question of non-production of documents to the Audit. However, recovery had been made. A member of the Committee remarked that, when there was no mis-appropriation how was the recovery made? The departmental representative stated that the Line Superintendent was charge-sheeted. He could not produce the records for Rs. 2,824 only, for which the recovery was made.

945. The objection was treated as settled subject to verification of recovery by Audit.

946. *Non-recounted of stores worth Rs. 9,755 (Para 26, pages 16-17—Audit Report—WAPDA).*—The departmental representative said that all the records, showing *bona fide* consumption of material, was available. The Audit was requested to verify it. The Audit representative pointed out that Audit had tried to conduct verification on 15th March, 1979, but the record was found incomplete. The Authority should arrange to produce the completed record for verification.

947. *Non-accounted of material worth Rs. 8,355 (Para 27, page 17—Audit Report—WAPDA).*—The Auditor-General stated that it was a more than fifteen year old case and, at this stage, it was not possible for the department to give all the details, but they would be able to supply some information. The Committee directed the Audit to verify, and settle the objection.

948. *Wasteful expenditure of Rs. 11,05,446 on the overhauling and repairs of tractors (Para 28, page 17—Audit Report—WAPDA).*—The departmental representative explained that utilization of equipment depended upon the demand arising from the present and future projects. Further, as a policy repairable equipment had to be kept operable to meet the national emergencies, such as, floods and war, irrespective of whether it was required for a particular project or not. The basic criteria for undertaking the economic repair of an equipment was up to 60% of its replacement value which criteria had not exceeded in any case, as explained to the Audit.

949. In reply to a query the departmental representative said that these tractors were transferred from the Irrigation Department to the MPO in 1962 and the previous record was with the Irrigation Department. From 1962—64, they had not been used, because they were not in a working condition.

950. The Chairman remarked that the main point was whether the equipment was allowed to remain unrepaired. When it was transferred from the project and went to the pool, it was their job to repair it. They were used for construction and the construction projects might be done by one contractor today and another contractor tomorrow. The audit representative said that, out of seventy thousand hours for which the tractors were repaired, they had been used for about thirteen thousand hours. Thereupon, the Chairman observed that he would have criticised them for non-use, but not for repairing them. A member remarked that the point was that this was just one item of overall loss of crores of rupees suffered due to mis-management of the MPO which was indicative of what happened in that organisation.

951. The departmental representative informed the Committee that he had been pressing the MCP, that, instead of keeping large inventories of old spare parts, whatever was repairable should be repaired and the rest should be janked and should not be kept in unused inventories. This was one case where they had tried to get them repaired and it did work.

952. The observation was dropped.

953. *Review of revenue for the year 1972-73 (Para 29, page 18—Audit Report—WAPDA).*—Audit had pointed out that the balance sheet of Electricity Operation Branch, as on 30th June, 1973 showed that the amount recoverable from consumers was approximately Rs. 16,32,55,000 on WAPDA Account and Rs. 24,74,000 on Government Account.

954. The departmental representative submitted that he would request the PAC to take a very serious view of the situation. Even his own Ministry under whose control the REPCO was, had not raised a finger to recover a panny despite his personal request to the Secretary and the Additional Secretary, who happened to be the Chairman of the REPCO. Similar was the case with other Government agencies. This was really affecting the operations of WAPDA.

955. The Chairman enquired as to what had happened to draft amendment in the Electricity Act? The departmental representative said that one point was not acceptable to WAPDA. It had been discussed between the Legal Adviser and the WAPDA. In reply to another query, the departmental representative stated that Rs. 20 crore were outstanding against the Federal and Provincial Governments. An Adjustor was appointed and he had been able to adjust only a fraction. He failed because he had no executive powers. He had no power over the REPCO. Recovery of about Rs. 1.26 crore from the Sind Government for Guddu Barrage had been made. Nothing had been paid by the taken-over industries and the local bodies, like, K.D.A., Hyderabad Development Authority, Lahore Development Authority.

956. In reply to a query as to whether WAPDA could not discontinue the supply, the departmental representative submitted that he had a tale of woe to tell. Even the Martial Law authorities advised that, if the supply was disconnected, law and order situation would arise. An S.D.O., had issued a warrant of arrest against the departmental representative when he disconnected the tubewells of one Haji Sahib of that place, who owed to WAPDA Rs. 15 lakhs. The matter was reported to the Martial Law, but the S.D.O. was still prospering as SDM or a District Magistrate by now. REPCO was not paying them about Rs. 3.1 crore. In reply to a query the departmental representative said that they would provide a list of the outstanding to the Public Accounts Committee.

957. A member of the Committee remarked that the Adjustor's awards should have been implemented. The departmental representative suggested that the Adjustor should be at least of the status of Secretary to the Government. Nowhere in the world, was a person, who did not pay the dues, was entitled to any service. Only WAPDA was the one exception.

958. The departmental representative added that he would suggest that the Magistrate should be barred from giving stay orders, when the arrear had not been paid. A member of the Committee remarked that the Committee might recommend the Adjustor's award to be binding. The departmental representative submitted that the Adjustor could not do much, because if he could release some money to them from the defaulting Government department only then he could deduct something from them, otherwise he did not come into the picture. In the case of private consumers, Government intended to strengthen the WAPDA's hands by making amendments in the Electricity Act.

959. In reply to a query the departmental representative informed the Committee that Government owned 54% of the shares in REPCO, but its accounts were not produced before the PAC. The Committee directed that the latest balance sheet of the REPCO/MESCO should be made available to the PAC.

COMMENTS ON THE BALANCE SHEET OF WATER WING AS ON 30TH JUNE, 1973

960. *Non-transfer of value of completed projects [Para 30(1), page 19—Audit Report—WAPDA].*—The departmental representative explained that they had issued reminders to all the Project Directors under the signature of the

Chairman, WAPDA. They had also issued strict directions to prepare the completion reports. In the past, there was a lapse on the part of the management. In large projects, consultants used to prepare the completion reports.

961. In reply to a query by the Chairman, whether they know what had been done during the current year, the departmental representative stated that they had taken up the matter with the Apportionment Committee and had issued reminders to them. Additional Secretary, Finance was the Chairman of the Apportionment Committee. The departmental representative was advised to keep reminding him till this was sorted out.

962. *Expenditure on Projects in excess of deposits Rs. 2,12,45,131 [Para 30(2), page 15—Audit Report—WAPDA].*—The departmental representative submitted that, while discussing the Audit Report for 1970-71, the PAC had directed that the matter be taken up with the Provincial Co-ordination Committee. Accordingly, the case was referred to that Committee. Subsequently, the Government created the institution of Government Adjustor. The matter was referred to the Adjustor also, who had adjusted the dues against the Punjab Government's claim for electricity duty. The adjustment was under verification. In the case of Gudit, debits of Rs. 24,64,443 had been accepted by ex-MPO and the expenditure had been reduced to Rs. 36,33,44,373. Rs. 1.38 crore had been received from the Federal Government through the Adjustor, increasing the deposits to Rs. 36,32,56,703. Thus, an amount of Rs. 27.670 was still to be recovered, for which the case was pending with the Adjustor.

963. The Committee made no further observation on this para.

COMMENTS ON BALANCE-SHEET OF POWER WING (INCLUDING ELECTRICITY OPERATION BRANCH) AS ON 30-6-1973

964. *Unallocated expenditure of Rs. 10,11,55,521 [Para 31 (3), page 22—Audit Report—WAPDA].*—A member of the Committee pointed out that "the difference in account current with H.O." was increasing and was substantial. The departmental representative replied that this amount had been reduced from Rs. 2,32,50,044 in 1975-76 to Rs. 1,12,00,000 in 1978 by re-conciliation. In reply to a query as to what was the position of the settlement of remittance account in 1978, the departmental representative stated that this account would be finalised in June, 1979, when most of the adjustment would be finally carried out. In reply to another query as to how were they going to account for the super-subscribed cheques (in case of inter-divisional settlement account) if the other party did not accept them, the departmental representative explained that they had laid down a procedure, which had been introduced from the current year. This was the only method of exercising check on the stores.

965. *Loss of revenue amounting to Rs. 7,36,99,909 due to energy unaccounted for (Para 32, page 23—Audit Report—WAPDA).*—The departmental representative stated that this point was well in the notice of Government. Detection teams had been introduced to detect thefts. The special efforts made had produced appreciable results and stealing of energy had been reduced further during the current year. A member of the Committee remarked that this was only a theoretical exercise every year between the Audit and the Department. Another member remarked that the percentage was almost the same.

966. The Committee did not make any further observation on the para.

967. *Paras not discussed to be treated settled.*—The Committee did not make any observation on other paras in the Appropriation Accounts and Audit Report (WAPDA). These would be deemed settled subject to such regularising action as might be necessary under the rules.

NATIONAL ASSEMBLY SECRETARIAT

963. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the National Assembly Secretariat and the Report of the Auditor-General thereon.

969. The following departmental representatives were present :—

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

970. This Secretariat controlled grant No. "87—National Assembly".

APPROPRIATION ACCOUNTS 1972-73

971. There was no material point for consideration by the Committee in respect of the accounts pertaining to the National Assembly Secretariat.

MINISTRY OF RAILWAYS

972. The next item on the Agenda was examination of Appropriation Accounts for the year 1972-73 pertaining to the Ministry of Railways and the Report of the Auditor-General thereon.

973. The following departmental representatives were present :—

1. Mr. Ghulam Mustafa, Deputy Secretary.
2. Mr. S. M. Ayub, Accounts Officer.

974. This Ministry controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Capital Outlay on Investment in Railways	109
2.	Capital Outlay on Railways	143

APPROPRIATION ACCOUNTS 1972-73

975. *Grant No. 109 (Page 179—AA).*—Audit had pointed out an excess of Rs. 2,39,75,391 under the Group head "A—Investment in Railways". The departmental representative submitted that the relevant file of the ex-Railway Wing of the Ministry of Communications was not traceable in the records inherited by the Ministry of Railways. Therefore, the exact reason as to why supplementary grant for the excess could not be obtained despite the fact that Revised Estimates were duly prepared, was not known. It was, however, evident that there was a lapse in this case, which was regretted.

976. On a query by a member, the Financial Adviser (Railways) informed the Committee that the records showed that no supplementary grant was asked for.

977. The Committee observed that this should have been taken note of and any person, who might be found responsible for this lapse should be taken to task.

978. *Grant No. 143 (Page 222—AA).*—There was no material point for consideration by the Committee.

(The other accounts of Railways, except these grants, were examined on 29th January, 1979).

MINISTRY OF EDUCATION

979. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Education and the Report of the Auditor-General thereon.

980. The following departmental representatives were present:—

1. Dr. Tahir Hussain, Joint Secretary.
2. Mr. B. A. Sheikh, Joint Educational Adviser.
3. Mr. A. H. Naqshbandi, Deputy Secretary.

981. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Cabinet Division (Group head 'F')	1
2.	Ministry of Education and Provincial Coordination (excluding Group head 'C')	15
3.	Ministry of Education	17
4.	Government Colleges and Schools	18
5.	Stationery and Printing	66
6.	Development Expenditure of M/o Education and Provincial Coordination	112
7.	Capital Outlay on Printing Corporation	129

APPROPRIATION ACCOUNTS 1972-73

982. *Grant No. 1 (Page 14—AA).*—Audit had pointed out a saving of Rs. 50,000 under the Group head "F—President Welfare Fund for living Writers, Artists, Sportsmen, etc". The departmental representative stated that it was due to a lesser posting of expenditure by the Audit. The entire provision had been utilised during 1972-73 and there was no saving. The Audit was requested to verify the position.

983. *Grant No. 15 (Pages 37-38—AA).*—Audit had pointed out an excess of Rs. 1,78,953 under the Group head “A—Secretariat”. The departmental representative explained that the excess was mainly due to:—

- (i) Adjustment of telephone bills wrongly addressed to the Ministry by the T&T Department (Rs. 66,747); and
- (ii) Belated debits on account of payment to the UNESCO Regional Centre, sanctioned during 1971-72 (Rs. 65,000).

984. In reply to a query, the departmental representative further said that question of supplementary grant could arise only if the expenditure at (i) above pertained to the Ministry of Education. The expenditure pertained to departments which were not under the control of the Ministry of Education. These were wrongly addressed to the Ministry. As the copy of every bill was simultaneously addressed to the A.G.P.R., they booked the expenditure without consulting the Ministry. About the excess of Rs. 41,011, the departmental representative said that it required no explanation as it was within the prescribed limit of 1 per cent.

985. A member of the Committee remarked that Audit was rightly raising the point that a Department could not give explanation for a few items only and then say that the balance was within the permissible limit. Was not the Ministry aware about the previous year's debit for payment to the UNESCO Regional Centre? If so, should not the Ministry have made adequate provision for the expenditure and asked for a supplementary grant in time. If the Ministry had a saving in one year and it was in their knowledge that the debit in relation to that saving was coming in the following year, the Ministry should have made a provision for it. The Committee made no further observation on this grant.

986. *Group head “B—Central Bureau of Education”.*—Audit had pointed out an excess of Rs. 1,21,264 under the above Group head. The departmental representative stated that, according to the reconciled departmental figures, the actual expenditure was Rs. 4,09,267 and not Rs. 5,19,864, as shown by the Audit in the Appropriation Account. Audit agreed and the Committee accepted the departmental explanation.

987. *Grant No. 17 (Page 41—AA).*—According to Audit there were savings of Rs. 3,13,391 and Rs. 28,42,544, under Group heads “A—University” and “B—General” respectively. The departmental representative explained that the savings were on account of lesser posting of expenditure by the Audit. The Audit was requested to verify and settle the point.

988. *Grant No. 18 (Page 42—AA).*—There was no material point for consideration by the Committee under this grant.

989. *Grant No. 66 (Pages 112-113—AA).*—A saving of Rs. 7,68,683 under the Group head “B—Central Stationery and Forms Office, Karachi”, was reported in the Appropriation Accounts. The departmental representative submitted that the saving was mainly due to non-adjustment of debits on account of Customs duty in respect of two items of stores (Rs. 6,50,607) and (Rs. 96,004). A member of the Committee remarked that one of the items was of Rs. 6,50,607 and enquired if this debit could not have gone in the previous year as the A.T's were dated December, 1971 and March, 1972. The departmental representative stated that it was adjusted by audit in the accounts for 1973-74. The Audit was requested to verify the position.

990. *Grant No. 112 (Pages 182-183—AA).*—Explaining the saving of Rs. 3,80,820 under the Group head “K—Scientific Departments” the departmental representative pointed out that, according to the reconciled departmental figures, the actual expenditure was Rs. 7,31,400 and not Rs. 3,50,580, as shown by the Audit in the Appropriation Accounts. The Audit was requested to settle the figures in consultation with the Ministry.

991. Audit had pointed out certain excesses under Group heads “L—1—Universities” and “L—4—Special”. The departmental representative contended that these were due to wrong booking by the Audit. The Audit was requested to check the variation and settle the figures.

992. Audit had pointed out less recoveries in respect of “Development of Urdu Language” (Rs. 3,00,000) and “Islamabad University” (Rs. 70,35,000). The departmental representative submitted that the less recovery was mainly due to lesser booking of actual expenditure by the Audit. The Audit undertook to verify it.

993. *Grant No. 129 (Page 203—AA).*—There was no material point for consideration by the Committee under this grant.

AUDIT REPORT 1972-73

994. *Unauthorised and irregular expenditure of Rs. 35,454 (Para 6, page 21).*—Audit pointed out that, during the course of local audit of a Model School for Boys, it was noticed that an amount of Rs. 35,454 was drawn from the head “Students Scholarships” and incurred on the purchase of water coolers and repair of school vehicles. Under the rules, incurring of expenditure on a purpose other than that for which funds had been allotted was not permissible. The expenditure of Rs. 35,454 incurred on items other than the specified items meant for the student’s scholarships was thus irregular.

995. The departmental representative explained that approval of the Chairman, Board of Governors of the Islamabad Model School for Boys, was obtained and sanction to the utilization of the amount of scholarships was accorded by the Ministry of Education. Audit did not admit the sanction and desired that the *ex post facto* sanction be got endorsed from the Finance Division. Accordingly the matter was taken up with the Finance Division but that Division remarked that they were not concerned in the matter.

996. In reply to a query the departmental representative said that the amount of scholarship was not reduced. The Chairman remarked that it meant that the appropriation was then more than the requirement, and it was partly generated for meeting other expenditure. The Audit representative said that the expenditure was not sanctioned by the Government. The departmental representative explained that it was an autonomous body and the Board of Governors had sanctioned it. A member of the Committee remarked that the point was that either the Ministry had made a mistake and given them too much funds or they had misused them. This was a matter of principle. The departmental representative was directed to check the position from the records and report to the Committee as to why scholarship fund had to be divested to.

COMMERCIAL ACCOUNTS 1972-73

- (a) Government of Pakistan Presses, Lahore|Karachi|Islamabad.
- (b) Printing Corporation of Pakistan (HQs), Islamabad.
- (c) Office of the Deputy Controller of Stationery and Forms, Karachi

997. There was no material point for consideration by the Committee in the accounts pertaining to the above organizations.

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

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

999. The next item on the Agenda was examination of Appropriation and other Accounts for the year 1972-73 pertaining to the Ministry of Petroleum and Natural Resources and the Report of the Auditor-General thereon.

1000. The following departmental representatives were present:—

1. Mr. M. Masihuddin, Acting Secretary.
2. Ch. Ziaul Qayyum, Deputy Secretary (F&A).
3. Mr. A. C. Broker, General Manager (Finance) OGDC.
4. Mr. Shahid Ahmed, Director (Finance) PMDC.

1001. This Ministry controlled the following grants:—

Sl. No.	Name of Grant	Grant No.
1.	Ministry of Fuel, Power and Natural Resources (Group Head 'D' only)	44
2.	Geological Survey	45
3.	Other Expenditure of Ministry of Fuel, Power and Natural Resources (excluding Group heads 'A' and 'E')	46
4.	Development expenditure of Ministry of Fuel, Power and Natural Resources (Group head 'K' only)	117
5.	Capital Outlay on Mineral Development	135
6.	Capital Outlay on Fuel and Power	137

APPROPRIATION ACCOUNTS 1972-73

1002. *Grant No. 44 (Page 81—AA).*—There appeared an excess of Rs. 5,35,338 under the Group head "D—Petroleum Cell". The departmental representative explained that, according to the reconciled departmental figures,

the actual expenditure was Rs. 6,30,676 against the final appropriation of Rs. 6,40,300. As such, instead of excess, as pointed out in the Appropriation Accounts, there was a saving of Rs. 9,624. The A.G.P.R., Rawalpindi was requested to rectify the figures but, despite reminders, Audit did not do so.

1003. The audit representative said that they were investigating it as there appeared to be a mistake. They would take action against the person concerned. The para was then dropped.

1004. *Grant No. 45 (Page 82—AA)*.—The saving of Rs. 8,32,389 under the Group head "A—Geological Survey of Pakistan" was explained by the departmental representative as having been due to non-materialisation of an indent placed on the Department of I.P. & S., Karachi, on the 3rd March, 1973, for the supply of Drilling Rig during the financial year.

1005. In reply to a query, the departmental representative said that the cost of the rig was about Rs. 9 lacs. The department assumed that the amount had been disbursed during the course of the financial year but it was later found that the actual disbursement was made after the close of the financial year. Hence the saving.

Grant No. 46 (Page 33—AA) Group Head 'D'

1006. "*Lump provision for Re-imbusement of the cost of Bonus Vouchers for imports of Crude Oil and Refined Petroleum Products*".—Viewing the nomenclature of this group head, a Member was not clear about the expenditure incurred against it. The departmental representative was, therefore, directed to find out the exact nature of this expenditure and place the facts before the Committee next time.

1007. *Group head "G—Payment in respect of Non-usable items of diverted cargo" (Page 83—AA)*.—As pointed out by Audit, there was a saving of Rs. 63,30,000 under the above Group head. The departmental representative said that a sanction of Rs. 63,31,000 for meeting the expenditure in connection with non-usable items of the cargo, originally destined for East Pakistan but off-loaded at Karachi, was issued *vide* Ministry of Fuel, Power and Natural Resources sanction No. 7 (45)72-WAPDA, dated 26th May, 1973. Thus there was no saving. The audit representative said that they were looking into it. The Committee did not make any further observation in this matter.

1008. *Grants No. 117 and 135 (Pages 188 and 210—AA)*.—There was no material point for consideration by the Committee under these grants.

1009. *Grant No. 137 (Page 214—AA)*.—Audit had pointed out savings of Rs. 25,68,179 and Rs. 73,138 under the Group heads "A—Investment of Oil Companies" and "C—Oil Venture in Saudi Arabia", respectively. The departmental representative contended that it was due to lesser postings by the Audit. The audit representative said that they were looking into it and action would be taken against the official responsible.

COMMERCIAL ACCOUNTS 1972-73**Indus Gas Company**

1010. *Avoidable payment of interest amounting to Rs. 20,742 (Para 19, page 17—CA).*—The departmental representative submitted that, due to non-availability of immediate funds with them at the time of receipt of bill of M/s. Sui-Gas Transmission Company Limited, they could not pay the same in time and hence they had to pay 6 percent interest along with the bill with the approval of the competent Authority, as per agreement with the S.G.T.C. However, it was relevant to note that had they paid the bill in time by obtaining bank overdraft, they would have been required to pay 9 per cent interest to the bank. By not doing so, they saved paying 3 percent more interest to the bank.

1011. The Audit representative said that Audit had taken this observation on the 6th December, 1971 when the bill was paid. There was then a balance of Rs. 32,85,923 in the account.

1012. The Chairman observed that, in any case, bills should be paid promptly.

1013. *Avoidable expenditure of Rs. 21,520 on execution of a job (Para 20, page 17—CA).*—After hearing the explanation of the departmental representative, the para was treated as settled.

1014. *Non-accountal of interest (Para 585, page 468—CA).*—Audit had pointed out that accrued interest, amounting to Rs. 1,16,535 on overdue balances, was not accounted for in the books of accounts despite the fact that the Karachi Bench of the West Pakistan High Court had granted a decree in favour of the company for the principal amount with an interest @ 6%.

1015. The departmental representative submitted that this amount of interest had been calculated by the auditors on the outstandings of M/s. Ghousia Glass Bangle and Saifee Glass Works. These cases were still pending for decisions in the courts and no recovery had been made so far. In reply to a query, the departmental representative further stated that they had gone to the court and got the decree in their favour. Subsequently, they had gone for the execution of the decree, but these two parties applied for liquidation to the court.

1016. In reply to a query, the departmental representative stated that, at that time, disconnection could be effected after three months. Thereupon, a member of the Committee observed that it should be verified as to why was there no disconnection and who was responsible for it. This was really a loss. Full facts of the case should be reported back. The Committee endorsed the suggestion of the member.

Oil and Gas Development Corporation

1017. *Sundry Debtors (Para 577, page 462—CA).*—Audit pointed out that from the list of Sundry Debtors, as on 30th June, 1971, it would appear that debts amounted to Rs. 24,48,943 as compared to Rs. 14,71,703 on 30th June, 1970, showing a considerable increase. The increasing trend of the debts needed to be checked and strenuous efforts were called for to effect recoveries with a view to avoiding losses in the shape of irrecoverable debts.

1018. Explaining the reason for increase in Sundry Debtors, the departmental representative stated that it was due to the inclusion of Rs. 15,22,400 recoverable from the WPIDC. An amount of Rs. 6,45,339 was accepted by the WPIDC and the remaining amount had been written off in the years 1975-76 and 1976-77. The amount of Rs. 8,05,588, which was recoverable from M/s. Dawood Petroleum Ltd. against the sale of oil, was received in the month of August, 1971. The remaining amount of Rs. 1,20,954 was also recovered, adjusted in the years 1971-72 to 1973-74, excepting an amount of Rs. 5,954.44 recoverable from M/s Punjab Agricultural Development Corporation which they had not paid in spite of repeated reminders.

1019. In reply to a query as to what sort of debtors were involved, the departmental representative said that it was mostly the Pakistan State Oil. They bought oil through the Attock Refinery. Thereupon, the Chairman observed that they should not be a problem. The departmental representative added that they had asked for increase in the distribution margin which was earlier fixed in 1963-64. The Finance Division had been requested for an increase of one or two paise per gallon. The Committee made no further observation on this para.

MINERAL DEVELOPMENT CORPORATION

(a) Sharigh Collieries

1020. (Para 896, page 816—CA).—In reply to a query by the Chairman, the departmental representative said that they were getting 50,000 tons a year. The mines were getting deeper and in spite of bottle-necks, they were trying to maintain the production level of 50,000 tons.

1021. In reply to another query, the departmental representative said that the present Government investment was about Rs. 1,60,00,000 at 6-1/2% interest. He also pointed out that it could be made profitable, provided that the capital cost was maintained.

1022. On a further query, the departmental representative explained that the accumulated losses were Rs. 3,72,00,000. Thereupon, a member of the Committee remarked that, even if it was written off, they would continue to make up losses until some other steps were taken. The departmental representative said that they had done their home task and it had been noted that they would make marginal profits.

(b) Degari Collieries

1023. (Para 922, page 845—CA).—In reply to a query, the departmental representative stated that Degari Collieries was one of their best mines in Baluchistan, this year, they had yielded more profits. The production being 80,000 tons. They also got a better price for it from the Defence.

(c) Makerwal Collieries

1024. (Para 929—page 853—CA).—The departmental representative informed the Committee that they did not inherit any share capital from the Government. The Government had released Rs. 1.50 crores for this as a loan to them and was recovering 6-1/2% interest on it, but ultimately they passed on this loan as equity. A member of the Committee remarked that, if the Government had paid the Rs. 1.50 crores, then that was Government's investment. Where did that investment appear in the books? The departmental representative said that

the company had not been passed on to them. The Company, which belonged to a Hindu, was initially acquired by the Provincial Government. The Provincial Government passed on the mines to the PIDC and, for the development of this mine, the Government had given a loan of Rs. 1.50 crores. The PIDG Board had passed on this loan to the company, which was formed by the former, as an equity of the PIDC. They get these mines without any payment from the Government. The Government had, however, a liability of Rs. 28 lakhs, which they had paid for the mines.

1025. A member of the Committee suggested that the first balance sheet should be produced before the Committee to enable it to see whether this money was the Government's consideration for acquiring the mine. It should also be checked if the Government had actually paid Rs. 28 lakhs and where did it appear in the Government books. The audit representative said that they could carry out this exercise.

(d) PMDC Salt Mines and Quarries

1026. (Para 935, page 866—CA).—The departmental representative informed the Committee that they had now raised the prices to Rs. 4.08 per maund and wiped out the losses of Rs. 1,07,00,000. They had made a profit of Rs. 1,26,00,000 during the last eight months.

1027. *Paras not discussed to be treated settled.*—The Committee did not make any observation on the other paras in the Appropriation and Commercial Accounts or the Audit Reports. These would, therefore, be deemed as settled subject to such regularising action as might be necessary under the rules.

1028. Thereafter the Committee adjourned to meet again on 26th May, 1979.

M. A. HAQ.
Secretary.

Islamabad, the 13th June, 1979.

APPENDIX I
REPORT OF THE EFFORTS MADE BY THE MINISTRY OF FOREIGN
AFFAIRS

(179-180)

(See para 373 of Annex I)

The Audit has pointed out that there was a huge back-log of Audit Reports relating to various Pakistan Missions abroad, the Ministry and its Guest Houses in Pakistan by the end of 1974. The emphasis has been laid on the desirability of taking effective steps to expedite follow-up action on these reports.

2. This problem had already engaged the attention of the Secretary (Admn.) early in 1973 and he had discussed the matter with the Auditor-General in two meetings held in January and September, 1973 (copy of the minutes enclosed). As a result an additional audit section was created in the Ministry and a small Audit Office headed by a Deputy Director was also established in the Foreign Office Building. The enforcement of new arrangements speeded up proper examination and settlement of reports. The Auditor-General was informed in June, 1974, "that during the period from October to December, 1973 your Deputy Director working in the Ministry had dealt with 58 Audit Reports in consultation with our officers. As a result, 150 Audit Objections were settled". (Secy. Admn's letter No. Audit-18|2|71 dated the 12th June, 1974, copy enclosed).

3. From the very beginning the number of outstanding reports quoted by the Audit was disputed by the Ministry. Many audit observations concerning other Ministries, and those pertaining to Part II of the Report (the settlement of which is the responsibility of Audit by direct correspondence with the Missions) were included. (Secretary Administration's letter No. Audit-18|2|71, dated 22nd June, 1974, copy enclosed).

4. After much correspondence and protracted discussions for one year the number of outstanding Audit Reports was reduced from 405 (as in draft paragraph framed in March, 1974) to 331 (as in the revised draft paragraph framed in April, 1975). But this list of 331 reports again contained some reports which did not belong to this Ministry. This was brought to the notice of the Joint Director FAUNA in August, 1975. Thereafter several meetings were held and correspondence exchanged but no mutually agreed list could be drawn. We still hold that a number of outstanding paras do not concern this Ministry. Our contention is confirmed by the fact that the Report of the Auditor-General presently under consideration of the Committee, includes paragraph No. 10 which relates to the Ministry of Defence: Paragraph No. 16 External Publicity Wing, Ministry of Information and Broadcasting and recoveries reported outstanding in Paragraph No. 15 relate to a person belonging to the Ministry of Defence.

5. However, settlement of these outstanding reports largely depends on the co-operation of the Audit which was sought by the Secretary (Admn.) from the Auditor-General when this paragraph was framed in these words:—

"But I doubt whether we can make much headway unless we both co-operate in resolving them". (Letter No. Audit-18|2|71, dated 12-6-74).

6. As acknowledged by the Audit the settlement of these old reports has become very difficult with the passage of time. The affected officials are not traceable and relevant record is not readily traceable. A number of these outstanding reports relate to defunct Missions of Chandigarh, Jullundar, Bombay, Calcutta, Shillong, Basra, Akyab, Khorram Shahr, San Francisco, whose records

are not traceable. In some observations designations of affected officials were not given. In the absence of any designation it takes considerable time to locate the person against whom observation was made. In cases where the persons claim that recoveries were already made it becomes difficult to verify the fact from old record in the mission or in the Chief Accounts Office. Similar difficulties arise in writing off irrecoverable amounts where concurrence of the Ministry of Finance, is to be obtained.

7. In early days there was an acute shortage of Accounts knowing personnel contributing to a number of Audit Observation based on procedural irregularities. Realizing the difficulty the Ministry has already arranged courses conducted by the Accounts Officers of the C.A.O. and only such persons as pass the examination and also complete practical training are posted as Accountants. Our difficulties are multiplied in cases where the Audit does not clearly states in the observations, the rules or instructions which have been infringed. However to bring home correct position of the rules to persons serving in Pakistan Missions abroad, the Ministry published in 1974 four volumes of instructions on financial and administrative matters. These volumes are being revised periodically and circulated to all concerned. It has now improved the situation.

8. Despite all the above mentioned draw-backs a considerable progress has been made since this para was drawn in 1974. According to our record the position is as follows :—

Pakistan Missions

(a) The total number of Audit Reports received up to 31st March, 1978 was 473; out of which only 22 reports were settled upto August, 1974. From the remaining 451 reports, 220 were settled during the period of about 4 years (1974—78) with the result that on 31st December, 1978 the number of unsettled Audit Reports remained only 231. In other words, during the period of 22 years (from 1952 the year when audit of missions started to 1974 when para was framed) the rate of settlement of Audit Reports was one report per year. But in following four years (1974—78), the rate of progress rose from 1 to 55 reports per year. If 30 reports with only one or two outstanding paras, are taken as nearly settled, the number of outstanding reports would be reduced from 231 to 201 only. The progress will perhaps be appreciated.

The Ministry (Headquarter)

(b) Out of the 14 outstanding reports received up to the date the para was framed, two reports (1954—56) & (1963-64) have been settled completely, one report (1956-57) has only one para outstanding, two reports (1960-61) & (1959—62) have two paras only, one report for 1958-59 has three paras and other report (1957-58) has four paras outstanding. All the outstanding paras relate to procedural irregularities in which record is to be traced out and corrected to the satisfaction of audit. We hope that these reports will be settled in due course. In remaining reports, majority of the paras have been settled and the rest are under process of settlement.

State Guest Houses

(c) No paragraph in respect of audit reports up to 1973 is outstanding for reply with the State Guest House, Rawalpindi & Karachi. An all out effort is being made to settle outstanding audit paragraphs, if any, in respect of the audit reports pertaining to these State Guest Houses.

9. As regards the assertion that even first reply was not given in respect of 15 Inspection Reports (list supplied in 1976 with FAUNA letter No. A-I|3-D|C|114, dated 21-1-76) the position is that three reports have been completely settled (one relating to C.G. San Francisco and two relating to Ministry). Three Reports (two on Consulate General and one on Embassy of Pakistan, Washington) do not relate to the accounts of Diplomatic Wing and as such Ministry of Foreign Affairs is not concerned. This fact was brought home to Audit and accepted by them. Thus there remain 9 Reports only. The position of four is :

- | | |
|------------------------------------|--|
| (i) Report 1957-58 Ministry (HQ) | .. One para outstanding. |
| (ii) Report 1959—62 Ministry (HQ) | .. Two paras outstanding. |
| (iii) Report 1964—71 Ministry (HQ) | .. 7 year is too long a period to be covered in a Report. There is no such Report in our records. |
| (iv) Report 1961—63 Ministry (HQ) | .. Misplaced in shifting the Ministry from Karachi to Rawalpindi Sectt. No. 1, then to Burki House, again to Islamabad Municipal Building and Ultimately to present premises. A copy thereof was called for in 1969 which does not appear to have been supplied. |

10. Of the remaining five reports correspondence has been exchanged and several paras have been settled. Thus it will be seen that there are no such Reports as are lying unattended.

COPY

From: Maj. Gen. N. A. M. Raza,
Secretary (Administration).

No. Audit-18|2|71.

Islamabad, the 12th June, 1974

Please refer to your d.o. letter No. E.A. I|DP-5, 73-74, 45, dated 2nd May, 1974 and to Moid Khan's earlier letter No. E. A. I|3-3, IX, 706, dated 30th March, 1974, regarding outstanding audit objections concerning the Ministry of Foreign Affairs.

2. I can assure you that we are as much concerned, if not more, as you are about the settlement of the audit objections which have been outstanding for a long time. (But I doubt whether we can make much headway unless we both cooperate in resolving them) I might recall that some six years ago an officer of the rank of a Deputy Director from your office was posted to the Ministry with some supporting staff. He used to hold weekly discussions with Director, Finance, in the Ministry. A number of audit objections were resolved at these meetings. Those which could not be settled were referred to a higher body consisting of the Deputy Auditor General or Director, FAUNA, and the concerned Director General in the Ministry. This higher body used to meet every month or so. When I took over as Secretary (Administration), in the Ministry, I expressed my willingness to attend the meetings of this higher body provided the Auditor General or the Deputy Auditor General also attended them. My idea was to discuss the objections and give a decision on the spot thus avoiding references to higher authorities as was the case when objections were handled at the junior levels. I remember having chaired some meeting which were attended by the Auditor-General or the Deputy Auditor General. The Auditor-General or the D.A.G. was accompanied by some other officers also. At our level we were able to finalise a considerable number of objections and your predecessor was even grateful for the progress that we had made. After some time the team from Lahore stopped coming. I spoke to the then Auditor General and he promised that his team would resume its visits to Islamabad. It, however, did not do so. I again made enquiries and was told that the Auditor-General and most of his staff had gone to New York in connection with U.N. audit and that a reply about the resumption of our meetings could only be given after his return to Headquarters from New York. I am still without a reply.

3. I find that during the period from October to December 1973, your Deputy Director working in the Ministry had dealt with 58 audit reports in consultation with our officers. As a result, 159 audit objections were settled. Some of the remaining ones in these reports would also, have been similarly settled, if as arranged earlier, your Deputy Director had come and discussed them with me. But this he did not do.

4. In the light of the position explained above I am sure you will appreciate that the Ministry of Foreign Affairs are not solely to be held responsible for the present state of affairs.

5. Your Deputy Director was transferred from the Ministry in December, last. I am told that in March last an Assistant Audit Officer had been deputed to deal with the outstanding audit objections. I very much doubt whether he would be able to make much headway at this level. You, as well as I, know how the

minds of the junior officers work and how far juniors officers can take decisions at their level. A good deal of common sense has to be applied in dealing with these objections.

6. I am, in the circumstances, of the view that we should resume our periodic high level discussions. In this connection I would suggest that when you next come to Islamabad, you might care to come to the Ministry so that we could discuss the matter further and lay down a programme.

I should be grateful for an early reply.

With kindest regards.

Sd/-
N. A. M. RAZA

Mr. Abdul Hamid,
Auditor-General of Pakistan,
Lahore.

From: Maj Gen. N A. M. Raza,
Secretary (Administration).

Ministry of Foreign Affairs
Islamabad

No. Audit-18|2|71.

Islamabad, the 22nd June, 1974

Please refer to my letter of even number, dated the 12th June, 1974, regarding outstanding audit objections concerning the Ministry of Foreign Affairs.

2. I am informed by my office that they requested FAUNA, to supply the details of Audit Observations for proper examination at this end. In response FAUNA, *vide* their letter No. E.A. 1|DP-5|73-74|147, dated the 27th May, 1974, forwarded first instalment of Audit observations. I am surprised to note that most of the Audit observations relate to other Ministries, Divisions. You will agree that we are not in any way concerned with the expenditure incurred by the representative of other Ministries in our Mission abroad. A cursory glance at statement No. 3 forwarded with your above quoted letter would indicate that we are not at all responsible for adjustment of advances amounting to U.S. \$ 142,74,777.83 made to the U.S. Government during the years 1956 to 1967 for the defence and food purchases. Obviously the Ministry of Defence and Food Division should have been addressed to settle these observations. Similarly the statement contains a large number of observations on the Expenditure sanctioned and controlled by other Ministries *viz.* Commerce, Defence, Food, Education etc., with which we are not concerned. Besides this there are a number of Audit observations pertaining to Part-II of the reports, the settlement of which is the responsibility of the Audit in direct correspondence with the Mission concerned without the intervention of this Ministry. It appears that the Audit has shifted the responsibility of settlement of all outstanding observations on behalf of the entire Government of Pakistan on this Ministry.

3. More disappointing aspect of the case is that figures supplied to us by the Audit are based on the information compiled in 1971. It seems that no effort was made since then to correct them in the light of settlements issued by your office. A list of Audit observations already settled is enclosed in which item-wise position of each observation has been explained. You will observe that only a sum of thirteen thousand rupees is to be adjusted through the TA bills against lacs of rupees shown un-adjusted by the Audit in the said statement. I think Audit has a responsibility to put before the Public Accounts Committee correct and up-to-date figures and as such efforts have to be made to bring out the latest position in respect of this Ministry and other Ministries and Division involved.

4. In the light of the above observations, I am sure you will agree that restoration of periodical meetings as suggested in my letter No. Audit. 18|2|71, dated 12th June, 1974, has now become an absolute necessity.

Sd/-
N. A. M. RAZA,

Mr. Abdul Hamid,
Auditor-General of Pakistan,
Lahore.

MINISTRY OF FOREIGN AFFAIRS, ISLAMABAD

SUBJECT :—*Minutes of the meeting held by Secretary (Administration) with the Auditor-General of Pakistan on September 15, 1973.*

A meeting under the Chairmanship of Secretary (Administration) was held on September 15, 1973 in the Conference Room with the Auditor-General of Pakistan in order to discuss outstanding Audit Reports relating to the Ministry of Foreign Affairs. The meeting was attended by the following :

- (i) Gen. N.A.M. Raza (In the chair)
Secretary (Administration).
- (ii) Mr. I. A. Osmani, Auditor-General of Pakistan.
- (iii) Mr. Aitezazuddin Ahmed, Accountant General, Pakistan Revenues.
- (iv) Mr. Nisar Ali Shah, Director (Finance and Flood Relief).
- (v) Mr. Manzoor Hussain, Chief Accounts Officer.
- (vi) Qazi Abdul Malik Deputy Director (FAUNA).
- (vii) Mr. N. A. Qadeer, Section Officer (Audit).

2. Initiating the discussions, Secretary (Administration) remarked that despite his clear instructions, no arrangements have been made for his meeting with Auditor-General since the last meeting in January 1973. He said that it was completely wrong to say that he was not available for such meetings and even if he was away from the country on official duty, he could have been contacted later for fixing a convenient date for his next meeting with the Auditor-General. He said he was determined to have the outstanding audit observations settled within a period of three months. The Auditor-General agreed and expressed his keenness to have such meetings on regular basis so as to clear the backlog of audit observations. Mr. Aitezazuddin Ahmed, former Director (Finance) explaining the delay in holding the meeting stated that he had done a lot of preliminary work but unfortunately it could not be possible to arrange the meeting as Secretary (Administration) has been very busy over the past few months. Secretary (Administration) did not accept this explanation and stated that in future meeting between him and the Auditor-General should be arranged every fortnight. It was then decided that the next meeting between the Secretary (Administration) and the Auditor-General would be held on October 1. Before this meeting, Deputy Director (FAUNA) who had been specially posted for this purpose in Islamabad, would held a preliminary meeting with Director (Finance) to assess the progress on the implementation of the decisions taken in the previous meeting and to prepare a working paper for the next meeting.

3. Mr. Aitezazuddin Ahmed pointed out that the Audit Section had been under satisfied and was not therefore able to cope with the increasing volume of work. As against the earlier sanctioned strength of 1 Superintendent, 4 Assistants, 1 U.D.C. and 1 L.D.C. at present, they had one Assistant-in-Charge against the post of Superintendent and three Assistants and one L.D.C. in the intervening period, the strength of the Section had depleted to only two Assistants. The

original sanctioned strength of Audit Section was drastically reduced without consulting the Director (Finance) under the Reorganization Scheme reducing the number of staff from 7 to 5. Despite his representation the sanction strength of the Audit Section had not been restored. It was decided that Director (Organization) would look into this case and report to the Secretary (Administration).

4. Since the Assistants working in the Audit Section are not fully trained in accounts, the work of the Section has suffered on this account also. Secretary (Administration) then asked the Auditor-General whether he could spare two trained Accountants from his Department to work in the Ministry on deputation to which the Auditor-General agreed. At this stage, the Auditor-General reminded that his proposal for posting S.A.A. Accountants in our Missions abroad had fizzled out as it was suggested that since Accountants belonging to the Audit Department were not conversant with the rules and regulations and due to different nature of work in this Ministry, they should undergo a training in the Ministry first. The former Director (Finance) complained that his proposal for creation of another Audit Section for the purpose of clearance of arrears was still pending with the Director (Organization) sent to him in last June. Secretary (Administration) remarked that he had received no such proposal which should be submitted to him by the Director (Organization) with his comments.

APPENDIX II
REASONS FOR THE EXCESS EXPENDITURE OF RS. 76.66 CRORES

(189-190)

Appendix II

(See para 870 of Annex I)

REASONS FOR THE EXCESS EXPENDITURE OF RS. 76.66 CRORES

The Budget Grant originally sanctioned by the Ministry of Finance was Rs. 424.64 crores. This grant was considered inadequate by the Defence authorities in the context of the provision of Rs. 666.49 crores which had been recommended to Finance Ministry after a careful evaluation of the requirements.

The requirements had been reviewed from time to time, both at the beginning and towards the close of the financial year (April 1973) by different high level Committees. It had throughout been held that the amount of Rs. 424.64 crores was not sufficient. Eventually, the grant was fixed at Rs. 445.60 crores. Even this was not sufficient. The year ended with an actual expenditure of Rs. 522.26 crores. The factors that led to the excess expenditure of Rs. 76.66 crores were :

- (1) obligatory payments on account of Pay, Allowances and Pensions, including remittances to the families of POWs.
- (2) contractual payments on account of works for Defence.
- (3) payments on account of emergent purchases from USA on unexpected lifting of ban by the US authorities on the sale of Defence Stores to Pakistan.
- (4) carrying out of accounting adjustments in respect of certain un-booked payments of the previous years.

In the final analysis, therefore, it would be seen that (a) keeping in view the obligatory nature of the expenditure explained above and (b) having regard to the situation arising from the after-effect of the 1971 war and the impact of devaluation of Pak rupee, the excess expenditure, which had been incurred in good faith and on valid grounds, could not possibly have been avoided.

The reasons stated above have been shown to Ministry of Finance.

ANNEXURE II
STATEMENTS No. 1—5

(193—194)

STATEMENT No. 1

SUMMARY OF RESULTS OF APPROPRIATION AUDIT

APPROPRIATION ACCOUNTS 1972-73

(In Lacs of Rupees)

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Variation Excess(+) saving(—)	Percentage
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
Other than Charged :					
Expenditure met from Revenue ..					
Civil	1,77,28	2,63,46	2,03,07	—60,39	22.92
Defence	4,24,64	4,45,60	5,22,26	+76,66	11.20
Posts, T & T	28,70	28,70	31,43	+2,73	9.12
Pak. Railways	82,70	86,33	90,00	+3,67	4.25
Total	7,13,32	8,24,09	8,46,76	+22,67	2.75
Expenditure met from Capital :					
Civil	3,85,62	4,24,37	3,98,04	—26,33	6.20
Defence .. .. .	.. .. .	.. .. .	.. .. .	.. .. .	.. .. .
Posts, T & T	24,49	27,15	28,75	+1,60	5.89
Pak. Railways	17,56	17,56	7,85	—9,71	55.30
Total	4,27,67	4,69,08	4,34,64	—34,44	7.34
Disbursement of Loans & Advances.	1,19,53	1,24,96	73,29	—51,67	41.35
Total Other than Charged	12,60,52	14,18,13	13,54,69	—63,44	4.47
CHARGED					
Expenditure met from Revenue :					
Civil	1,96,62	1,99,47	1,56,97	—42,50	21.30
Posts, T & T	4,64	4,69	7,81	+3,12	66.52
Pak. Railways	17,70	17,70	17,60	—10	0.56
Total	2,18,96	2,21,86	1,82,38	—39,48	17.79
Expenditure met from Capital :					
Civil .. .. .	.. .. .	21	35	+14	66.67
Disbursement of Loans & Advances.	1,36,40	1,85,35	1,60,16	—25,19	13.59
Total Charged	3,55,36	4,07,42	3,42,89	—64,53	15.84
Repayment of Debt Charged	23,09,72	23,09,72	23,89,96	+80,24	3.47
Total Expenditure met from Revenue.	9,32,28	10,45,95	10,29,14	—16,81	1.61
Total Expenditure met from Capital..	4,27,67	4,69,29	4,34,99	—34,30	7.31
Total Disbursement of Loans & Advances	2,55,93	3,10,31	2,33,45	—76,86	24.77
Total Repayment of Debt.	23,09,72	23,09,72	23,89,96	+80,24	3.47
GRAND TOTAL	39,25,60	41,35,27	40,87,54	—47,73	1.15

STATEMENT No. 2
ANALYSIS OF SAVINGS AND EXCESSES BY MAIN DEPARTMENTS

(In Lacs of Rupees)

1	Final Grant	Expenditure	Excess (+) Saving (-)	Percentage
2	3	4	5	
	Rs.	Rs.	Rs.	
<i>(a) As compared with Gross Grants including surrenders within the Grants :</i>				
Civil	35,07,54	33,81,84	-1,25,70	3.58
Defence	4,45,60	5,22,26	+76,66	17.20
Posts, T & T	60,54	67,99	+7,45	12.31
Railways	1,21,59	1,15,45	-6,14	5.05
Total ..	41,35,27	40,87,54	-47,73	1.15
<i>(b) As compared with Net Grants excluding surrenders within the Grants :</i>				
Civil	33,09,82	33,81,84	+72,02	2.18
Defence	4,45,60	5,22,26	+76,66	17.20
Posts, T & T	58,06	67,99	+9,93	17.10
Railways	1,11,84	1,15,45	+3,61	3.23
Total ..	39,25,32	40,87,54	+1,62,22	4.13

STATEMENT No. 3

ANALYSIS OF THE SAVINGS AND EXCESSES UNDER REVENUE, CAPITAL AND LOANS AND ADVANCES

(In Lacs of Rupees)

	Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Excess(+) Saving(-)	Percentage
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
Civil :					
Expenditure met from Revenue :					
Authorised	1,77,28	2,63,46	2,03,07	-60,39	22.92
Charged	1,96,62	1,99,47	1,56,97	-42,50	21.30
Total	3,73,90	4,62,93	3,60,04	-1,02,89	22.23
Expenditure met from Capital :					
Authorised	3,85,62	4,24,37	3,98,04	-26,33	6.20
Charged .. .. .	..	21	35	+14	66.67
Total	3,85,62	4,24,58	3,98,39	-26,19	6.17
Disbursement of Loans & Advances :					
Authorised	1,19,53	1,24,96	73,29	-51,67	41.35
Charged	1,36,40	1,85,35	1,60,16	-25,19	13.59
Total	2,55,93	3,10,31	2,33,45	-76,86	24.77
Repayment of Debt :					
Charged	23,09,72	23,09,72	23,89,96	+80,24	3.47
Total (Civil)	33,25,17	35,07,54	33,81,84	-1,25,70	3.58
Defence :					
Expenditure met from Revenue :					
Authorised	4,24,64	4,45,60	5,22,26	+76,66	17.20
Expenditure met from Capital					
Total (Defence)	4,24,64	4,45,60	5,22,26	+76,66	17.20

	1	2	3	4	5	6
Pakistan Posts, Telegraph & Telephone :		Rs.	Rs.	Rs.	Rs.	Rs.
Expenditure met from Revenue :						
Authorised		28,70	28,70	31,43	+2,73	9.12
Charged		4,64	4,69	7,81	+3,12	66.52
Total		<u>33,34</u>	<u>33,39</u>	<u>39,24</u>	<u>+5,85</u>	<u>17.52</u>
Expenditure met from Capital :						
Authorised		24,49	27,15	28,75	+1,60	5.89
Total (Posts T & T)		<u>57,83</u>	<u>60,54</u>	<u>67,99</u>	<u>+7,45</u>	<u>12.31</u>
Railways :						
Expenditure met from Revenue :						
Authorised		82,70	86,33	90,00	+3,67	4.25
Charged		17,70	17,70	17,60	-10	0.56
Total		<u>1,00,40</u>	<u>1,04,03</u>	<u>1,07,60</u>	<u>+3,57</u>	<u>3,43</u>
Expenditure met from Capital						
Authorised		17,56	17,56	7,85	-9,71	55.30
Total (Railways)		<u>1,17,96</u>	<u>1,21,59</u>	<u>1,15,45</u>	<u>-6,14</u>	<u>5.05</u>
GRAND TOTAL		<u>39,25,60</u>	<u>41,35,27</u>	<u>40,87,54</u>	<u>-47,73</u>	<u>1.15</u>

STATEMENT No. 4

(See paragraph 66 on page 17 of the Report)

STATEMENT SHOWING EXCESSES OVER AUTHORISED GRANTS WHICH REQUIRE TO BE REGULARISED

Sl. No.	No. and Name of Grant	Final Grant	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
Civil				
1.	2—Establishment Division	52,35,000	56,70,475	4,35,475
2.	5—Federal Public Service Commission ..	14,42,000	14,43,091	1,091
3.	6—Other Expenditure of Establishment Division	29,69,000	32,05,416	2,36,416
4.	11—Meteorology	1,09,87,000	1,10,12,412	25,412
5.	12—Aviation	2,06,19,000	2,24,21,589	18,02,589
6.	16—Archaeology and Museums ..	30,50,000	30,50,620	620
7.	23—Superannuation Allowances and Pensions	3,29,42,000	3,65,95,987	36,53,987
8.	30—Estate Duty	2,35,000	2,44,932	9,932
9.	31—National Savings	13,73,000	14,18,185,	45,185
10.	33—Technical Assistance Scheme ..	8,70,78,000	9,83,82,061	1,13,04,061
11.	35—Ministry of Food and Agriculture ..	68,03,000	81,43,325	13,40,325
12.	37—Zoological Survey Department ..	3,82,000	3,82,300	300
13.	38—Plant Protection Measures	47,47,000	48,19,101	72,101
14.	40—Fisheries	6,55,000	6,56,380	1,380
15.	41—Ministry of Foreign Affairs ..	76,58,000	88,19,945	11,61,945
16.	43—Other Expenditure of Ministry of Foreign Affairs	2,22,79,000	2,32,64,861	9,85,861
17.	44—Ministry of Fuel, Power and Natural Resources	28,48,000	47,95,528	19,47,528
18.	50—Family Planning Division	1,07,000	1,08,297	1,297
19.	51—Interior Division	29,50,000	30,07,034	57,034
20.	52—Passport Organization	25,85,000	30,34,832	4,49,832
21.	56—Frontier Regions	3,63,32,000	4,11,06,033	47,74,033
22.	57—Centrally Administered Tribal Areas ..	1,92,62,000	1,97,97,002	5,35,002
23.	69—Department of Films and Publications	72,69,000	75,17,497	1,48,497

1	2	3	4	5
		Rs.	Rs.	Rs.
24.	75—Other Expenditure of Ministry of Information and Broadcasting, Auqaf and Haj	1,87,04,000	2,13,60,407	26,56,467
25.	76—Labour and Local Bodies Division ..	37,52,000	38,02,329	50,320
26.	79—Civil Works	4,93,90,000	6,00,47,852	1,06,57,852
27.	80—Rehabilitation of Displaced Persons and Protection of Evacuee Property ..	3,74,000	3,90,805	16,805
28.	81—Other Expenditure of Rehabilitation and Works Division	3,07,000	3,84,616	77,616
29.	88—Ministry of Political Affairs Communications	34,55,000	41,97,999	7,42,999
30.	92—Department of Shipping Control and Mercantile Marine	9,76,000	29,16,824	19,40,824
31.	101—Capital Outlay on Purchases by Ministry of Food and Agriculture ..	2,03,56,01,000	2,04,44,88,046	88,87,046
32.	107—Other Loans and Advances by the Federal Government	14,49,75,000	14,62,96,715	13,21,715
33.	109—Capital Outlay on Investment in Railways	1,59,58,000	3,99,33,391	2,39,75,391
34.	119-A—Development Expenditure of States and Frontier Regions Division ..	..	11,36,879	11,36,879
35.	121—Development Expenditure of Kashmir Affairs Division	3,12,50,000	3,24,66,131	12,16,131
36.	130—Capital Outlay on Mint	25,50,000	27,48,942	1,98,942
37.	136—Capital Outlay on Irrigation and Electricity	82,43,10,000	84,18,51,573	1,75,41,573
38.	149—Capital Outlay on New Federal Capital	7,72,33,000	8,27,33,000	55,00,000
Pakistan Post Office, Telegraph and Telephone				
39.	89—Pakistan Post Office Department ..	9,83,97,000	12,41,94,631	2,57,97,631
40.	90—Pakistan Telegraph and Telephone ..	18,86,35,000	19,01,39,160	15,04,160
41.	144—Capital Outlay on Pakistan Post Office Department	36,00,000	36,51,485	51,485
42.	145—Capital Outlay on Pakistan Telegraph and Telephone Department ..	26,79,26,700	28,38,82,163	1,59,55,463
Defence				
43.	14—Defence	4,45,60,00,000	5,22,25,61,749	76,65,61,749
Pakistan Railways				
44.	5—Appropriation to Funds, Payment of return on Central Provincial Government Capital Investments and Miscellaneous other Expenditure ..	16,61,20,000	22,52,21,995	5,91,91,995

STATEMENT No. 5

(See paragraph 66 on page 77 of the Report)

STATEMENT SHOWING EXCESSES OVER CHARGED APPROPRIATIONS WHICH REQUIRE TO BE REGULARISED

Sl. No.	No. and Name of Appropriation	Final Appropriation	Actual Expenditure	Excess
1	2	3	4	5
		Rs.	Rs.	Rs.
Civil				
1.	1—Cabinet Division .. .. .	..	817	817
2.	79—Civil Works	16,11,000	18,51,801	2,40,801
3.	82—Ministry of Law and Parliamentary Affairs .. .. .	..	120	120
4.	107—Other Loans and Advances by the Federal Government	19,28,34,000	21,78,54,000	2,50,20,000
5.	124-A—Development Expenditure of Works and Rehabilitation Division	12,99,000	13,24,372	25,372
6.	141—Capital Outlay on Civil Works	21,21,000	34,99,723	13,78,723
7.	— Repayment of Debt	23,09,72,16,000	23,89,96,18,526	80,24,02,526
Pakistan Post Office, Telegraph and Telephone				
8.	90—Pakistan Post Office Department	4,24,42,000	7,49,21,904	3,24,79,904

ANNEXURE III
GUIDELINES GIVEN BY THE AD-HOC P.A.C.

(203-204)

(See para 8 of the Report)

GUIDELINES GIVEN BY THE AD-HOC P.A.C., WHILE EXAMINING THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR 1971-72 AND 1972-73, IN REGARD TO PREPARATION AND SUBMISSION OF THEIR REPLIES BY THE MINISTRIES|DIVISIONS.

(1) *Replies to be complete in all respects and consecutively page-numbered.*—Replies to points raised in the Appropriation Accounts and Audit observations should be *complete* in all respects, sent possibly in one lot and must bear *consecutive page numbers*.

(2) *Replies to be exact, factually correct and meaningful and not evasive, routine or general.*—Replies should also be exact, factually correct and meaningful and not evasive, routine or too general, based on presumptions. It will save the time and energy of all concerned if an inexplicable omission or commission is professed frankly, instead of trying to explain the same by rigmarole or platitudes.

(3) *Ministries|Divisions to stick to replies once furnished.*—Ministries etc. must stick to the explanations furnished by them in their replies. This requirement pinpoints the need for being more careful, while preparing replies for the P.A.C.

(4) *Figures furnished in replies to be reconciled figures, as best as possible.*—In most cases, “excesses” or “savings” *vis-a-vis* Grants, pointed out by Audit in their reports, were ascribed by the departmental representative to misposting of expenditure by Audit. On the other hand, Audit counter-blamed the department, for the discrepancy due to “non-reconciliation of figures by them”. The Committee have, in most such cases, been obliged to refer back the controversy to the Auditor General for verification and settlement, even though they would involve delay in finalisation of Accounts and increase fruitless discussion and work all round. It is imperative that the departments concerned should have the figures duly reconciled and settled with Audit, by making extra efforts, if necessary, before, coming to the P.A.C. meetings.

(5) *Reproduction of Appropriation Accounts and Audit paras in Statements of Replies.*—It was observed that, even where Ministries|Divisions had just “No comments” as their reply, pages after pages of Appropriation and Commercial Accounts and Audit paras in the Reports of the Auditor-General were reproduced in the Statement of Replies. This has been making the replies unnecessarily voluminous and unwieldy and involving considerable waste of paper, energy and time. Only such portions of the Audit Report need, therefore, be reproduced in the Statement of Replies as appear to be essential for an understanding of the Comments or replies offered by the Ministries|Divisions thereto. Otherwise, only a reference to the paras and page numbers of the relevant Account—Books should be enough.

[F. 17 (1)|79-Com.]