

REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE ACCOUNTS OF THE

FEDERAL GOVERNMENT OF PAKISTAN

FOR THE YEAR

1988-89

NATIONAL ASSEMBLY SECRETARIAT,
ISLAMABAD

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PREFACE

Article 171 of the Constitution of the Islamic Republic of Pakistan provides that the Reports of the Auditor-General, through the President, be laid in the National Assembly. Thereafter, under the "Rules of Procedure and Conduct of Business" the reports are referred to the Public Accounts Committee for detailed scrutiny and recommendations before the Assembly gives directions on the audit observations incorporated in them. This is how the process of Legislative Accountability is ensured in our Parliament.

The Assembly is expected to play the role of a catalyst in realising the concept of the Legislative Accountability and we are pressing ahead with our efforts to achieve this goal. The present Public Accounts Committee is working indefatigably to update its business and complete the back-log of work, and we are thinking ahead for establishing an Arrears Clearance Cell, based in the Auditor-General's Office. The Cell will be supervised by the Public Accounts Committee. The PAC has also taken recourse to constituting about 40 Sub-Committees and several Inter-departmental Committees to accelerate the pace of its deliberations on the Report in hand (1993-94) and hopes to complete them by November, 1998. If this happens, it will be the quickest completion of an Audit Report ever attempted by a Public Accounts Committee.

And, besides, a noticeable achievement of the Committee and the Secretariat is to compile Public Accounts Committee Report for 1988-89 by re-constructing minutes of meetings from recorded deliberations of past Public Accounts Committees. The efforts made by the PAC staff, especially of Abdul Khaliq, Joint Secretary; Khalid Mahmood, Officer on Special Duty; and Abdul Saleem Sheikh, Section Officer deserve appreciation.

We wish to acknowledge and place on our record the guidance received from the Chairman, Mr. Hamza, and Mr. Manzur Hussain, the Auditor-General of Pakistan as well as Mr. Arif Mansur, Director General (PAC) in accomplishing the task. But all of us were inspired into action by the Honourable Speaker, Mr. Illahi Bakhsh Soomro, who took personal interest in ensuring that the work of the PAC is conducted without delay and hindrance. We owe him a debt of gratitude for this motivation.

KHAN AHMAD GORAYA,
Secretary
National Assembly of Pakistan

Islamabad, the 22nd September, 1998.

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REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF THE FEDERAL GOVERNMENT FOR THE YEAR 1988-89.

INTRODUCTION

This report to the National Assembly of Pakistan by its Standing Committee on Public Accounts covers accounts of the Federal Government and Auditor General's reports thereon for the Financial Year 1988-89. The Committee has finalized the work left only partially incomplete by its predecessor Committees.

2. Under Rules of Procedure and Conduct of Business in the National Assembly 1992, the Standing Committee on Public Accounts consists of not more than 12 members elected by the National Assembly and the Minister for Finance is its member *ex-officio*. After inception of the National Assembly on February 15, 1997, the Public Accounts Committee was formed on May 12, 1997 comprising of the following members:-

1. Mr. Hamza, MNA/Chairman.
2. Mian Muhammad Zaman, MNA.
3. Nawab Salahuddin Abbasi, MNA.
4. Syed Zafar Ali Shah, MNA.
5. Ch. Muhammad Barjees Tahir, MNA.
6. Kunwar Khalid Younis, MNA.
7. Mr. Adnan Aurangzeb, MNA.
8. Mian Muhammad Farooq, MNA.
9. Syed Javed Ali Shah, MNA.
10. Ch. Safdar Rehman, MNA.
11. Mir Faridullah Khan Jamali, MNA.
12. Mr. Shabbir Ahmed Khan Chandio, MNA.
13. Minister for Finance, Economic Affairs & Statistics, *ex-Officio* Member.

3. Whether a particular system of government is parliamentary or presidential, all elected national legislatures have three primary responsibilities: to represent the citizenry of the nation as the "collective voice" of the people and bring popular input into the process of governance, hold the government accountable to the people; and most importantly, to be the supreme law-making body of the nation.

4. There are many interesting points of similarity and contrast among the world's legislatures with regard to how they perceive and pursue their obligations and responsibilities. The manner in which, these functions are carried out varies widely, because parliamentary institutions tend to be rooted in the cultural identity of the populace and are also influenced by the particular Constitutional, statutory and procedural instruments which govern them.

ROLE OF THE NATIONAL ASSEMBLY OF PAKISTAN COMMITTEE SYSTEM

5. The Committee system in the National Assembly has gradually acquired strength and vision, and its character has undergone a transformation. Continuous efforts are being made to establish an effective mechanism for legislative system of accountability through the Committees by making them stronger and more efficient.

6. While recognizing the significance of the committee system as a tool of legislative accountability, the committees have been empowered to examine the expenditures, administration, delegated legislation, public petition and policies of the Ministry concerned and its associated public bodies. A Committee can forward its report of findings and recommendations to a Ministry and is entitled to receive a reply.

7. The Members of Committee are elected by the House. Previously the concerned Minister used to be the Chairman, ex-officio, now the Chairman is elected by the Committee itself.

8. The Committees have also been empowered to invite or summon before it any member of any other person having a special interest in relation to any matter under its consideration, and may invite expert opinion and hold public hearings.

9. The Committees can also call for the production of such papers and records as may be required and considered necessary for the discharge of their

duties. The powers for enforcing the attendance of any person and compelling the production of documents, as given to the committees, vest in civil court under the Code of Procedure 1908, (Act V of 1908).

10. Whenever, a Committee report is presented in the House, the Chairman of the Committee, or any member of that Committee, through the Speaker, may move that the report be taken into consideration despite government's reluctance to do so.

PUBLIC ACCOUNTS COMMITTEE OF NATIONAL ASSEMBLY OF PAKISTAN

11. The Public Accounts Committee (PAC) examines, with the help of reports of the Auditor-General, the funds appropriated for public expenditure; through it's investigations the Committee can, conceivably, bring forth a change in future public policy. In this sense, the Public Accounts Committee undertakes the role of a watchdog and adviser, on behalf of the taxpayers, over the whole field of public expenditure.

12. The Public Accounts Committee, has been empowered to examine the expenditures of the concerned Ministries/Divisions, and to later forward the report of its findings and recommendations to the Ministries/Divisions and urge from them compliance reports within a specific time. Finally the findings and recommendations of the Committee and departmental response thereon are compiled into a report to be submitted before the Natioanl Assembly.

13. Article 171 of the Constitution of the Islamic Republic of Pakistan describes:-

> **The reports of the Auditor General relating to the accounts of the Federation shall be submitted to the President, who shall cause them to be laid before the National Assembly and the reports of the Auditor**

General relating to the accounts of a Province shall be submitted to the Governor of the Province, who shall cause them to be laid before the Provincial Assembly.

14. Rule 184 of the Rules of Procedure and Conduct of Business in the National Assembly, 1992 explains the functions of the Public Accounts Committee as under:-

(1) The Committee shall examine the accounts showing the appropriation of sums granted by the Assembly for the expenditure of the Government, the annual finance accounts of the Government, the report of the Auditor-General of Pakistan and such other matters as the Minister for Finance may refer to it.

(2) In scrutinising the appropriation accounts of the Government and the reports of the Auditor General of Pakistan thereon it shall be the duty of the Committee to satisfy itself-

(a) that the moneys shown in the accounts as having been disbursed were legally available for, and applicable to the service or purpose to which they have been applied or charged;

(b) that the expenditure conforms to the authority which governs it; and

(c) that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by the Ministry of Finance.

(3) It shall also be the duty of the Committee-

(a) to examine the statement of accounts showing the income and expenditure of state corporations, trading and manufacturing schemes, concerns and projects together with the balance sheets and statements of profit and loss accounts which the President may have required to

be prepared or are prepared under the provisions of the statutory rules regulating the financing of a particular corporation, trading or manufacturing scheme or concern or project and the report of the Auditor-General of Pakistan thereon;

(b) to examine the statement of accounts showing the income and expenditure of autonomous and semi-autonomous bodies, the audit of which may be conducted by the Auditor- General of Pakistan either under the directions of the President or under an Act of Majlis-e-Shoora (Parliament); and

(c) to consider the report of the Auditor-General of Pakistan in cases where the President may have required him to conduct the audit of any receipts or to examine the accounts of stores and stocks.

(4) If any money has been spent on any service during a financial year in excess of the amount granted by the Assembly for that purpose, the Committee shall examine with reference to the facts of each case the circumstances leading to such an excess and make such recommendation as it may deem fit.

(5) The report of the Committee shall be presented within a period of one year from the date on which reference was made to it by the Assembly unless the Assembly, on a motion being made, directs that the time for the presentation of the report be extended to a date specified in the motion:

15. Provided that extention in the time for the presentation of the report shall be asked for before the expiry of the time allowed under the rule.

GUIDING PRINCIPLES

16. To create a healthy and productive atmosphere for effective working of the Committee, following principles have been institutionalized by the PAC.

(i) During the discussion of the audit report regarding different Ministries/Divisions, the names of the persons involved in the irregularities shall not be divulged so that the chances of prejudice, victimization, personal liking and disliking or any sort of bias may be warded off;

(ii) Representatives of the departments are expected to assist the Committee in performance of its duties in the real sense. They may not press on concealment of the irregularities and illegalities committed by the Government functionaries;

(iii) It is a joint responsibility of elected public representatives, and Government functionaries to protect the national interest.

(iv) Principal Accounting Officers/Government functionaries must ensure personal attendance in meetings of the PAC and PAC related communications must be given top priority. The Committee is profoundly obliged to the personal intervention of the Prime Mininster to enforce this practice.

(v) Officers of all Ministries/Divisions appearing before the PAC must come fully prepared in order to promptly respond to the queries of the Committee.

(vi) It has frequently happened that Ministries/Divisions contest the figures printed in the Appropriation Accounts at the time of PAC meetings. The Committee insisted that all such variations should be resolved by the Ministries/Divisions in consultation with Audit well before the Committee meetings.

MAJOR FINDINGS

(i) The Public Accounts Committee in its meetings unearthed different cases of gross financial irregularities and misuse of power. Approximately a sum of Rs.6753.62 million was ordered to be recovered from the concerned persons/departments/private organizations.

(ii) The Committee observed that budgetary indiscipline, excesses and savings without plausible reasoning, had become routine, in most of the Ministries and Divisions. Sometimes it appeared that the Parliament was being by-passed with impunity. The Public Accounts Committee directed that immediate and concerted measures should be taken to improve the alarming state of affairs. The Committee emphasised that financial and economic structure of the national economy relied heavily on good budgeting and strict budgetary discipline.

(iii) During examination of the accounts of the Ministry of Women Development, the Committee observed that the Ministry did not act on the recommendations regarding merger of activities assigned to the Ministry alongwith other Divisions which perform similar functions.

(iv) The Committee advised the Law and Justice Division to pursue the adoption of Audit and Accounts Act, which was a Constitutional requirement. The Ministry was advised to coordinate with Finance Division and Audit Department in this regard.

(v) While discussing National Logistic Cell, the Committee felt that certain Plants and Machinery were purchased but could not be utilized for years together. Such examples were quite frequent even in other Ministries and Divisions. The Committee directed the Planning and Development Division that underdeveloped countries like Pakistan can not afford expenditure on import of machinery which remain un-utilized for years and the Division should manifest strict vigilence and control over such pilferage of national resources.

(vi) During examination of the accounts of Establishment Division for the year 1988-89, on a query regarding the issue of posting, transfers and promotions of the Government servants, the department informed that in case of inter-provinces movement posting and transfers are done in consultation with Provincial Governments. Sometimes pressures are exerted, but normally no major problems are faced. For promotions, the system of ACR-grading is available. The Committee

observed that Establishment Division should constantly strive for improvement in policies governing recruitment, posting and evaluation of individual performance. A concern was expressed that personal relations had acquired greater practical significance at the cost of merit and objective criteria. The Department was advised to take affective steps to reverse the trend.

(vii) Ministry of Railways decided to undertake rehabilitation of engines and wagons which had become out of date. The Committee instructed to Ministry of Railways that besides locomotives, wagons and track, manpower should be viewed as a primary assets of the organizations, the effective measure should be adopted to improve staff's general performance.

(viii) The Committee also warned the Ministry of Railways that special efforts were needed by Ministry to improve the public perception of Pakistan Railways which clearly lacks satisfaction over the performance of the department.

(ix) There was an excess of Rs. 5.613 million in the grant of Ministry of Interior. The Department explained that the excess was caused because of 62 ASIs had been recruited by the then Placement Bureau. The Committee instructed to Ministry of Interior to submit a comprehensive report to the PAC regarding recruitment at all levels in Federal Investigation Agency (FIA) through the defunct Placement Bureau.

(x) During the examination of the Appropriation Accounts/Reports on SAFRON for 1988-89, Audit reported that Cement and Steel valuing Rs. 9.635 million were found short during physical verification in different agencies. The Committee took a serious view of such instances of financial indiscipline. The Chairman, PAC on behalf of the Committee, wrote a letter to the President of Pakistan, pointing out that the Principal Accounting Officer had no practical control over the utilization of funds provided under various demands relating to FATA. Authority was advised to look into the serious issues and take appropriate action.

(xi) Audit pointed out Rs. 2.972 million on account of Hotel Charges against 775 debtors in the Ministry of Sports & Tourism. The Committee directed the Ministry to point out the names of defaulters and write the letters to them individually, clearly informing them that in case the dues are not cleared by them within a specific period, their names will be published in the National Press and Civil Suits will also be filed against them.

REPORT OF AUDITOR-GENERAL OF PAKISTAN FOR 1988-89

17. The Report of Auditor-General of Pakistant on the Federal Accounts pertaining to Financial year 1988-89 was laid on the floor of the National Assembly on May 26, 1992 and was referred to the Public Accounts Committee for detailed scrutiny.

18. A series of meetings of the Public Accounts Committee were held from November 15, 1992 to February 3, 1993, November 19, 1995, to October 16, 1996 & July 21, 1997 to 16th December, 1997, in the Parliament House Islamabad, in which the report in question was scrutinized and discussed.

19. This Committee, however, finalized the discussion and arranged for the completion of detailed minuting which presented certain problems as recourse had to be made to verbatim records and taped proceedings to complete the report.

CONCLUDING RECOMMENDATIONS

20. While submitting this report to the National Assembly of Pakistan, the Committee finally recommends that:-

(i) Suggestions and recommendations made by the Committee in the report and the Minutes be accepted;

and

(ii) **Excess Budget Statement for the year 1988-89 be regularized in terms of provisions of the Constitution.**

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

KHAN AHMAD GORAYA
Secretary

HAMZA
Chairman

MIAN MUHAMMAD ZAMAN
Member

NAWAB SALAHUDDIN ABBASI
Member

SYED ZAFAR ALI SHAH
Member

CH. MUHAMMAD BERJEES TAHIR
Member

KUNWAR KHALID YOUNIS
Member

ADNAN AURANGZEB
Member

MIAN MUHAMMAD FAROOQ
Member

SYED JAVED ALI SHAH
Member

CH. SAFDAR REHMAN
Member

MIR FARIDULLAH KHAN JAMALI
Member

SHABBIR AHMED KHAN CHANDIO
Member

MINISTER FOR FINANCE,
ECONOMIC AFFAIRS & STATISTICS,
***EX-OFFICIO* MEMBER**

Islamabad, the 17th October, 1998.

DETAILS OF EXCESS EXPENDITURE FOR

1988-89

(15—16)

EXCESS BUDGET STATEMENT FOR 1988-89

Sl. No.	Name of Ministry/ Division and date of Meeting.	Grant No. & Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations	Remarks
1	2	3	4	5	6	7	8	9	10
1.	Ministry of Railways (16-11-1992)	141-Capital Outlay on Investment in Railways.	86,310,000	3,872,000	90,182,000	15,932,723	38,723	The Committee recommended the excess for regularization.	No excess of Rs. 38,723 but saving of Rs. 74,249,277. An amount of Rs. 74,288,000 for 86-87 was required to be adjusted in grant No. 195. But erroneously adjusted in this grant. Therefore, an excess of Rs. 38,723 is required to be regularized.
		115-Pakistan Railways (Charged)	369,551,000	547,492,000	917,043,000	939,541,209	22,498,209	The Committee advised Audit, Finance Division and M/O Railways to resolve the matter of continued excess in the charged & OTC portions of the grant and to examine if this excess may be controlled by increasing borrowing limit of the Railways.	
		(OTC)	6,449,975,000	684,421,000	7,134,396,000	7,140,458,603	6,062,603		
		142-Other Capital Expenditure of Pak. Railways (Charged)	191,929,000	—	191,929,000	311,723,000	119,794,000	The Committee recommended the excess for regularization.	
		195-Capital Outlay on Pak. Railways.	700,462,000	—	700,462,000	892,523,636	192,061,636	The grant closed with a saving of Rs. 245.371 million. Ministry's explanation that actualy final budget allocation to Railways was Rs. 447.774 million against which actual expenditure was Rs. 455.371 million and there was actualy a variation of Rs. 7.597 million was accepted by the Committee.	No saving of Rs. 245.371 million but excess of Rs. 192,061,636. AGPR and Pak. Railways may clarify the figures.
2.	Planning and Development Division. (18-11-1992)	112-Planning and Development Division.	64,882,000	1,638,000	66,520,000	69,285,665	2,765,665	The Committee recommended the excess for regularization.	Minutes shows excess of Rs. 2,818,098 but actual excess is Rs. 2,765,665.
		171-Development Expenditure of Planning and Development Division.	168,863,000	—	168,863,000	171,005,080	2,142,080	-do-	Minutes shows excess of Rs. 42,530,656 but actual excess is Rs. 2,142,080.

1	2	3	4	5	6	7	8	9	10
3.	Ministry of Food & Agriculture (18-11-1992) & (18-7-1996)	56-Forest.	10,014,000	—	10,014,000	10,842,030	828,030	The Committee recommended the excess for regularization.	
		57-Plant Protection Measures.	50,724,000	—	50,724,000	65,992,551	15,268,551	-do-	
		58-Other Agricultural Services.	22,682,000	94,000	22,776,000	22,792,844	16,844	-do-	
		60-Zoological Survey Department.	2,089,000	—	2,089,000	2,442,321	353,321	-do-	
		61-Livestock Division.	3,883,000	260,000	4,143,000	4,288,071	145,071	-do-	
		135-Capital Outlay on Purchase of Fertilizer.	4,353,409,000	—	4,353,409,000	4,919,506,168	566,097,168	-do-	
		157-Development Expenditure of Food & Agriculture Division.	2,057,836,000	3,270,000	2,061,106,000	2,731,041,830	669,935,830	-do-	
4.	Law and Justice Division. (19-11-1992).	100-Justice Division.	43,951,000	3,951,000	47,902,000	48,271,959	369,959	-do-	
5.	Establishment Division. (6-12-1992).	6-Establishment Division.	67,231,000	6,300,000	73,531,000	74,041,976	510,976	-do-	
		8-Services Tribunal.	3,977,000	560,000	4,537,000	4,537,001	1	The Committee made no observation on the excess of one rupee in the grant which appeared due to rounding off of figures.	
		144-Development Expenditure of Establishment Division.	8,186,000	—	8,186,000	8,190,000	4,000	The Comittee recommended the excess for regularization.	
6.	Ministry of Production, (6-12-1992) & (26-1-1993)	114-Ministry of Production.	112,784,000	50,816,000	163,600,000	170,587,885	6,987,885	The Committee recommended the excess for regularization.	
		194-Capital Outlay on Industrial Development.	35,073,000	—	35,073,000	33,685,000	(–)1,388,000	The Committee advised the Principal Accounting Officer to provide detailed information to Audit for verification.	No excess of Rs. 6,987,885 but saving of Rs. 1,388,000 which is not required to be regularized.

1	2	3	4	5	6	7	8	9	10
7.	Economic Affairs Division, (7-12-1992)	155- Development Expenditure of Economic Affairs Division.	159,341,000	—	159,341,000	188,846,000	29,505,000	The Committee recommended the excess for regularization.	
8.	Central Baord of Revenues. (7-12-1992) (25-1-1993) & (10-10-1996)	47- Central Baord of Revenues.	23,352,000	7,855,000	31,207,000	31,554,994	347,994	-do-	
		48-Sea Customs.	98,917,000	7,024,000	105,941,000	106,513,349	572,,349	-do-	
		49-Land Customs & Central Excise.	233,713,000	6,660,-000	240,373,000	261,584,194	21,211,194	-do-	
9.	Managment Services Division. (9-12-1992)	13-Organizaton and Methods Division.	14,686,000	475,000	15,161,000	15,200,002	39,002	-do-	
10.	Ministry of Interior. (9-12-1992)	91-Islamabad.	135,358,000	2,255,000	137,613,000	149,260,889	11,647,889	**The Committee advised the Principal Accounting Officer to re-examine the details of excess in the grant.**	
		93-Civil Armed Forces.	1,192,333,000	42,961,000	1,235,294,000	1,259,287,051	23,993,051	An Inter-departmental Committee was formed to submit its report within three months.	
		94-Pakistan Coast Guards.	58,598,000	—	58,598,000	62,292,790	3,694,790	The Committee recommended the excess for regularization.	
		96-Registration Organization.	91,159,000	31,165,000	122,324,000	122,703,058	379,058	The Committee recommended the excess for regularization.	
		97-Civil Defence.	10,775,000	633,000	11,408,000	13,262,964	1,854,964	The Committee recommended the excess for regularization.	
		98-Federal Investigation Agency.	59,731,000	—	59,731,000	65,343,783	5,612,783	The Committee desired that comprehensive report be submitted regarding recruitment at all levels in FIA through Placement Bureau.	
11.	Health Division. (10-12-1992)	67-Health Division.	27,007,000	—	27,007,000	27,085,710	78,710	The Committee recommended the excess for regularization.	
		68-Medical Services.	456,327,000	659,000	456,986,000	491,249,065	34,263,065	-do-	
		160- Development Expenditure of Health Division.	427,663,000	10,596,000	438,259,000	438,293,773	34,773	-do-	

1	2	3	4	5	6	7	8	9	10
12.	Agriculture Research Division. (10-12-1992)	158- Development Expenditure of Agriculture Research Division.	164,759,000	—	164,759,000	243,215,741	78,456,741	The Committee recommended the excess for regularization.	
13.	Ministry of Information & Broadcasting. (24-1-1993)	84-Ministry of Information & Broadcasting.	26,918,000	—	26,918,000	28,646,801	1,728,801	-do-	Minutes shows excess of Rs. 327,585 but actual excess is Rs. 1,728,801.
		85- Directorate of Publications, Newsreels & Documentaries.	22,675,000	—	22,675,000	27,,390,609	4,715,609	-do-	
		86-Press Information Department.	27,016,000	2,887,000	29,903,000	29,974,473	71,473	-do-	
		87-Information Services Abroad.	44,271,000	—	44,271,000	53,140,422	8,869,422	-do-	
		88- Pakistan National Centres.	14,672,000	—	14,672,000	15,572,161	900,161	-do-	
14.	Ministry of Science & Technology. (24-1-1993)	173-Development Expenditure of Ministry of Science & Technology.	256,750,000	—	256,750,000	271,025,889	14,275,889	-do-	
15.	Population Welfare Division. (31-1-1993)	113-Population Division.	1,893,000	—	1,893,000	2,078,875	185,875	-do-	
		172-Development Expenditure of Population Division.	433,828,000	11,446,000	445,274,000	456,383,155	11,109,155	-do-	
16.	Ministry of Local Govt. & Rural Development. (1-2-1993)	106- Ministry of Local Govt. & Rural Development.	15,354,000	11,300,000	26,654,000	26,909,224	255,224	-do-	
		169- Development Expenditure of Ministry of Local Government & Rural Development.	93,076,000	—	93,076,000	2,632,511,851	2,539,435,851	Recommendation for regularization of the grant was withheld till final reconciliation.	

1	2	3	4	5	6	7	8	9	10
17.	Ministry of Industries. (2-2-1993) & (16-7-1996)	80- Ministry of Industries	16,026,000	1,600,000	17,626,000	18,158,867	532,867	The Committee recommended the excess for regularization.	
18.	Special Education & Social Welfare Division. (3-2-1993)	73-Other Expenditure of Special Education.	3,608,000	—	3,608,000	4,313,264	705,264	The committee advised the Division to reconcile the figures with Audit.	The figures have been reconciled by the Division with Audit as per PAC directive.
19.	States and Frontier Regions Division. (3-2-1993) & (6-6-1996)	121-States and Frontier Regions Division.	17,313,000	50,000	17,363,000	27,211,413	9,848,413	The grant registered an excess of Rs. 9,970,752. Audit reported that in view of supplementarty grant issued by the Finance Division, the excess was equalized and there was no need for regularization through EBS. The Committee did not offer any comment.	Minutes shows excess of Rs. 9,970,752 but actual excess is Rs. 9,848,413.
		122- Frointier Regions.	244,685,000	—	244,685,000	251,756,378	7,071,378	The Committee recommended the excess for regularization.	
		123- Frointier Constabulary.	290,819,000	—	290,819,000	302,739,633	11,920,633	-do-	
		126- Maintenance Allowances to *Ex*-Rulers.	3,320,000	—	3,320,000	3,926,746	606,746	-do-	Minutes shows excess of Rs. 2,356,746 but actual excess is Rs. 606,746.
		128-Afghan Refugees	1,463,526,000	—	1,463,526,000	1,493,599,801	30,073,801	-do-	
20.	Ministry of Petroleum & Natural Resources. (21-11-1995)	109- Ministry of Petroleum & Natural Resources.	13,132,000	1,016,000	14,148,000	13,235,155	(—)912,845	-do-	No excess of Rs. 78,155 but saving of Rs. 912,845 which is not required to be regularized.
		192- Capital Outlay on Petroleum & Natural Resources.	1,228,038,000	202,192,000	1,430,230,000	1,533,916,803	103,686,803	The Committee deferred the grant with the direction to reconcile the expenditure with Audit.	
21.	Aviation Division. (22-11-1995)	32-Meteorology	60,351,000	—	60,351,000	64,384,778	4,033,778	The Committee recommended the excess for regularization.	
		152-Development Expenditure of Aviation Division.	2,522,000	—	2,522,000	2,952,082	430,082	-do-	
22.	Cabinet Division. (16-1-1996)	2-Cabinet Division.	169,283,000	8,798,000	178,081,000	185,010,799	6,929,799	The Committee recommended the excess for regularization.	
		138- Capital Outlay on Land Reforms.	23,857,000	—	23,857,000	7,288,332	(–)16,568,668	-do-	No excess of Rs. 188,332 but saving of Rs. 16,568,668, which is not required to be regularized.
		179- Capital Outlay on New Federal Capital	235,520,000	—	235,520,000	238,988,000	3,468,000	-do-	Minutes shows excess of Rs. 6,000,000 but actual excess is Rs. 3,468,000.

1	2	3	4	5	6	7	8	9	10
23.	Defence Division. (21-1-1996) & (7-2-1996	33-Survey of Pakistan	100,181,000	—	100,181,000	85,155,012	(-) 15,025,988	The Committee recommended the excess for regularization.	No excess of Rs. 388,712 but saving of Rs. 15,025,988, which is not required to be regularized.
24.	Ministry of Education. (27-2-1996)	35-Ministry of Education.	54,996,000	475,000	55,471,000	60,254,855	4,783,855	-do-	
		36- Education	1,321,486,000	10,500,000	1,331,986,000	1,367,669,173	35,683,173	-do-	Minutes shows excess of Rs. 38,158,173 but actual excess is Rs. 35,683,173.
		38- Federal Govt. Educational Institutions in Cantonments and Garrisons.	173,232,000	—	173,232,000	188,878,204	15,646,204	-do-	
		153- Development Expenditure of Ministry of Education.	995,828,000	48,000,000	1,043,828,000	1,227,673,424	183,845,424	-do-	Minutes shows excess of Rs. 214,664,339 but actual excess is Rs. 183,845,424.
25.	Kashmir Affairs and Northern Affairs Division. (28-2-1996) & (11-3-1996)	129- Kashmir Affairs and Northern Affairs Division.	6,428,000	393,000	6,821,000	7,199,052	378,052	-do-	Minutes shows excess of Rs. 429,752 but actual excess is Rs. 378,052.
		130-Northern Areas	250,371,000	7,317,000	257,688,000	264,317,237	6,629,237	-do-	
		131-Federal Government Government Educational Institutions in Northern Area.	74,636,000	—	74,636,000	76,090,777	1,454,777	-do-	
		132- Other Expenditure of Kashmir Affairs & Northern Affairs Division.	997,796,000	4,900,000	1,002,696,000	1,002,893,302,	197,302	-do-	
		175- Development Expenditure of Kashmir Affairs and Northern Affairs Division.	512,695,000	—	512,695,000	554,329,987	41,634,987	-do-	
26.	Culture Division (24-4-1996)	25-Culture, Sports & Youth Affairs Division.	11,529,000	1,927,000	13,456,000	15,387,790	1,931,790	-do-	
27.	Statistics Division (24-4-1996)	53- Statistics Division.	84,249,000	632,000	84,881,000	93,696,878	8,815,878	-do-	

1	2	3	4	5	6	7	8	9	10
28.	Ministry of Foreign Affairs. (3-6-1996)	64- Ministry of Foreign Affairs.	64,682,000	—	64,682,000	70,306,960	5,624,960	The Committee recommended the excess for regularization.	
		65- Foreign Affairs	639,949,000	59,290,000	699,239,000	721,515,501	22,276,501	-do-	
		66- Other Expenditure of Ministry of Foreign Affairs (Charged)	26,600,000	—	26,600,000	36,329,949	9,729,949	-do-	
		190- Capital Outlay on Works of Ministry of Foreign Affairs.	100,720,000	—	100,720,000	74,380,299	(–)26,399,701	-do-	No excess of Rs. 7,127,542 but saving of Rs. 26,399,701. Excess is due to surrender amounting to Rs. 33,467,243, which is not required to be regularized.
29.	Ministry of Commerce (4-6-1996).	18- Other Expenditure of Ministry of Commerce.	3,367,000	221,000	3,588,000	3,599,628	11,628	-do-	
30.	Sports and Tourism Division (5-6-1996)	28- Tourism Division.	25,108,000	639,000	25,747,000	26,360,631	613,631	-do-	Minutes shows excess of Rs. 703,123 but actual excess is Rs. 613,631.
31.	Narcotics Control Division (5-6-1996)	99- Other Expenditure of Ministry of Interior (Narcotics Control Division).	36,508,000	1,500,000	38,008,000	41,865,994	3,857,994	-do-	
		166- Development Expenditure of Ministry of Interior (Narcotics Control Division).	147,427,000	4,560,000	151,987,000	165,391,938	13,404,938	-do-	
32.	Labour Division (14-7-1996)	103- Labour Division	12,666,000	—	12,666,000	13,360,911	694,911	-do-	Minutes shows excess of Rs. 868,557 but actual excess is Rs. 694,911.
		167- Development Expenditure of Labour Division.	10,254,000	—	10,254,000	4,092,537	(–)6,161,463	-do-	No excess of Rs. 191,153 but saving of Rs. 6,161,463, which is not required to be regularized.
33.	Manpower & Overseas Pakistanis Division. (14-7-1996)	105- Manpower & Overseas Pakistanis Division.	53,693,000	—	53,693,000	58,205,943	4,512,943	-do-	
		168- Development Expenditure of Manpower & Overseas Pakistanis Division.	359,212,000	—	359,212,000	361,653,365	2,441,365	-do-	Minutes shows excess of Rs. 6,431,010 but actual excess is Rs. 2,441,365.

1	2	3	4	5	6	7	8	9	10
34.	Works Division (9-10-1996) & (13-10-1996)	75- Works Division.	5,190,000	1,650,000	6,840,000	8,439,138	1,599,138	The Committee recommended the excess for regularization.	Minutes shows excess of Rs. 1,629,138 but actual excess is Rs. 1,599,138.
		76- Civil Works (OTC)	283,143,000	2,458,000	285,601,000	332,329,107	46,728,107	-do-	
		79- Other Expenditure of Works Division.	1,292,000	—	1,292,000	2,037,559	745,559	-do-	
35.	M/o Finance (25-7-97)	39- Finance Division	76,357,000	7,168,000	83,525,000	98,286,716	14,761,716		
		41- Superannuation Allowances and Pensions (OTC)	812,580,000	89,712,000	902,292,000	1,132,974,965	230,682,965		
		42- National Savings.	82,095,000	1,518,000	83,613,000	83,888,450	275,450		
		46- Subsidies and Miscellaneous Expenditure.	5,636,786,000	650,000,000	6,286,786,000	6,362,164,915	75,378,915	A Sub-Committee was constituted for detailed scrutiny of these grants.	
		188- Development Loans and Advances by the Federal Govt. (Charged)	4,945,686,000	17,000,000	4,962,686,000	5,676,963,627	714,277,627		
		— Servicing of Domestic Debt. (Charged)	25,719,172,000	1,216,815,000	26,935,987,000	33,173,527,792	6,237,540,792		
36.	Ministry of Communications (16-12-1997)	19- Ministry of Communications.	14,641,000	463,000	15,104,000	28,259,939	13,155,939	The Committee recommended the excess for regularization.	
		21- Pakistan Telegraph and Telephone Department (OTC)	2,502,036,000	—	2,502,036,000	2,623,226,627	121,190,627	An Inter-departmental Committee was formed to submit its report within two months.	
		22- Department of Shipping Control and Mercantile Marine.	8,523,000	1,000	8,524,000	8,084,401	(–)439,599	Not regularized.	No excess of Rs. 17,939 but saving of Rs. 439,599 which is not required to be regularized.
		148- Development Expenditure of Ministry of Communications.	972,971,000	—	972,971,000	1,084,293,764	111,322,764	Not regularized.	Minutes shows excess of Rs. 160,766,264 but actual excess is Rs. 111,322,764.
		180- Capital outlay of Post Office Department.	71,171,000	—	71,171,000	71,188,206	17,206	The Committee recommended the excess for regularization.	

MINUTES OF THE PAC FOR 1988-89

(25—26)

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NATIONAL ASSEMBLY SECRETARIAT

PROCEEDINGS OF THE MEETING OF THE PUBLIC ACCOUNTS COMMITTEE ON THE FEDERAL GOVERNMENT ACCOUNTS FOR THE YEAR 1988-89.

Sunday, the 15th November, 1992.
First Sitting (PAC).

The Public Accounts Committee, after completing its review of the Appropriation Accounts, Audit Reports for 1987-88, took up for its examination the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting, which as usual was held in Committee Room No.2 of the Parliament House, Islamabad:-

Public Accounts Committee:

1. Mr. Hamza, MNA.	Chairman
2. Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3. Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4. Mr. Liaqat Baluch, MNA.	Member
5. Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
6. Mir Balakh Sher Mazari, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary (PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty(PAC).

Audit:

1. Sh. Muhammad Sadiq,Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&P).
3. Mr. Najm Hosain Syed, Deputy Auditor-General (GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
5. Mr. A.R. Arif, Director General (GA).

Ministry of Finance:

1. Mr. Khalid Jawed, Secretary.
2. Mr. Muhammad Yaqub, Special Secretary.

3. Mr. Mahmood Ahmad Lodhi, Additional Secretary.
4. Mr. A. Ghafoor Mirza, Joint Secretary(Budget).

Central Board of Revenue:

1. Mr. Saghir Asad Hasan, Member(GST).
2. Mr. Musheeruddin, Director (DR&S).

Economic Affairs Division:

1. Mr. R.A. Akhund, Secretary.
2. Sheikh Muhammad Saleem, Joint Secretary(Admn).
3. Mr. A.R. Abid, Deputy Secretary(Admn).
4. Syed Shakir Hussain Zaidi, Director Accounts.
5. Mr. Ahmad Hussain Malik, Director Accounts.
6. Mr. Muhammad Yusuf, Section Officer (F&A).
7. Mr. Abdul Rauf, Accounts Officer (F&A).

State Bank of Pakistan:

1. Mr. Muhammad Yamin, Executive Director.
2. Mr. S.M. Hashim Ali, Deputy Director.

2. Finance Accounts for 1988-89 were discussed by the Committee during the meeting.

FINANCE ACCOUNTS 1988-89

3. The day was devoted to examination of the Finance Accounts for 1988-89. The Auditor-General made some introductory remarks to the effect that while reviewing the Finance Accounts for 1987-88 in July, 1992, the Committee had advised Audit to discuss the Finance Accounts with Finance Division and other concerned Ministries/Divisions before making their presentation before the Committee. Accordingly, Audit had held discussion with Finance Division and Economic Affairs Division regarding the Finance Accounts for 1988-89. He further observed that the major cause of discrepancy in figures of Finance Accounts and departmental figures was non-reconciliation, which was the mutual responsibility of Audit as well as the departments concerned. He informed the Committee that Audit had proposed a system for improvement in reconciliation and it was hoped that position would improve from 1992-93 onwards.

4. He then called upon the Deputy Auditor-General (A&P) to make the presentation on Finance Accounts. The Deputy Auditor-General stated that he had kept in view the figures of estimated and actual receipts and expenditure for the presentation and would simply give hints about the effect of variations in actual and budgeted figures because Ministries were in a better position to explain the policies in detail. He further pointed out that during review of Finance Accounts for 1987-88, PAC had desired that three points should be considered (i) how budget was spent; (ii) what was the flow of

expenditure in various social and economic sectors and (iii) an economic analysis of the financial year. He informed that economic analysis was not carried out as the accounts were four years old and many changes had since been taken place. Moreover, they had not been able to hold detailed discussions with Ministries/Divisions due to paucity of time. He also expressed hope that in the discussion during the day more guidance would be provided by the Committee for carrying out the task.

5. Regarding analysis of budget, he stated that it was based on revised estimates. Revenue receipts in revised estimates were projected as Rs.119 billion whereas actual receipts were Rs.113 billion. Hence there was a shortfall of Rs.6 billion. In capital receipts Rs.97 billion were realized against the estimate of Rs.90 billion. Under tax revenue, Rs.6.5 billion were received less than estimates while Rs.0.14 billion were realized more than estimates in non-tax receipts. Under tax revenue, direct taxes were Rs.13.97 billion and indirect taxes were Rs.92.28 billion. Ratio of direct and indirect taxes was 1:7 whereas in developed countries direct taxes were always more than indirect taxes. Rs.13.5 billion were realized against the estimate of Rs.14.5 billion under sales tax whereas Rs.21 billion were received as Excise Duty against on estimate of Rs.20 billion. There was continued shortfall in total tax revenue against estimates during 1986-87, 1987-88 and 1988-89. In non-tax receipts there was a shortfall of Rs.9 billion in return on government investments.

6. Regarding income and expenditure he stated that the income comprised revenue receipts and capital receipts. Similarly expenditure could be classified as current and development. Total capital receipts were Rs.90.9 billion against estimate of Rs.71.7 billion. External borrowing were 63% of total capital receipts. Good financing demanded that current expenditure be met from revenue receipts and this was the situation in Pakistan till some years back. During the year under review i.e. 1988-89, current expenditure exceeded revenue receipts by Rs.8.8 billion or 5% which required authorization by National Assembly in the form of Excess Budget Statement. There was also the need to cure this tendency as a requirement of good financial discipline.

7. At this stage Secretary Finance pointed out that the figures presented by Audit were quite different from those available with Finance Division as there was a problem of non-reconciliation. The Committee took serious notice of the fact that figures had not been reconciled even after four years despite the fact that while examining Finance Accounts for 1987-88 in July, 1992, the Committee had advised the Ministries concerned to get their accounts reconciled. About expenditure in excess of budget estimates, the Committee observed that these figures should have been reflected in next year's budget and the tendency should be discouraged. Excess may be incurred in extreme emergency only Auditor-General pointed out that while examining accounts of individual Ministries, the Committee might like to know the reasons for excess and order inquiry or action against those responsible for unnecessary excesses.

8. Continuing his presentation, the Deputy Attorney-General stated that Rs.98.7 billion were allocated as Supplementary grant against the original grant of Rs.640 billion. Regarding current expenditure he said during the last four years current expenditure remained on increase while revenue receipts did not increase with the same ratio. The Committee at this stage discussed feasibility of taking up all Finance Accounts

in hand simultaneously to ensure greater accountability. It was decided to consider this issue with mutual consultation.

9. Regarding expenditure in various sectors he pointed out that there was excess expenditure to the tune of 12% in Community Services, 31% in general Administration, 34% in fertilizers and 116% in Economic Services. But in Social Services expenditure was less than estimates by 6%. The Secretary Finance again expressed disagreement with figures. Auditor-General pointed out that Ministries did not normally pay attention to this aspect of collecting correct figures. The Committee advised Finance Division to issue categorical instructions to all Ministries/Divisions in this regard.

10. Regarding development expenditure, the Deputy Auditor-General pointed out that there was saving of 25% in this head which conflicted with the general principle that there should not be excess in current expenditure and saving in development expenditure. Secretary Finance explained that some saving in development expenditure was inevitable as a new development work normally involved a number of agencies and various procedures which delayed the execution. However, he contested that the figure of saving in development was 3% only. He also informed the Committee that now that government was launching Social Action Programme, incidence of development expenditure would increase. The Committee observed that there was need to streamline the procedure for development expenditure.

11. The Deputy Auditor-General further stated that Iqra Surcharge was imposed in 1985-86 for the promotion of literacy and it was decided that a National Educational Fund, financed from the receipts of Iqra Surcharge, would be created for promotion of education and literacy. However,the Fund had not yet been established. Although normal budget allocation was being made for education, National Educational Fund was to be created for expenditure over and above the normal budgetary allocation. A total of Rs.554 million had been realized under Iqra Surcharge so far.

12. Secretary Finance explained that the overall budget allocation for education during the period had remained much more than the amount realized as Iqra Surcharge. He also informed that a National Iqra Board for National Educational Fund was formed comprising Prime Minister, Ministers for Education, Finance and Planning and Chief Ministers of all provinces, but Ministry of Education had not yet formally notified it.

13. The Committee advised Finance Division to review the justification for not establishing a National Educational Fund, on the lines promised by Finance Minister in his budget speech for the financial year 1985-86. Auditor-General was advised to review the justification given by Finance Division that intended purpose of providing additional allocations from receipts of Iqra Surcharge was being fulfilled although the fund had not been established, especially with reference to impact on allocations made for education since 1985-86 in terms of percentage increase and ratio.

14. Regarding government investments, Audit pointed out that return on government investments was declining since 1983-84. Secretary Finance Division explained that in a number of cases government investments did not entail any return. The Committee observed that even in case of profitable organizations, performance was not

satisfactory, leaving aside a few exceptional cases and observed that lesson should be learnt from past experience not to repeat the same mistakes in case of investment or disinvestment.

15. The Deputy Auditor-General also pointed out that in case of distribution of revenue between Federation and Provinces, the net proceeds of divisible taxes allocated to the provinces in terms of Article 160 of the Constitution were on *ad-hoc* basis as they were without ascertainment and certification by the Auditor-General in terms of Article 260(1) of the Constitution. The reason being that Revenue Division had not reconciled the amount of divisible taxes. Moreover, Finance Division had not finally cleared the procedure of ascertainment and certification.

16. The Committee advised CBR to finalize reconciliation of the share of divisible taxes to provinces with Auditor-General's Department. Finance Division was advised to finalize the procedure of assignment of proceeds of divisible taxes to provinces proposed by the Auditor-General, at the earliest.

17. At the conclusion of the meeting, the Committee again advised that figures should be fully reconciled before presentation and Finance Division should issue directive to all Ministries/Divisions in this regard. Audit was advised to bring concrete date before the Committee based on figures agreed between all agencies.

18. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 16th November, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 16th November, 1992.
Second Sitting(PAC).

19. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1. Mr. Hamza, MNA.	Chairman
2. Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3. Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4. Mr. Liaqat Baluch, MNA.	Member
5. Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
6. Mir Balakh Sher Mazari, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Sh. Muhammad Sadiq, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&P).
3. Mr. Najm Hosain Syed, Deputy Auditor-General(GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
5. Mr. Zulfiqar Ali Qadri, Director General (CA).
6. Mr. Shamim Haider, Director General Audit(Federal Government).
7. Syed Mujahid Hussain, Director General(Railway Audit).
8. Mr. Muhammad Zaheer, Director Audit (Federal Government).
9. Mr. Abdul Basit Khan, Director(Railway Audit).
10. Mrs. Parveen Agha, Deputy Director(Railway Audit).
11. Mr. Muhammad Ramzan, Deputy Director (Railway Audit).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Muhammad Ismail Maarif, F.A. (Cabinet).
3. Mr. M. Asif Zaman Ansari, F.A.(Railways).
4. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
5. Mr. Shafiqullah, D.F.A. (Cabinet).
6. Mr. Muhammad Aslam, Accounts Officer(Budget).

20. **Accounts examined-** Accounts pertaining to the following Ministries/Divisions were examined by the Committee during the meeting:-

1. President's Secretariat (Public & Personal).
2. Supreme Court of Pakistan.
3. Youth Affairs Division.
4. Ministry of Women's Development.
5. Ministry of Railways.

PRESIDENT'S SECRETARIAT (PUBLIC & PERSONAL)

21. The Committee first took up for its examination the Appropriation Accounts etc. pertaining to the President's Secretariat (Public & Personal). The following departmental representatives were present:-

1. Mr. Fazlur Rehman Khan, Secretary.
2. Brig. Mohammad Ajaib, M.S. to the President.
3. Mr. Zaheeruddin Babar, Director General/Joint Secretary.
4. Mr. Firdaus Alam, Director/Deputy Secretary.
5. Mr. Shahabuddin, Assistant Secretary(Personal).
6. Ch.Muhammad Yasin, Section Officer.

22. This Secretariat controlled the Appropriation "Staff, Household and Allowances of the President".

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

23. **Appropriation-Staff, Household and Allowances of the President(Pages 66-67-AA)-** There was a saving of Rs.902,600 in the Appropriation. The Committee offered no comments.

24. **Points not discussed to be treated as settled-**The Committee did not make any observation on other points/paras in the Audit Report pertaining to the President's Secretariat. These would be treated as settled subject to any action as may be necessary under the rules.

SUPREME COURT OF PAKISTAN

25. The Committee took up for its examination the Appropriation Accounts *etc.* pertaining to the Supreme Court of Pakistan. The following departmental representatives were present:-

1. Mr. M.A. Latif, Registrar.
2. Mr. Umar Din, Deputy Registrar.

26. This Court controlled the Appropriation "Supreme Court".

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

27. **Appropriation - Supreme Court(Page 340-AA)**- The Committee made no observation on saving of Rs.726,732.

28. **Points not discussed to be treated as settled**-The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Supreme Court of Pakistan. These would be treated as settled subject to any action as may be necessary under the rules.

YOUTH AFFAIRS DIVISION

29. The Committee took up for its examination the Appropriation Accounts, Audit Report *etc.* pertaining to the Youth Affairs Division. The following departmental representatives were present:-

1. Dr. S.M. Qureshi,Secretary.
2. Mr. Safdar Hussain Khan, Joint Secretary.
3. Mr. Sarfraz Ahmad Syed, Deputy Secretary.
4. Mr. Farooq Alam, Managing Director(YIPS).
5. Mr. Hamid Rehman, Senior Executive Director (YIPS).
6. Mr. Ghulam Khalid Khan, Incharge Audit Inspection(YIPS).
7. Mr. S.G. Saqlain, Section Officer.

30. Audit reported that this Division was a part of Culture, Sports and Youth Affairs Division during 1988-89, so the grants were common and Appropriation Accounts of Youth Affairs Division would be presented with the Appropriation Accounts of Culture, Sports and Youth Affairs Division.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII- 1988-89)

Youth Investment Promotion Society.

31. **The accounts of YIPS (Paras 133-137,page 93-ARPSE)**-The Committee asked the Principal Accounting Officer to describe the functions performed by the Division, who stated that youth comprise 27 million people of the whole populace and the Division was created to cater to special problems of this section of the population. A policy was being formulated to solve the problems of youth. Currently, stress was on

provision of job opportunities to them. For this purpose, Youth Investment Promotion Society had been established. Besides, a Youth Development Fund had also been set up under which non-government organizations were chalking out various programmes. Some programmes for advancing literacy had been started and about one hundred vocational institutes had been established throughout the country and handed over to provincial governments. Similarly, Youth Investment Promotion Society (YIPS) was providing loans to youth. The organization specially cares for educated non-employed youth, identifies projects for them, prepares feasibility reports on their behalf and arranges trainings for them. Loans are given by Small Business Finance Corporation and other financial institutions at the recommendations of the Society. Now the Division was make efforts to arrange one window operation, including provision of loans, at YIPS.

32. The Committee expressed dissatisfaction that except for Youth Investment Promotion Society, the Division did not have another concrete programme for youth. Even the functions being performed by YIPS could easily be performed by the financial institutions. There appeared to be an overlapping of the work being done by YIPS and other financial institutions. It was felt that winding up of YIPS needed active consideration.

33. On being informed by Audit that a performance audit report of the Division was being prepared in the light of PAC's directive issued while examining accounts of Culture, Sports and Youth Affairs Division for 1987-88. The Committee decided to take up the performance audit report of Youth Affairs Division when the accounts of Culture and Sports Division for 1988-89 are taken up. The Principal Accounting Officer was advised to come prepared for a comprehensive briefing to the Committee about the functions and achievements of the Division. Audit comments on YIPS would also be considered in the meeting.

MINISTRY OF WOMEN'S DEVELOPMENT

34. The Committee took up for its examination the Appropriation Accounts, Audit Report *etc.*, pertaining to the Ministry of Women's Development. The following departmental representatives were present:-

1. Mr. Inamul Haq, Secretary.
2. Mr. Hamid A. Qureshi, Additional Secretary.
3. Dr. Firoza Ahmed , Joint Secretary(Admn).
4. Mr. Abdul Majeed, Deputy Secretary (Prog).
5. Mr. Zaki Haider, Deputy Secretary(Coord).
6. Mr. M. Farooque Khan, Section Officer (C).
7. Mr. Mohammad Siddique Bhatti, F&A.O.
8. Mr. M. Naeem Yawar, Deputy Director.

35. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Women's Division.	14
2.	Development Expenditure of Women's Division.	145
3.	Development Expenditure of Special Programmes for Women.	146

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89).

36. **Grant No.14-Women's Division (Pages 94-95-AA)**- The Committee offered no comment on saving of Rs.952,395.

37. **Grant No.145- Development Expenditure of Women's Development (Page 96-AA)**- Saving of Rs.332,553 did not solicit any comment from the Committee.

38. **Grant No.146 - Development Expenditure on Special Programmes for Women (Page 97-AA)**- The Committee did not make any observation on saving of Rs.11,411.

GENERAL

39. The Committee asked the Principal Accounting Officer to describe the functions and achievements of the Ministry. He stated that the Division which was established in 1989 with the objective of *i.e.* protection of women's rights and planning for women's development. The Ministry had funded 700 projects for women's development. Major projects were executed by the Ministries concerned in their respective sectors but if there was some gap in such projects, Ministry of Women's Development tried to fill that gap. Although Economy Commission had recommended that this Division be merged with other Ministries, there was need to maintain a visible status of the Division because foreign donor agencies desired specifically identified organizations for various segments of society like youth and women for financing development projects.

40. The Committee observed that notwithstanding the importance of women's development, recommendations of Economy Commission regarding merger of activities assigned to the Division with some other Division performing similar functions merited active consideration to effect savings in administrative expenditure involved instead of having separate infrastructure. The Division was advised to make efforts to achieve its targets as long as its independent status existed. Audit was advised to complete performance audit of the Division at the earliest.

41. **Points not discussed to be treated as settled**-The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Women's Development. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF RAILWAYS

42. The Committee took up for its examination the Appropriation Accounts, Audit Report *etc.* pertaining to the Ministry of Railways. The following departmental representatives were present:-

1. Syed Naseer Ahmad, Secretary/Chairman.
2. Mr. Rafique Ahmad, Member/Additional Secretary.
3. Mr. K.N. Cheema, Member(Finance).
4. Mr. Hadi Iqbal Hussain, Member(Traffic).
5. Syed M. Wasim, Member(Mech.Engr).
6. Mr. M. Afzal Khan, Managing Director(RAILCOP).
7. Mr. Khalid Rashid, F.A.&C.A.O./GB.
8. Syed Naqi Mohsin, F.A.&C.A.O./IA.
9. Mian Muhammad Bashir Ahmad, Chief Engineer.
10. Syed Zahoor Ahmad, General Manager.
11. Syed Mehdi Raza, A.G.M.(Pak. Ryls).
12. Mr. Iqbal Samad Khan, C.C.M.
13. Mr. Muhammad Sarwar,C.C.P.
14. Mr. Muhammad Iqbal, Director Finance.
15. Mr. Abdul Majid, Accounts Officer.
16. Mr. Ashiq Ali Butt, Assistant Director.

43. At the start of the meeting, the Committee advised the Principal Accounting Officer to give a briefing about the working and achievements of his Ministry. He stated that Railways had started losing its position of priority in communications sector. No investment had been made by Government in Pak Railways in recent years. Rs.2.12 billion were allocated in 1990-91 and Rs.1.34 billion in 1991-92. However, efforts were being made to improve performance. Better service was being provided. Railway land was being sold for resource generation. Availability and improvement of locomotives, carriages and rail tracks was being ensured for better performance. Out of 561 locomotives 50% were outdated while 10,000 wagons out of 30,000 had completed their lives. Locomotive factory, Risalpur, would be commissioned by December. It was expected that Japanese government would agree to give some loan for locomotives improvement. Three other schemes were also being prepared to improve locomotives by reconditioning/rehabilitation. Some trains were being closed at IBRD's advice. In this first phase only such trains were stopped which were giving maximum losses. Some new locomotives were also being procured. It was hoped that in view of these steps, service would improve.

44. The Committee observed that besides locomotives, wagons and track, manpower is also an important asset of the organization and effective measures should be adopted to improve staff performance which will serve towards betterment of overall

working of the organization. The Principal Accounting Officer expressed the hope that with the improvement in working conditions, performance of personnel will also improve.

45. On a query regarding increased railway accidents, the Principal Accounting Officer stated that there were many reasons for accidents, the most important being that staff recruited in recent years had not been given proper training, especially for nocturnal traffic of trains. Now night training programmes were being undertaken. Besides, lighting and communication system was being improved and efforts were being made for deeper commitment of personnel. It was hoped that as a result of these measures the incidence of accidents would be minimized.

46. Regarding privatization of Railways, the Principal Accounting Officer informed that Faisalabad-Lahore route had been privatized in compliance of a Cabinet decision. There was great leakage on this route which had now been controlled and Railways had earned a profit of Rs.40 million. The Committee expressed satisfaction at the reported improvement in working of Railways.

47. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Capital Outlay on Investment in Railways.	141
2.	Capital Outlay on Pakistan Railways.	195

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I 1988-89)

48. **Grant No.141 - Capital Outlay on Investment in Railways (Page 404-AA)**-The grant registered a saving of Rs.74,249,277, but Audit reported that saving was due to incorrect write back adjustment of Rs.74,288,000 carried out by AGPR which was being rectified in the accounts for 1991-92. The actual expenditure as per Railway books came to Rs.90,220,723. Thus there was actually an excess of Rs.38,723. The Committee recommended regularization of the excess.

49. **Grant No.195 - Capital Outlay on Pakistan Railways (Page 405-AA)**- There was no variation in the grant. The Committee made no comments.

AUDIT REPORT (PAKISTAN RAILWAYS)(VOL-VI-1988-89)

50. **Financial results (Paras 1.1 to 1.4,pages 1-2-AR-Railways)**- Audit reported that revenue earning for 1988-89 decreased by Rs.178 million as compared to 1987-88, whereas excess of revenue expenditure over revenue earning (revenue loss) amounted to Rs.2.756 million which was partly covered by a grant of Rs.2.031 million allowed by the Government. The balance loss was transferred to the balance sheet as unadjusted loss.

51. The Ministry explained that figures of revenue for 1987-88 included a past adjustment of Rs.217 million. Had this amount not been considered, the revenue for 1988-89 appeared to be in excess by 1% over 1987-88. The increase in expenditure was attributable to increase in pension and payment of interest on loan. The Committee advised Audit to verify the statement.

52. **Grant No.115 - Revenue Expenditure(Paras 2.2 & 2.3, pages 5-6-AR-Railways)**- There was an excess of Rs.22.498 million in 'charged' portion and Rs.6.063 million in 'other than charged' portion of the grant. Ministry attributed excess in 'other than charged' portion to more payment of T.A. to Police Department and adjustment of debits on account of price variance while the reason for excess in 'charged' portion was stated to be more interest charges on overdraft from State Bank for day to day transactions in view of the continued loss being sustained. Therefore, this excess occurred every year and there being no mechanism to foresee the extent of borrowing every year, the exact amount could not be reflected in budget estimates. The ways and means limit fixed by Finance Division for Railways is Rs.300 million.

53. The Committee advised Audit, Finance Division and Ministry of Railways to resolve the matter of continued excess in the 'charged' portion of the grant and to examine if this excess may be controlled by increasing borrowing limit of the Railways.

54. **Grant No.142 - Other Capital Expenditure (Para 2.4,pages 6-7-AR-Railways)** - There was an excess of Rs.119.794 million in 'charged' portion and a saving of Rs.132.806 million in 'other than charged' portion of the grant. Ministry's explanation that supplementary grant of Rs.119.794 million obtained under 'charged' portion of the grant which caused excess under 'charged' portion was accepted and Committee recommended regularization of excess.

55. **Grant No.195 - Capital Outlay on Pakistan Railways(Para 2.5,page 7-AR-Railways)** - The grant closed with a saving of Rs.245.371 million. Ministry's explanation that actually final budget allocation to Railways was Rs.447.774 million against which actual expenditure was Rs.455.371 million and there was actually a variation of Rs.7.597 million was accepted by the Committee.

56. **Reconciliation of bank balance with the cash balance as on 30-6-1989 (Para 2. 8, pages 9 -10 - AR -Railways)**- Audit reported a difference of Rs.219 million in the books of State Bank of Pakistan and Railways books which represented outstanding debits and credits in the two sets of figures, some of which were outstanding since 1980-81.

57. The Ministry informed that difference of Rs.214 million had been identified and the balance amount was also being reconciled. The Committee advised that effective measures be taken for completing 100% reconciliation at the earliest.

58. **Railway pension fund(-)Rs.184.905 million (Para 2.10,page 12- AR-Railways)**- Audit reported that Railway Pension Fund was introduced in Pakistan Railways during 1974-75 to accommodate expenditure on pension payments. It was discontinued in 1988-89 with a negative balance of Rs.184.905 million which was still

being reflected in the balance sheet of Railways. There was need for early clearance of negative balance appearing under Pension Fund.

59. The Committee endorsed Audit's proposal that this negative balance may be charged to the overall loss in the Profit and Loss Statement/Balance Sheet.

60. **State Railway provident fund institution-credit Rs.18.148 million(Para 2.11,pages 12-13-AR-Railways)** - Audit pointed out that the existence of credit balance of Rs.18.148 million under this fund did not appear to be authentic particularly when reconciliation of ledger balance had not been done with the general books and because most of the Railway employees had opted for pension and had been transferred to G.P. Fund while remaining employees under the Railway Provident Fund Scheme must have retired by now.

61. The Committee agreed to Audit's suggestion that the outstanding amount against which, as reported, no payments were anticipated be adjusted/transferred as miscellaneous income to settle an issue pending resolution since 1960.

62. **Suspense accounts-miscellaneous advance(revenue) suigas charges and electricity charges (Para 2.13(a)&(b),pages 13-14-AR-Railways)**- Audit reported that Rs.9.687 million and Rs.0.827 million were outstanding against staff as suigas charges and electricity charges respectively. Ministry attributed the causes to bulk supply of utilities arranged by the Ministry.

63. The Committee expressed its dissatisfaction with the wastage inherent in the system of bulk supplies in which private liabilities were transferred to the Railways. The Principal Accounting Officer was advised to undertake necessary steps to remedy the situation and recover outstanding dues. The Committee also felt that Suigas Company and WAPDA should afford necessary cooperation to Railways management to install individual meters at residences/offices, so that this unnecessary drain on Railway resources may be stopped. An investigation be made by the Ministry of Railways and the results reported to the PAC through Audit within two months.

64. **Local purchase(Para 2.13(c),page 14-AR-Railways)** - Audit pointed out that an amount of Rs.3.251 million, including an amount of Rs.0.434 million advanced to PRACS was shown as outstanding at the end of 1988-89. Railways had stated clearance of the bulk of amount, leaving a balance of Rs.0.541 million, but unadjusted amount had risen to Rs.2.883 million upto 1990-91.

65. Railways informed that a procedure had been adopted under which every controlling officer would personally be held responsible for recovering the advance and would not issue new advance unless the earlier one had been cleared. Efforts were also being made to adjust the outstanding amount. The Committee advised that the outstanding amount be adjusted within two months.

66. **Purchases(Para 2.14,page 14-AR-Railways)** - Audit reported that furniture items worth Rs.2.852 million had not been accounted for in the reserve material account.

On being informed that the total amount had been cleared, the Committee settled the para subject to verification by Audit.

67. **Miscellaneous Advance (Capital) (Para 2.15,page 15-AR-Railways)**- Audit pointed out that material worth Rs.0.341 million issued on loan to Railway employees had not been received from them. Ministry informed that the practice had been discontinued while an amount of Rs.0.155 million was still recoverable. The Committee advised that previous recoveries be completed within two months.

(i) Stores suspense(captial and manufacture suspense)(Para 2.17, page 15-AR-Railways) -

(ii) Credit for released material(Para 2.18, page 15-AR-Railways

68. Audit reported that Rs.290 million were outstanding under the heads Stores Suspense Manufacture Suspense and credit for the release of material. On being informed that this amount, which reflected difference due to price variation in respect of standard prices had been cleared, the Committee advised Audit to verify departmental reply and if satisfied para may be settled.

69. **Avoidable expenditure of Rs.7.345 million due to non-observance of rules in procurement of ballast and stone by road (Para 4.1,pages 67-68-AR-Railways)**- Audit reported that Pakistan Railways had especially designed wagons for transportation of ballast, but this facility was not availed and road transport was used for the purpose which resulted in extra expenditure of Rs.7.345 million.

70. Ministry informed that wagons were not sufficient to carry all the ballast which was urgently required. Moreover, Chief Engineer had certified that wagons were not available. However, in future transportation of ballasts by road would be discouraged and would be allowed only in those cases in which Chief Operating Superintendent certified non-availability of wagons. The Committee settled the para.

71. **Avoidable expenditure of Rs.0.531 million due to execution of work at higher rates(Para 4.2,pages 68-69-AR-Railways)**- Audit pointed out that G.M.(Engineering)'s directive that earth work rate should not exceed Rs.565 per thousand feet in the work raising track and up gradation of level crossing in Multan Division was ignored and earth work was got done @ Rs.805 per thousand feet, which resulted in extra expenditure of Rs.531,116. Ministry's plea that the rates were not practicable as required quantity of earth was not available in the Railway land was not acceptable because another contractor had also undertaken the work at the same rate.

72. Ministry stated that earlier work had involved little earth work and was done on composite rate basis while the work in question had involved total earth work. Hence the difference in rates. Moreover, while giving the directive to limit rates of earth work, Chief Engineer was not aware of the work involved.

73. The Committee did not view the departmental explanation convincing and advised the Principal Accounting Officer to re-examine the case at his level. On a query

regarding steps to plug leakages in the department, the Principal Accounting Officer informed that temporary gangs were being abolished, supervision of construction works was being improved and steps were being taken to discourage ticket less travellers. The PAC directed the Chairman/ Secretary Railways to re-examine the circumstances under which earth work was got done at almost double the rate of works executed at the same time and same vacinity and result intimated to PAC through Audit.

74. **Loss of Rs.0.299 million due to less recovery on account of shrinkage of earth (Para 4.3,page 69-AR-Railways)** - Audit reported that a total quantity of Rs.8,657,754 cft. earth work was executed in a certain contract, but instead of making 10% deduction as per agreement, only 300,298 cft. were deducted, causing less recovery of Rs.0.229 million. Ministry explained that different deduction rates were applicable to work done mechanically or manually. However, it was admitted that in the contract there was specific provision for 10% deduction.

75. Expressing its displeasure, the Committee advised that the officer responsible for the loss to Railways be called to explain his conduct in this matter.

76. **Invitation of tenders for earth work resulting in extra expenditure of Rs.237,400 (Para 4.5,pages 70-71-AR-Railways)** - Audit reported that a contract for earth work was awarded @ Rs.1,033 per thousand sq.ft., although rate of earth worth in another contract in the same vicinity and same period was Rs.519 per thousand sq. ft. Thus an extra expenditure of Rs.237,400 was incurred.

77. Ministry stated that in the contract in question earth was brought from a site 25 miles away. However, for future a uniform through rate for earth work had been fixed. Audit pointed out that a landlord of the area had complained that earth was removed from his land outside the railways boundary.

78. The Committee advised Railways and Audit to hold a joint investigation in the case of extra expenditure of Rs.237,400 and submit report within a month.

79. **Wasteful expenditure of about Rs.5 million (Para 4.6,page 71-AR-Railways)**- Audit pointed out that Pakistan Railways constructed a railway siding for oil specials at Mahmood Kot at a cost of Rs.4,997,519 but against anticipated traffic of 1830 oil specials, Railways administration handled only 594 oil specials during 3/90 to 8/92. Thus the expenditure on railways siding had gone waste.

80. Ministry explained that the decision was taken by Energy Review Group headed by the Deputy Chairman, Planning Commission. Moreover, the sidings were now bringing profit and it had proved to be a very good investment, the Committee settled the para.

81. **Delay in execution of schemes resulting in non-achievement of anticipated benefits out of investment of Rs.3.436 million and wasteful expenditure of Rs.0.188 million (Para 4.7,pages 72-74-AR-Railways)** - Audit stated that certain projects were delayed due to lack of funds and some technical problems. The project were not accorded priority. However, now these had been completed and were giving benefits.

The Committee settled the para with the observation that schemes should be implemented in time, despite all limitations, for ensuring maximum timely benefits.

82. **Infructuous expenditure of Rs.3.264 million due to purchase of defective detectors (Para 4.8,pages 74-75-AR-Railways)**- Audit pointed out that four hot axle box detectors, purchased from abroad in June, 1978 at a cost of Rs.1,963,313 and installed at various stations in 1982 at a cost of Rs.1,300,641 failed to work, rendering the entire expenditure infructuous. Ministry acknowledged that it was a bad case because the axles were not installed within warranty period. The persons involved in the case had since been retired.

83. The Committee observed that even though the persons responsible had retired, the case should be investigated and responsibility be fixed to serve as a deterrent for others. A Committee comprising Mr. Asif Zaman Ansari, Financial Advisor, Ministry of Railways (Convener), MR. S. Mujahid Hussain, Director General Audit, Railways and Mr. Ali Asghar, Chief Signalling Engineer, Pakistan Railways was formed to investigate the case and submit its report within one month.

84. **Loss of Rs.1.814 million due to excess procurement of rails (Para 4.9,page 75-AR-Railways)** - Audit reported that 1,702 new rails were received in Track Supply Depot, Sukkur, in May 1980. Out of these 1,032 were used and balance of 670 rails available was affected by saltpetre in 1988, causing a loss of Rs.1,813,690.

85. Ministry stated that out of 670 rails 156 rails were issued for manufacturing points and crossings, 428 were damaged while 50 rails turned into scrap. The value of net loss was worked out at Rs.158,144.Action had been taken against the store keeper for his negligence.

86. The Committee advised the Principal Accounting Officer to review, if appropriate, administrative action was taken in this case and nobody else was responsible except the store keeper. The higher officers should also be made accountable specific responsibility will be fixed for those who accepted rails as scrap. Audit was directed to verify departmental reply that majority of rails had been utilized.

87. **Non-recovery of Rs.6.03 million from oil companies (Para 4.10,page 76-AR-Railways)**-Audit pointed out that a sum of Rs.6,029,790 was outstanding against oil companies upto January 1989. Ministry stated that the total amount outstanding against oil companies was actually Rs.21.81 million, out of which Rs.6 million had been recovered and the balance of Rs.15.81 million would be recovered by 31st December, 1992. The Committee advised the Ministry to submit report in this regard. The PAC directed that the position of recovery be verified by Audit.

88. **Gross irregularities committed in the execution and implementation of cycle/motor cycle stand agreements (Para 4.11, pages 76-77-AR-Railways)**-Audit reported that an amount of Rs.506,463 was outstanding against cycle stand contractor of Lahore Railway Station. Ministry informed that Rs.320,882 had been recovered and court had awarded decree of Rs.47,000 in Railway's favour. The Para was settled.

89. **Delay in finalization of cases of serious irregularities/misappropriation of government money valuing Rs.5.671 million by station staff (Para 4.13,pages 78-79-AR- Railways)**-Audit reported that 62 cases of serious irregularities, misappropriation, fraud and embezzlement involving Rs.5.671 million were outstanding from 1959 to 1987. An amount of Rs.1.451 million had been recovered and Rs.4.220 million were still outstanding. Ministry stated that sternuous efforts were being made to clear the outstanding cases. Three employees had been dismissed, 52 had been removed from service, 63 had been penalized and 7 had retired.

90. The Committee endorsed Principal Accounting Officer's stated policy of taking strict notice of cases of financial irregularities and misappropriation and advised him to expedite finalization of outstanding cases.

91. **Loss of revenue amounting to Rs.0.762 million on account of irregular refund of freight allowed on booking of timber (Para 4.14,page 80-AR-Railways)**-Audit reported that the Lahore Dry Port, while arranging delivery of timber, charged on weight basis as instead of area basis charged correctly by Karachi Dry Port and allowed undue refund of Rs.0.762 million.

92. Ministry stated that the Chief Traffic Manager had allowed refund in a particular case, which was misunderstood as a policy decision, resulting in irregular adjustment in other cases. An inquiry Committee had been formed to investigate, fix responsibility and suggest remedial measures. The report of the Committee would be finalized within two months.

93. **Non-accountal of 19 Hopper Trucks (Para 4.16,page 81-AR-Railways)**-Audit pointed out that out of 130 hopper trucks, 10 were not shown as utilized during 1983 to 1989 and their availability could not be confirmed from inventory of stock. Ministry explained that trucks were being utilized in various Divisions.

94. The Committee observed that there was need for a proper system to monitor the deployment and utilization of hopper trucks. Audit was advised to verify Ministry's contention that the trucks were being utilized to full and matter reported to PAC.

95. Examination of the remaining Audit paras/ performance Audit Reports etc. pertaining to the Ministry of Railways for 1988-89 was deferred till the next day.

96. The Committee then adjourned to meet again at 9.30 A.M. on Tuesday the 17th November, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 17th November, 1992.
Third Sitting(PAC).

97. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Syed Shahid Mehdi Naseem, Minister of State for Natural Resources.	Member
4.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
5.	Mr. Liaqat Baluch, MNA.	Member
6.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
7.	Ch. Muhammad Altaf Hussain,MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Sh. Muhammad Sadiq, Acting Auditor-General of Pakistan.
2. Mr. Khalid Rafique, Deputy Auditor-General (A&P).
3. Mr. Najm Hosain Syed, Deputy Auditor-General(GA).
4. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
5. Mr. Shamim Haider, Director General Audit(Federal Government).
6. Syed Mujahid Hussain, Director General (Railway Audit).
7. Mr. Muhammad Zaheer, Director Audit (Federal Government).
8. Mr. Abdul Basit Khan, Director (Railway Audit).
9. Mr. Ishrat Ali Khan, Deputy Director Audit(Federal Government).
10. Mrs. Parveen Agha, Deputy Director (Railway Audit).
11. Mr. Muhammad Ramzan, Deputy Director(Railway Audit).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. M. Asif Zaman Ansari, F.A.(Railways).
3. Mr. Muhammad Ismail Maarif, F.A. (Cabinet).
4. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
5. Mr. Shafiqullah, D.F.A. (Cabinet).
6. Mr. Muhammad Aslam, Accounts Officer (Budget).

98. **Accounts examined**-Accounts pertaining to the following Ministries/Departments were examined by the Committee during the meeting:-

1. Senate Secretariat.
2. Council of Islamic Ideology.
3. Minorities Affairs Division.
4. Pakistan Atomic Energy Commission.
5. Election Commission of Pakistan.
6. Ministry of Railways(Deferred Accounts).

SENATE SECRETARIAT

99. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Senate Secretariat. The following departmental representatives were present:-

1. Mr. Rahatullah Khan Jarral, Secretary.
2. Mr. Akhtar Sharif Kanwar, Additional Secretary.
3. Agha Afzal Hussain, Joint Secretary.
4. Mr. Nazir Ahmed Chaudhry, F & A.O.

100. This Secretariat controlled Grant No."108-The Senate".

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

101. **Grant No.108 - The Senate(Pages 368-369-AA)-** In 'charged' portion of the grant there was a saving of Rs.1,942,612 out of which Rs.1,857,000 were surrendered, leaving net saving of Rs.85,612. In 'other than charged' portion there was a saving of Rs.366,845. The Committee made no observation.

102. **Points not discussed to be treated as settled**- The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Senate Secretariat. These would be treated as settled subject to any action as may be necessary under the rules.

COUNCIL OF ISLAMIC IDEOLOGY

103. The Committee took up for its examination the Appropriation Accounts pertaining to the Council of Islamic Ideology. The following departmental representatives were present:-

1. Mr. Muhammad Samiullah, Secretary.
2. Mr. Muhammad Subhan Khan, Administrative Officer.

104. This Council controlled Grant No.117-Advisory Council for Islamic Ideology.

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

105. **Grant No.117 - Advisory Council for Islamic Ideology(Pages 412-413-AA)-** Out of total saving of Rs.4,926,735, Rs.3,957,000 were surrendered in time, leaving a net saving of Rs.969,735. The Committee offered no comment.

106. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Council of Islamic Ideology. These would be treated as settled subject to any action as may be necessary under the rules.

MINORITIES AFFAIRS DIVISION

107. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Minorities Affairs Division. The follwoing departmental representatives were present :-

1. Mr. Zulfiqar Ali Qureshi, Additional Secretary Incharge.
2. Sh. Haroon-ur-Rashid, Section Officer.
3. Mr. Ghulam Mustafa Bhatti, Section Officer.

108. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Religious Affairs and Minorities Affairs.	116
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs.	118

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

109. **Grant No.116 - Ministry of Religious Affairs and Minorities Affairs (Pages 410-411-AA)-** An amount of Rs.25,000 was surrendered in time out of total saving of Rs.26,083. Thus there was net saving of Rs.1,083. The Committee did not make any comment.

110. **Grant No. 118 - Other Expenditure of Ministry of Religious Affairs and Minorities Affairs(Pages 414-415-AA)-** The total allocation of Rs.47,000 was utilized. The Committee offered no comment.

AUDIT REPORT (CIVIL) (VOL-I-1988-89)

111. **Irregular expenditure of Rs.105,000 incurred on purchase of 800 CC Suzuki car from special fund for welfare and uplift of minorities (Para 4,pages 90-91-AR)-** Audit pointed out that a Suzuki car was purchased at a cost of Rs.105,000 out of a fund specially meant for welfare and uplift of minorities. Ministry's reply that out of the fund 13% was reserved as discretionary grant and car was purchased from that grant was not accepted by Audit as there was no provision in rules for such discretionary grant.

112. The Ministry explained that car was purchased at the orders of Cabinet Division to provide it to Parliamentary Secretary and fund was utilized because money was not available in regular budget, after seeking permission from Finance and Cabinet Divisions.

113. The Committee took serious note of purchase of car out of the fund meant for welfare and uplift of minorities and observed that completion of various formalities like concurrence of Cabinet and Finance Divisions did not in itself justify the unwarranted burden on a fund specially created for welfare and uplift of minorities. It was stressed that in future the fund should be exclusively utilized for its intended purpose.

GENERAL.

114. The Committee desired to know about the working of Evacuee Trust Property Board. Auditor-General informed that Performance Audit Report on the working of the Board had been included in the Audit Report for 1989-90 and would be submitted when the Committee takes up accounts of the Division for 1989-90. The Committee advised the Auditor-General to ensure that various critical areas like accounting procedures, details of assets held by the Board and procedure adopted for the disposal of Board's property are duly commented upon by Audit even if they are not covered in the published report.

115. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Minorities Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

PAKISTAN ATOMIC ENERGY COMMISSION

116. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Pakistan Atomic Energy Commission. The following departmental representatives were present :-

1. Dr. Ishfaq Ahmed, Chairman.
2. Mr. Bashir Ahmed Bhatty, Member (Finance).
3. Mr. Sharafat Ali Khan, Director (Audit).
4. Syed Mazhar Imam, Senior Accounts Officer(Audit).
5. Mr. Naseer-ud-Din, Accounts Officer.

117. This Commission controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Atomic Energy.	12
2.	Capital Outlay on Development of Atomic Energy.	177

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

118. **Grant No.12 - Atomic Energy(Page 55-AA)-** The total allocation of Rs.389,500,000 was consumed. The Committee gave no comment.

119. **Grant No.177 - Capital Outlay on Development of Atomic Energy(Page 59-AA)-** The grant did not register any variation as total allocation of Rs.182,706,000 had been utilized. The Committee did not make any observation.

ACTIONABLE POINTS 1987-88

120. **Irregular drawal of conveyance allowance(Para 1,pages 28-29-AR)(Item 1-AP-87-88)-** Audit had reported that PAEC employees were receiving conveyance allowance although they were provided pick and drop facility. Case was referred to Finance Division for necessary decision. Meanwhile para was discussed in the PAC meeting on 19-7-1990 and Committee had advised PAEC to take up the case once again with Finance Division. The Finance Division decided vide circular dated 2-1-1991 that transport facility, if any, henceforth might be provided to government servants on surrender of full amount of monthly conveyance allowance admissible to them. Accordingly, PAEC stopped payment of conveyance allowance to employees availing transport facility w.e.f 1-6-1991. Audit had asked PAEC to recover the amount already paid, PAEC requested the Committee to condone payments already made prior to 1-6-1991.

121. In view of the fact that no conveyance allowance had been paid to the Commission's employees after 1-6-1991, the Committee settled the para.

GENERAL.

122. On a query regarding performance of PAEC, the Principal Accounting Officer stated that mandate of PAEC was to move towards adoption of nuclear energy and radio isotopes. The Commission had succeeded in developing one of the finest groups of scientists in the country. KANNUP plant in Karachi is the only one of its kind in the whole Islamic World. It is being operated by Pakistani Scientists since 1976. Pakistan has achieved self-sufficiency in uranium and other minerals. An agreement has recently been signed for a 300 MW plant to be installed at Chashma. The Agriculture Research Centres at Tando Jam, Faisalabad and Peshawar had developed a number of varieties of cash

crops. A total number of 500 Ph.Ds have been sponsored so far. However, on a query regarding position of Pakistan's nuclear programme viz a viz that of India, it was informed that Pakistan was still at a very lower level as compared with India in this field. The ratio of nuclear scientists and finances is 1:10 between the two countries.

123. Regarding fuel charges of KANNUP, the Committee was informed that these were very nominal and recently it had been proposed to revise these because KANNUP had already completed its life and funds would be needed in near future to modernize/replace it.

124. The Committee expressed satisfaction at the Commission's performance, especially the efforts being made for developing the plant at Chashma and recommended that all possible support be extended by all the concerned agencies for the success of these efforts.

125. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Pakistan Atomic Energy Commission. These would be treated as settled subject to any action as may be necessary under the rules.

ELECTION COMMISSION OF PAKISTAN

126. The Committee took up for its examination the Appropriation Accounts, etc. pertaining to the Election Commission of Pakistan. The following departmental representatives were present :-

1. Mr. M. Hamayun Khan, Secretary.
2. Mr. M. Sarwar Khan Durrani, Joint Secretary.
3. Mr. S. M. Arshad, Deputy Secretary.

127. This Commission controlled the Appropriation "Elections".

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

128. **Appropriation-Elections (Pages 341-342-AA)**-An amount of Rs.2,072,814 had been surrendered out of the total saving of Rs.7,874,667 and there was a net saving of Rs.5,801,853. The Committee made no observation.

129. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Election Commission of Pakistan. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF RAILWAYS
(Deferred Accounts)

130. The Committee took up for its examination the Audit Reports etc. pertaining to the Ministry of Railways, which were deferred on 16-11-1992. The following departmental representatives were present:-

1. Syed Naseer Ahmad, Secretary/Chairman.
2. Mr. K.N. Cheema, Member (Finance).
3. Mr. Rafique Ahmed, Member (Civil Engr.)
4. Mr. Hadi Iqbal Hussain, Member(Traffic).
5. Syed M. Wasim, Member (Mech.Engr.)
6. Mr. Nasir Amin, S.R.B.
7. Mr. M. Afzal Khan, Managing Director(RAILCOP).
8 Mr. Khalid Rashid, FA&CAO/GB.
9. Mr. Ali Akbar Qureshi, FA&CAO/Project.
10. Syed Naqi Mohsin, FA&CAO/IA.
11. Mian Muhammad Bashir Ahmad, Chief Engineer.
12. Syed Zahoor Ahmad, General Manager.
13. Mr. Muhammad Sarwar, C.C.P.
14. Mr. Iqbal Samad Khan, C.C.M.
15. Mr. Mehdi Raza, A.G.M.(Pak. Ryls).
16. Mr. Muhammad Iqbal, Director Finance.
17. Mr. Muhammad Amjad, AD/Council.
18. Haji Abdul Majid, Accounts Officer.

AUDIT REPORT (PAKISTAN RAILWAYS)(VOL-VI-1988-89)

131. **Review of accounts of RAILCOP for the year ending 31st December, 1988(Para 4.17,pages 82-84-AR-Railways)-** Audit reported that Railcop a subsidiary of Pakistan Railways did not earn profit during 1987 and 1988. Its only source of income was interest on deposits of Rs.200 million earned from a contract in Saudi Arabia, whereas annual expenditures of the company were about Rs.30 million.

132. Ministry explained that the company had started showing profit after 1989. Now it had total assets of Rs.178 million, work in hand was worth Rs.350 million while projects worth Rs.296 million were in pipeline. It was working inside as well as outside the country.

133. The Committee decided to review the working results of Railcop after one year and advised Audit to verify departmental reply that operations of Railcop had taken a new turn through substantial new contracts inside and outside the country.

134. **Gross negligence in entering into a joint venture with a firm(Para 4.18,pages 84-85-AR-Railways)-** Audit pointed out that Railcop entered into a joint venture with a construction company which had a loophole that a clause was added in the agreement according to which either party was to pay the 50% share of investment on behalf of other party at the time of obtaining business. Taking protection from this clause

the company asked Railcop to pay 100% bid bond money for certain works. Railcop refused to pay the amount and difference arose between the parties which awaited settlement through Arbitrator appointed by Court in 1988.

135. Ministry informed that the agreement was subsequently amended without approval of Railway Board. The decision of Arbitrator was expected in a day or two. The Committee deferred the para after being informed that the Arbitrator's decision was expected soon. The department was advised to take serious action against the person responsible for gross negligence after receipt of Arbitrator's decision.

136. **Blockage of capital amounting to Rs.6 million in a joint venture (Para 4.19,pages 85-86-AR-Railways)-** Audit reported that Railcop entered into an agreement for joint venture with a private company for construction of a bridge without any security clause in the contract. The firm was not financially viable. When the joint venture failed in 1989, the firm refunded Rs.1 million and gave an undertaking to refund another Rs.1 million and insurance guarantee of Rs. 4 million. An amount of Rs.2.9 million was still outstanding since April, 1989.

137. Ministry informed that Rs.4.1 million had so far been recovered and Rs.1.9 million were outstanding. The firm was having contracts with Railways since long and it was hoped that the total amount would be received. But after paying Rs.4.1 million, the party had stopped further payment. The indemnity bond furnished by an insurance company on behalf of the firm could not be encashed. Now a Committee of Railways was negotiating with the party for early receipt of balance amount which would hopefully be recovered in the near future. For future it had been decided to accept guarantee by scheduled banks only.

138. The Committee expressed displeasure that a valueless indemnity bond given by an insurance company was accepted by Railways and advised that in future financial guarantee provided only by scheduled banks should be accepted. Ministry was also advised to make serious efforts for recovery of the balance amount at the earliest.

139. **Performance Audit Report on provision of subsidiary yard at Moghalpura and improvement of Lahore Cantt. Yard including electrification of Lahore - Moghalpura-Lahore Cantt. section (Paras 1.1 to 4.1, pages 19-22-AR-Railways)** - Audit reported that it was decided in 1975 to construct a subsidiary yard at Moghalpura at an estimated cost of Rs.15.386 million including Foreign Exchange component of Rs.8.525 million. The project, to be completed in two years, had the objectives of (i) reducing the congestion of goods trains and minimizing detention in Lahore yard; (ii) receiving additional number of wagons by Lahore yard; (iii) handling about 35 wagons of import cargo and 15 wagons of export cargo per day at Dry Port, Moghalpura and (iv) generating estimated annual income of Rs.2.783 million and handling about 5000 incoming wagons and a substantial volume of outgoing traffic. For this purpose, it was decided to have an additional yard at Moghalpura and electrify Lahore - Moghalpura - Lahore Cantt. Section by providing 8 lines at Moghalpura and additional lines at Lahore Cantt. Work on project was started in January, 1975 and almost 90% construction was completed by May 1980 at the cost of Rs.21.579 million which was 40% higher than the approved cost. PC-I was revised thrice and could not be got approved

from ECNEC even after the lapse of 12 years. Project objectives could not be achieved due to non-commissioning of the project. Railways claimed that the project was commissioned in May 1980 while electrification of Lahore Cantt - Moghalpura - Lahore section was completed in 1982 and stabling of 415 damaged wagons in the subsidiary yard per day saved a revenue of Rs.21.440 million per annum, but the main objective of quick handling of Dry Port's traffic and government godown's traffic of wheat was not achieved so far.

140. The departmental representative also explained that the yard is now handling 35000 wagons annually against the projected 5000 wagons. Now traffic is being sent direct to Moghalpura from Lahore Cantt. Detention period has also been reduced. Thus the project is giving almost 5 to 6 times more benefits than those originally estimated. Using the yard as stable for damaged wagons was also one of the objectives of the project. Regarding non-approval of revised PC-I by Planning Division, it was stated that the case was sent to Planning Division twice and some further information was required which had been furnished. It was hoped that the scheme would be approved within a month.

141. The Committee observed that delay should have been avoided. Concern was expressed that revision of PC-I had not been approved by the ECNEC so far. Members wanted to know why the process of PC-I approval took so long and huge amounts of expenditure remained unauthorized. The Committee desired that a representative of Planning Commission should be present in the PAC meetings to assist the Committee in examining audit reports on development expenditure. The PAC directed the departmental representative to comply with the requirements of Audit as indicated in the Report.

142. **Performance Audit Report on rehabilitation of 42 D.E. locomotives (Paras 1.1 to 8.2, pages 29-34-AR-Railways)** - Audit reported that Railways decided in 1981 to undertake rehabilitation of 42 engines which had spent their lives of 20 years. The project, started in April 1982 was to be completed by March 1985 at a cost of Rs.502.27 million including foreign exchange component of Rs.306.12 million. After delinking of Pak rupee with U.S. dollar, the amount increased to Rs.698.701 million including foreign exchange component of Rs.440.55 million. The project could not be completed till November, 1989 despite incurring Rs.624.417 million. The engines rehabilitated consumed excess fuel of Rs.37.327 million although there were projected to consume fuel equal to new ones. Breakdown of these engines was more than new engines. Cracks appeared in frames of these engines while plying on fast tracks, so all of these were sent to Quetta Division where these were far in excess. Provision of air brake system in these engines proved useless as these were not used on fast tracks. Thus the amount of Rs.0.736 million for this purpose proved wasteful. Audit contended that the amount spent on rehabilitation could easily be spent on purchase of new engines.

143. Ministry stated that in case duty was paid on purchase of new engines, the cost would have been much more than the rehabilitation cost. Availability of foreign exchange was also a constraint for purchase of new engines. Fuel was consumed more because the engines were used at Quetta Division where load was more. The engines are now functioning properly.

144. The Committee observed that despite all technical explanation, it appeared that the decision to rehabilitate 42 locomotives had not proved cost effective and advised Railways to keep the experience in view before undertaking any other project for rehabilitation of old locomotives.

145. **Performance Audit Report on cash remittances in Railways (Paras 1-4, pages 45-48-AR-Railways)**-Audit reported that it was decided in 1973 to entrust to National Bank the collection of cash earnings of selected stations of Railways and their deposit into State Bank of Pakistan, replacing the existing system of bringing cash to Central Cash Office at Lahore through cash collection trains for deposit into State Bank. The agreement was executed with National Bank for 67 stations in 1973 and was increased to 236 stations in June 1986. Under the agreement the Bank has to collect daily earnings of stations in the evening and deliver bank drafts to the station masters for the amount collected, drawn on the main branch of National Bank of Pakistan to be accounted for in the Central Cash Office at Lahore. At stations having a branch of State Bank, the National Bank would deposit cash into the State Bank on the same day. Railways paid almost Rs.36.2 million to the Bank as commission upto March 1989. However, Audit study revealed that bank drafts reached central cash office after considerable delay, bank drafts were issued even for such stations where branches of State Bank were available and cases of short remittances and theft etc. had not been eliminated. Moreover, collection of cheques of oil companies has also been entrusted to the Bank unnecessarily which caused an additional payment of Rs.3.9 million as commission during July 1982 to March 1989. An amount of Rs.314,023 representing penal interest was recoverable from the Bank. In view of these findings, Audit proposed that the system needed improvement.

146. Ministry stated that the new system was adopted in view of security problems as cases of train robbery were increasing. The original agreement ended in June 1982. When it was renewed the Bank demanded that collection of oil companies cheques be entrusted to them, otherwise they would charge double the rate of commission. In case of stations having branches of State Bank it was ensured that cash was being deposited daily.

147. The Committee observed that there was need to bring about improvement in cash handling system of Railways and advised that other banks also be approached with a view to ensuring competitive rates and matter be sorted out with Audit.

148. **Performance Audit Report on Pakistan Railway Advisory and Consultancy Services Ltd. (PRACS)(Paras 1.1 to 5.4, pages 51-57-AR-Railways)** - Audit reported that PRACS was established in 1976 as a private limited company with a capital of Rs.500,000 to carry on business of surveyors, consultants, advisers, designers, architects, builders and engineers. Company had completed 32 jobs so far, major portion of which was given by Railways. But the company could not become financially viable and could earn only Rs.112,280 as profit during 10 years. However, in 1987 city booking agencies were entrusted to the company at the rate of 5% commission and it had started earning profit. Commission given to other agencies was @ 3 to 3.25% only. Audit contended that sale of tickets was not the job of a consultancy organization. Thus the organization had no justification for retention.

149. Ministry stated that the company was getting works and had earned Rs.2.05 million as profit during 1991-92. The rate of commission given to all booking agencies had now been fixed at 4% and PRACS was no more getting preferential treatment. Efforts were being made to have more consultancy services.

150. The Committee decided to review the justification for retention of PRACS as an independent entity after one year and advised Audit to present an up-to-date report on PRACS in the next meeting. The PAC directed to merge PRACS with Railcop after getting the issue examined from economy committee.

151. **Unsanctioned expenditure (Para 5.1,pages 89-90-AR-Railways)** - Audit pointed out that despite an earlier directive of Committee, an expenditure of Rs.1.419 million was incurred by Railway Administration without prior sanction during 1988-89. The total unsanctioned expenditure upto 1988-89 was Rs.47.910 million. Ministry had informed Audit that Rs.38.705 million had been cleared, but the amount had again piled up to Rs.34.772 million by 1990-91.

152. Ministry stated that unsanctioned expenditure included expenditure incurred due to cost overrun of a project and the expenditure incurred in emergency. Efforts were being made to minimize cost overrun in projects. Expenditure on emergency works could not be eliminated completely. However, it was being ensured that every expenditure was not treated as emergency.

153. The Committee advised that powers to incur expenditure in emergency should not be misused. It was observed that the majority of cases reported in the Audit para did not fall in category of emergency work and apparently the power was being misused. It was also advised that Railways should minimize resort to unsanctioned expenditure and clear accumulated cases at the earliest and outstanding expenditure be regularized.

154. **Undercharges in traffic earnings (Para 5.2,pages 90-91-AR-Railways)** - Audit reported that undercharges amounting to Rs.8,006,092 were awaiting realization at close of year 1988-89. This amount included outstanding amount relating to the period 1974-75 onwards. Ministry had stated that outstanding undercharges amounted to Rs.6,918,534 on 30th June, 1990.

155. Ministry explained that the amount had further been reduced to Rs.3,598,930 on 30-6-1992. Another amount of Rs.800,000 was also recovered and would be reflected in accounts of December, 1992. Efforts were also being made to recover the balance amount. It was also informed that the undercharges were both technical and actual.

156. The Committee advised the Ministry to recover the balance amount at the earliest and also to provide break-up of technical and actual undercharges to Committee and Audit.

157. **Losses due to remission and abandonment of claims (Para 5.3,pages 91-94-AR-Railways)-** Audit reported that Rs.17,352,162 were remitted during 1988-89 on account of demurrage and wharfage, which works out to Rs.23.5% of total charges. Ministry explained that there were practical problems in this case. Sometimes the businessmen did not clear their goods from Railways godowns due to dispute with customs authorities and when dispute was resolved after some time, refused to pay demurrage charges on the plea that delay was caused by customs authorities. Ministry had approached CBR and Finance Division to ensure early clearance by customs authorities to avoid blockage of Railways godowns.

158. Finance Division's representative pointed out that such problem was found in KPT too, where a huge amount of demurrage charges was outstanding against Government agencies. KPT had approached Government Adjuster and a big amount had thus been cleared.

159. The Committee advised Railways to approach Adjuster, Ministry of Finance, for clearing the outstanding cases of demurrage and wharfage. It was also advised that a foolproof procedure should be adopted to eliminate chances of undue favour to certain people. On this assurance the PAC settled the para.

160. **Delay in disposal of audit notes, inspection reports and specific reports(Paras (a),(b) &(c), pages 95-96-AR-Railways)-** Audit reported that out of 640 Audit observations, 171 audit notes, 379 inspection reports and 90 specific reports, issued to Railways authorities from 1985-86 to December, 1989, replies to 117 audit notes, 240 inspection reports and 31 specific reports had not been furnished. Ministry assured that action was underway to clear the outstanding Audit observations and the balance would be cleared within six months.

ACTIONABLE POINTS 1985-86

161. **Excess payment/mis-appropriation of stone ballast costing Rs. 175,000(Para 6.7,page 109-AR-Railways)(Item 4-AP-85-86)-** Audit reported that Committee had directed on 14-3-1989 for submission of inquiry report and details of follow-up action in next meeting. The inquiry committee had held four officials responsible for excess payment of ballast. One official was removed from service and three were awarded minor penalty of withholding of increment. Verification of punishment had revealed that one of the officials had continued to draw annual increment and was scheduled to retire on 31-12-1992 Ministry explained that the official had manipulated to stop the penal orders from reaching the concerned quarters. However, his pension case had been withheld and penalty would be imposed before his retirement. The Committee noted with concern that orders of PAC had not been implemented so far.

162. **Avoidable expenditure of Rs. 155,500 on the employment of the staff(Para 6.12, page 113-AR-Railways)(Item 7-AP- 85-86)-** The Committee had directed the Ministry on 14-3-1989 to set up a Committee to determine level of over-employment and recommend measures for improvement. Report had been submitted to

Audit but was not sent to Committee. Ministry was advised to send report to the Committee as well. The item was deferred to enable Audit to check on implementation of the directive.

163. **Irregular recruitment of staff(Para 6.14,page 115-AR-Railways)(Item 8-AP-85-86)** - The Committee had directed on 14-3-1989 that list of individuals recruited in 1980 be supplied. Since the list had been submitted, the para was settled.

164. **Non-recovery of Rs.1.3 million due to non-execution of agreement (Para 6.20, page 118-AR-Railways(Item 9-AP-85-86)** - The Committee had directed on 14-3-1989 that agreement with oil company regarding recovery at enhanced rates be intimated. The Ministry informed that recovery would be completed by 31st December, 1992. The Para was settled by the Committee. The PAC directed that the outcome of the meetings with the oil companies be made available in the next meeting and proper agreement be executed.

165. **Irregular appointment of an officer after superannuation (Para 6.34, page 126-AR-Railways)(Item 11-AP-85-86)**- The Committee had directed the Ministry on 15-3-1989 to submit a detailed report about irregular appointment of an officer after superannuation. Ministry stated that post facto sanction of the President is being dealt with. The Committee advised the Principal Accounting Officer to make personal efforts to get post facto sanction of the President and report submit to PAC through Audit.

166. **Tele-Communication & related signalling project (Paras 3.1.1 to 3.9.2, pages 19-32-AR-Railways)(Item 12- AP-85-86)**- The Committee had directed the Ministry on 15-3-1989 to negotiate with T&T department for hiring out long distance cable facilities in excess of requirement. Ministry informed that surplus lines had been hired to Defence and private telephone companies. The Committee advised the department to provide progress report on implementation of directive.

ACTIONABLE POINTS 1986-87

167. **Concrete sleeper factories (Paras 3.1.1.to 3.9.7,pages 23-31-AR-Railways)(Item 5 AP-86-87)**- The Committee had directed Railways on 27-5-1989 to consider diversification of the available potential for utilizing idle capacity of factories. Ministry informed that two factories at Khanewal and Sukkur had been fully equipped and efforts were being made to diversify the factory at Shaheen Abad. The Committee advised the Ministry to provide progress report on implementation of the directive to Audit.

168. **Facilities for transportation of lime stone and dolomite from Makli Jhimpir(Paras 4.1.1 to 4.3.10,pages 35-43-AR-Railways) (Item 6-AP-86-87)** - PAC had directed the Ministry on 27-5-1989 to take up matter of utilizing the facilities, on which a large amount had been spent, with Pakistan Steel Mills. Audit reported that Railways had apparently failed to get traffic from Steel Mills. Ministry informed that the wagons were being used by Steel Mills and also for transportation of cement. The Committee settled the para.

169. **Non-utilization of plant and machinery purchased for Rawalpindi and Moghalpura workshops (Paras 5(i),pages 57-67-AR-Railways)(Item 7-AP-86-87)-** The Committee had advised Railways on 27-5-1989 to hold an inquiry to look into the procurement of items/machinery which remained under-utilized for prolonged periods and fix responsibility. Ministry informed that report had been submitted to Audit who had settled the para. The Committee advised Audit to verify this statement of the Ministry.

170. **Review of private oil sidings (Para 5(ii),pages 71-74-AR-Railways)(Item 8-AP-86-87)-** The Committee had directed the Ministry on 27-5-1989 to review overall position of oil sidings and undertake efforts for ensuring recovery. The Committee settled the para on being informed that recovery had been completed.

171. **Custody and charged off stores (Paras 5(iv),pages 107-116-AR-Railways)(Item 10-AP-86-87)-** The Committee had directed the department on 27-5-1989 to set up a Committee including a representative from Audit to review position in all the stores. Ministry informed that position of 60 stores had been reviewed and the remaining stores would be cleared by 31st March, 1993. The Committee advised that report be furnished to Audit.

172. **Blocking of capital & additional expenditure (Paras 6.2,6.3 & 6.4, pages 119-122-AR-Railways)(Item 11 AP-86-87)** - Audit reported that PAC had settled the para subject to verification, but disciplinary action against the officials had not yet been finalized. Ministry stated that revised reply had been furnished to Audit. The Committee advised Audit to review the reply and verify whether PAC's earlier directive had been implemented or not.

173. **Irregular issue of land to LARECHS (Para 6.17,pages 131-132-AR-Railways)(Item 12 AP-86-87)** - The Committee had requested a member of the then PAC on 28-5-1989 to look into the irregular cases reported by Audit and report back to Committee regarding leasing and selling of land. Ministry informed that although the member of PAC could not take any action due to dissolution of Assemblies, two high level Committees were working to resolve the problem of Railways lands. The Committee settled the para.

174. **Serious irregularities/omissions by RAILCOP in a joint venture 9 (Para 6.18,pages 132-134-AR-Railways)(Item 13-AP-86-87)** - The Committee had taken serious notice of the irregularities involved and appointed a Sub-Committee to look into the entire operation of the joint venture. Ministry informed that Railway Board had taken cognizance of the matter and reviewed working of Railcop. The Committee directed that position regarding Railcop be reported to Mr. Liaqat Baluch, MNA.

GENERAL.

175. The Committee observed as concluding remarks that special efforts were needed by Pakistan Railways to change the public perception of the department which clearly lacked satisfaction over the performance of the department for the past many years.

176. Review of Actionable Points of Ministry of Railways for 1987-88 was deferred.

177. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to Ministry of Railways. These would be treated as settled subject to any action as may be necessary under the rules.

178. The Committee then adjourned to meet again at 9.30 A.M on Wednesday, the 18th November, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 18th November, 1992.
Fourth Sitting(PAC).

179. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Syed Shahid Mehdi Naseem, Minister of State for Natural Resources.	Member
4.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
5.	Mr. Liaqat Baluch, MNA.	Member
6.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
7.	Mir Balakh Sher Mazari, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Sh. Muhammad Sadiq, Acting Auditor-General of Pakistan.
2. Mr. Najm Hosain Syed, Deputy Auditor-General(GA).
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
4. Mr. Zulfikar Ali Kadri, Director General (CA).
5. Syed Jameel Ahmad Zaidi, Director General (PEC).
6. Mr. Shamim Haider, Director General Audit(Federal Government).
7. Syed Manzoor Ali, Director Audit, Industries Supply & Food, Karachi.
8. Mr. Muhammad Tahir, Director (Foreign Audit).
9. Miss. Rubina Mushtaq Siddiqui, Deputy Director (CA).

Ministry of Finance:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Ziauddin Ahmad Malik, F.A.(Planning & Development).

180. **Accounts examined:-** Accounts pertaining to the following Ministry/ Division were examined by the Committee during the meeting:-

1. Planning and Development Division.
2. Ministry of Food and Agriculture. (including Livestock Division)

PLANNING AND DEVELOPMENT DIVISION

181. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Planning and Development Division. The following departmental representatives were present:-

1. Dr. Akhtar Hasan Khan, Secretary.
2. Syed Faiz Ahmed Zaidi, Joint Secretary.
3. Mr. Shamshad Hussain Khan, Deputy Secretary.
4. Maj.Gen. Khalid Aziz, Director General (NLC).
5. Brig. Muhammad Arbi Khan, Comd. Engrs. (NLC).
6. Mr. Khalid Ali Shah Rizvi, Director (F&A).
7. Mr. Mohammad Naeem, Section Officer (F&A).

182. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Planning and Development Division.	112
2.	Development Expenditure of Planning and Development Division.	171

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183. **Grant No.112 - Planning and Development Division (Pages 388-389-AA)** - There was an excess of Rs.2,765,665 in the grant. An amount of Rs.52,433 was also surrendered increasing the excess to Rs.2,818,098. Ministry explained that excess occurred because a supplementary grant of Rs.2,620,000 released on 20th June could not be included in the accounts. The Committee recommended regularization of excess.

184. **Grant No.171- Development Expenditure of Planning and Development Division (Pages 391-392-AA)** - The grant closed with an excess of Rs.2,142,080. An amount of Rs.40,388,576 was surrendered, increasing the excess to Rs.42,530,656. Ministry stated that the excess was caused because figures of earlier two years had not

been accounted for and excess indicated adjustment of foreign aid pertaining to previous years. Audit explained that foreign agencies spend aid at their ends and figures are not available in time for inclusion in accounts. However, efforts were being made to evolve a methodology for better accounting of foreign aid.

185. The Committee advised the Ministry to impress upon donor countries the statutory requirements regarding accounting of consolidated funds before the National Assembly as well as the requirement of providing timely intimation of aid given by them for its timely reflection in annual accounts. Regularization of excess was recommended.

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National Construction Company (Pakistan) Limited.

186. **Working results of NCCL (Para 530, page 413-ARPSE)** - Audit reported that accounts of National Construction Company for 1988-89 were not provided to Audit till publication of Report. Ministry explained that accounts were provided in September 1992. These were delayed because company was under liquidation and it had projects abroad where accounting could not be completed in time. However, it was assured that accounts of the company for 1989-90 and 1990-91 would be compiled and forwarded to Audit by 31st March, 1993.

Pakistan Institute of Development Economics.

187. **Working results of PIDE (Para 542, page 421- ARPSE)** - Audit pointed out that after earning profit up to 1987-88, the Institute sustained losses during 1988-89 and 1989-90, mainly due to increase in expenditure from year to year.Ministry stated that the Institute is the largest economic research institution in the country financed by the government. Now it had been decided to start contract research projects for boosting income. Government had also committed additional grant to overcome the deficit.

188. The Committee observed that excess expenditure by the very Institute doing research for economic development was not desirable. It should set examples of better financial management for the nation.

189. **(Para 543,page 421-ARPSE)**-Audit reported that publication stock of PIDE increased from Rs.1.239 million in 1988-89 to Rs.1.498 million in 1989-90. The Committee advised the Institute to adopt effective policies to control publication inventory to reasonable levels.

190. Members of the Committee showed keen interest in the working of the Institute. Specific interest was shown in the field of interest free economy. The Committee observed that in view of the prime importance of research in this field for the entire Muslim Ummah, the Institute should take lead and its efforts in this regard should be clearly visible.On being informed that some work had been done on interest free economy, the Committee advised that copies of published material be provided for member's information.

National Logistic Cell.

191. **Working results of NLC (Para 531,page 414 - ARPSE)** - Audit presented working results of National Logistic Cell which indicated that the accumulated surplus stood at Rs.852.926 million on 30-6-1991, which illustrated a satisfactory position. The Committee desired to know charter of NLC.

192. It was informed that NLC was set up in 1978 to facilitate transport of imported goods upcountry from Karachi. Coordination at Karachi Port was also a purpose. The projects started outside the charter had been dispensed with and Committee's earlier advise that NLC should restrict its activities to its original charter was being seriously implemented. However, profits of NLC varied with the increase and decrease in imports. Only one project of NLC i.e. rental of agro-machinery had suffered loss, but it was discontinued. The Committee observed that government organizations must function within their charter.

193. **(Paras 532-533,page 414, ARPSE)** - Audit reported that NLC had incurred a loss of Rs.0.604 million on disposing of fixed assets of Agro Rental Project, while Rs.10.427 million spent on producing and selling mushroom had gone waste.Ministry stated that both the activities were out of the charter of NLC but were undertaken in good faith. However, when it transpired that desired results could not be achieved, these were abandoned. The Committee settled the paras.

194. **Non-disposal of heavy leftover stock of imported spare parts worth US $ 121.283 and locally purchased spares of Rs.3,892,440 (Para 538,page 417-ARPSE)** - Audit reported that NLC undertook rehabilitation of 500 Army Cargo Trucks in 1982. Spares for the vehicles were purchased by NLC and after completion of assignment, 815 items of stock worth Rs.3,892,440 were leftover.Ministry informed that the leftover spares had subsequently been transferred to Army and book value had been obtained.

195. The Committee settled the para subject to Audit's verification of the statement that book value had been obtained. Audit was also advised to verify fate of the overhauled trucks and spares from Defence Services.

196. **Loss of Rs.3.305 million in construction of road parallel to Super Highway (Para 539,page 418-ARPSE)**- Audit pointed out that NLC constructed a road parallel to Super Highway at the cost of Rs.10,813,857 while only Rs.7,509,194 could be recovered from KDA. Thus NLC suffered a loss of Rs.3.305 million. Moreover, NLC had done underbidding to get the job.

197. Ministry informed that underbidding was done to get the work because work force was idle in those days. The work was delayed due to worstning law and order situation in Karachi, but KDA refused to pay the excess amount. KDA being a government agency, NLC did not press for payment. The Committee accepted the explanation and settled the para.

198. **Wasteful expenditure of Rs.1.100 million and Japanese Yen 5.100 million due to unnecessary import of road maintenance cars and generators (Para 540,page 419-ARPSE)** - Audit pointed out that NLC imported earth moving machinery worth Rs.1.1 million and Japanese Yen 5.1 million in 1981-82 which remained idle for 5 to 7 years, causing blockage of government money. Ministry informed that machinery remained idle because expected road building projects were not awarded to NLC. However, now it was being utilized on construction of Pindi-Kharian road sector.

199. The Committee observed that the recently obtained contract was being used to justify unnecessary purchases made many years ago. Displeasure was expressed at the original decision for unjustified purchases and Ministry was advised to discontinue the practice in future.

200. **Ill-planned purchase and non-utilization of bulk cement carrier valuing Rs.796,857 (Para 541,page 420-ARPSE)**- Audit reported that NLC purchased a bulk cement carrier in 1984 at a cost of Rs.796,857 but it was not utilized since 1985.Ministry stated that the carrier was imported as over-ambitious planning because it was expected that huge projects like Kala Bagh Dam and construction of roads would be assigned to NLC. However, now it would be utilized in Pindi-Kharian Road Project.

201. The Committee observed that this was an example of bad planning. A poor country like Pakistan cannot afford expenditure on import of machinery which remained unutilized for years. Planning Division itself was expected to set better standards of planning and serve as model for other departments.

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202. **Grant No.167-Development Expenditure of Planning & Development Division (Page 298-AA-86-87 & Page 332-AA-87-88)(Item 1-AP-87-88)**- Audit reported that PAC had set-up an Inter-ministerial Committee in May, 1989 to sort out the issues pertaining to accounting of foreign aid. The Secretary Planning Division was nominated its Convener. The Inter-ministerial Committee had decided in July 1990 that Secretary EAD be the Convener for better coordination. But no further progress had been reported in this regard.

203. The Committee advised the Principal Accounting Officer to coordinate with Secretary EAD for convening the meeting of Inter- ministerial Committee immediately to sort out the issues relating to accounting of foreign aid.

204. **Wasteful expenditure of Rs. 7.956 million on livestock and agricultural development forms (Para 56, page 83-ARPSE) (Item 2-AP-87-88)** - The Committee had been assured by the Principal Accounting Officer on 15-7-1990 that in future NLC would stick to its basic charter of duties and would not venture in fields like green houses and livestock development. Principal Accounting Officer reaffirmed NLC's commitment not to venture into areas beyond its charter and dissociation from existing activities of similar nature. The para was treated as settled.

205. **Performance Evaluation Report on NLC,GHQ, Rawalpindi (Paras 1.1 to 12.7,pages 5-54-PEPE-Vol-IX-1989)(Item 3(i)-AP-87-88)** The Committee had advised NLC on 15-7-1990 to treat public investment as equity with 12% rate of return, but Audit reported that no tangible progress had been made so far. Ministry informed that Finance Secretary was Chairman of a High Level Committee to settle the issue. The Committee advised the Additional Secretary, Ministry of Finance to get the matter resolved at the earliest.

206. **(Item 3(ii)-AP-87-88)**- Audit reported that NLC had not specified the activities abandoned at the directive of the Committee. Since the point had already been discussed in detail, the Committee settled the para.

207. **(Item 3(iii)-AP-87-88)**- Audit pointed out that Committee's directive regarding payment of toll tax to provincial governments by NLC had not been implemented.

208. Ministry informed that it had been decided at the time of inception of NLC that no toll tax would be paid to keep NLC transport undisturbed and ensure smooth running. However, a formula was being worked out to pay a proportionate amount in lump sum to all provinces. The Committee advised that the matter be finalized within the current financial year *i.e* 1992-93.

209. **Mis-appropriation of SR.65,253 equivalent to Rs.300,816 by Ex-administrative supervisor (Para 53,page 65-ARPSE-85-86)(Item 4-AP-87-88)**- On being informed by Audit that full recovery had been made as directed by Committee. The para was settled.

210. **Non-recovery of Rs.19.059 million an account of services rendered by NLC to KPT(Para 21,pages 46-47-ARPSE-86-87)(Item 5-AP-87-88)**- The Committee had directed on 15-7-1990 that matter regarding non-recovery of Rs.19.059 million from KPT for services rendered by NLC be resolved and report rendered to PAC. Ministry informed that matter was referred to Secretary Communications who had offered three options which would be discussed by the NLC Board. The Committee advised NLC Board to finalize its decision in this regard by 31st March, 1993.

211. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Planning & Development Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF FOOD AND AGRICULTURE
(including Livestock Division)

212. The Committee took up for its examination the Appropriation Accounts, Audit Reports etc. pertaining to the Ministry of Food and Agriculture. The following departmental representatives were present:-

1. Mr. Muhammad Lutfullah, Secretary.
2. Mr. Javed Masud, Additional Secretary-I.
3. Mr. A.W. Kazi, Additional Secretary-II.
4. Mr. Ayaz Ali Shah, Joint Secretary(E).
5. Mr. Siraj S. Shamsuddin, Joint Secretary(A).
6. Dr. Muhammad Anwar Khan,AHC/Joint Secretary(L).
7. Mr. Muhammad Usman, Deputy Secretary(FBC).
8. Mr. T.H. Kardar, OSD (F&A).
9. Syed Mohsin Rizvi, Director General (FID).
10. Dr. M. Noorullah, Wheat Commissioner.
11. Syed Irfan Ahmad, Director General (FSCD).
12. Dr.Muhammad Shafi, Adviser/Director (Plant Protection).
13. Dr. Mohammad Afzal Khan, Chairman(APC).
14. Dr. Muhammad Sharif, Commissioner (Special Crops).
15. Mr. Iqbal Ahmed Turk, Managing Director (KFHA).
16. Dr. Baz Mohammad Khan, Director General (WM).
17. Maj.Gen. Mukhtar Hassain Shah, Managing Director (PASSCO).
18. Mr. M.B.A. Kiyani, OSD(AEC).
19. Mr. Muhammad Bashir, OSD(W).
20. Mr. Anwar Ahmad, Accounts Officer.

213. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Food and Agriculture Division.	54
2.	Forest.	56
3.	Plant Protection Measures.	57
4.	Other Agricultural Services.	58
5.	Zoological Survey Department.	60.
6.	Livestock Division.	61
7.	Fisheries.	62
8.	Other Expenditure of Food and Agriculture Division.	63
9.	Capital Outlay on Purchase of Fertilizer.	135
10.	Development Expenditure of Food and Agriculture Division.	157
11.	Development Expenditure of Livestock Division.	159
12.	Capital Outlay on Food Storage and Other Works.	189

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214. **Grant No.54-Food and Agriculture Division (Pages 228-229-AA)** - There was a saving of Rs.317,542 in the grant. The Committee made no observation.

215. **Grant No.56 - Forest(Page 231-AA)**-The grant closed with an excess of Rs.828,030. The Committee recommended regularization of excess. On a query regarding

measures taken for forest development at Federal level, Ministry informed that at their end, foreign grants are coordinated and expenditure incurred in coordination with provincial governments. A Social Forestry Project had been undertaken as part of Environment Protection Project. People was being motivated to grow more trees. There had been a nominal increase in forest area. There was stress upon cutting old forests and planting new trees. Of the new trees planted 50% normally survive. However, action would also be taken against wood thieves. There was need for more and more trees for national development.Consultations are regularly held with provincial governments. It was being planned to plant trees under official supervision. Ministry also undertook to set up a departmental committee to review effectiveness of measures taken for development of forests and report to committee in three months.

216. The Committee advised Audit to undertake performance audit of federally funded projects for forest development, in view of the importance of forests for national economy.

217. **Grant No.57 - Plant Protection Measures (Pages 232-233-AA)** - There was an excess of Rs.15,268,551 in the grant. The Committee recommended regularization of excess.Regarding activities under this grant, Ministry informed that sprays are arranged on various areas. Recently spray on paddy had been done in Punjab. Survey of cotton crop had been conducted and it was found that 70% cotton crop in Sindh was damaged, while in Punjab the damage was 10%. It was hoped that between 11 million and 12 million bales would be produced.

218. The Committee observed that spray on paddy crop in Punjab was not acceptable to farmers and had caused dissatisfaction among end users. A Sub-Committee comprising Rana Tanveer Hussain, Parliamentary Secretary for Finance (Convener), Mr. Khalid Rafique, Deputy Auditor-General, Mr. Zafar Mian, Financial Adviser, Ministry of Food & Agriculture and Dr. M. Shafi , Director Plant Protection, Ministry of Food & Agriculture was set up to hold an inquiry into end users dissatisfaction with aerial spray on paddy crop, with special reference to Sheikhupura. The Sub-Committee would submit its report in two months.

219. About cotton crop, the Committee felt that reported assessment of losses to cotton crop as a result of floods was highly optimistic. The Principal Accounting Officer was advised to have the losses realistically reviewed and adopt necessary measures in affected areas.

220. **Grant No.58-Other Agricultural Services(Pages 234-235-AA)**- The Committee recommended regularization of excess of Rs.16,844. On a query about the services performed under this grant, Ministry informed that the expenditure of National Seed Registration Department, Seed Certification Department, Agriculture Marketing and Grading Department and Soil Survey Department was met from this grant. The performance of these departments were satisfactory.

221. The Committee observed that working of these departments left much to be desired and no benefit was accruing to the nation by their existence. Ministry assured

that further efforts were being made to make services rendered by these departments accessible to public.

222. **Grant No.60-Zoological Survey Department(Page 236-AA)** The grant closed with an excess of Rs.353,321.The Committee recommended regularization of excess.

223. **Grant No.61 - Livestock Division (Page 237-AA)**- Excess of Rs.145,071 in the grant was recommended for regularization.

224. **Grant No.62 - Fisheries(Page 238-AA)**- There was a saving of Rs.65,490 in the grant which did not attract any observation from the Committee. Ministry informed that the Marine Fisheries Department conducts surveys in extended economic zone of 200 miles of our marine zone.

225. **Grant No.63 - Other Expenditure of Food and Agriculture Division (Page 239-AA)** - The grant closed with a saving of Rs.92,650. The Committee made no observation. Regarding working of Agricultural Prices Commission under this grant, Ministry informed that the Commission studies fixing of wheat prices scientifically. In our country fixing wheat prices of international level is not possible as farmers do not have marketing capabilities and cooperative farming experiment did not succeed. Middle men tend to avail benefit and even if international prices are fixed these will not reach farmers. Therefore prices are being fixed at a level between international level and cost of production. Other incentives are also being given to farmers.

226. The Committee observed that there was need to ensure that benefits of government's efforts for farmers' welfare reached grossroot level.

227. **Grant No.135 - Capital Outlay on Purchase of Fertilizer (Pages 240-241-AA)**-The Committee recommended regularization of the excess of Rs.566,097,168, on the assurance of Ministry that the accounting procedure has been improved since 1989-90.Regarding procurement and supply of fertilizer, it was stated that the provincial governments were being approached to streamline supply of fertilizers and supervise agents. D.Cs were being authorized to raid black-marketeers.

228. The Committee observed that farmers were facing acute problems in procurement of fertilizer which was affecting the agricultural output of the country. In view of the importance of this matter, a Special Committee comprising Mr.Hamza, MNA (Convener), Mr. Muhammad Ajmal Khan Khattak, MNA, Mr. Liaqat Baluch, MNA, Mr. A.W. Kazi, Additional Secretary-II, Ministry of Food and Agriculture and Syed Mohsin Rizvi, Director-General(Fertilizer) was constituted to review the existing system of procurement, distribution and pricing of fertilizers. The Special Committee will submit its report in three months.

229. **Grant No.157 - Development Expenditure of Food and Agriculture Division (Pages 242-243-AA)**- There was an excess of Rs.669,935,830 in the grant. Ministry attributed the reason to non-reflection of supplementary grant of Rs.27 million allowed in June, 1989 accounts. The Committee recommended regularization of excess.

230. **Grant No.159 - Development Expenditure of Livestock Division(Pages 246-247-AA)** - The saving of Rs.18,993,178 did not attract any comment from the Committee.

231. **Grant No.189 - Capital Outlay on Food Storage and Other Works (Pages 248-249-AA)** - There was a saving of Rs.1,172,903 in the grant. The Committee did not make any observation.

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232. **Grant No.59-Subsidy on Imported Wheat(Page 16-AA)**- The grant closed with the saving of Rs.45,833,523. The Committee advised that savings should be surrendered in time.

233. **Grant No.134 - Capital Outlay,Expenditure on Purchase of Food Stuffs(Pages 2-3-AA)**- Saving of Rs.2,965,154,356 was surrendered on 29th June, 1989. The Committee made no comments.

234. Examination of Audit Reports pertaining to Ministry of Food and Agriculture for 1988-89 were deferred till the next day.

235. The Committee then adjourned to meet again on Thursday, the 19th November, 1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 19th November, 1992.
Fifth Sitting(PAC).

236. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Syed Shahid Mehdi Naseem, Minister of State for Natural Resources.	Member
4.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
5.	Mr. Liaqat Baluch, MNA.	Member
6.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
7.	Mir Balakh Sher Mazari, MNA.	Member
8.	Ch. Muhammad Altaf Hussain, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Sh. Muhammad Sadiq, Acting Auditor-General of Pakistan.
2. Mr. Najm Hosain Syed, Deputy Auditor-General(GA).
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
4. Mr. Zulfikar Ali Kadri, Director General (CA).
5. Mr. Shamim Haider, Director General Audit(Federal Government).
6. Syed Manzoor Ali, Director Audit, Industries Supply & Food, Karachi.
7. Miss Rubina Mushtaq Siddiqui, Deputy Director (CA).
8. Mr. Hussain Saqib, Assistant Auditor General.

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. I.M. Mohsin, Director General (Projects), Planning and Development Division.
3. Mr. Muhammad Ismail Maarif, FA (Cabinet).
4. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
5. Mr. Shafiqullah Khan, DFA (Cabinet)
6. Mr. Muhammad Aslam, Accounts Officer.

237. **Accounts examined**-Acounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:-

1. Prime Minister's Secretariat (Public & Internal).
2. Prime Minister's Inspection Commission.
3. Law and Justice Division.
4. Parliamentary Affairs Division.
5. Ministry of Food and Agriculture (Deferred Accounts).

PRIME MINISTER'S SECRETARIAT (PUBLIC & INTERNAL)

238. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Prime Minister's Secretariat (Public & Internal). The following departmental representatives were present:-

1. Mr. S. Farogh Naveed, Additional Secretary(E&F).
2. Mr. Rehmatullah Khan, Joint Secretary(Admn).
3. Mr. Muhammad Yousaf, Section Officer (B&A).
4. Mr. M. Ramzan Malik, Accounts Officer.

239. This Secretariat controlled Grant No."10-Prime Minister's Secretariat".

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240. **Grant No.10 - Prime Minister's Secretariat (Pages 82-83-AA)** - There was a saving of Rs.1,167,527 in the grant. The Committee desired to know recommendation of Economy Commission regarding the Secretariat. It was informed that the Commission had recommended reduction in staff of the Secretariat which is actually a part of Cabinet Secretariat. The number of staff has been reduced from 532 to 337, ever since the present government took over. The Secretariat received more than 1,000 public complaints daily and a separate Wing had been created to deal with these complaints. Disposal of summaries normally takes two to three days, but some cases, which require detailed deliberations, may require more time. The Committee made no observation.

241. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Prime

Minister's Secretariat (Public & Internal). These would be treated as settled subject to any action as may be necessary under the rules.

PRIME MINISTER'S INSPECTION COMMISSION

242. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Prime Minister's Inspection Commission. The following departmental representatives were present:-

1. Lt. Gen.(Retd) Muhammad Shafiq, Chairman.
2. Mr. Abdul Aziz, Member (Admn).
3. Mr. Muhammad Suleman, Secretary.
4. Mr. Saeed Ahmad, Deputy Director.

243. This Secretariat controlled Grant No."11-Prime Minister's Inspection Commission".

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244. **Grant No.11- Prime Minister's Inspection Commission (Page 54-AA) -** There was a saving of Rs.494,909 in the grant out of which Rs.445,000 were surrendered, leaving net saving of Rs.49,900. The Committee made no comment.Regarding activities of the Commission, it was informed that the Commission initiated inspections and studies of various departments at the Prime Minister's orders and submits reports to him. During 1990, 36 reports were initiated. After submission of report, the Commission does not watch compliance by Ministries because Prime Minister gives direct orders to Ministries. In 95% cases recommendations of Commission are approved. However, there is no follow-up system on the recommendation of the Commission.

245. Commission observed that such high-level inspections could be effective only if there was regular follow-up. The Commission was advised to undertake a study of the fate of recommendations made by the Commission in its various reports issued since 1988-89 todate and submit report to Committee within three months.

246. The Committee agreed with the observation that status of the Commission should be defined at the earliest and grant of Secretariat Allowance to employees of the Commission may also be considered. Finance Division was advised to review the existing policy of grant of Secretariat Allowance. It was observed that apparently the existing policy was discriminatory and unjust.

247. **Points not discussed to be treated as settled -** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Prime Minister's Inspection Commission. These would be treated as settled subject to any action as may be necessary under the rules.

LAW AND JUSTICE DIVISION

248. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Law and Justice Division. The following departmental representatives were present:-

1. Mr. Justice Ihsan-ul-Haq Chaudhry, Secretary.
2. Mr. Amjad Ali, Draftsman/Additional Secretary.
3. Mr. Ghulam Mustafa, Deputy Secretary.
4. Mr. Amjad Hussain, Section Officer(F&A).

249. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Justice Division.	100
2.	Other Expenditure of Justice Division.	102

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250. **Grant No.100-Justice Division(Pages 234-235-AA)** - There was an excess of Rs.369,959 in the grant. The Committee recommended its regularization.

251. **Grant No.102 - Other Expenditure of Justice Division (Pages 338-339-AA)**- The grant closed with a saving of Rs.8,628,850 against which Ministry surrendered Rs.9,693,966. The Committee made no comment. Regarding measures for expeditious disposal of cases pending in superior courts, it was informed that vacancies of judges were being filled in courts. Chief Justice often drews attention of judges to disposal of cases and reports were being submitted regularly in this regard. Pendency in High Courts had been reduced from 90,000 to 45,000 while 1000 cases were now pending in Supreme Court. A Committee headed by Justice Nasim Hasan Shah is working for separation of Executive and Judiciary.The Committee expressed its satisfaction at the reported position of reduction in pendency of cases and advised that the tempo to minimize it further be maintained through active involvement of Law and Justice Division.

252. Regarding Audit and Accounts Act, it was informed that Finance Division had not yet moved it. Finance Division's representative informed that Audit & Accounts Bill had not yet been approved by the Cabinet. The Committee advised Law and Justice Division to pursue adoption of Audit & Accounts Act, which is a Constitutional requirement in coordination with Finance Division and Auditor-General's Department. On being pointed out by Audit, the Division was asked to complete reconciliation of accounts for 1991-92 with AGPR.

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253. **Grant No.99-Other Expenditure of Ministry of Justice and Parliamentary Affairs (Justice Division)(Page 297-AA)(Item No.1-AP-87-88)** - The Committee had advised the Division on 14-7-1990 to ensure complete reconciliation of accounts with AGPR and report within one month. On being informed that reconciliation had been completed, the para was settled.

254. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Law and Justice Division. These would be treated as settled subject to any action as may be necessary under the rules.

PARLIAMENTARY AFFAIRS DIVISION

255. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Parliamentary Affairs Division. The following departmental representatives were present:-

1. Mr. Sajjad-ul-Hasan, Secretary.
2. Mr. M. Sirjees Nagi, Joint Secretary.
3. Mr. Muhammad Aslam, Assistant Secretary.

256. This Division controlled Grant No."101-Parliamentary Affairs Division".

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257. **Grant No.101 - Parliamentary Affairs Division (Pages 336-337-AA)** - The grant closed with a saving of Rs.1,201,341 which, as reported by the Division, had been surrendered up to 30th June, 1989. The Committee made no observation.

258. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Parliamentary Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF FOOD AND AGRICULTURE
(Deferred Accounts)

259. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Ministry of Food and Agriculture, which were deferred on 18-11-1992. The following departmental representatives were present:-

1. Mr. Muhammad Lutfullah, Secretary.
2. Mr. Javed Masud, Additional Secretary-I.
3. Mr. A.W. Kazi, Additional Secretary-II.
4. Mr. Ayaz Ali Shah, Joint Secretary (E).
5. Mr. Siraj. S. Shamsuddin, Joint Secretary(A).

6. Mr. Muhammad Bashir, Joint Secretary (Food).
7. Dr. M. Hanif, CMC.
8. Mr. Bashir Ahmed Javed, M(CA).
9. Mr. Muhammad Usman, Deputy Secretary(FBC).
10. Mr. T.H. Kardar, OSD (F&A).
11. Syed Mohsin Rizvi, Director General (FID).
12. Dr. M. Noorullah, Wheat Commissioner.
13. Syed Irfan Ahmad, Director General (FSCD).
14. Dr. Muhammad Sharif, Commissioner (Special Crops).
15. Dr. Baz Mohammad Khan, Director General (WM).
16. Maj.Gen. Mukhtar Hussain Shah, Managing Director (PASSCO).
17. Mr. Ashfaque Ahmad Memon, Director General (Food).
18. Mr. Iqbal Ahmed Turk, Managing Director (KFHA).
19. Dr. Muhammad Shafi, Adviser/Director (Plant Protection).

260. **Financial results**- Audit reported that Rs.3,713,637,274 were outstanding as cost of wheat supplied to various recipients in 1988-89. Ministry informed that recovery position had improved and Rs.3.168 million were recovered in 1988-89 and Rs.4.002 million in 1990-91. Now Rs.2,300 million were outstanding. Ministry proposed that a system for recovery at source may be developed.

261. The Committee advised the Finance Division and Ministry of Food & Agriculture to examine the matter and suggest a practicable system acceptable to provinces within three months.

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262. **Loss due to payment of demurrage charges US $ 29,197 (Para 1, pages 48-49-AR)**- Audit reported that US $ 29,197 were paid as demurrage to ship owners due to delayed supply of wheat by suppliers who had refused to pay the amount. The Ministry had settled the case with suppliers against 50% of the claim on the Attorney's recommendations. Audit proposed that balance amount be written off. The Committee accepted the proposal and recommended that amount of the irrecoverable loss be written off.

263. **Loss due to shortage of imported wheat worth Rs.2.614 million (Para 2,page 49-AR)**-Audit pointed out that 736.670 ton wheat valuing Rs.2.614 million was found short in various consignments imported in 1985 and 1986. Ministry had not completed inquiry into these cases so far although these were pointed out in 1988.

264. Ministry informed that inquiry was held by an officer of Establishment Division and report submitted in 1990. However, since responsibility was not fixed in the report, another inquiry officer was appointed who would submit report in one month. Inquiry was delayed because correspondence was being held with Establishment Division for appointment of a whole time inquiry officer.

265. The Committee expressed displeasure at the delay of four years in completion of inquiry process and advised that the process be completed within one month under intimation to the Committee.

266. **Loss due to un-accounted for quantity of D.S. Milk - Rs.2.33 million (Para 3,pages 49-50-AR)-** Audit reported that a case of non-accounting of 58.342 m/ton D.S. Milk worth Rs.2.33 million was brought to Ministry's notice in 1989 and it was informed in December 1989 that inquiry was being held but investigation had not yet been completed.

267. The Committee advised that action against five officials held responsible be finalized further delay and an in-built system be developed to curb the recurrence of such cases.

268. **Loss due to ignoring lowest bid Rs.1.56 million (Para 4, page 50-AR)-** Audit pointed out that in response to a tender inquiry of October 1987 for hiring of godowns and local transportation services, the lowest tender of Rs.2.14 per M/ton per K.M. for local transportation and Rs.1.25 per sq.ft. per month for godowns were not accepted and tenders scrapped, stating that these were defective.Only nine days later, another tender inquiry was floated. The same firm which had quoted the lowest rate, this time quoted higher rate of Rs.3.40 per M/ton per K.M. for local transportation. It was accepted after negotiating the rate to Rs.3.20 PER M/ton per K.M. The contract for godown was placed with a firm @ Rs.1.75 per sq.ft.per month against the earlier quoted rate of Rs.1.25 per sq.ft. per month. Thus an extra expenditure of Rs.1.56 million was incurred. Ministry had stated that tenders were floated by the General Manager Fertilizers, due to some defects but Audit felt that defects were minor in nature and the General Manager was not competent to scrap the tenders.

269. Ministry stated that tenders were scrapped due to obvious defects. The Committee felt that there was need to examine the matter in detail to establish that no undue favour had been extended to any individual. A Committee comprising Mr. M. Zafar Mian, Financial Adviser, Ministry of Food and Agriculture(Convener), Syed Manzoor Ali, Director Audit, Industry Supply and Food and Syed Mohsin Rizvi, Director General, Fertilizer Import Directorate was formed to investigate whether the party who had offered lowest rates in the first tender was awarded the contract on higher rates after scrapping first tender. The Committee was asked to fix responsibility and suggest action in its report to be submitted in one month.

270. **Wasteful expenditure due to payment of salaries to the technical staff without employing them on any job - Rs.1.82 million (Para 5,pages 50-51-AR)-** Audit reported that a plant purchased at a cost of Rs.8.80 million was disposed of at a junk value of Rs.983,650 in August, 1989 after remaining idle since 1981. Rs.176,000 were paid yearly as salary to a number of employees for maintenance and operation of the plant despite its lying idle. The plant disposed as junk was being utilized by the buyers.

271. Ministry stated that employees were not screened because their unemployment would have generated a humanitarian problem. However, inquiry had been ordered for fixing responsibility for the disposal of plant as junk and its remaining unused for many years.

272. The Committee advised that exemplary action be taken against the person(s) responsible for wasteful expenditure and non-utilization of plant and report be submitted to Committee in three months.

273. **Mis-appropriation of 46 bales of gunny bags amounting to Rs.0.16 million (Para 7,pages 51-52-AR)-** Audit pointed that 46 bales of gunny bags costing Rs.160,000 were found short and matter was reported to Ministry in 1989. Ministry stated in reply that case was investigated by FIA in 1988 against a Food Inspector who had been acquitted in 1992. Departmental inquiry was also being held.

274. The Committee observed that apparently the Food Inspector was acquitted because the department did not pursue the case properly. Ministry was advised to complete departmental inquiry at the earliest.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Pakistan Agricultural Storage & Services Corporation Limited.

275. **Working results of PASSCO (Para 292,pages 250-253 - ARPSE)-** Audit reported that accumulated losses of Rs.169.259 on 31st March, 1989 had subsequently been wiped out and Corporation had unappropriated profit of Rs.827,000 on March 31, 1991. The Committee desired to know details of miscellaneous income of Rs.50 million in 1989-90 and advised PASSCO to provide detailed breakup of miscellaneous income during 1987-88 to 1990-91 to Committee/Audit.

276. **(Para 293, page 252- ARPSE)-** Audit pointed out that against the total provision of bad debts of Rs.50,934 million, Rs.37.5 million had been recovered and Rs.1.3 million were now outstanding against government departments and Rs.11.61 million against private parties. Ministry was advised to submit monthly reports of the progress of recovery to Audit and also to make all out efforts to effect recovery of outstanding amount.

277. **Mis-appropriation of wheat and bardana of Rs.7.229 million (Para 297,pages 255-256-ARPSE)-** Audit reported that shortages of wheat and bardana valuing Rs.7.229 million were detected in various centres of PASSCO in 1987. Two cases for recovery of shortage of wheat and bardana had been registered with FIA against two officials but no progress was reported. A civil suit was under process against another official and shortage of Rs.1,033,448 had been written off by the Managing Director of PASSCO.

278. Ministry stated that FIA was being pursued to expedite investigation. A directive was given in this regard through P.M.'s Secretariat, as well. In the meantime, formal recovery notices had been issued to the officials involved and departmental inquiry was being held. Internal controls were also being strengthened.

279. The Committee observed that in view of FIA's apathy in the case, P.M.'s Secretariat should review the indifferent response to its recommendations. The Committee also advised that in such cases departments should rely on their own efforts rather than passing on responsibility to other government agencies which could not be expected to exhibit the same level of interest. The Managing Director, PASSCO was further advised to keep in view legal position while issuing formal recovery notices since the case stood referred to an investigating agency.

280. **Shortage of rice, wheat and bardana valuing Rs.5.095 million (Para 298, pages 256-258-ARPSE)**- Audit pointed out that shortage of rice, wheat and bardana valuing Rs.5.095 million were detected in various centres of PASSCO. Shortages worth Rs.1.7 million had been written off by Managing Director without any delegated powers.Department contended that write-off orders were issued in good faith. Main cause of write off being damage to wheat due to non-availability of storage facilities.

281. The Committee observed that the Managing Director,PASSCO did not have power to write off shortages and advised that competent authority i.e. Board of Governors of PASSCO consider the issue. PASSCO was asked to provide detailed justification for write off of shortages valuing Rs.1.74 million to Committee and Audit.

282. **Shortages of 533.753 M.Tons of wheat resulting in a loss of Rs.1.089 million (Para 299,pages 258-259-ARPSE)**- Audit reported that PASSCO had sustained a loss of Rs.1.089 million due to shortage of wheat during 1987. Ministry had intimated that as a result of detailed inquiry it was considered that loss was caused due to factors beyond human control and only one employee was held responsible for shortage valuing Rs.117,910. However, in March 1990, recovery orders of Rs.329,128 were issued against five employees. Subsequently, recovery orders against four employees were waived off and recovery order against the fifth reduced from Rs.164,564 to Rs.117,910. Ministry informed that detailed inquiry was held and Procurement Inspector was found responsible from whom recovery was being made. Recovery against the four employees was waived off as they had appealed against it.

283. The Committee advised the Ministry to investigate and report whether supervisory officers were also responsible for the shortage. Department and Audit were asked to review justification for reported non-enforcement of recovery against four persons.

284. **Shortages of 111.214 M.Tons of wheat valuing Rs.228,523 in Pattoki Zone (Para 300,pages 259-260-ARPSE)**- Audit pointed out that shortage of wheat weighing 11.214 M.Ton worth Rs.228.523 were detected in PASSCO's Pattoki Centre in 1988. Ministry had informed that recovery case for Rs.102,290 against an official was pending in Civil Court, while another official had obtained stay order from the Court against recovery of Rs.45,309 and Rs.11,853 had been recovered upto March 1992,

leaving a balance of Rs.14,380. The Committee advised that special efforts be undertaken to effect recovery of the balance amount and recurrence of such cases should be curbed.

Korangi Fisheries Harbour Authority.

285. **Working results of the Authority (Paras 302-303,page 263- ARPSE)**- Audit reported that the authority, planned to be completed by June 1990 at an estimated cost of Rs.428.949 million, was now expected to be completed by June, 1993 at a total cost of Rs.629.661 million. PAC in its meeting on 25-11-1989 had appointed a Sub-Committee to review implementation of the project, but its report was still awaited.

286. Ministry informed that Sub-Committee had not held any meeting. The Harbour would be completed by end of current financial year. The delay was caused due to late receipt of foreign aid which in turn resulted in cost overrun. However, actual cost would be determined after completion of project and communicated to Committee.

287. The Committee deferred review of Actionable Points of Ministry of Food & Agriculture for 1985-86 to 1987-88.

288. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Food & Agriculture. These would be treated as settled subject to any action as may be necessary under the rules.

289. The Committee thereafter, adjourned sine-die.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 6th December,1992.
Sixth Sitting(PAC).

290. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4.	Mr. Liaqat Baluch, MNA.	Member
5.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit :

1. Mr.Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr.Zaheeruddin Jeddy,Deputy Auditor-General(CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. M.N. Alam, Director General(CA).
6. Syed Jameel Ahmad Zaidi, Director General (PEC).
7. Mr. Fazal-ur-Rehman, Accountant General(Sindh).
8. Mr. Mushtaq Ahmed Memon, Deputy Director General(CA).

Ministry of Finance and Planning & Development Division:

1. Mr. I.M.Mohsin, Director General(Project) Planning and Development Division.
2. Mr. A.Ghafoor Mirza, Joint Secretary(Budget).

3. Mr. Muhammad Ismail Maarif, F.A.(Cabinet).
4. Mr. Shafiqullah Khan, D.F.A.(Cabinet).

291. **Accounts examined**-Accounts pertaining to the following Ministry/Division were examined by the Committee during the meeting:-

1. Establishment Division.
2. Ministry of Production.

ESTABLISHMENT DIVISION

292. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Establishment Division. The following departmental representatives were present:-

1. Mr. U.A.G. Isani, Secretary.
2. Mr. Manzoor Hussain, Additional Secretary(Reg).
3. Mr. S. Tariq Ali Bokhari, Joint Secretary(Admn).
4. Sh. Ikramullah, Joint Secretary (FPSC).
5. Mrs. Akhtar Habib, Director General (SWO).
6. Shaikh Parvez Nusrat, Director (STI).
7. Mr. Muhammad Anwar Raja, Section Officer (F&A).
8. Mr. Abdul Majeed Khan, Section Officer (Budget).
9. Mr. Gul Nawaz Malik, Deputy Director (B&A)(SWO).

293. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Establishment Division.	6
2.	Federal Public Service Commission.	7
3.	Services Tribunal.	8
4.	Other Expenditure of Establishment Division.	9
5.	Development Expenditure of Establishment Division.	144

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

294. **Grant No.6 - Establishment Division (Pages 72-73-AA)-** There was an excess of Rs.510,976 in the grant. The Committee recommended its regularization.

295. **Grant No.7 - Federal Public Service Commission (Page 74-AA)-** The Committee did not make any comment on the saving of Rs.178,634. Regarding performance of the Commission, the Principal Accounting Officer informed that in view of the impression that Commission took considerable time in recruitment, two new members had been added to the Commission and it was decided that recommendations for recruitment would be finalized within six months of requisition. Decision had not yet

been taken to hand over recruitment in BPS 1 to 15 to FPSC but preparations had been made for this purpose. Appointments in BPS-16 and above were being finalized in six months.

296. **Grant No.8-Federal Services Tribunal (Page 75-AA)**- The Committee made no observation on the excess of one rupee in the grant which appeared due to rounding off of figures. On a query regarding disposal of pending cases in the Tribunal, the Principal Accounting Officer stated that details were not available. The Committee noted that representative of the Tribunal was not present in the meeting to inform the Committee about performance of Tribunal.

297. It was advised that a comprehensive report on the performance of the Tribunal with special reference to details of cases processed as well as pending cases be made available for the Committee to evaluate whether public money authorized to be expended from the grant was utilized to maintain an effective system for redress of grievances.

298. **Grant No.9 - Other Expenditure of Establishment Division (Pages 76-77-AA)**- An amount of Rs.2,436,000 was surrendered out of total saving of Rs.2,459,205, leaving net saving of Rs.23,205. The Committee made no observation.

299. **Grant No.144 - Development Expenditure of Establishment Division (Page 78-AA)** - The Committee recommended regularization of the excess of Rs.4,000 in the grant.On a query regarding the issue of posting, transfers and promotions of government servants, the Ministry informed that in case of all Pakistan Services, posting and transfers are done in consultation with provincial governments. Some times pressures are exerted, but normally no major problems are faced. For promotions, the system of ACR gradings is available. In case of adverse remarks in ACRs the government servant may file appeal to higher authority/Federal Service Tribunal.

300. The Committee observed that the Division should constantly strive for improvement in policies governing recruitment, posting and evaluation of individual performance. A concern was expressed that personal relations had acquired greater practical significance at the cost of merit and objective criteria. Division was advised to take effective steps to reverse the trend. Attention of the Principal Accounting Officer was invited to a case of diversion of state land by certain government functionaries for personal benefit through a Housing Society in Toba Tek Singh. Members expressed the feeling that such societies were formed by senior officers in almost all the cities for personal gain and desired investigation and proper action against those responsible for getting plots at two or more places and subsequently selling these at much higher rates.

301. Ministry informed that government had no bar against government servants joining Cooperative Housing Societies provided they did not devote official time for the Societies and did not use government money or official influence for getting land at cheaper rates. Moreover, the government servants were bound by rules to seek government's permission for purchasing property and also to indicate their source of

income. However, inquiry was promised in the case of the Society at Toba Tek Singh. The Committee expressed the hope that the inquiry would go a long way in discouraging the trend of misuse of government authority for personal gains.

302. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Establishment Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF PRODUCTION

303. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Production. The following departmental representatives were present:-

1. Mr. Tariq Mustafa, Secretary.
2. Dr. Mutawakkil Kazi, Joint Secretary.
3. Mr. Muhammad Yaqoob, Accounts Officer.
4. Lt. Gen. Agha Nek Muhammad Khan, Chairman (NFC).
5. Lt. Gen. Sabeeh Qamaruzzaman, Chairman (Pak. Steel).
6. Mr. Javed Burki, Chairman (PACO).
7. Mr. Saadat Hussain Khan, Chairman (FCCCL).
8. Mr. Zaheer Sajjad, Chairman(SCCP).
9. Dr. M.H. Chaudhry, Chairman (PERAC).
10. Dr. M. Akram Sheikh, Chairman (SEC).
11. Mr. S.Z. Shami, Chairman (PIDC).
12. Mr. M. Nasir Butt, Managing Director, (Pak.American Fertilizer Ltd).
13. Ch. Nazir Ahmad, Managing Director,(Pak-Arab Fertilizer Ltd).
14. Mr. Khalid Saeed, Managing Director,(Hazara Phosphate Fertilizer).
15. Dr. Saeed Ahmad Khan, Principal/Chief Executive (NFC-TTC,Multan).
16. Mr. Abdul Mannan, Managing Director, (Lyallpur Chemicals & Fertilizer Ltd).
17. Mr. Rafique M. Chaudhry, Managing Director, (Pak-Saudi Fertilizer Ltd).
18. Mr. Mustafa Kamil, Managing Director, (Bela Engineering Ltd/Bolan Castings Ltd.).
19. Mr. Babar Mirza, Managing Director, (Pak. Motor Car Company/Republic Motor Ltd/ Trailer Development Company Ltd.).
20. Mr. Munir-ud-Din, Managing Director (PECO).
21. Syed Wazir Ali, Managing Director, (Quality Steel Works).
22. Mr. Muhammad Zaheer Hussain, Managing Director, (TMC Karachi, S.E.C.Ltd).
23. Mr. Jamil Ahmed Shah, Managing Director, (SEL & Naya Daur) (PACO).

24. Mr. Arshad Abdullah, Managing Director (PIM).
25. Mr. Amir Ali Shah, Managing Director (SCCP)

304. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Production.	114
2.	Capital Outlay on Industrial Development.	194

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305. **Grant No.114 - Ministry of Production (Pages 398-399-AA)-** The grant registered an excess of Rs.6,987,885, which the Ministry attributed to non inclusion of a belated grant of Rs.6,742,000 for repayment of Iranian debt in the accounts. The Committee recommended regularization of excess.

306. **Grant No.194 - Capital Outlay on Industrial Development (Page 400-AA)-** Consideration of grant was deferred till next meeting. Principal Accounting Officer was advised to provide details of utilization of the money allocated against the grant.

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Federal Chemical and Ceramics Corporation (Pvt) Limited

(i) Antibiotics (Pvt) Limited(Para 554,page 430-ARPSE)-
(ii) Ittehad Chemicals (Para 559,page 432-ARPSE)-
(iii) Ittehad Pesticides (Para 563,page 434-ARPSE)-
(iv) Kurram Chemical Company (Pvt) Limited (Para 569,page 436-ARPSE)-
(v) National Fibres Limited (Para 574,page 439-ARPSE)-
(vi) Nowshera D.D.T.Factory (Para 577, page 441-ARPSE)-
(vii) Nowshera P.V.C. Company (Pvt) Limited (Para 583,page 443-ARPSE)-
(viii) Pak Dyes and Chemicals Limited (Para 591,page 445-ARPSE)-
(ix) Pakistan P.V.C.Limited(Para 596,page 447-ARPSE)-
(x) Ravi Rayon Limited (Para 600,page 448-ARPSE)-
(xi) Ravi Engineering Limited (Para 603,page 449-ARPSE)-
(xii) Sindh Alkalis Limited (Para 605,page 450-ARPSE)-
(xiii) Swat Ceramics Company (Pvt) Limited (Para 608,page 452-ARPSE)-
(xiv) Swat Elutriation Plant (Para 615,page 454-ARPSE)-

307. Audit presented working results of FCCCL which has 14 operating units in its control. The Corporation had an accumulated loss of Rs.103.923 million on 30th

June, 1991. The Committee advised Audit that accounting information regarding public sector enterprises should be made more meaningful and in addition to figures pertaining to profit and loss of various units, should also include information like total investment, rate of return on investment etc. so that a concise picture of the performance of each unit is available before the Committee at the time of discussion with the Principal Accounting Officer and Chief Executive Officer of the public undertaking. Audit was also advised to show position regarding units not yet privatized separately.

308. Regarding privatization of the units under control of FCCCL, the Committee was informed that all units except Ravi Rayon are on privatization list. Ravi Rayon was going in loss up to 1979 but earned profit from 1980-87 and again went in loss in 1988-89. However, it again earned profit in 1988-89 and 1990-91. When the unit was nationalized, it had 1350 employees but the number had increased to 1550. The Committee observed that apparently the additional employees were recruited without any justification.

309. Audit pointed out that accounts of three units i.e. Kurram Chemicals, National Fibres and Pak PVC were not provided to them for comments and most Ministries submit replies to Audit observations quite late, making it almost impossible for Audit to come out with meaningful comments after detailed scrutiny.

310. Ministry informed that the units had been privatized, but record would be collected and supplied to Audit. Moreover, Ministry had requested Privatization Commission to include a clause in privatization agreements to bind the new management for three years to the furnishing of required record for processing of audit observations in respect of their units. The Committee advised the Ministry to submit replies to Audit observations in respect of the three units in two months.

311. On a query regarding incentives for officers of privatized units, Ministry informed the Committee that a voluntary separation scheme for officers of privatized units had been introduced and 200 officers had accepted the scheme in Ravi Rayon so far.

312. **Ittehad pesticides (Para 564, page 434-ARPSE)**- Audit pointed out that a Committee for financial restructuring of public sector enterprises had decided that debentures worth Rs.6.524 million be converted into Special Participation Term Certificates, but neither provision of interest on these debentures was made since January, 1983, nor were these converted into SPTC, because the matter had not been resolved with NDFC. The Ministry informed that matter had been resolved with NDFC in August 1992. The matter needs to be resolved either way at an early date.

313. The Committee then took up Actionable Points pertaining to FCCCL at the request of the Principal Accounting Officer.

ACTIONABLE POINTS 1985-86

314. **Loss due to excess consumption of raw material Rs.574,578 (Para 55,page 66-ARPSE)(Item 1-AP-85-86)-** The Committee in its meeting held on 18-3-1989 had formed a Sub-Committee to examine the affairs of Swat Ceramics. On being informed that Swat Ceramics had since been privatized, the Committee settled the para.

ACTIONABLE POINTS 1987-88

315. **Federal Chemical and Ceramics Corporation (Pvt)Limited (Para 484,page 279-ARPSE)(Item 1(i) to (xv) AP-87-88)-** The Committee had advised on 13-7-1992 that measures to privatize sick units be expedited. On being informed by Audit that Ministry had made progress in this regard, the para was settled.

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National Fertilizer Corporation of Pakistan(Pvt)Limited.

(i) Fertilizer Research and Development Institute (Pvt) Limited (Para 622,page 458-ARPSE)-
(ii) Hazara Phosphate Fertilizers Limited(Para 624,page 459-ARPSE)-
(iii) Lyallpur Chemicals and Fertilizers Limited(Para 627,page 461-ARPSE)-
(iv) NFC-Technical Training Centre (Pvt) Limited (Para 631, page 463-ARPSE)-
(v) National Fertilizer Marketing Limited(Para 634, page 464-ARPSE)-
(vi) Pak-American Fertilizers Limited(Para 641,page 469-ARPSE)-
(vii) Pak-Arab Fertilizers (Pvt) Limited (Para 648,page 472-ARPSE)-
(viii) Pak-China Fertiliizers Limited(Para 651,page 474-ARPSE)-
(ix) Pak-Saudi Fertilizers Limited (Para 656,page 477-ARPSE)-

316. Presenting working results of the Corporation, Audit reported that the Corporation has six operating units and one marketing company as well as a Technical Training Centre and a Research and Development Institute. It was earning profit constantly despite the fact that three units were sustaining losses. Two units had been privatized.

317. On a query regarding prices of fertilizers, Ministry informed that prices had been deregulated. Urea was being imported due to shortage. Ministry had held talks with private sector to review the prices of fertilizers and prices had come down to some extent. One third of production was with NFC while the rest was with private sector which was not under government control. The existing policy was to keep NFC prices at roughly 10% below market rates.

318. The Committee observed that the policy was not achieving desired objective of keeping fertilizer prices low. It was pointed out that a substantial differential of Rs.12 to 20 per bag between prices of NFC products and market price was being netted by middle men. The Committee advised that concerned Ministries should ensure that

benefits which the government wants to make available for the farmers do actually filter down to the intended beneficiaries. Remaining loss sustaining units are yet to be privatized.

319. **(Para 621,page 457-ARPSE)-** Audit pointed out that a sum of Rs. one million was provided to Bhutto House for Display Centre which was appearing in accounts of NFC as advance. The PAC might like to know terms and conditions of advance.

320. The Ministry informed that it was not advance but share capital. The Committee settled the para subject to verification of the fact by Audit. On a query by the Committee, it was intimated that name of Bhutto House had been changed to State Engineering Display Centre.

321. Examination of the remaining Audit paras pertaining to the Ministry of Production for 1988-89 were deferred.

322. The Committee then adjourned to meet again at 9.30 A.M. on Monday, the 7th December,1992.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 7th December, 1992.
Seventh Sitting(PAC).

323. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4.	Mr. Liaqat Baluch, MNA.	Member
5.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr.Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. A.R. Arif, Director General (GA).
4. Mr. Shamim Haider, Director General, Audit(Federal Goverrnment).
5. Mr. Ali Asghar, Director General Audit (Revenue Receipt).
6. Mr. Farooq Ahmad Malik, Director General Audit (Income Tax).
7. Mr. Muhammad Zaheer, Director Audit (Federal Government).
8. Mr. Muhammad Tahir, Director Foreign Audit.
9. Mr. Ishrat Ali Khan, Deputy Director Audit (Federal Government).
10. Syed Zafar Hasan Raza, Deputy Director Audit.
11. Mr. Hussain Saqib, Assistant Auditor General.
12. Mr. A. Rasheed Khan Swati, Audit Officer.

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Muhammad Ismail Maarif, Joint Secretary (Exp).
3. Mr. I.M. Mohsin, Director General (Projects) Planning & Development Division.
4. Mr. Yawar Zia, Deputy Secretary (Exp-I).
5. Mr. Fakhar Abbas Naqvi, Deputy Secretary (Budget).
6. Mr. S.A. Aziz, DFA(EAD).
7. Mr. M. Ramzan, DFA (Religious Affairs).
8. Mr. Muhammad Aslam, Accounts Officer(Budget).

324. **Accounts examined**-Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:-

1. Economic Affairs Division.
2. Religious Affairs Division.
3. Central Board of Revenue.

ECONOMIC AFFAIRS DIVISION

325. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Economic Affairs Division. The following departmental representatives were present:-

1. Mr. R.A. Akhund, Secretary.
2. Mr. A.R. Abid, Deputy Secretary.
3. Mr. Ahmad Hussain Malik, Director Accounts.
4. Mr. Muhammad Yusuf, Section Officer (F&A).
5. Mr. Abdul Rauf, Accounts Officer.

326. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Economic Affairs Division.	51
2.	Technical Assistance Schemes.	52
3.	Development Expenditure of Economic Affairs Division.	155

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327. **Grant No.51-Economic Affairs Division(Page 182-AA)-** There was a saving of Rs.1,26,060 in the grant. The Committee made no observation.

328. **Grant No.52-Technical Assistance Scheme(Pages 183-184-AA)-** There was no variation in 'changed' portion of the grant while 'other than charged' portion indicated a saving of Rs.4,239,100 which was surrendered in time. The Committee did not offer any observation.

329. **Grant No.155-Development Expenditure of Economic Affairs Division(Page 185-AA)-** There was an excess of Rs.29,505,000 in the grant. Ministry explained that excess was purposefully allowed in the accounts because committed expenditure was kept at a certain level to reduce apparent impact of deficit financing. The Committee viewed this as window dressing of accounts and advised that the practice should be avoided. Regularization of excess was recommended.

ACTIONABLE POINTS 1985-86

330. **Grant No. 147-Development Expenditure of Economic Affairs Division (Page 122-AA)(Item 1-AP-85-86)-** The PAC had directed the Auditor-General on 15-3-1989 to devise a mechanism for presentation of the accounts pertaining to development funds disbursed to provinces through the Federal budget before the Committee. The Ministry informed that expenditure incurred by the provincial governments is booked by the respective Accountants General and audit report thereon is presented before the provincial PACs. The Committee settled the para.

331. **Points not discussed to be treated as settled:-**The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Economic Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

RELIGIOUS AFFAIRS DIVISION

332. The Committee took up for its examination the Appropriation. Accounts, Audit Report etc. pertaining to the Religious Affairs Division. The following departmental representatives were present:-

1. Mr. Mazhar Rafi, Secretary.
2. Mr. Ghulam Muhammad Taj, Joint Secretary(H&A).
3. Mr. Sultan Ahmad Khan, Deputy Secretary(A).
4. Mr. A.D. Shaukat, Section Officer (F&A).
5. Mr. M. Zahoor Khan, Accounts Officer (H).

333. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Religious Affairs and Minorities Affairs.	116
2.	Other Expenditure of Ministry of Religious Affairs and Minorities Affairs.	118

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334. **Grant No.116 - Ministry of Religious Affairs and Minorities Affairs (Pages 410-411-AA)**-There was a net saving of Rs.81,381 in the grant which did not attract any comment from PAC.

335. **Grant No. 118 - Other Expenditure of Ministry of Religious Affairs and Minorities Affairs(Pages 414-415)**- The grant closed with a saving of Rs.8,795,676 out of which Rs.4,864,000 were surrendered, leaving a net saving of Rs.3,931,676. Ministry explained that the saving occurred because PIA provided free passage to members of medical mission and official Haj delegation was not sent that year. However, as the decisions were taken at a belated stage, saving could not be surrendered in time. The Committee accepted the explanation.

AUDIT REPORT (CIVIL) (VOL-I-1988-89)

336. **Lack of proper financial control-overpayment not recovered Rs.398, 342 (Para 1,page 89-AR)**- Audit reported that the Director-General Haj, Jeddah, made irregular payments of pay and allowances to Khuddam-ul-Hujjaj to the tune of Rs.398,342 during 1988. This included an amount of Rs.1,17000 paid to two employees for the period they remained terminated. Ministry contended that the payments were made in accordance with rules and regulations. Payment of arrears was made to employees on their reinstatement with cumulative effect. The Committee advised Audit to verify Ministry's reply and report back to the Committee. Examination of the para was deferred.

337. **Irregular expenditure of Rs.147,393 incurred on account of honorarium paid to the staff out of Pilgrim Welfare Fund (Para 2,page 90-AR)**- Audit reported that Ministry paid Rs.147,393 as honorarium to the regular staff from Pilgrims Welfare Fund which was irregular as no provision for grant of honorarium from the Fund existed in rules.

338. Ministry stated that the amount was paid with the approval of competent authority under the discretionary powers provided in the Pilgrim Welfare Fund Rules. Moreover, rules had since been revised and specific provision authorizing the Secretary to grant honorarium from the Fund had been made.

339. The Committee upheld Audit's point of view and observed that payment of honorarium from Pilgrims Welfare Fund was not justified prior to revision of rules. In view of majority of beneficiaries of honorarium being low paid employees, the Committee settled the para to save them from undue financial hardship.

340. **Suspected mis-appropriation of Rs.116,425(Para 3,page 90-AR)**- Audit pointed out that Rs.116,425 were spent on purchase of crockery during 1986-87 for serving meals to Chinese pilgrims although job of providing food had been entrusted to a contractor. Moreover, there was nothing on record to show that crockery was purchased and actively utilized.

341. Ministry informed that crockery was purchased for Chinese pilgrims who were accorded VIP status at the orders of the then President. Chief Commissioner, Gilgit had certified that crockery and other items were purchased. It was now being utilized in Haji Camp.

342. The Committee advised Audit and Finance to verify details and value of crockery items reportedly available in Haji Camp, Islamabad and submit report within a week.

343. **Misuse of stores costing Rs.133,589 purchased for Hujjaj given at the disposal of officers of controlling Ministry (Para 5, page 91-AR)**- Audit reported that household items purchased at a cost of Rs.133,589 for use by Hujjaj at Haji Camp were issued to officers of the Ministry for use mostly at their residences. The Committee desired to know whether some of the items were also provided to the then Minister. Ministry stated that the items had since been recovered from the then Minister and other officers and taken on the stock of Haj Directorate, Islamabad.

344. The Committee advised Audit to verify details and cost of items taken back on the stock of Haj Directorate, Islamabad and report to PAC. It was also desired that details of Audit's findings be forwarded to the then Minister for Religious Affairs for clarification, if any, regarding misuse of items purchased for Hujjaj.

ACTIONABLE POINTS 1987-88

345. **(Item General-AP-87-88)**-Audit reported that Performance audit of Haj Directorate Jeddah had been undertaken at the directive of PAC and officers assigned this job were undergoing training/orientation for the purpose. Principal Accounting Officer undertook to extend full cooperation to Audit team conducting performance audit. The Committee reaffirmed its interest in the performance audit.

346. **Points not discussed to be treated as settled**- The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Religious Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

CENTRAL BOARD OF REVENUE

347. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Central Board of Revenue. The following departmental representatives were present:-

1. Mr. M. Mubeen Ahsan, Chairman.
2. Mr. Muasud A. Dahir, Member (Customs).
3. Mr. Iqbal Farid, Member (Income Tax).
4. Mr. Mumtaz Ali, Member (CE).
5. Mr. Alvi Abdul Rahim, Member (TP).
6. Mr. Saleem Mehmood, Secretary.
7. Mr. S. A. Alam, Secretary (ST).

8. Ch. Muhammad Azam, Secretary (ACE).
9. Mr. Akbar Ahmad Khan, Secretary (CE).
10. Mr. M. Shaban Uppal, Secretary (Admn).
11. Mr. Khalid Naseem, Secretary (Custom-III).
12. Mr. Abdul Wadood Khan, Chief (GST).
13. Mr. Shahid Ahmed, Chief (CE).
14. Mr. M. Akhtar Nazar Mian, Chief (DTO).
15. Mr. Kaukab Sabahuddin, Second Secretary (CA).
16. Khawaja Umar Mehdi, Second Secretary (GST).
17. Mr. Khalid Mehmood, Second Secretary.
18. Ch. Nawab Din, Second Secretary (ACE-III).
19. Mrs. Yasmin Saud, Second Secretary.
20. Syed Ali Akhtar, Second Secretary.
21. Mr. Musheeruddin, Director (DR&S).
22. Mr. Muhammad Zakria Syed, Accounts Officer.

348. This Board controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Central Board of Revenue	47
2.	Sea Customs	48
3.	Land Customs and Central Excise	49
4.	Taxes on Income and Corporation Tax	50

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89).

349. **Grant No.47 - Central Board of Revenue(pages 170-171-AA)**-There was an excess of Rs.347,994 in the grant. The department explained that excess occurred in pay and allowances. The Committee recommended regularization.

350. **Grant No.48-Sea Customs(Pages 172-173-AA)** - The Committee recommended regularization of excess of Rs.572,349.

351. **Grant No.49 - Land Customs and Central Excise(Pages 174-175-AA)**- The grant closed with an excess of Rs.21,211,194. The department stated that excess occured due to indexation of pay during the year and purchase of durable goods. The Committee advised CBR to improve budget management and approach Finance Division in time for supplementary allocation. Regularization of excess was recommended with the advice not to incur such excess in future.

352. **Grant No.50 - Taxes on Income and Corporation Tax(Pages 176-177-AA)**- There was a net saving of Rs.4,419,362 in the grant. The Committee observed that such huge saving in the grant indicated that no efforts were made to control the excesses against the earlier examined grants No.47,48 and 49 by inter-grant adjustment and timely

recourse to Finance Division. The Committee advised the Principal Accounting Officer to take necessary steps to improve financial management of the money placed at his disposal.

AUDIT REPORT (CIVIL)(VOL-I-1988-89)

353. **Irregular expenditure worth Rs.419,716 on purchase of miscellaneous items (Para 1,page 47-AR)**- Audit pointed out that Rs.419,716 were spent during 1984-85 at the fag end of the financial year on the purchase of various items without observing codal requirements. The department replied that the items were purchased only after a reference had been made to the Director-General Supplies who had shown inability in June to arrange the purchases.

354. The Committee observed that rules and regulations should strictly be followed and in case there is any lacuna in the rules, its rectification should be taken up with the concerned quarters. The Division was directed to issue strict instructions to all concerned under intimation to Committee and Audit that irregularities in purchases should not be repeated.

355. Audit was advised to undertake performance audit of Department of Supplies and also to verify the statement of CBR regarding refusal of Department of Supplies at the eleventh hour to purchase the items on behalf of CBR.

356. The Committee decided to take up Report of Income Tax Audit first.

357. Before starting presentation of audit paras, Auditor-General gave a brief resume of the work done by Audit in the field of income tax audit which had culminated in the second report which covered 49 out of total 416 circles of income tax department. On the basis of test check, Audit had detected short recoveries of Rs.2,572,934 million in collection of tax revenue. Out of these, shortages/losses to the tune of Rs.271,986 million had been accepted by CBR, shortages/losses worth Rs.2,266.953 million were contested while observations for Rs.33.995 million had not been responded at the time of printing of report. However, by the time of PAC meeting, replies to all observations had been received from CBR. It was stressed that chances of recovery of taxes become remote with the passage of time. Therefore, speedy disposal of audit observations was of utmost important. Holding of Departmental Accounts Committee meetings on regular basis might also facilitate early disposal of audit observations. The position regarding production of record to audit parties had also improved to some extent as a result of assurance given by the department during the last PAC meeting.

358. The Division stated that after the last PAC meeting they had made efforts to plug leakages in the light of audit observations. The Committee expressed satisfaction on being informed that CBR had responded positively to issues raised by Audit in its report and had initiated steps to plug leakages in revenue collection. The department was advised to try to utilize services of honest and dedicated officers and ensure that minimum resort is made to discretionary powers by officers. It was stressed that sustained efforts would be needed to turn around public perception of CBR's performance.

359. Audit also pointed out that their budget for TA for the current financial year had already exhausted and work of Audit parties was being badly affected because in absence of budget, parties could not get to distant stations for audit. Finance Division's representative assured that sufficient resources would be given to Audit in the next financial year.

360. The Committee observed that in view of the fact that work of audit parties had virtually come to a stand still, Finance Division might consider granting supplementary allocation from a practical stand point, because starving audit activity of funds was a self-defeating proposition.

AUDIT REPORT INCOME TAX RECEIPT AND WORKERS WELFARE FUND (VOL-III-B-1988-89).

361. **Loss of revenue amounting to Rs.1,967,057,641 due to irregular allowance of bad debts (Para 4.20,pages 48-50-AR-ITR)-** Audit reported that bad debts to the tune of Rs.3,020,745,801 claimed by commercial banks were allowed by income tax officers on the basis of a certificate issued by the State Bank in pursuance of CBR's instructions instead of investigating the cases themselves, as was done in the case of ordinary assessees. Thus income tax was not levied to the tune of Rs.1,967,057,641.

362. The department stated that debts given to different individuals were written off by the State Bank and Finance Division had decided that income tax officers would not challenge the certificates issued by the State Bank regarding bad debts of commercial banks. This procedure was being followed since 1983. It was further informed that Banking Ordinance pre-empted publication of names of those who got debts. After detailed discussion on various aspects of the issue, the Committee advised CBR to provide a comprehensive list of loans/beneficiaries on the basis of which losses due to bad debts were claimed by nationalized banks and were accepted as such by income tax authorities and which, as claimed by Audit, ultimately resulted in non-realization of income tax to the tune of Rs.1.967 billion.

363. A Special Committee comprising Mr. Hamza (Convener), Mr. Liaqat Baluch, MNA, Mr. Amjad Virk, Joint Secretary, Ministry of Finance, Mr. Naseer Ahmad, Chief Income Tax, CBR, Mr. Farooq Ahmad Malik, Director-General Audit, Income Tax and Mr. Arif Mansur, Deputy Secretary, National Assembly Secretariat (Secretary to the Special Committee) was formed to examine in detail the various serious issues raised by Audit in support of its contention that huge amounts of revenue are lost due to irregular acceptance of claims of bad debts by nationalized commercial banks. Audit para would be reconsidered on receipt of Report of the Special Committee.

364. **Loss of Rs.9,554,551 due to delay by auditees in taking timely remedial action (Paras 3.3, 3.7, 4.1, 4.6(a)& 4.12(a),pages 19,23,26,32 & 42-AR-ITR)-** Audit reported 8 cases based on test check in which recoveries of Rs.9,554,551 due from assessees became time barred due to negligence of income tax department.

365. CBR assured that action was being initiated in the cases where it was established that revenue could not be recovered due to negligence of officers. Moreover,

steps were taken to streamline the procedure to avoid recurrence of such cases.

366. The Committee advised Audit and CBR to verify latest position in each reported case and submit mutually agreed position to Committee within one month. Audit was also advised to comment on the procedural improvement brought about lately by the department to avoid such occurrences. The para was deferred for reconsideration on receipt of the information.

367. **Mis-reporting of figures through monthly performance reports (Para 5.5,pages 53-55-AR-ITR)**- Audit pointed out that in 35 income tax circles a test check of Monthly Performance Reports revealed that figures of demand and collection were misreported, allegedly because of inconvenience in collecting the correct data due to repeated re-organization, non-availability of figures from banks/treasuries in time and delay in reconciliation. A committee constituted by the PAC in its meeting held in July, 1992 had decided in October 1992 that Regional Commissioners of Income Tax would take action against the officers/officials found responsible.

368. The Committee advised Audit to verify departmental replies and bring a mutually agreed position before the PAC.

369. **Loss worth Rs.372,626,244 due to non-levy of additional tax under sections 86, 87, 88 and 89 (Paras 2.1 to 2.8,pages-16-AR-ITR)**- Audit reported that Rs.372,626,244 were found recoverable as additional tax under sections 86, 87, 88, and 89 of Income Tax Ordinance. An amount of Rs.168,868,999 had been charged by CBR so far while the balance amount of Rs.203,757,245 was contested by them.

370. The department submitted that substantial improvement had been effected in this regard and for future assessments all concerned were exercising greater vigilance.The Committee settled the para as Audit also upheld the department's contention.

371. **Loss of revenue amounting to Rs.7,762,190 in the grant of rebate etc. and excess depreciation allowance for Rs.48,148,751 (Paras 3.1 to 3.7,pages 17-24-AR-ITR)** - Audit reported that a number of irregularities were detected in the grant of rebates and allowances which caused a loss of revenue to the tune of Rs.7,762,190. Similarly a loss of Rs.48,148,751 was incurred due to grant of excess depreciation allowance. The department had accepted and charged a substantial amount in both cases but the balance amount was being contested.

372. The department informed that out of the total amount of Rs.55.5 million reported by Audit, Rs.45 million had been charged and would be recovered while the balance amount did not appear valid. The figures could be verified.

373. When the Director General Audit, Income Tax expressed inability to verify all the cases due to paucity of manpower, the Committee advised Directorate of Internal Audit of CBR to verify the claimed recovery and submit report to Director General Audit, Income Tax in 45 days who would conduct test audit for further confirmation and submit report to PAC.

374. **Loss of revenue of RS.158,001,046 due to miscellaneous irregularities (Paras 4.1 to 4.20,pages 26-50-AR-ITR)**- Audit pointed out that a loss of revenue to the tune of Rs.158,001,046 was incurred due to various financial irregularities. The department had charged Rs.61,151,445 so far.

375. The department stated that in one case action was being taken against an Income Tax Officer who was held responsible while Rs.80 million had been charged. Internal Audit was also being strengthened to avoid such cases in future.

376. The Committee decided that Director General Internal Audit of CBR might take up verification of these cases too and submit report to Director General Audit Income Tax in 45 days for further test check.

377. **Loss of revenue of Rs.19,338,585 due to non levy of Workers Welfare Fund (Paras 6.1.1 to 6.1.4,pages 61-64-AR-TIR)**- Audit reported that recovery of Workers Welfare Fund to the tune of Rs.19,338,585 was not effected from various industrial establishments.

378. The department informed that Rs.18.8 million had been charged so far, the Committee settled the para. The Committee also desired to know the use of Workers Welfare Fund. Audit informed that a Performance Audit Report on Workers Welfare Fund had been prepared and would be presented with next year's accounts.

379. **State of records in Income Tax Department (Para 5.3,pages 52-53-AR-ITR)** - Audit reported that record maintenance required improvement as some important registers were either not maintained or were improperly maintained in various circles.

380. The department stated that steps were being taken to improve maintenance of internal audit . After computerization this aspect would receive further attention and visible improvement would occur. Salary Circles could be computerized by December, 1992 and effective data base for other circles would be developed by end of 1993. The Committee settled the para.

ACTIONABLE POINTS 1987-88

381. **Mis-reporting of figures through performance reports (Paras 3.3.1 to 3,page 18-AR-ITR)(Item 1-AP-87-88)**- Audit pointed out that PAC on 27-7-1992 had constituted a Committee headed by Member Income Tax CBR to examine matter of misreporting of figures and propose action against those held responsible but the report was awaited. The Convener of the Committee undertook that report would be submitted within 15 days.

382. **Unsatisfactory working of salary circles (Para 3.4,page 19-AR-ITR)(Item 2-AR-87-88)** - Audit reported that PAC on 27-7-1992 had advised CBR to take proper action in cases where officials were personally responsible for shortcomings in salary circles and report to Committee. Report was still awaited. The Committee advised that final report be submitted within 15 days.

383. **Loss due to theft of record(Para 3.8 (B),pages 21-22-AR-ITR) (Item 3 AP-87-88)** - The Committee had asked Chairman CBR on 27-7-1992 to re-examine the case of theft of record and determine if action was to be taken against any other person held responsible besides the guard who was dismissed.

384. The department stated that a Committee had been formed to re-examine the case which had reported that the action already taken was sufficient as no one else was held responsible. The Committee advised that report of inquiry Committee be submitted within 15 days.

385. **Additional tax under section-87(Para 4.1(A),page 25-AR-ITR)(Item 4-AP-87-88)** - The PAC had desired a report from Audit and CBR after their re-examination of the specific case mentioned in Para 2.5.5(8) of the Audit Report 1988-89. Audit reported that they had verified the case and were satisfied. The Department stated that procedure was also being made foolproof. The Committee settled the para subject to verification of the steps for improvement by Audit.

386. **Additional tax under section-89(Para 4.1(B),page 26-AR-ITR)(Item 5 AP-87-88)**- The Committee had observed on 27-7-1992 that extra work pertaining to Inspecting Assistant Commissioners should not be at the cost of their basic responsibility pertaining to inspection. The department intimated that it had been decided in Income Tax Commissioners conference in September that Inspecting Assistant Commissioners should do their primary job of inspection and only in rare cases be assigned other duties. The Committee advised that the action taken by the department be formally conveyed to Audit/PAC.

387. **Payment of tax by cheques/pay orders(Para 4.3,page 26-27-AR-ITR) (Item 6-AP-87-88)**- The Committee had desired on 27-7-1992 for expeditious finalization and intimation of results of the inquiry against persons involved in delayed deposit of cheques. The department stated that action had been taken against those responsible and timely deposit of cheques had also been ensured. The Committee directed that details of action be submitted to Audit as well as PAC.

388. Consideration of Audit Report Revenue Receipts (Vol-III-A) for 1988-89 was deferred till some later date.

389. The Committee then adjourned to meet again at 9.30 A.M on Wednesday, the 9th December, 1992.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 9th December, 1992.
Eighth Sitting(PAC).

390. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4.	Mr. Liaqat Baluch, MNA.	Member
5.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
6.	Ch. Muhammad Altaf Hussain, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General (CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. Shamim Haider, Director General, Audit (Federal Goverrnment).
6. Mr. M. Zulqarnain Qureshi, Director General (Defence Audit).
7. Syed Jameel Ahmad Zaidi, Director General(PEC).
8. Mr. Fazal-ur-Rehman, Accountant General (Sindh).
9. Mr. Muhammad Zaheer, Director Audit (Federal Government).
10. Mr. Muhammad Tahir, Director Foreign Audit.
11. Mr. Jamil Anwar Kanjoo, Director (PEC).
12. Mr. Hussain Saqib, Assistant Auditor General.

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. A. Ghafoor Mirza, Joint Secretary(Budget).
3. Mr. Akbar Hayat Gandapur, Director General, Planning and Development Division.
4. Mr. Muhammad Ismail Maarif, FA (Cabinet).
5. Mr. Mueen Aftab Sheikh, F.A.(Defence Production).
6. Mr. Ziauddin, F.A(POF).
7. Mr. Shafiqullah Khan, DFA(Cabinet).
8. Syed Muhammad Afzal, DFA(Interior).
9. Mr. Jahangir Sheikh, DFA(POF).
10. Mr. Muhammad Aslam, Accounts Officer(Budget).

391. **Accounts examined-** Accounts pertaining to the following Ministry/Divisions were examined by the Committee during the meeting:-

1. Management Services Division.
2. Ministry of Interior.
3. Defence Production Division.

MANAGEMENT SERVICES DIVISION

392. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Management Services Division. The following departmental representatives were present:-

1. Mr. Mazharul Haq Siddiqui, Secretary.
2. Mr. Riaz Malik, Additional Secretary.
3. Mr. Muhammad Rashid, Joint Secretary.
4. Mr. Nazeer Muhammad Khan, Deputy Secretary.

393. This Division controlled Grant No."13-Organization and Methods Division".

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394. **Grant No.13-Management Services Division (Pages 88-89-AA)-** There was an excess of Rs.39,002 in the grant. While recommending regularization of the excess, the Committee observed that the excess could have been avoided through better management of the grant.

ACTIONABLE POINTS 1986-87

395. **(General - AP- 86-87)-** A high level Standing Committee was formed in the Management Services Division at the PAC's directive to review financial and accounting procedures and to make recommendations for improvement. Audit pointed out that no progress in this regard had been reported.

396. Ministry stated that the work primarily pertained to Finance Division but since the services of a senior officer, who was also a qualified chartered accountant, were available in Management Services Division, the work was assigned to the Division. An interim report was also submitted but after his retirement no other qualified officer was available in the Division to complete the assignment. Finance Division and Auditor-General were being requested to provide a suitable officer to head the task force and finalize the report.

397. The Committee expressed displeasure that report of the high level Committee could not be finalized despite lapse of considerable time and no progress was achieved after retirement of the officer heading the task force. Finance Division was advised to come up with a practicable course of action for having the existing procedure reviewed expeditiously and report its recommendations in this regard within one month. Auditor-General also undertook to make available services of a suitable officer of his department on full time basis.

398. **Points not discussed to be treated as settled**-The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Management Services Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF INTERIOR

399. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Interior. The following departmental representatives were present:-

1. Mr. Jamshed Burki, Secretary.
2. Khanzada Abdul Wadud Khan, Joint Secretary.
3. Mr. Hussain Chaudhry, Deputy Secretary.
4. Mr. Azkar Ahmad Niazi, Section Officer (F&A).
5. Ch. Muhammad Younis, Accounts Officer.
6. Major General Safdar Ali Khan, Director General (Pak. Rangers).
7. Mr. Wajahat Latif, Director General (FIA).
8. Major General Syed Zafar Mehdi, Inspector General (FC, Balochistan).
9. Mr. Javaid Qayyum Khan, Director General (Registration).
10. Mr. Sajid Hussain Chattha, Director General (Immigration and Passports).
11. Maj. Gen. Mumtaz Gul, Inspector General (FC,NWFP).
12. Brig. Sadiq Jamal, Director General, (Coast Guards,Karachi).
13. Mr. M. Saeed Mehdi, Chief Commissioner (ICT).
14. Mr. Zahid Saeed, Director Finance (ICT).
15. Mr. Abdul Majeed A. Auolakh, Principal, (Central Jail Staff Training Institute, Lahore).

400. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Interior.	90
2.	Islamabad.	91
3.	Passport Organisation.	92
4.	Civil Armed Forces.	93
5.	Pakistan Coast Guards.	94
6.	Pakistan Rangers.	95
7.	Registration Organisation.	96
8.	Civil Defence.	97
9.	Federal Investigation Agency.	98
10.	Other Expenditure of Ministry of Interior and Narcotics Control.	99
11.	Development Expenditure of Ministry of Interior.	166

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401. **Grant No.90 - Interior Division (Pages 310-311-AA)**-There was a saving of Rs.1,499,922 in the grant. The Committee made no comment.

402. **Grant No.91-Islamabad (Pages 312-313-AA)**- The grant closed with an excess of Rs.11,647,889. Ministry attributed bulk of the excess to payment of Secretariat Allowance to the police force attached with various Secretariats which was allowed during the year and could not be included in budget estimates.

403. The Committee advised Principal Accounting Officer to re-examine the details of excess in the grant as mere payment of Secretariat Allowance to police officials could not exhaust this much amount.

404. **Grant No.92 - Passport Organization(Pages 314-315-AA)**- There was a saving of Rs.1,264,395 in the grant. The Committee did not offer any comment.

405. **Grant No. 93 - Civil Armed Forces (Pages 316-317-AA)**- The grant registered an excess of Rs.23,993,051. Ministry stated that excess occurred due to late submission of demand for supplementary grant. Finance Division's representative argues that the excess in anticipation of supplementary grant was not acceptable and such actions flouted the authority of National Assembly.

406. The Committee advised that a departmental Committee comprising Sheikh Muhammad Sadiq, Accountant General Pakistan Revenues (Convener), Khanzada Abdul Wadud Khan, Joint Secretary, Ministry of Interior and Mr. Muhammad Ismail Maarif, Financial Adviser, Ministry of Interior, may examine the departmental contention that

continued excesses against the grant are attributable to allocation of inadequate Budget to Civil Armed Forces. The Committee, which will submit its report in three months, will also report on the justification for excesses against the grant for the year under review i.e. 1988-89, besides reviewing that sufficient allocations were being processed against the grant for the financial year 1993-94.

407. **Grant No.94 - Pakistan Coast Guards(Pages 318-319-AA)**- There was an excess of Rs.3,694,790 in the grant. Ministry explained that two supplementary grants of Rs.3.7 million could not be included in the accounts due to late allocation which caused the excess. The Committee recommended regularization of excess.

408. **Grant No.95 - Pakistan Rangers (Pages 320-321-AA)**- The net saving of Rs.708,537 did not attract any comment from Committee.

409. **Grant No.96 - Registration Organization(Page 322-AA)**- The grant closed with an excess of Rs.379,058. The bulk of excess being in pay and allowances, the Committee recommended its regularization.

410. **Grant No.97 - Civil Defence (Pages 323-324-AA)**- The excess of Rs.1,854,964 was attributed to non-inclusion of three supplementary grants amounting to Rs.1.792 million in the accounts due to delayed allocation. The Committee recommended regularization with the observation that Finance Division should devise a system to control this trend of allowing supplementary grants after the prescribed date.

411. **Grant No.98 - Federal Investigation Agency (Pages 325-326-AA)**- There was an excess of Rs.5,612,783 in the grant. Ministry explained that the excess was caused because 62 ASIs had been recruited by the now defunct Placement Bureau and Rs.3 million demanded for their pay and allowances were not allocated. Moreover, three link offices of FIA in Hong Kong, London and Dubai also incurred excess expenditure due to fluctuation in foreign exchange rates. These link offices had since been closed.

412. The Committee desired to know the fate of 62 ASIs recruited through Placement Bureau. It was informed that all those who were not qualified and were not recruited through regular process had been dismissed. The Committee desired that comprehensive report be submitted regarding recruitment at all levels in FIA through the Placement Bureau. The report may indicate present status of such employees with detailed justification in each case either for discharge from or retention in service.

413. On another inquiry regarding disposal of pending cases, it was informed that measures to clear pending cases had been undertaken in April-May, 1992 and 50% cases had already been cleared.

414. **Grant No.99 - Other Expenditure of Ministry of Interior and Narcotics Control(Pages 327-328-AA)**- The grant was operated jointly by Interior Division and Narcotics Control Division. There was a saving of Rs.133,325 in the portion relating to Interior Division. The Committee made no comment.

415. **Grant No.166 - Development Expenditure of Ministry of Interior(Pages 329-330-AA)**- This grant was also controlled by Interior Division and Narcotics Control Division. The saving of Rs.3,28,117 in the portion pertaining to Interior Division did not attract any comment from the Committee.

ACTIONABLE POINTS 1985-86

416. **Grant No. 89-Civil Armed Forces (Page 231-AA)(Item 1 - AP-85-86)**- The PAC had desired on 25-5-1989 that a detailed explanation incorporating views of Ministry of Finance regarding excess of Rs.178,001,464 under the grant be made available. Audit reported that it had been examined that excess occurred due to non-inclusion of a supplementary grant of Rs.86 million in accounts, double adjustment of Rs.9 million which had since been corrected and inclusion of an amount of Rs.10 million relating to previous year. The Committee recommended regularization of net excess of Rs.168,561,174 in view of this explanation.

ACTIONABLE POINTS 1986-87

417. **(Items 1-3-AP-86-87)**- The PAC had constituted an Inter-ministerial Committee on 26-11-1989 to examine the excess in 5 grants of the Division during 1986-87 and submit report in one month. The Inter-ministerial Committee had recommended that excesses be regularized and measures be taken to strengthen financial management of the Division to control excesses in future. Ministry explained that steps were being taken in the light of the recommendations to improve financial management and it was hoped that in coming years position would be better.

418. The Committee recommended regularization of excess in the grants for 1986-87 as proposed by the Inter-ministerial Committee. The proposal to provide adequate staff of appropriate level to the Ministry to assist the Principal Accounting Officer in the management of substantial grants was also endorsed. The Committee formed to examine the excesses against grant No.93 was advised to take findings of the Inter-ministerial Committee's report into account while drafting its report.

ACTIONABLE POINTS 1987-88

419. **Grant No.94-Registration Organization (Page 277-AA)(Item 1-AP-87-88)**- The PAC had formed a Committee on 4-7-1992 to examine the excess expenditure in Registration Organization which had submitted its report, recommending regularization of the excess, the Committee endorsed the proposal and recommended regularization of the excess.

420. **Irregular purchase of vehicles costing Rs.9,609,600 (Para 1,page 105-AR)(Item 3-AP-87-88)**- The Committee had advised on 4-7-1992 that action be taken against the official responsible for supplying incorrect information to Audit and the procedures viewed as cumbersome by the Principal Accounting Officer be either got changed or followed strictly.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 10th December, 1992.
Ninth-sitting(PAC).

453. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
3.	Mr. Liaqat Baluch, MNA.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Ch. Muhammad Altaf Hussain, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr.Muhammad Naseer Ahsan,Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. M.N. Alam, Director General (CA).
6. Mr. Shamim Haider, Director General, Audit (Federal Government).
7. Mr. Muhammad Zaheer, Director Audit (Federal Government).
8. Mr. Mushtaq Ahmed Memon, Deputy Director General(CA).
9. Mr. Hussain Saqib, Assistant Auditor General.

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Akbar Hayat Gandapur, Director General, Planning and Development Division.
3. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).

4. Mr. M. Ramzan, D.F.A(Health)
5. Mirza M. Ishaq, D.F.A(Food & Agriculture)
6. Mr. Muhammad Aslam, Accounts Officer(Budget).

454. **Accounts examined-** Accounts pertaining to the following Divisions were examined by the Committee during the meeting:-

1. Health Division.
2. Agriculture Research Division.

HEALTH DIVISION

455. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Health Division. The following departmental representatives were present:-

1. Mr. A.R. Siddiqi, Secretary.
2. Mr. Faris Rehman Khan, Joint Secretary.
3. Mr. Zia Mohammad, Deputy Secretary.
4. Mr. M. Ilyas Khokhar, A.A.O./D.D.O.
5. Mr. Masud Ata Cheema, Section Officer (F&A).
6. Dr. F.R.Y. Fazli, Chairman (QCA).
7. Dr. Fahim Arshad Malik, Deputy Director General(Health).
8. Dr. Zafar Ali, Chief (BPD)(NIH).
9. Syed Khalid Mansoor, Director Finance(NIH).
10. Mr. Abdul Khaliq, Director Finance (NIH).
11. Dr. Ata Mohammad Mangi, Director (CHE, Karachi).
12. Mr. Sabihuddin Ahmed, Controller Drugs.

456. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Health Division.	67
2.	Medical Services.	68
3.	Public Health.	69
4.	Development Expenditure of Health Division.	160

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

457. **Grant No.67 - Health Division(Pages 254-255-AA)-** There was an excess of Rs.78,710 in the grant. The Committee recommended its regularization.

458. **Grant No.68 - Medical Services(Pages 256-257-AA)-** The grant closed with an excess of Rs.34,263,065. On being informed that a belated supplementary grant

could not be included in the books, the Committee recommended its regularization.

459. On a query regarding quality and performance of medical services, the Principal Accounting Officer informed that performance was not satisfactory due to resource constraints. Efforts were being made to ensure quality of medicine in government hospitals. An amount of Rs.100 million approximately had not been paid to suppliers of medicine for the last 4 to 5 years, due to less resources. He agreed to an observation of the Committee that there was an internal strife among staff of some hospitals.

460. The Committee advised that effective measure be taken to resolve internal strife and rifts among personnel at various medical establishments and emphasized that motivational aspects are especially important for getting benefits from the money allocated for medical services. Regarding outstanding bills, it was observed that Ministry should try to clear these at the earliest.

461. In view of the importance of medical services for the nation, a Sub-Committee comprising Mr. Liaqat Baluch, MNA, (Convener), Rana Tanveer Hussain, MNA, Mr. Shamim Haider, Director General Audit (Federal Government), Dr. S. Mohsin Ali, Director-General Health and Mr. M. Zafar Mian, Financial Adviser, Health Division, was constituted to examine the performance of medical services, purchases and pricing of medicine, quality control of drugs and financial management of the grant, especially in the light of general discussion about role of Ministry in the important areas. The Sub-Committee will submit its report in three months.

462. **Grant No.69-Public Health (Pages 258-266-AA)**-The Committee made no observation on the net saving of Rs.58,431.

463. **Grant No.160-Development Expenditure of Health Division (Page 267-AA)**- The grant closed with an excess of Rs.34,773 which the Committee recommended for regularization. The Principal Accounting Officer informed that this grant covers malaria control programmes, child survival project and other projects in health sector financed with foreign aid.

AUDIT REPORT(CIVIL)(VOL-I-1988-89)

464. **Non-utilization of Central Research Fund - Rs.27,224,648 (Para 1,pages 62-63-AR)**- Audit pointed out that a Central Research Fund was established under Drug(Research) Rules, 1976 to be financed by annual contribution of 1% from drug manufacturers. No proper accounting procedure for the fund had been formulated so far and contribution was recovered only from 48 firms against total 207 registered with Ministry. An amount of Rs.27 million had been recovered so far but not a single project was started and the amount remained invested in Government Treasury Deposit Receipts. Ministry was reportedly awaiting enforcement of new drug policy for utilization of fund.

465. Ministry stated that the fund was established in 1976 but actual recovery had started in 1981 and Rs.30 million had been collected so far. For the first few years the amount was kept in nationalized banks but was later transferred to government Treasury. A register was now being maintained to keep record of receipts. However, no

mechanism had yet been devised to ensure.that firms earning profits had contributed to the fund. More staff had been demanded to operate the fund. Health Division had constituted a technical committee to consider utilization of fund which had recommended that it be utilized for developing capability for manufacturing drugs indigenously and evaluation of certain categories of drugs for which proposals were solicited from various firms. There was another proposal to place the fund at the disposal of Ministry of Science and Technology.

466. The Committee expressed concern that no action had been taken even after the lapse of 16 years to develop a mechanism for utilization of the Fund. It was observed that all the modalities in this regard should have been decided much earlier Principal Accounting Officer was advised to convey Committee's concern to the Minister for Health.

467. **Recovery of outstanding testing fee amounting to Rs.2,674,039 from different agencies (Para 3,pages 63-64-AR)**- Audit reported that an amount of Rs.2,674,039 on account of testing fee was outstanding against government departments and agencies since 1973-74.

468. Ministry informed that the amount pertained to tests performed at the instance of governments of Sindh and Balochistan and it being the responsibility of Health Division to standardize and manufacture the biological and pharmaceutical products for quality control, there was no need to show this amount as outstanding and it would be written off within a week.

469. The Committee observed that if timely action had been taken when Audit had issued the observation, this issue would have been resolved much earlier. It was desired that a general circular be issued to all Ministries/Divisions to give timely response to Audit observations so that these may be verified by Audit before PAC meetings. Ministry was advised to issue instructions regarding write off of the outstanding amount and not showing it as recoverable in future.

470. It was also decided that the Sub-Committee formed under the convenership of Mr. Liaqat Baluch,MNA would also consider the matter of quality control of drugs.

471. **Non-adjustment of TA advance Rs.252,851 (Para 4,page 64-AR)**- Audit reported that Rs.252,851 paid as TA advance to various employees in April and June were still outstanding while these should have been adjusted within the same financial year under the rules. Ministry had informed that Rs.83,112 had since been adjusted while Rs.169,739 were still outstanding.Ministry informed that the amount was outstanding against four persons and efforts were being made to get it adjusted or recovered at the earliest.

472. The Committee advised that the outstanding amount be adjusted by making all out efforts and report submitted to the Committee in this regard after three months.

473. **Loss amounting to Rs.175,000 due to purchase of defective X-Ray plant (Para 5,page 64 - AR)**- Audit pointed out that an X-Ray plant, purchased at a cost of Rs.175,000 in June 1975, was installed in 1981 when it was found damaged. Thus the amount was wasted.Ministry intimated that inquiry had been ordered in this case and report would be submitted in three weeks.

474. The Committee desired that responsibility be fixed for loss due to purchase of defective plant and administrative action taken against the person (s) held responsible be reported within one month.

475. **Non-recovery of Rs.64,106 as hospital charges (Para 6, pages 64-65-AR)**- Audit reported that an amount of Rs.64,106 was outstanding as hospital charges against patients since 1984-85. On being pointed out, Ministry had stated that it was a case of misappropriation and the cashier involved was removed from service while the case was with FIA.

476. The Committee advised the Ministry to take personal interest in the matter and get the amount recovered. FIA authorities may also be asked to expedite investigation to finalize the case.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

477. **Biological Production Division, National Institute of Health, Islamabad (Para 304, page 267-ARPSE)** - Presenting working results of the Biological Production Division of NIH, Audit reported that it had earned nominal profit, of Rs.25,000 and Rs.24,000 in 1989-90 and 1990-91 after losses in 1987-88 and 1988-89. The Committee expressed pleasure that it was earning profit and advised that controls be strengthened and performance maintained.

478. **(Para 308,page 268-ARPSE)**- Audit reported that an amount of Rs.12.441 million was outstanding as sundry debts. Ministry informed that these amounts were outstanding against provincial governments and they were being pursued to clear these. The Committee advised the Principal Accounting Officer to take practical steps to minimize outstanding dues.

ACTIONABLE POINTS 1986-87

479. **Grant No.67-Medical Services (Page 191-AA) (Item 1 - AP-86-87)**- Principal Accounting Officer had been directed on 13-3-1990 to ensure that available funds were utilized in future. Ministry intimated that necessary instructions had been circulated to all the attached/subordinate offices for strict compliance of the directive. The Committee settled the para with the observation that there was further need to improve financial controls of Ministry.

480. **Grant No.156-Development Expenditure of Health Division (Page 197-AA)(Item 2-AP-86-87)**- Principal Accounting Officer was advised on 13-3-1990 to ensure immediate reconciliation of accounts and to improve budget/expenditure/control of the Division. The Division submitted that reconciliation upto 1988-89 had been completed,

but Audit pointed out that reconciliation for 1991-92 had not yet been carried out by some units controlled by the Division.

481. The Committee observed that the position of Ministry's reconciliation of accounts with Audit was far from satisfactory and advised that it be completed without further loss of time.

482. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Health Division. These would be treated as settled subject to any action as may be necessary under the rules.

AGRICULTURE RESEARCH DIVISION

483. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Agriculture Research Division. The following departmental representatives were present:-

1. Dr. Zafar Altaf, Chairman PARC/Additional Secretary.
2. Mr. Fazal Ahmed, Member Finance(PARC).
3. Mr. M. Anwar Khan Niazi, Deputy Secretary.
4. Mr. Abdul Malik, Accounts Officer.
5. Ch. Abdul Ghafoor, Section Officer.

484. This Division controlled the following grants:-

S.No.	Name of Grant	Grant No.
1.	Agriculture Research Division.	55
2.	Development Expenditure of Agriculture Research Dvision.	158

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

485. **Grant No.55 - Agriculture Research Division (Page 230-AA)** There was a saving of Rs.1,818,063 in the grant which did not attract any comment from the Committee.

486. **Grant No.158 - Development Expenditure of Agriculture Research Division (Page 245-AA)-** The grant closed with an excess of Rs.78,456,741. Ministry explained that the excess was caused due to delayed booking of foreign aid. The Committee recommended regularization of excess but advised the Principal Accounting Officer to try to improve the accounting of foreign aid.

487. The Committee also discussed in detail the need for having a research council in Islamabad and was informed that the Pakistan Agricultural Research Council conducts central research on problems pertaining to all the provinces and its work does

not overlap with the work being done at provincial level. It was decided that the Division would arrange a comprehensive briefing for members to discuss its performance in the filed of agricultural research.

AUDIT REPORT(CIVIL)(VOL-I-1988-89)

488. **Loss of Rs.474,077 by supplying milk on subsidized rates (Para 1,pages 52-53- AR)** Audit pointed out that the Pakistan Agriculture Research Council under the Division was supplying milk at subsidized rates to its employees which resulted in a loss of Rs.474,077 during 1986-87 and 1987-88.On being informed by the Division that rates had since been revised, the Committee settled the para.

489. **Irregular expenditure of Rs.1,246,391 incurred without inviting tenders through the Press (Para 2,page 53-AR)-** Audit reported that Rs.1,246,391 were spent on purchases and acquisition of services without inviting tenders through Press, depriving the government of the benefit of competitive rates.Ministry contended that the amount pertained to six main items and in some cases least cost tendering did not ensure quality of items procured.

490. The Committee advised the Principal Accounting Officer to ensure strict observance of rules and procedures and if it was felt that these rules were cumbersome, steps be taken to get these amended.

491. **Recovery of Rs.581,234 on account of electricity charges from officers residing in NARC officers Colony (Para 3,page 53-AR)-** Audit pointed out that Rs.618,012 were paid as electricity charges of 33 houses occupied by officers of an organization under the Division but only Rs.36,778 were recovered, leaving a balance of Rs.581,234.

492. Ministry stated that the payment was made because there was a system of bulk supply of electricity in the colony, but now sub-meters had been installed in each house and bills were now being charged on the basis of actual consumption.

493. The Committee observed that system of departments arranging bulk supplies of utilities for further distribution was not satisfactory and advised the Division to arrange individually metered supply from WAPDA and discontinue the existing arrangements as soon as possible.

494. Finance Division was advised to issue clear instructions to Ministries/Divisions to discontinue this practice of arranging bulk supplies of utilities and arrange individually metered supplied of utilities at residential colonies under their control.

ACTIONABLE POINTS 1987-88

495. **Irregular expenditure of Rs.571,128(Para 1,page 72-AR) (Item 1-AP-87-88)-** Committee had advised the Ministry on 12-7-1990 to conduct an inquiry to fix responsibility for irregular purchase of furniture valuing Rs.571,128 and report the results.Ministry had reported that it transpired from the inquiry that furniture was

purchased after a detailed survey at Lahore/Karachi by consultants and was approved by the Secretary of the Division.

496. The Committee observed that the report was not satisfactory and advised the Principal Accounting Officer to personally re-examine the issue and submit report within 3 months.

497. **Loss of Rs. 210,000 on account of theft of staff car (Para 2, page 72-AA)(Item 2 - AP-87-88)-** Ministry had been directed by the Committee on 12-7-1990 to recover the cost of stolen car Rs.210,000 from the officer responsible since Finance Division had refused to write off the loss, but Audit reported that the recovery had not yet been effected. The Committee, on being informed that the officer who had been allotted the car was entitled to a car as per agreement, advised Audit to re-examine the case particularly from the point of view of enforcing recovery/write off of the loss.

498. **Performance audit report on crop maximisation progremme (Para 1.1 to 3.9, pages 61-76-AR-86-87)(Item 3-AP-87-88)-** The Committee had advised on 12-7-1990 that one bulldozer and 5 tractors be recovered from the persons who had unauthorizedly been given these items. Audit was also asked to verify whether the NARC could open accounts in a scheduled bank.

499. It was reported by Audit that the items had not so far been received back, while the NARC could open accounts in scheduled banks as per presidential ordinance regarding its creation.Ministry informed that concerned provincial governments were being approached to return the items outstanding.

500. The Committee advised the Principal Accounting Officer to make personal efforts for recovery of the items and submit report to the Committee within two months.

501. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Agriculture Research Division. These would be treated as settled subject to any action as may be necessary under the rules.

502. The Committee thereafter adjourned sine-die.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 24th January, 1993.
Tenth Sitting(PAC).

503. The Public Accounts Committee, assembled at 9.30 A.M.in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
3.	Mr. Liaqat Baluch, MNA.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Mir Balakh Sher Mazari, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn)
3. Mr. Arif Mansur, Deputy Secretary(PAC)
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC)

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. Irfan Hussain, Director General (CA).
6. Mr. Shamim Haider, Director General Audit (Federal Govt).
7. Mr. Muhammad Zaheer, Director Audit (Federal Govt).
8. Mr. Muhammad Tahir, Director Foreign Audit.
9. Syed Jameel Ahmad Zaidi, Director General(PEC).
10. Mr. M. Munawwar Hussain, Deputy Director (PEC).

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. I.M. Mohsin, Director General (Projects), Planning and Development Division.
3. Mr. Mukhtar Ahmad , F.A.(Science & Technology).
4. Mr. Fakhar Abbas Naqvi, Deputy Secretary, (Budget).
5. Mirza M. Ishaq, D.F.A.(Information & Broadcasting).

504. **Accounts examined-** Accounts pertaining to the following Ministries/Division were examined by the Committee during the meeting:-

1. Ministry of Information and Broadcasting.
2. Wafaqi Mohtasib Secretariat.
3. Ministry of Science and Technology.

MINISTRY OF INFORMATION AND BROADCASTING

505. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Information and Broadcasting. The following departmental representatives were present:-

1. Mr. Hasan Raza Pasha, Additional Secretary.
2. Mr. Mahmood Ahmad, Joint Secretary (A&C).
3. Mr. Muhammad Younus, Deputy Secretary (C).
4. Mr. Ikram H. Ghauri, Deputy Secretary (F&A).
5. Mr. H.K. Musafir, Section Officer (B&A).
6. Mr. Badi-ul-Islam, Section Officer (EP-I).
7. Mr. M. Ramzan Javaid, Section Officer (Council).
8. Mr. M. Karamatullah, Accounts Officer (F&A).
9. Mr. Muhammad Abbas, Director General, (Internal Publicity).
10. Syed Mubarik Shah, Director General, (External Publicity).
11. Syed Murtaza Moosvi, Director General(PNC).
12. Syed Anwar Mahmood, PIO(PID).
13. Mr. Abdul Khaliq Khan, Director General(PBC).
14. Mr. Shahid Rafi, Managing Director(PTVC).
15. Mr. Matiur Rehman Mirza, Finance Director(PTVC).
16. Mr. Agha Nasir, Chief Executive(SRC).
17. Mrs. Saeeda Tahirkheli, Director General(F&P).
18. Khawaja Ijaz Sarwar, Director General(R&R).

506. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Information and Broadcasting.	84
2.	Directorate of Publications, Newsreels and Documentaries.	85
3.	Press Information Department.	86
4.	Information Services Abroad.	87
5.	Pakistan National Centres.	88
6.	Other Expenditure of Ministry of Information and Broadcasting.	89

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

507. **Grant No.84 - Ministry of Information & Broadcasting (Pages 298-299-AA)**- There was an excess of Rs.1,728,801 in the grant. The Committee was informed that a supplementary grant of Rs.1,401,216 was not reflected in the accounts and the net excess came to Rs.327,585. The Committee recommended regularization of the excess.

508. **Grant No.85 -Directorate of Publications, Newsreels and Documentaries (Pages 300-AA)**- The grant closed with an excess of Rs.4,715,609, because a belated supplementary grant of Rs.5 million could not be taken into account. Regularization of the excess was recommended.

509. **Grant No.86 - Press Information Department (Pages 301-302-AA)**- The Committee recommended regularization of the excess of Rs.71,473. Members wanted to know the functions of Press Information Department. They were informed that the basic function of PID is to project the policies of government. Official advertisements are also controlled by this department. Every effort is made to allocate advertisements according to the national and regional standing of newspapers in the Media List. The Ministry had recently revised the Media List and it was felt that some newspapers did not get their circulation audited after every six months, 327 such dummy newspapers were struck off from the Media List. The Ministry was advised to assess the amount which had been paid to the dummy newspapers as advertisement charges and inform the Committee.

510. Members pointed out that there were complaints that advertisements pertaining to jobs were either published very late or were not published in newspapers of those areas whose quota was affected and this inefficient handling of advertisements worked against the protection provided through the quota system. The departmental representative undertook to have the matter reviewed and render a report to the Committee.

511. **Grant No.87 - Information Services Abroad(Page 303-AA)** -There was an excess of Rs.8,869,422. The AGPR submitted report of an Inter-departmental Committee formed under his Convenership to investigate the reasons of recurring excess in the grant for the last four years. The Ministry assured the Committee that effective measures would be taken in the light of recommendations in the report to check excesses in the grant in future. The Committee recommended regularization of the excess.

512. However, Members reexpressed dissatisfaction with the effective utilization of the grant to project Pakistan's point of view abroad. Reference in this regard was made to the Prime Minister's visit to U.K. The departmental representative stated that three British newspapers had covered the visit. He undertook to provide cuttings of these newspapers to the Committee. It was also informed that only 2-6% of the total grant was actually available for projection of the national image. Serious steps were being taken to improve this situation. The Committee decided that its lack of satisfaction with utilization of the grant be placed on record. Audit was advised to undertake performance audit of information missions in New York and London.

513. **Grant No.88 - Pakistan National Centres (Page 304-AA)-** The Committee recommended regularization of the excess of Rs.900,161.

514. **Grant No.89 - Other Expenditure of Ministry of Information & Broadcasting(Page 306-AA)-** There was a net saving of Rs.69,751,875 in the grant. The Committee did not make any observation.

AUDIT REPORT (CIVIL)(VOL-I-1988-89)

515. **Non-recovery on account of excess calls from official/residential telephones - Rs.167,146 (Para 1, page 68-AR)** Audit reported non-recovery of excess telephone calls from official/residential telephones amounting to Rs.167,146. The Ministry replied that Rs.37,696 had been condoned by the competent authority and recovery of Rs.54,749 had been ordered in December, 1992.

516. The Committee advised that steps be taken to effect recovery at the earliest so that officers may not retire before recovery is completed. Ministry was asked to submit report of recovery to Audit/Committee.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

Shalimar Recording Company Limited.

517. **Working result of the Company (Para 433,pages 347-348-ARPSE)-** Audit informed that the Company had sent their accounts to Audit in pursuance of the PAC's directive and Audit had raised certain observations on these accounts but further comments from the Ministry had not been received so far. The Committee decided that examination of the working results be deferred till receipt of necessary information to Audit.

Associated Press of Pakistan.

518. **Irregular appointment of four persons on contract basis after the age of superannuation (Para 434,page 349-ARPSE)-** Audit reported that the Associated Press of Pakistan re-employed four persons on contract basis after the age of superannuation without approval of the President of Pakistan in violation of government instructions. The Ministry of Information had got services of the four persons regularized by the Prime Minister in consultation with Establishment Division in September, 1991, at the instance of Audit. However, the Prime Minister had advised that service rules of the APP employees should be formulated urgently. Audit further pointed out that no disciplinary action had been taken against those responsible for the irregular appointments.

519. The departmental representative stated that the persons who had made the irregular appointments were no more in service and as such action against them was not possible. Draft rules had been prepared and would be finalized by 15th February for onward submission to Establishment Division for final approval. Delay in the non-framing of rules was linked with a clear definition of the administrative status of the

Agency. On a query, it was informed that the agency would remain dependent on government subsidy for the time being.

520. Members expressed displeasure that service rules of the agency had not been framed even after 31 years. They also felt that dependence on government subsidy compromised the credibility of the agency. It was decided to constitute a Sub-Committee comprising Mr. Liaqat Baluch, MNA (Convener) and Rana Tanveer Hussain, MNA, assisted by Mr. Hasan Raza Pasha, Additional Secretary, Ministry of Information & Broadcasting, Mr. Zaheer-ud-Din Jeddy, Deputy Auditor-General(CA&E), Mr. M. Aftab, Director General, APP and Mr.M. Zafar Mian, Financial Adviser, Ministry of Information & Broadcasting to examine the issues involved in detail.

Pakistan Broadcasting Corporation.

521. **Working results of PBC (Paras 435 & 437,pages 350-351-ARPSE)**-Presenting working results of Pakistan Broadcasting Corporation, Audit reported that the Corporation suffered a net deficit of Rs.30.506 million during 1988-89 as against net surplus of Rs.9.749 million during 1987-88. It was also pointed out that advances against parties amounting to Rs.2.88 million were outstanding for more than three years.

522. The departmental representative explained that deficit had accrued due to decrease in government subsidy. The Corporation was trying to channelize other sources of income like advertisements income. Regarding outstanding advances it was stated that after adjustment of accounts the other party, Capital Development Authority had claimed some additional amount which would be paid after reconciliation of accounts.

523. On a query regarding income from licence fee, the Committee was informed that the existing system of collection of licence fee was inefficient and expensive and various other options were under the Ministry's consideration. The Committee stressed that a decision in this regard be taken at the earliest. However, it should be ensured that the new system does not open up a new another channel for exploitation of the common man.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL-IX-A-1990).

524. **Performance Evaluation Report on Pakistan Broadcasting Corporation (Paras 1.1 to 9.2,pages 50-78-PEPE)**-Audit presented a performance evaluation report on Pakistan Broadcasting Corporation. It pointed out certain weaknesses of the organization, which included undue expansion in the organizaiton, over-staffing, duplication in security arrangements, induction of surplus electronic engineers, avoidable parallel transmissions from various stations mounting medical charges, inadequate funding of retirement benefits, poor inventory management resulting in accumulation of unnecessary stores and spares, unsatisfactory recovery of license fee by Post Office Department and failure to pick up share of advertising business from market. A Committee of broadcasting experts had been formed at the instance of the Finance Division to review operational activities of PBC, but nothing substantial appeared to have been done towards curtailment of operational activity and the gap between income and

expenses continued to widen. The report stressed that some basic policy decisions were required at government level to control the deteriorating situation.

525. The Ministry informed that the experts' Committee, mentioned in the reports had been working for the last nine months and its report would be finalized in the near future. The Committee advised the Ministry to study the evaluation report in detail so that its implementation might be discussed in an exclusive meeting covering the working of PBC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

Pakistan Television Corporation

526. **Working results of PTVC (Para 438,pages 350-351-ARPSE)**-Audit reported that PTVC earned profit up to 1988-90, but sustained a loss of Rs.59.033 million in 1990-91, due to increase in expenses which were 44.06% above the expenses in 1987-88 as well as decrease in income due to start of a private channel in the country.

527. The departmental representative attributed the loss to inflation and discontinuing of subsidy by the government for projects started in economically non-viable areas under the financial structure of PTVC approved by ECNEC. If this subsidy was not restored, financial viability of the Corporation would be affected.

528. The Committee appreciated PTVC's point of view that the financial structure approved by ECNEC should be restored because the corporation was no longer in a position to meet the expenses. The representative of Finance Division was of the opinion that each case should be decided on merit.

529. The Committee also underscored the need for effective and adequate representation of regional cultures on television and stressed that programmes should reflect our social and moral values, instead of portraying ostentatious life styles, especially in entertainment programmes.

ACTIONABLE POINTS 1985-86

530. **Grant No.83-Information Services Abroad (Page 221-AA) (Item 1-AP-85-86)-** Since detailed discussion had been held on this grant in the accounts for 1988-89, the para was settled.

531. **Grant No.84-Pakistan National Centres (Page 222-AA)(Item 2-AP-85-86)-** The Committee had directed on 18-3-1989 that final decision regarding the performance and necessity of maintaining the Centres be intimated in the next meeting.The Principal Accounting Officer informed that the Centres were being closed as per decision of the government. The Committee settled the para.

532. **Non-recovery of Rs.61,217 on account of excess consumption of petrol in staff cars (Para 3, page 175-AR) (Item 3-AP-85-86)-** Audit had pointed out consumption of petrol in staff cars over and above entitlement of certain officers to the

tune of Rs.61,217. On being informed by the Ministry that the officers involved had retired from service, the Committee had directed on 18-3-1989 that the amount be recovered from their pensions. However, the Ministry had informed that the Ombudsman had decreed that in the light of rules recovery from pension could not be affected since more than a year had elapsed after their retirements.

533. The Committee took serious notice of the fact that recovery of excess consumption of petrol was delayed for such a long time that it could not be effected from the officers's pension.The Principal Accounting Officer was advised that while implementing procedures like issuance of No Demand Certificates it may be ensured that government dues/recoveries were not left outstanding against the retiring officers.The Ministry was also advised to strengthen internal controls to avoid recurrence of such cases.

534. **State Audit of Shalimar Recording Company Ltd (Paras 2-3(9), page 17-ARPSE) (Item 4-AP-85-86)** - On being informed that the Ministry had furnished copies of the accounts of Shalimar Recording Company to Audit in compliance with the latest directives of the Committee in July 1992, the para was settled.

535. **Non-recovery of training expenses amounting to Rs.42,311 from defaulting trainees (Para 42, page 55-ARPSE) (Item 5-AP-85-86)**- The Committee had directed the PBC on 18-3-1989 to remove inadequacies/shortcomings in the form of surety bonds to ensure that training charges could be recovered from all the trainees. The Ministry informed that the form had been revised after obtaining legal advice. The para was settled.

536. **Loss of Rs.101,547 due to non-recovery of telephone charges in excess of prescribed limit (Para 43, page 55-ARPSE)(Item 6-AP- 85-86)**- The Committee had directed on 18-3-1989 that the amount involved be written off and ceiling prescribed be raised, if necessary. The Ministry informed that the excess expenditure had been condoned. The Committee settled the para.

537. **Loss of camera equipment valuing Rs.1.20 million (Para 44,page 56-ARPSE) (Item 7-AP-85-86)**- The Committee had directed the Chairman PTV on 18-3-1989 to review whether the equipment was being adequately safeguarded or not and whether adequate punishment was awarded to the persons held responsible.

538. The Ministry submitted a report which stated that increments of two officers held responsible were withheld for one year and the equipment used for VVIP coverage had been insured. The Committee settled the para.

ACTIONABLE POINTS 1986-87

539. **Grant No.86-Information Services Abroad (Page 231-AA) (Item 1 AP-86-87)**-The para was settled in the light of discussion held on this grant with reference to the accounts for 1988-89.

540. **Irregular expenditure of Rs.555,485 (Para 1,page 168-AA)(Item 2-AP-86-87)**-The Committee had directed on 31-5-1989 that the outstanding amount of Rs.97,153 also be recovered/regularized. Audit reported that Rs.81,885 had been recovered/regularized while Rs.15,268 were still outstanding because the sanction issued for this amount had not been approved by the Finance Division . The Ministry stated that approval of Finance Division had since been received. Para was settled subject to verification of approval of Finance Division by Audit.

541. **Blockage of government money - Rs.239,708(Para 2,page 169-AR) (Item 3 (i)-AP-86-87)**-The Ministry had informed the Committee that the actual amount of advance was Rs.157,700 instead of Rs.239,708 as reported by Audit. Of the total amount, Rs.117,700 had been refunded/expended and Rs.40,000 were outstanding which would be recovered subsequently. It was stated that the whole amount had since been recovered except for a small amount of Rs.7,500. The Committee advised Audit to verify reported recovery.

542. **Recoveries not effected - Rs.36,683(Para 5,page 169-AR) (Item 3(ii)-AP-86-87)**- The Committee had advised on 31-5-89 that adjustments of the remaining amount be undertaken on priority basis. Audit reported that the Ministry had taken three and a half years to issue a formal letter for recovery of Rs.26,857 from the officer's salary in 12 equal instalments.Expressing displeasure that recovery action had not been initiated earlier, the Committee advised Audit to watch recovery.

ACTIONABLE POINTS 1987-88

(i) **Grant No.82 - Ministry of Information and Broadcasting (Page 260-AA)(Item 1-AP-87-88)-**

(ii) **Grant No.83 - Directorate of Publications, Newsreels and Documentaries (Page 261-AA)(Item 1-AP-87-88)-**

(iii) **Grant No.84 - Press Information Department (Page 262-AA)(Item 1-AP-87-88)-**

543. The Committee had taken serious notice of the excesses in the above grants and stressed that financial management be improved with the help of Financial Adviser and Finance and Accounts Officer. The Ministry informed that the instructions had been noted for compliance and arrangements had been made to improve the financial management. The para was settled.

544. **Grant No.85 - Information Services Abroad (Page 263-AA) (Item 2-AP 87-88)**-The Committee had constituted an Inter-departmental Committee on 8-7-1992 to investigate the reasons for continued excess in the grant and recommend measures for improvement. The Inter-departmental Committee had submitted a report which recommended that :-

(i) Ministry of Information and Broadcasting may develop a system of internal control.

(ii) Ministry of Foreign Affairs be asked to formulate a uniform policy for proportionate distribution of utility charges among different attaches.

(iii) Unnecessary information units in foreign countries be closed.

(iv) Regularization of the excess in the grant during 1987-88 was also recommended.

545. The Committee adopted the report and the para was settled.

546. **Working results of APP (Paras 360-364,pages 235-237-ARPSE)(Item 3-AP-87-88)-** The Committee had advised the organization on 8-7-1992 to take concrete steps to increase its income, minimize reliance on government subsidy, make efforts to recover arrears and seriously consider increasing of subscription rates. On being informed that the Ministry had noted the advice for compliance, the Committee settled the para.

547. **Operating results of PBC (Paras 368-371, page 238-ARPSE) (Item 4-AP-87-88)** - The Committee had recommended on 8-7-1992 that keeping in view international trends and problems involved in collection, the government might seriously consider discontinuing of radio licence fee and PBC might make efforts to boost income from advertisements.

548. The Ministry intimated that the matter regarding discontinuation of radio licence fee was under process and the organization had also taken measures to boost income.The para was settled.

549. **Operating results of PTVC (Paras 372-379,pages 239-240-ARPSE)(Item 5-AP-87-88)**-The Committee had advised on 8-7-1992 that credibility of PTVC should be improved with more coverage to opposition and a healthy balance between projection of official business and representation to general public opinion. The para was settled when the Ministry stated that the instructions had been noted for compliance.

550. **Shalimar Recording Company Limited (Paras 2-3(B),page 18-ARPSE) (Item 6-AP-87-88)-** The Committee had directed on 8-7-1992 the Ministry to furnish accounts of the company to Audit. On being informed that accounts for the years 1986-87 to 1990-91 had been provided to Audit, the Committee settled the para.

551. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Information and Broadcasting. These would be treated as settled subject to any action as may be necessary under the rules.

WAFAQI MOHTASIB SECRETARIAT

552. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the Wafaqi Mohtasib Secretariat. The following departmental representatives

were present:-

1. Mr. Ehsan-ul-Haq, Secretary.
2. Mr. Shaukatullah Khan, Deputy Director.

553. This Secretariat controlled the Appropriation "Wafaqi Mohtasib".

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

554. **Appropriation-Wafaqi Mohtasib (Pages 470-471-AA)-** There was a saving of Rs.1,559,925 out of which Rs.37,925 were surrendered, leaving a net saving of Rs.37,925. The Committee made no observation.

555. On being informed by the Secretary Wafaqi Mohtasib Secretariat that a large number of public complaints were pending with the Wafaqi Mohtasib due to paucity of resources, the Committee formed an Inter-departmental Committee comprising Dr. Rashid Ahmad Khan, Director-General(P), Management Services Division (Convener), Mr. Shamim Haider, Director-General Audit (Federal Government), Mr. M. Raza Khan, Director General (Complaints), Wafaqi Mohtasib Secretariat and Mr. M. Ismail Maarif, Financial Adviser, Wafaqi Mohtasib Secretariat to determine whether lack of adequate resources was making it difficult for the Wafaqi Mohtasib Secretariat to dispense with public grievances in a timely manner. The Committee was advised to submit its report in three months.

556. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Wafaqi Mohtasib Secretariat. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF SCIENCE AND TECHNOLOGY

557. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Science and Technology. the following departmental representatives were present:-

1. Mr. Parvez Ahmad Butt, Secretary.
2. Mr. Abdul Karim Ansari, Joint Secretary.
3. Ch. Aas Muhammad, Deputy Secretary.
4. Syed Abdul Hafeez, Section Officer (F&A).
5. Dr. Bashir Ahmed Sheikh, Chairman, Pakistan Science Foundation, Islamabad.
6. Dr. Bashir Ahmed Chandio, Chairman, Pakistan Council of Research in Water Resources, Islamabad.
7. Dr. Muhammad Yaqub Akhtar, Director General, National Institute of Power, Lahore.
8. Brig.(Retd) Muhammad Akhtar Khan, Secretary(PCRWR).

9. Raja Raza Arshad, Member Finance (PSF).
10. Mr. Farhat Waqar Khan, Accounts Officer (NCTT).
11. Syed Maqsood-ul-Hasan, A.A.O.

558. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Science and Technology.	119
2.	Other Expenditure of Ministry of Science and Technology.	120
3.	Development Expenditure of Ministry of Science and Technology.	173
4.	Capital Outlay of Ministry of Science and Technology.	196

APPROPRIATION ACCOUNTS(CIVIL)(VOL-I-1988-89)

559. **Grant No.119-Ministry of Science and Technology(Pages 420-421-AA)**- There was a saving of Rs.470,688. The Committee did not offer any comments.

560. **Grant No.120-Other Expenditure of Ministry of Science and Technology (Page 422-AA)**- The Committee did not make any observation on the saving of Rs.11,197.

561. **Grant No.173 - Development Expenditure of Ministry of Science and Tehcnology(Page 423-AA)**-There was an excess of Rs.14,275,889 in the grant. The Ministry stated that a supplementary grant of Rs.20,437,889 could not be accounted for due to late release which had caused the excess. The Committee accepted the explanation.

562. **Grant No.196 - Capital Outlay of Ministry of Science and Technology (Page 425-AA)**- There was no variation in the grant as the total amount of Rs.29,182,000 was transferred to PCSIR.

AUDIT REPORT (CIVIL)VOL-I-1988-89)

563. **Non-surrender of budgetary savings amounting to Rs.4,291,103 - retention thereof in the commercial bank (Para 1, page 92-AR)**- Audit reported that in National Institute of Power budgetary savings amounting to Rs.4,291,103 were drawn from lapseable Assignment Account at close of financial years 1980-81 to 1986-87 and deposited into commercial bank account for utilization in the next financial year in

violation of General Financial Rules.

564. The Ministry admitted that the action was irregular but stated that National Institute of Power being in project phase, the funds allocated were not surrendered at the close of financial year to meet the deadline for completion of project. A current account was opened with the National Bank of Pakistan with the approval of the Board of Governors. The action was taken to ensure smooth flow of funds in the interest of important scientific research. The representative of Finance Division expressed the opinion that the action was highly objectionable.

565. The Committee observed that disregard of the basic financial rules and regulations was a serious lapse on the part of the Ministry and constituted an Inter-departmental Committee comprising Mr. Mukhtar Ahmad, Financial Adviser, Ministry of Science & Technology (Convener), Mr. Shamim Haider, Director-General Audit (Federal Government) and Mr. Abdul Karim Ansari, Joint Secretary, Ministry of Science & Technology to review the case in detail and submit report within a month.

566. **Blockage of funds - Rs.250,000 (Para 2,page 92-AR)**- Audit pointed out that a sum of Rs.250,000 was paid to a firm in June 1984 for development of testing facilities of distribution transformers, but the work was not completed even after the lapse of five years, and department made no efforts to recover the amount. However, Rs.150,000 were subsequently recovered while Rs.100,000 were withheld by the firm for their expenditure on the project. Audit expressed the view that undue favour had been shown to the firm.

567. The Ministry stated that the project was quite difficult and involved modification of an existing machine. The firm tried to perform it but could not succeed in research, but was justified in claiming the expenses.

568. The Committee advised the Inter-departmental Committee to review this para as well as and report whether payment to the firm was justified or not.

569. **Irregular expenditure of Rs.125,017 on account of entertainment (Para 3,page 92- AR)**- Audit reported that an office under Ministry of Science & Technolgoy had spent Rs.125,017 on entertainment over and above the limit fixed by Finance Division. The deparmtent had undertaken to get the expenditure regularized.

570. On being informed that Finance Division had accorded ex-post facto approval to regularize the expenditure, the Committee settled the para.

571. **Recovery of Rs.59,535 on account of electricity, sui gas and excess/private call charges of the residence of Chairman (Para 4,page 93-AR)**- It was pointed out by Audit that Rs.59,535 were paid as electricity, sui gas and excess telephone charges for the residence of the Chairman of an orgnaization under the Ministry without any authorization. When pointed out in 1989, the Ministry had undertaken to recover the amount.

572. The Ministry informed that the officer concerned had since retired from

service in January 1991, but the AGPR had been requested to withhold his pension.

573. The Committee expressed concern that recovery was not effected when the officer was in service. The Principal Accounting Officer undertook to advise AGPR to make recovery from the pension of the officer.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

Pakistan Science Foundation.

574. **Working results of the Foundation (Para 906,page 627-ARPSE)**- Audit presented summarized balance sheet and accounting statements of Pakistan Science Foundation which had been provided by the Ministry in response to PAC's directive. However, Audit did not make any comments in view of the insufficient information available.

575. The Committee advised the Ministry to provide necesssary record in order to enable Audit to formulate meaningful comments on the Foundation's working.

576. Regarding performance of the Foundation, the departmental representative explained that it had set up four mobile science caravans for popularizing science and technology even in remote areas. However, sometimes the caravans had to remain static for want of funds.

577. On being informed that certain research institution were not doing any research and only paying salaries to staff due to insufficient budget allocation, the Committee express its disapproval at this wastage of national resources and advised Ministry of Finance to take serious notice of this financial indiscipline.

ACTIONABLE POINTS 1987-88

578. **Grant No.169-Development Expenditure of Ministry of Science and Technology (Page 352-AA) (Item 1-AP-87-88)**- PAC had advised the Ministry on 27-7-1992 to consider a policy of standby candidates for foreign scholarships to ensure that facilities are not wasted if not availed of by the principal nominees. On the Ministry's assurance that recommendation had been referred to the National Selection Board, the Committee settled the para.

579. **(Item 1 (General)-AP-87-88)**- The Committee had advised on 27-7-1992 that all Federal Ministries/Divisions be asked to prepare annual statments regarding their performance. On being informed that format of such statements had not yet been decided, the Committee directed that AGPR and National Assembly Secretariat discuss the issue before issuing a circular to Ministries/Divisions in this regard.

580. **(Item 2 (General)- AP- 87-88)-** Audit reported that performance audit of PCSIR Karachi had been undertaken in the light of PAC's directive and report would be submitted in due course.

581. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to Ministry of Science & Technology. These would be treated as settled subject to any action as may be necessary under the rules.

582. The Committee then adjourned to meet again at 9.30. A.M on Monday, the 25th January, 1993.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 25th January, 1993
Eleventh Sitting(PAC).

583. The Public Accounts Committee, assembled at 9.30 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
3.	Mr. Liaqat Baluch, MNA.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Mir Balakh Sher Mazari, MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary (Admn)
3. Mr. Arif Mansur,Deputy Secretary(PAC)
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC)

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Mr. Zaheeruddin Jeddy,Deputy Auditor-General (CA&E).
3. Mr. A. R. Arif, Director-General (CA).
4. Mr. Ali Asghar, Director General Audit, (Revenue Receipts).
5. Miss Nasreen Mehdi, Director Audit, (Revenue Receipts).

Ministry of Finance and Planning & Development Division:

1. Mr. Muhammad Ismail Maarif, Joint Secretary(Exp).
2. Mr. Akbar Hayat Gandapur, Director General (Projects), Planning and Development Division.
3. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
4. Mr. Yawar Zia, Deputy Secretary(Exp-I).

584. **Accounts examined**-Accounts pertaining to the Central Board of Revenues were examined by the Committee during the meeting.

CENTRAL BOARD OF REVENUE
(Deferred Accounts)

585. The Committee took up for its examination the Audit Report etc. pertaining to the Central Board of Revenue, which were deferred on 7-12-1992. The following departmental representatives were present:-

1. Mr. M. Mubeen Ahsan, Chairman.
2. Mr. Saghir Asad Hassan, Member(GST).
3. Mr. Masud A. Dahir,Member(Customs).
4. Mr. Alvi Abdul Rahim, Member(TP).
5. Mr. Shahid Ahmed, Chief(CE).
6. Mr. Abdul Wadood Khan, Chief(GST).
7. Mr. Abrar Ahmed Khan, Secretary(CE).
8. Mr. S.A. Alam, Secretary(ST).
9. Mr. Mumtaz Haider Rizvi, Secretary(Cus-III).
10. Ch. Muhammad Azam, Secretary(ACE).
11. Mr. Kaukab Sabahuddin, Second Secretary(CA)
12. Khawaja Umar Mehdi, Second Secretary(GST).
13. Mr. Habib-ur-Rehman, Second Secretary.
14. Mr. Fazal Yazdani Khan, Second Secretary(CE).
15. Ch. Nawab Din, Second Secretary(ACE-III).
16. Mr. Musheer-ud-din, Director (DR&S).
17. Mr. Muhammad Zakria Syed, Accounts Officer.

AUDIT REPORT REVENUE RECEIPTS(VOL-III-A-1988-89)

586. Before the start of proceedings, the Auditor-General introduced the work done by Director-General Audit Revenue Receipts. He said that performance Audit in this relatively new field was satisfactory, despite non-availability of sufficient resources. Financial irregularities to the tune of Rs.8,920 million were reported in the Audit Report for 1988-89. Cash recovery of Rs.60 million had been effected so far, while CBR had agreed to initiate action in cases valuing Rs.7,720 million. He also thanked the Public Accounts Committee for advising Finance Division to allocate more resources to Audit. He then sought Committee's permission for presentation of Audit Report.

587. **Huge pendency of contravention and adjudication cases (Para 2.4, pages 11-12-ARRR)**- Audit reported that an exercise in two Collectorates of Central Excise and Sales Tax revealed that 347 cases involving Rs.5,663 million were pending decision with the departmental authorities for a period ranging from one to five years.

588. The Chairman CBR stated that the period involved in 226 cases was less than one year. These had already been decided and Rs.11.7 million had been recovered. In other cases too, either recovery action had been initiated or the cases were sub-judice. The Collectors concerned had been directed to finalize the cases at the earliest. He also informed that a new recovery procedure had been adopted under which departmental recovery officers were appointed. The adoption of this procedure was likely to improve recovery position considerably.

589. The Committee expressed its concern at the delay involved in initiating recovery in the cases pointed out by Audit. It was decided that CBR would effect recovery of balance outstanding amount and submit a comprehensive report to PAC within six months. The Committee also advised that suitable action be taken against those found responsible for deliberate delay in finalization of cases while the officers showing better performance be encouraged.

590. **Cases under adjudication by department (Paras 3.3(c) to 8.19(b),pages 18-72-ARRR)**-Audit pointed out that adjudication involving possible revenue of Rs.403.4 million in a number of cases pointed out by Audit in the financial year 1988-89 was still in process and the department took little interest in their early finalization, despite assurance given by the CBR to the Public Accounts Committee on 21-5-1989 and 4-7-1992 that such cases would be decided within a year.

591. The Chairman CBR explained that the cases were at various stages of finalization. The Committee advised that Chairman himself might verify what action had been taken in all such cases and submit report to the PAC by 28th February, 1993.

592. **Recovery of Government dues as arrears of land revenue Rs.1.355 million (Paras 4.1(f)to 10.24,pages 27-123-ARRR)**- Audit reported that in 15 cases, CBR had agreed to Audit viewpoint and enforced demands of Rs.1.355.0 million for recovery as arrears of land revenue.

593. The departmental representative stated that Rs.16.5 million had been recovered so far and it was hoped that under the new system of recovery officers, position would further improve. However, CBR was facing difficulty in recovering the amount from bank guarantees and insurance guarantees. As a preventive measures, CBR had stopped accepting guarantees from insurance companies, while banks not honouring guarantees had been blacklisted. New bank guarantee forms had been devised under which banks were bound to pay guarantee money at once.

594. The Committee advised CBR to submit details of recoveries made so far to Audit by 28th February, 1993. It was further advised that CBR might take up the matter of non-payment of bank guarantee/insurance money by commercial banks and insurance companies with Finance Division so that loss of public revenue on this account would be minimized.

595. **Need for speedy action towards recovery etc. of government dues (Paras 3.3(b) to 10.33, pages 18-134-ARRR)-** Audit pointed out that in 11 cases involving government dues of Rs.5.668 million, mentioned in the Audit Report for 1988-89, recovery action was stated to be underway. Audit proposed that the department be asked to finalize action in a certain period.The Committee advised CBR to finalize action on the reported cases by 31st March, 1993 and submit report to PAC.

596. **Short-realization of sales tax through wrong composition of sales price (Para 2.6,pages 12-13- ARRR)-** Audit reported that sales tax on "Rectified and Denatured "spirit being non-excisable item manufactured by distilleries attached with the sugar mills was being paid without addition of duty of provincial excise charged

thereon.The departmental representative explained that the system adopted by CBR in this regard was correct and there was no need to change it.The Committee advised Audit, CBR and Finance Division to consider the issue in detail and submit report in two months.

597. **Non-production of records (Para 2.8,pages 13-15-ARRR)**- Audit brought to the Committee's notice non-production of substantial auditable records by various offices under CBR which prevented Audit from detailed scrutiny of cases for a true picture of the accounts.

598. The Chairman CBR stated that instructions had already been issued to all concerned in this regard. The Committee advised that clear instructions be issued to all concerned at the level of at the Chairman CBR that necessary record be provided to Audit promptly on demand.

599. **Evasion of Government dues Rs.222,208,000 (Para 3.2, pages 17-18-ARRR)**-Audit pointed that 358 cases of evasion of government revenue of Rs.203,308,000 were reported to have been detected by the Collectorate of Customs, Lahore, during January to August, 1988. Similarly, goods valuing Rs.38,900,000 illegally warehoused in undeclared godowns of certain factories were also seized but government taxes of Rs.18,900,000 leviable thereon were not recovered. Details of such cases ware not provided to Audit.

600. The department took the plea that cases reported in the press were not all substantial. However, CBR has a procedure for dealing with all such cases.The Committee advised the Chairman to examine the issue in detail and report a well-considered position in two months.

601. **Short assessment due to misclassification-Rs.1,761,369 (Para 4.1(a),page 25-ARRR)**- Audit reported that a certain item was misclassified.Resultantly less duty was charged and the government incurred a loss of Rs.1,761,369. The Collector concerned had also acknowledged the fact.

602. The departmental representative took the plea that apparently the assessment was correct and they were not aware of any report by the Collector concerned in this regard. When Audit presented copy of the report, Committee expressed its dissatisfaction that the CBR authorities had not come fully prepared to the meeting. It advised that the issue be examined in detail and a comprehensive report submitted in two months.

603. **Short realization of government revenue of Rs.245,291 due to misclassification (Para 4.1(d),page 26-ARRR)**- Audit pointed out that "carded and combed raw wool" of sheep and lamb was treated as "Raw Wool" and no duty was charged, whereas 35% should have been recovered, it being "carded and combed."

604. In this case too, CBR's reply was not conclusive and convincing. The Committee observed that this case might also be examined in detail and a comprehensive report submitted in two months.

605. **Non-realization of government dues Rs.1,178,421 (Para 6.3(a),page 47-ARRR)**- Audit reported that additional sales tax of Rs.1,178,421 leviable for late payment of sales tax on glycerine was not recovered. The department had reported that the demand for original sales tax of Rs.3,480,772 was vacated by the revision authority due to procedural lapse caused by lack of information. However, the CBR authorities argued that Member (Judicial) had taken a legal decision.

606. Taking strict notice of conflicting replies furnished by senior officers of CBR, the Committee observed that apparently they had not come prepared for the meeting. It was decided that the Audit Report would be taken up again after two months during which period CBR would prepare well-considered replies to Audit observations and also convene Departmental Accounts Committee meetings.

ACTIONABLE POINTS 1987-88

607. **Custom Bonded Warehouses (Chapter-8) (Paras 8.1 to 8.13, pages 50-58-ARRR)**- The PAC had formed an Inter-departmental Committee on 4-7-1992 to examine the case of non-imposition of duty and subsequent rebate to the bonded warehouses of M/S Saif Nadeem Kawasaki Motors. The Inter-departmental Committee submitted its report which was adopted by the Public Accounts Committee. It was decided that review of its implementation would be taken up in the next meeting to be held after two months.

608. CBR was advised that the six cases reopened in the light of the Inter-departmental Committee's recommendations be pursued and in the remaining cases show cause notices be issued for recovery.

609. The Committee also advised Chairman CBR to ensure that departmental action commensurate with the scale of deliberate loss to public exchequer was taken.Strengthening of cooperation between various Directorates of CBR was stressed.

610. The Committee then adjourned to meet again at 9.30.A.M. on Tuesday, the 26th January, 1993.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 26th January,1993.
Twelfth Sitting(PAC).

611. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
3.	Mr. Liaqat Baluch, MNA.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Mir Balakh Sher Mazari,MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr.Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
3. Mr. A.R. Arif, Director General (GA).
4. Mr. Irfan Husain, Director General (CA).
5. Syed Jameel Ahmad Zaidi, Director General (PEC).
6. Mr. Hussain Saqib, Assistant Auditor General.
7. Khawaja Muhammad Akbar, Accounts Officer (PEC).

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Akbar Hayat Gandapur, Director General (Projects), Planning and Development Division.
3. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).

4. Mr. Habibur Rehman, D.F.A.(Production).
5. Mr. Muhammad Aslam, Accounts Officer (Budget).

612. **Accounts examined**-Accounts pertaining to the Ministry of Production were examined by the Committee during the meeting.

MINISTRY OF PRODUCTION
(Deferred Accounts)

613. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Production, which were deferred on 6-12-1992. The following departmental representatives were present:-

1. Mr. Tariq Mustafa, Secretary.
2. Mr. Moinuddin Siddiqi, Joint Secretary.
3. Mr. S.Anjum Bashir, Deputy Secretary.
4. Mr. Muhammad Yaqoob, Accounts Officer.
5. Dr. M. Akram Sheikh, Chairman (SEC).
6. Mr. S.Z. Shami, Chairman (PIDC).
7. Mr. Zaheer Sajjad, Chairman(SCCP).
8. Mr. Javed Burki, Chairman (PACO).
9. Lt. Gen. Agha Nek Muhammad Khan, Chairman (NFC).
10. Mr. Anis A.K. Lodhi, Acting Chairman(Pak.Steel).
11. Dr. M.H. Chaudhry, Chairman(PERAC).
12. Dr. A. Lateef Siddiqui, Managing Director(NPC).
13. Dr. A.A. Faruqui, Managing Director(NRL).
14. Mr. Muhammad Yousuf Beg, Managing Director (EHAR).
15. Mr. Asif Ali Shah, Chief (EAC).
16. Mr. Khalid Saeed, Managing Director(HPFL/NFC).
17. Dr. Saeed Ahmad Khan, Principal/Chief Executive (NFC-TTC, Multan).
18. Mr. Abdul Mannan, Managing Director (LC&FL/NFC).
19. Mr. Rafique M. Chaudhry, Managing Director, (Pak-Saudi Fertilizer Ltd).
20. Ch. Nazir Ahmad, Managing Director, (Pak-Arab Fertilizer Ltd).
21. Mr. M. Nasir Butt, Managing Director, (Pak-American Fertilizer Ltd).
22. Mr. Tauqeer A. Khan, Managing Director (NFML).
23. Mr. Amir Ali Shah, Managing Director (SCCP).
24. Mr. Munir-ud-Din, Managing Director(PECO).
25. Mr. Fazlur Rehman, Managing Director(PMTF).
26. Dr. M. Abdul Qayyum, Managing Director(SMC).
27. Mr. Zafar Ali Khan, Managing Director(HMC).
28. Syed Wazir Ali, Managing Director (QSW).

APPROPRATION ACCOUNTS(CIVIL)(VOL-I-1988-89).

614. **Grant No.194 -Capital Outlay on Industrial Development (Page 400-AA)**- There was an excess of Rs.6,987,885 in the grant. Discussion on the grant was deferred in the PAC meeting held on 6th December,1992 and Principal Accounting Officer was advised to provide details of utilization of the money allocated against the grant to Audit. On being informed by Audit that these details were not provided to them in time to formulate comments for the meeting, the Committee advised the Ministry to submit the information to Audit for verification.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

National Fertilizer Marketing Limited

615. **Working results of NFML (Para 636,page 465-ARPSE)** - Audit reported that the rates of incidentals for the year 1987 were less than the rates required for a no profit no loss position and a shortfall of Rs.765.833 million was noticed for the year 1989 due to these rates. The management had hoped to persuade the Government to revise the rates but it could not be done and factual position could not be depicted in the books of accounts.

616. The Ministry informed that the matter had been taken up with the Government and in a similar case a favourable award had been allowed to the Fauji Foundation. Accordingly, it was hoped that National Fertilizer Marketing Limited would also get the benefit and incidental rates would be revised.

617. The Committee advised that copy of award in favour of Fauji Fertilizer be supplied to Ministry of Finance for examination of all the aspects of the case. It was further advised that progress in the case be reported to the Committee.

618. **Loss of Rs.802,179 due to non-recovery of donation paid on behalf of the dealers (Para 639,page 467-ARPSE)**- Audit pointed out that NFML donated Rs. one million to Iqbal Memorial Fund in 1983 on behalf of NFML dealers at the directives of the then Minister for Production. The dealers paid Rs.197,821 only and the balance amount of Rs.802,179 could not be recovered. On being informed that the amount had been written off by the Board of Directors, the Committee settled the para but observed that the manner in which the donation was handled did justice neither to the Iqbal Memorial Fund nor to the concept of donation itself. It was hoped that such cases would not be repeated in future.

619. **Non-recovery of cost of Urea amounting to Rs.472,000 from Ex-Senior Minister of Sindh (Para 640,pages 467-468-ARPSE)**- Audit reported that NFML sold 200 metric tons of Urea valuing Rs.472,000 to Mr. Ijaz Ali Talpur, Ex-senior Minister of Sindh during April - June 1984 against a post dated cheque to be encashed on 24th September 1984, in violation of sales policy. The cheque was dishonoured and a civil suit was filed in 1987 which was decided in favour of NFML. However, the decree could not be executed so far.

620. The Ministry informed that the decree could not be enforced as details of the property owned by the person involved were not available and nobody in the area was willing to give this information. Therefore, recovery against property was not possible.

621. The Committee observed that the case was a living example of the fact that we do not give any importance to national resources. It was desired that all efforts possible under the existing law be made to recover the amount and responsibility be fixed for violation of sales policy. Ministry was advised to take strict action against the person held responsible within a month under intimation to Committee and Audit. It was also decided that a letter be sent to Mr. Ijaz Ali Talpur on behalf of the Committee, urging him to settle the long outstanding payment.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1987-88) DEFERRED PARAS OF PACO FOR 1987-88

622. **Working results of PACO (Paras 587,590,595,597,600,605, 608, 613, 615,618,621 & 625, pages 319 to 336-ARPSE)**- The Committee decided to take up the working results of PACO reported in the Audit Report for 1987-88 with those in the Audit Report for 1988-89.

623. **(Para 612,page 331-ARPSE)**- Audit reported that Naya Daur Motors imported machinery worth Rs.4.133 million in 1974-75 which was not installed till 1987-88. The Ministry stated that machinery worth Rs.2.9 million was sold to Bolan Castings and disposal of the remaining machinery was stopped in view of the imminent privatization of the unit. The Committee settled the para.

624. **Blockage of funds of Rs.663,251 due to unnecessary purchase of agricultural implements (Para 63,page 89-ARPSE)** -Audit pointed out that Millat Tractors Limited imported 54 units of five agricultural implements in 1984 and 1985 for sale to farmers out of which only six units could be sold upto March, 1988. The Ministry stated that only 10 units had remained in stock and the rest had been sold. Since the company had been privatized, the new management would dispose of the remaining units as well. The Committee settled the para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

Pakistan Automobile Corporation Limited

(i) **Balochistan Wheels Limited(Para 662,page 483-ARPSE)-**
(ii) **Bela Engineers Limited(Para 666,page 485-ARPSE)-**
(iii) **Bolan Castings Limited(Para 669, page 490-ARPSE)-**
(iv) **Millat Tractors Limited(Para 676,page 494-ARPSE)-**
(v) **Naya Daur Motors(Pvt)Limited(Para 687,page 501-ARSPE)-**
(vi) **Pakistan Motor Car Company(Pvt)Limited (Para 691,page 504-ARPSE)-**
(vii) **Pak Suzuki Motor Company Limited(Para 694,page 505-ARPSE)-**
(viii) **Republic Motors Limited(Para 698,page 507-ARPSE)-**
(ix) **Sindh Engineering (Private)Limited(Para 699,page 508-ARPSE)-**

625. Audit reported that during 1990-91 the Corporation earned profit of Rs.218.987 million which was less than the net profit of Rs.353.164 million during 1988-89. Two units sustained a loss of Rs.71.803 million. Four units i.e. Millat Tractors, Balochistan Wheels, National Motors and Pak Suzuki have been privatized.

626. The Committee desired to know why prices of Suzuki cars were increasing continuously. The Ministry stated that in view of the deregulation policy of the Government, the new management of Pak Suzuki had sought permission of the Controller General of Prices, Ministry of Industries, to increase the prices which were not revised for the last two years. Regarding deteriorating standard, it was stated that after installation of the new plant in March 1992, it was hoped that complaints regarding quality would be eliminated as the new plant was producing cars of international standard. Regarding personnel management it was stated that in view of privatization of units, a voluntary retirement scheme was introduced under which 40 out of 90 officers sought retirement.

627. **Loss of Rs.2.484 million due to implementation of a defective car scheme (Para 661,page 482- ARPSE)** - Audit pointed out that the Corporation launched a defective car scheme which caused a loss of Rs.2.484 million to the public exchequer till 1988-89. The Ministry stated that the scheme was introduced as an incentive to officers by the Board of Directors of PACO. Now the Ministry had been approached to accord ex-post-facto approval. The Committee advised the Ministry to examine all aspects of the case before according approval.

Bela Engineers Limited

628. **Loss of Rs.576,790 due to non-recovery of dues from the agent (Para 668,pages 488-489-ARPSE)**- Audit reported that Bela Engineers appointed a firm as sole agent for sale of Tractors. The agency was cancelled when the agent failed to deposit cash on due dates. However, Bela Engineers did not encash the insurance bond and a civil suit was pending in Sindh High Court for recovery of Rs.576,790.

629. The Ministry stated that the insurance bond could not be encashed in time because the insurance company had advised to route the case through Registrar Cooperative Societies and this involved wastage of time, resulting in expiry of due date. However, since then they had decided not to except insurance bonds except those issued by the Adamjee Insurance Corporation. The Committee did not make any observation.

Naya Daur Motors (Pvt.) Ltd.

630. **Loss of Rs.2.728 million due to sale below manufacturing cost (Para 690,page 503- ARPSE)**- Audit pointed out that Naya Daur Motors Ltd. sustained loss of Rs.2.728 million due to sale of certain components below cost. The Ministry explained that a press shop was installed in the Company and as it was not getting any business, it was decided to take orders at cheaper rates to recover at least the fixed cost. However, now the business was earning profits. The Committee settled the para in view of the fact that the unit had been privatized.

Sindh Engineering (Pvt.) Limited

631. **Blockage of capital to the tune of Rs.11.985 million due to unplanned purchase of raw material(Para 704,page 510-511-ARPSE)-** Audit reported that raw material, imported during 1981 to 1985 for in house manufacture of Suzuki Motorcycles, was not utilized and accumulated to the tune of Rs.11.985 million on June 30, 1988 in Bonded Ware House.

632. The Ministry replied that Suzuki Motorcycle could not compete with other brands in the market and its production was stopped. Later a joint venture was started for making Suzuki Motorcycles but even that could not succeed. So the raw material remained unused. It was also felt that if the material was taken over from the bonded ware house, a huge amount would have to be paid as Customs duty. Therefore, it was not received as yet. The bid for sale of Sindh Engineering Ltd. had been accepted and it was being privatized. The Committee advised the Ministry to take up the case with CBR to dispose of the inventory.

633. **Loss of Rs.1.067 million due to imposition of penalty by Karachi Electricity Supply Corporation (Para 705,page 511-ARPSE)**-Audit informed that K.E.S.C. imposed a fine of Rs.1.067 million on Sindh Engineering Limited as it was held responsible for tempering with the electric meter, despite the fact that the meter was installed inside the sub-station under the control of K.E.S.C.

634. The Ministry stated that the amount was paid as K.E.S.C. had threatened that power supply would be disconnected if payment was not made and this would have caused greater loss.

635. The Committee desired that its displeasure be conveyed to the officers who had not taken any action to resist the reportedly unjustified imposition of fine by KESC, to set an example for others to exercise due care in future.

Pakistan Industrial Development Corporation (Pvt.)Ltd.

(i) **Dir Forest Industries Complex (Pvt) Limited (Para 712,page 517-ARPSE)-**
(ii) **Harnai Woollen Mills Limited(Para 718,page 520-ARPSE)-**
(iii) **Indus Steel Pipes Limited(Para 719,page 521-ARPSE)-**
(iv) **P.I.D.C.Cotton Ginning Factory (Pvt.)Limited (Para 721,page 523-ARPSE)-**
(v) **PIDC Medical Centre(Para 723,page 525-ARPSE)-**
(vi) **PIDC Printing Press (Pvt) Ltd(Para 725, page 526-ARPSE)-**
(vii) **PIDC Talpure Textile Mills Ltd.(Para 726,page 527-ARPSE)-**
(viii) **Pak-Iran Textile Ltd.(Para 727,page 528-ARPSE)-**
(ix) **Quaidabad Woollen Mills Limited(Para 730,page 530-ARPSE)-**
(x) **Shah Nawaz Bhutto Sugar Mills (Pvt)Ltd. (Para 735,page 532-ARPSE)-**
(xi) **Zulfiqar Ali Bhutto Textile Mills (Pvt.)Ltd. (Para 737,page 533-ARPSE)-**
(xii) **PIDC Specialised Refactory Project(Para 740,page 534-ARPSE)-**

636. Audit reported that there are 12 operating units under control of the Corporation out of which 8 units did not operate during 1988-89. Of the remaining four units, two sustained loss of Rs.37.64 million while two others earned a profit of Rs.1.928 million. The accumulated loss of PIDC till 1990-91 was Rs.250.191 million.

637. The Ministry informed that out of the four units in operation, one of the profitable units had since been privatized and efforts were being made to privatize the others and practically only one unit was now in operation. The Committee observed that since PIDC is operating only one unit now, its winding up may be considered.

Dir Forest Industries Complex(Pvt)Limited.

638. **Loss of Rs.1.568 million due to negligence and lack of consumption planning (Para 717,page 519-ARPSE)-** The Committee was informed by Audit that 28,306 Kgs of laminating paper were imported in July, 1982, out of which only 7,652 Kgs were consumed till December, 1989. Thus a balance of 20,654 Kgs valuing Rs.1.323 million was lying unutilized, although its life was for two years only. Similarly some other items valuing Rs.245,000 were also lying unconsumed.

639. The Ministry explained that the paper was imported for use on a polish machine, but the machine was defective and was not used for production. Thus the paper remained unutilized. Efforts were made to dispose it off but no headway could be made in this regard.

640. The Committee advised the Ministry to get the case examined by an experienced officer and write off the amount if no other option was available.

Pakistan Steel Mills Corporation Limited.

641. **Working results of the Corporation(Para 745,pages 536-537-ARPSE)-** Audit reported that though the Corporation showed a net profit of Rs.57,732 million in 1988-89, it sustained loss of Rs.1,027,374 million in 1989-90 and Rs.579.696 million in 1990-91. The accumulated losses stood at Rs.4,026.094 million on June 30, 1991.

642. The Ministry explained that the Corporation's performance had considerably improved during 1992-93 and for the first time 80 percent capacity utilization had been achieved. Sales valuing Rs.5,620 million were achieved during the first six months of the current financial year. The deficit of Rs.296 million projected in the budget was overcome by profit of Rs.72 million in the first six months. It was expected that the Corporation would continue to earn profit in future.

643. The Committee expressed satisfaction that the Corporation had started to earn profit and stressed that this trend needed to be maintained in future as well.

644. On a query from the Committee regarding indigenous production of iron ore in the country, the Ministry informed that a project to exploit iron ore in Naukundi had been undertaken in collaboration with the government of Balochistan while exploratory drilling had also been initiated in Kerana Hills, Sargodha.

645. **(Para 746,page 537-ARPSE)-** Audit pointed out that the government of Pakistan paid Rs.1215.50 million to the Participation Term Certificate Holders on behalf of the Corporation, but the corporation did not take effect of this amount in their accounts for the year 1988-89.

646. The Ministry stated that it had been decided that until the Corporation started earning profit, Government of Pakistan would make the payment on its behalf and the amount would be treated as Government investment.

647. **(Paras 748 & 751,page 538-ARPSE)-** Audit reported that the pace of recovery of sundry debtors was very slow as debtors had increased from Rs.437.552 million on 30th June, 1989 to Rs.643.480 million on 30th June, 1991. Similarly the stock in trade had increased from Rs.2533.759 million in 1988-89 to Rs.4009.245 million in 1990-91. The Ministry stated that with growing sales, the stock has started to decrease.The Committee advised that recovery from sundry debtors be expedited.

648. **Loss of Rs.13.535 million due to unjustified, illegal favour to a blacklisted firm (Para 753,pages 539-540-ARPSE)** - The Committee was informed by Audit that Pakistan Steel placed an order for supply of 1000 metric ton zinc with a firm in 1987. The party was required to submit 25% performance bond, but they submitted a bond at the rate of 5%. To favour them, the Corporation changed the condition of performance bond from 25% to 10% in January, 1988 and the party submitted another bond for the remaining amount. The supply was to be completed by March 1988, but the party failed to do so and the Corporation had to get zinc from open market at higher rates. The firm was declared a defaulter in January, 1989, but another order was placed with them in May, 1989. The encashment order of bank guarantee was withdrawn and liquidated damages were also waived off. Thus the Corporation suffered a loss of Rs.13.535 million.

649. The Ministry informed that disciplinary action was being taken and charge sheets had been issued to those still in service in September, 1992. Another case of similar nature was also being investigated and very high level officers were involved.

650. The Committee expressed concern that although the Audit Report was printed in 1988, action had been started as late as in 1992. The Principal Accounting Officer was advised to get the action against those found responsible in the case as well as in the similar case finalized within one month by actively pursuing the case under intimation to Committee/Audit.

651. **Misappropriation of telephone cables stores valuing Rs. 2. 845 million (Para 755,pages 541-542- ARPSE)-** Audit reported that telephone cables valuing Rs.2.845 million were found missing in Pakistan Steel during reconciliation. The Ministry had intimated that some material had been traced out but material worth Rs.2,437,997 was still missing. The persons at fault were terminated/dismissed from service and FIR had been lodged with FIA.

652. The Ministry stated that not only action was taken against those held responsible, but a feedback system had also been developed to control recurrence of such case.

653. The Committee observed that the case merited detailed examination. An Inter-departmental Committee comprising Mr. Salim Asghar Mian, Financial Adviser, Ministry of Production, Mr. Irfan Hussain, Director General, Commercial Audit, Brig. Ijaz Hussain, General Manager, Stores and Mr. T.H. Qureshi, Director General, Internal Audit, Pakistan Steel was constituted to find out if the action taken by the authorities was appropriate, whether there were any prospects for recovery and whether the new feedback system stated to have been developed was foolproof or not.

654. **Loss of US $ 148.500 (Rs.2.512 million) due to non-receipt/non-encashment of performance bond (Para 756,pages 542-543- ARPSE)** - Audit pointed out that Pakistan Steel suffered a loss of Rs.2.512 million due to non-encashment of performance bond of a defaulting party which refused to lift the items sold to them.

655. The Ministry explained that the items were sold at a rate higher than the prevailing international prices. As such there was no loss. The Committee settled the para.

656. **Heavy loss due to unauthorized sale of crush by sub-contractor (Para 757,pages 543-544-ARPSE)** - Audit reported that a contractor sold crush worth millions of rupees to private parties from the Makli Lime Stone lease No.2 of Pakistan Steels, causing a huge loss to the Corporation. However, only a nominal fine of Rs.50,000 was imposed on the contractors. The Ministry contended that no loss was involved and fine was imposed for not maintaining complete record.

657. The Committee desired that the Inter-departmental Committee formed in case of Audit para 755 above might take up this case as well and determine whether the Ministry's contention that no loss was involved was correct.

Nokundi Iron Ore Project

658. **Working reuslts of the Project(Para 758,page 545-ARPSE)** Audit informed the Committee that Rs.130 million had been spent on organization and development of the project from 1974 till 1990-91, but work of investigation and survey had been stopped for the time being. On the other hand Rs.3.585 million were incurred on staff of the project during 1990-91.

659. Since the Ministry had already explained during discussion of the working results of the Corporation why the project had been undertaken, the Committee settled the para.

People's Steel Mills Limited

660. **Working results of Mills (Para 760,page 546-ARPSE)**- The Committee expressed displeasure that a senior officer from the Mills was not present in the meeting and advised the Secretary, Production Division to discuss the matter with the concerned authorities and ensure representation in the next meeting.

Pakistan Steel Fabricating Company Limited

661. **Working results of the Company (Paras 761-762,page 547-ARPSE)**- Audit reported that the company, which is a subsidiary of Pakistan Steel, was continuously incurring losses since inception. Its accumulated losses stood at Rs.395 million as on June 30, 1991.

662. The Ministry informed that over-staffing was the main reason of continuous losses. In order to control this situation, a voluntary retirement scheme had been introduced which had been accepted by two thirds of the work force. However, the company had potential and could become profitable if suitable work could be found for it. The Committee expressed the hope that the unit would work better in near future.

663. **Loss of Rs.11.13 million due to mismanagement of contract and infructuous and unauthorized expenditure of Rs.5.56 million on a galvanizing plant (Para 764,page 548-ARPSE)**- Audit pointed out that in a contract with WAPDA the company could not complete delivery within the stipulated time and had to pay liquidated damages. The company also procured a galvanizing plant which could not be utilized. Thus the overall loss in this deal amounted to Rs.11.13 million. The Ministry stated that efforts were being made to utilize the plant. The contract was delayed due to defects in the system.

664. The Committee desired that the Inter-departmental Committee formed in case of Audit para 755 above might examine this case as well and determine whether the loss was caused due to the mistake of an individual or it was a failure of the system.

665. **Loss of Rs.2.961 million due to confiscation and disposal of material by customs authorities (Para 765,page 549-ARPSE)**- The Committee was informed by Audit that Pakistan Steel Fabricating Company limited imported steel sheets worth Rs.2.781 million in March 1985 for defence authorities through an agent who was not authorized by the defence authorities and was not on the panel of exemption from custom authorities. So the custom authorities confiscated the goods. As the management could not justify the case for exemption from duties in time, the custom authorities auctioned the material and the company had to sustain the loss.

666. The Ministry took the plea that the agent was selected on the understanding that he would produce a certificate regarding his authorization for exemption.

667. The Committee was not satisfied with the reply and decided that the Inter-departmental Committee formed under Audit para 755 above might take up this case, too and fix responsibility for the loss.

668. **Loss of Rs.1.057 million on account of interest on blocked capital of Rs.2.204 million due to faulty agreement and undue favour (Para 766,page 550-ARPSE)**- Audit reported that the company executed a job for a construction company in 1983 for which full payment was not made till 1987 when another order from the same company was received. Instead of pursuing recovery, the second order was also completed within the stipulated time. Now a total amount of Rs.2.204 million was outstanding against the firm. The Ministry explained that the second order was accepted at the request of CDA.

669. The Committee observed that the company should have kept a written record of the request and taken measures to ensure timely recovery of dues. It was desired that this case might also be examined by the Inter-departmental Committee formed under Audit para 755 above to determine who was responsible for undue favour to the firm and blockage of capital.

670. **Loss of Rs.297,271 due to undue favour and irregular purchase of heat equipment (Para 767,page 551-ARPSE)** - Audit pointed out that Pakistan Steel Fabricating Company purchased heat equipment from a contractor without any formal agreement or signing of contract. When the plant was installed, the contractor demanded Rs.1.5 million for it whereas on enquiries from market it was ascertained that the actual price was Rs.582,729. However, the contractor did not agree to this price and after negotiations Rs.860,000 were paid to him. Thus the company incurred a loss of Rs.297,271 due to ignoring of purchase procedure.

671. The Ministry stated that the equipment was purchased from the contractor without any open bidding because he had got the expertise.

672. The Committee observed that apparently the purchase procedure had been violated. Ministry was advised to investigate the case, fix responsibility, take action and submit report to the Committee within one month.

673. **Loss of Rs.268,362 due to mis-appropriation of machinery (Para 768,pages 551-552-ARPSE)**- Audit informed the Committee that PSFC transferred light machinery valuing Rs.268,362 to the quarries in Thatta in 1982. However, on reconciliation it transpired that no record regarding the machinery was available.

674. The Ministry took the plea that it had been proved after investigation that the machinery was available. The Committee advised Audit to verify the departmental reply that machinery had not been misappropriated and was available with the company.

State Cement Corporation of Pakistan(Pvt)Limited.

(i) **Associated Cement(Para 773,page 556-ARPSE)-**
(ii) **General Refractories Limited(Para 786,page 564-ARPSE)-**
(iii) **Gharibwal Cement Limited(Para 790,page 566-ARPSE)-**
(iv) **Industrial and Cement Engineers(Pvt) Limited (Para 794,page 568-ARPSE)-**
(v) **Javedan Cement Limited(Para 796,page 569-ARPSE)-**
(vi) **Kohat Cement Company Limited(Para 799,page 572-ARPSE)-**

(vii) Mustehkam Cement Limited(Para 809,page 576-ARPSE)-
(viii) National Cement Industries Limited(Para 811,page 577-ARPSE)-
(ix) Thatta Cement Company Limited(Para 817,page 580-ARPSE)-
(x) Zeal Pak Cement Factory Limited(Para 822,page 584-ARPSE)-

675. Audit reported that out of 13 units of the Corporation, 8 had already been privatized, three were in the process of privatization and two had not been privatized as yet.The Corporation earned net profit of Rs.35.349 million during 1990-91.

676. The Ministry informed the Committee that as a consequence of privatization, staff of the Corporation had been reduced by 33%. However, reduction at officer level was held up pending decision of a writ petition filed by the officers in Sindh High Court.

677. Regarding increase in cement prices, the Ministry stated that the Economic Coordination Committee (ECC) had discussed the issue on various occasions and in order to check the prices increased by the private sector, import duty had been abolished.

678. The Committee expressed displeasure that a 28% increase in cement prices was allowed and the private sector was given a free hand to reap windfall profits from the misery of flood affected people. It was emphasized that a mechanism to maintain a balance between profiteering and social responsibility of private sector be found.

679. **(Para 772,page 555- ARPSE)**- Audit pointed out that the assets of Pak-Iran Cement Company were transferred to Serala Cement Limited at the government's directive in 1984 at a price of Rs.11.265 million. Rs.5 million were treated as equity and the balance amount of Rs.6.264 million as long term loan. The Serala Cement had undergone liquidation due to continuous losses and there appeared no prospect of the recovery of loan.

680. The Ministry stated that as the land on which the unit was located was owned by the Corporation, it was hoped that the amount of loan would be recovered in the process of liquidation. The Committee settled the para.

Javedan Cement Limited

681. **Loss of foreign exchange amounting to US $ 10,958 due to inordinate delay in opening of L.C.(Para 798,page 571- ARPSE)**- Audit reported that Javedan Cement placed a purchase order on a foreign firm for the supply of an item for US $ 8,411.83 , but L.C. was opened later than the due date which was not accepted by the supplier and he raised the price. So the item was purchased from the second lowest bidder at the cost of US $ 19369.93. Thus there was an additional expenditure of US $ 10,958 due to delay in opening of L.C.

682. The Ministry stated that the lowest bidder did not raise the price due to delay in opening of L.C. but due to arbitrary change in specifications. The Committee advised Audit to verify departmental reply.

Zeal Pak Cement Factory Limited

683. **Unjustified expenditure of Rs.10,318 on account of hiring the services of chartered accountant for normal/routine work (Para 826,page 586-ARPSE)**-Audit pointed out that Zeal Pak Cement hired the services of a Chartered Accountant to plead the case of house building advance of the Managing Director, although this work could have been done by the factory management itself. Thus the expenditure of Rs.10,318 was unjustified.

684. The Committee observed that such cases could never be appreciated. However, as the factory had been privatized, the para was settled.

State Engineering Corporation (Pvt) Ltd

(i) **Heavy Foundry and Forge Engineering (Pvt)Limited (Para 839,page 591-ARPSE)-**
(ii) **Heavy Mechanical Complex Limited(Para 845,page 592-ARPSE)-**
(iii) **Pakistan Engineering Company Limited(Paras 860-861, page 597-ARPSE)-**
(iv) **Pakistan Machine Tool Factory(Para 866,page 600-ARPSE)-**
(v) **Quality Steel Works Limited(Para 880,page 607-ARPSE)-**
(vi) **Spinning Machinery Company of Pakistan(Pvt.)Limited (Para 884,page 611-ARPSE)-**
(vii) **Textile Machinery Company (Pvt.)Limited (Para 890,page 615-ARPSE)-**

685. Audit reported that in 1990-91 seven units of the Corporation sustained losses of Rs.307.087 million and one unit i.e. Pakistan Machine Tool Factory earned profit of Rs.27.275 million. Thus the net loss amounted to Rs.279.812 million.

686. The Ministry informed that four out of ten units had been privatized and only the units going in loss were left with the Corporation.Efforts were being made to reduce the losses and 22% of total earning was spent on import of engineering goods. However, in view of the importance of engineering sector for the national development, the Corporation merited attention from the Government.

Quality Steel Works Limited

687. **Loss of Rs.2.819 million due to belated supplies (Para 882,pages 609-610-ARPSE)**- Audit reported that Quality Steel Mills executed a contract for WAPDA six months after agreed time at more than the envisaged cost. Thus a total loss of Rs.2.819 million was incurred.

688. The Ministry stated that the contract was obtained to make the Mills functional and to avoid recurring loss due to fixed expenditures. The Mill had since been privatized. The Committee settled the para as the Mill was no more with the Corporation. However, it was observed that the Audit para was valid.

689. **Loss of Rs.310,000 in execution of defence contract (Para 883,page 610-ARPSE)** - Audit pointed out that the Quality Steel Mills incurred a loss of Rs.310.00 in a contract, whereas two other organizations earned profit in a similar contract. Since the Mills had been privatized, the Committee settled this para as well.

State Petroleum Refining and Petrochemical Corporation (Pvt) Ltd.

(i) ENAR Petrotech Services Ltd.(Para 893,page 619-ARPSE)-
(ii) National Petrocarbon (Pvt)Ltd. (Para 895,page 620-ARPSE)-
(iii) National Petroleum Ltd.(Para 898,page 621-ARPSE)-
(iv) National Refinery Ltd.(Para 903,page 622-ARPSE)-

690. Audit presented working results of the Corporation which indicated that National Refinery Ltd. and National Petrocarbon earned profit of Rs.552.56 million and Rs.12.316 million respectively in 1990-91 while ENAR Petrotech Services incurred loss of Rs.17.406 million during the year.

National Petroleum Limited.

691. **(Para 899,page 621-ARPSE)**- Audit reported that PERAC could not utilize a foreign currency loan of US $ 12 million and surrendered US $ 6.951 million after the stipulated time which necessitated payment of Rs.3.62 million to IBRD as commitment charges.

692. The Ministry stated that the loan was obtained for hydrocracker project which was suspended by the Government in 1984. Hence non-utilization and surrender of the loan. The Committee settled the para.

693. **(Para 900,page 621-ARPSE)**- Audit pointed out that PERAC borrowed Rs.128.138 from a bank and lent to National Petroleum Limited, where the amount was spent on interest, salaries and allowances and not on any development work.

694. The Ministry explained that the project for which the money was borrowed had now started and the money was treated as PERAC's equity in the joint venture. The Committee settled the para.

695. **(Para 901,page 621- ARPSE)**- Audit informed the Committee that US $ 3.246 million and Rs.6.068 million were spent on the project, but it had not yet been completed. The Committee settled the para at the Ministry's assurance that the project was being implemented and would ultimately prove beneficial for the nation.

696. **(Para 902,page 621-ARPSE)**- Audit reported that Rs.30.2 million had been paid to KDA for acquiring land, but possession of land had not been taken as yet. The Ministry stated that land had been purchased and formalities would soon be completed. The Committee settled the para.

697. **Statement of replies-** Audit provided a list of 20 organizations whose statements of replies for the period before privatization had not been furnished by the Ministry. The Committee advised that Ministry might provide the record to Audit for study and report to PAC.

Pakistan Institute of Management.

698. **Working results of the Institute (Para 549,page 426 - ARPSE)-** Audit reported that the Institute sustained losses of Rs.0.523 million and Rs.1.269 million in 1989-90 and 1990-91 respectively.

699. The Ministry stated that the Institute was providing training to officers in Government organizations and being an educational institutions, could not be expected to run in profit. However, efforts were being made to build up an endowment fund from its beneficiaries to make it a self-financing organization.

700. The Committee observed that the Finance Division might take into account the training needs being met by the Institute and provide sufficient grant to meet its expenditure.

ACTIONABLE POINTS 1985-86

701. **Loss due to excess consumption of raw material Rs.574,578 (Para 55,page 66-ARPSE)(Item 1-AP-85-86)**-The PAC had appointed a Sub-Committee on 18-3-1989 to review the affairs of Swat Ceramics. However, since the Sub-Committee had not submitted any report,the point was settled.

702. **Non-recovery of cost of cloth Rs.6.5 million from the firm (Para 61,page 71-ARPSE)-(Item 2-AP-85-86)-** The Committee had advised on 18-3-1989 for recovery of the amount of Rs.541,853. The Ministry stated that major part of the amount had been recovered and Rs.195,000 were outstanding now. The Committee directed that the remaining amount may also be recovered under intimation to Audit.

703. **Loss of Rs.0.6 million due to exposure 300 Nos. of film screen imported from abroad(Para 62,pages 71-72-ARPSE)(Item 2-AP-85-86)-** A Sub-Committee had been formed on 18-3-1989 to examine the affairs of Shahdad Kot Textile Mills. But no report was submitted by the Sub-Committee. Therefore, the point was settled by the Committee.

704. **Loss of Rs.1.5 million due to abandonment of work and completion of left over work through another agency(Para 77, pages, 83-84-ARPSE)(Item 3-AP-85-86)-** The Committee had directed on 18-3-1989 that explanation of the officer responsible for the loss of Rs.1.5 million to Heavy Foundry and Forge be called. The Ministry intimated that the officer concerned had offered his explanation, stating that the circumstances which led to the loss were beyond the control of H.F.F. and the contract was handled in the best interest of the company. In view of the cogent reasons given in the explanation, the Committee settled the point.

705. **Loss of Rs.6.456 million due to negotiation of documents against letter of indemnity bond(Para 64,pages 73-74-ARPSE)(Item 4- AP-85-86)-** The Committee had directed the Ministry on 18-3-1989 to submit a detailed report containing names of the persons responsible for the loss. The report was received accordingly. Audit was directed to verify its findings and report to the Committee.

706. **Irregularities in PASMIC(Paras 65,66,67,&71,pages 74-80-ARPSE)(Item 5-AP-85-86)-** The PAC had constituted a Sub-Committee on 18-3-1989 to look into the affairs of Pakistan Steel and submit a report. As no report had been received, the Committee settled the point.

ACTIONABLE POINTS 1986-87

707. **State Engineering Corporation (Private) Limited(Paras 519, 530, 545, 549, 554, 557, 537 & 538,pages 327-332-ARPSE)(Item 1-AP-86-87)-** The Committee had advised the Corporation on 30-5-1989 to improve performance and recover all outstanding dues. Audit presented a review of the performance which indicated that most of the units included in the observation had been privatized and efforts were also being made to improve performance. The Committee settled the point.

708. **Unjustified payment of Rs.4.688 million as commission to sales agent(HMC)(Para 31,page 55-ARPSE)(Item 2-AP-86-87)-** The Committee had appointed a Sub-Committee on 3-5-1989 to investigate the matter of payment of Rs.4.688 million as commission to a sales agent who was appointed on the same day the sale agreement was signed.

709. The Ministry stated that the relevant information had been provided to the Sub-Committee and a scrutiny of the matter revealed that nobody from the Ministry was at fault. The Committee settled the point.

710. **Audit comments on the accounts of National Petroleum (Paras 580-582, page 35-ARPSE)(Item 3-AP-86-87)-** Audit had pointed out that Rs.183.4 million had been spent on the hydrocracker project by National Petroleum. The Ministry had undertaken that the amount would be treated as equity. Since this had been done, the point was settled.

711. **Pakistan Steel Mills Corporation (Item 4(General)-AP-86-87)-** The Committee had directed the Corporation on 30-5-1989 to make its annual accounts available to Audit well in time. Audit reported that the situation had improved. The Committee settled the point.

712. **Loss in sale of Pig Iron-Rs.201,362(Para 30,page 55-ARPSE)(Item 5-AP-86-87)-** The Committee had desired on 3-5-1989 that weakness in control indicated by the reported transaction should be improved. The Ministry intimated that the point had been noted for compliance. The point was settled.

ACTIONABLE POINTS 1987-88

713. **Federal Chemical and Ceramics Corporation (Pvt.) Ltd.(Paras 484,487,492,496,501,508,510,520,527,531,534,538,542, 544,&550,pages 279-304 ARPSE)(Item 1(i-xv)-AP-87-88)**- The Committee had advised on 13-7-1992 that measures to privatize sick units should be expedited. Audit reported that three more units had since been privatized. The Committee settled the point.

714. **National Fertilizer Corporation of Pakistan(Pvt.)Limited (Paras 555. 558,565,567,575,578,581,& 584,pages 305-318 ARPSE)(Item 2(i-x)-AP-87-88)**- The Committee had expressed displeasure at the continued loss of Hazara Phosphate Limited. The Ministry stated that capacity utilization of the plant had since been achieved and profit was being made which would hopefully make up the loss in the next two or three years. The point was settled.

715. **Pakistan Industrial Development Corporation(Pvt.) Limited (Paras 631,637,639,642,645,650,652,653,655,659,664&666,pages338-353(Item4(i-xi)-AP-87-88)**- The Committee had noticed on 13-7-1992 the continued losses in all the PIDC units with concern and observed that the major objectives of privatizaiton could only be achieved if sick units were also disposed off alongwith profitable units. The Ministry intimated that the Government had set up a new Committee to revive sick units and to find out how blocked capital might be released. The Committee settled the point.

716. **State Engineering Corporation (Pvt,) Limited (Paras 724,7 29, 736, 739, 744, 745, 748, 751,754,757,762 & 764,pages 376-396 (Item 8(i-xi)-AP-87-88)**- Discussing the loss sustained by the Corporation, the Committee has stressed the need to ensure quality, take timely decisions, clear uncertainty and keep prices at a competitive level. The Ministry stated that the directive had been noted for compliance. The point was settled.

717. **Non-recovery of Rs.1.494 million from a private party(Para 79,page 103-ARPSE)(Item 9-AP-87-88)**- Examining the case of supply of M.S. Bars to a private party without any advance payment or security, the Committee had ordered on 13-7-1992 that responsibility be fixed for the loss and action taken against the person held responsible. The Ministry intimated that they had filed a civil suit although recovery at this stage was not possible.

718. The Committee observed that the person who had decided to supply the material to the private party without any advance payment or security must be pinpointed as he was responsible for the loss.

719. **Loss of Rs.0.294 million on the sale of raw material (Steel Strips)(Para 80,page 104-ARPSE)(Item 10-AP-87-88)**- The Committee had desired on 13-7-1992 that the matter of sale of raw material to a private party, resulting in loss be investigated and responsibility fixed. The Ministry stated that no one was found responsible as the decision was taken by the Board of Directors. Moreover, the unit had since been privatized. The Committee settled the point.

720. **Loss of Rs.0.340 million on account of sales against post-dated cheques (Para 82,pages 105-106-ARPSE)(Item 11-AP-87-88)**- The Committee had expressed displeasure that the matter involving public money was mishandled and the amount was hastily written off. Since the Ministry had noted the displeasure,the point was settled.

721. **Performance Evaluation Reports (Item 13-AP-87-88)**- The Committee had constituted an Inter-departmental Committee on 13-7-1992 to consider the Performance Evaluation Reports regarding various units under Ministry of Production. The findings of the Committee were :-

(a) **Dandot Cement**- The unit had been privatized. Audit did not press the report.

(b) **Signalling System of Expert Advisory Cell**- EAC assured that efforts would be made for a realistic target-setting in future.

(c) **Heavy Mechanical Complex and Heavy Foundry and Forge** - The H.F.F. had been merged into H.M.C. in 1990 and the management assured the Inter-departmental Committee that all the recommendations in the Performance Evaluation Reports had been implemented in letter and spirit.

722. In view of this Report of the Inter-departmental Committee, PAC settled the point.

723. **Points not discussed to be treated as settled**-The Committee did not make any observation on other points/paras in the Audit Report pertaining to Ministry of Production. These would be treated as settled subject to any action as may be necessary under the rules.

724. The Committee then adjourned to meet again at 9.30 AM on Sunday, the 31st January, 1993.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 31st January, 1993
Thirteenth Sitting(PAC).

725. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Ch. Muhammad Altaf Hussain,MNA.	Member

National Assembly Secretariat:

1. Mr.Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr.Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh.Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Zaheeruddin Jeddy,Deputy Auditor-General(CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. Shamim Haider, Director General Audit (Federal Govt).
6. Mr. S.T. Rehman, Director General Audit(WAPDA).
7. Mr. Muhammad Zaheer, Director Audit(Federal Govt.).
8. Mr. Ahmed Hussain Ghumman, Deputy Director, (Performance Audit Wing).
9. Mr. Hussain Saqib, Assistant Auditor General.

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Ziauddin Ahmad Malik, F.A.(Planning and Development & Statistics).
3. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
4. Mr. Zafarullah Khan, D.F.A(Water & Power).
5. Raja Abdul Hameed, Deputy Director, Planning and Development Division.
6. Mr. Muhammad Aslam, Accounts Officer.

726. **Accounts examined-**Accounts pertaining to the following Ministry/Division were examined by the Committee during the meeting:-

1. Population Welfare Division.
2. Ministry of Water and Power.

POPULATION WELFARE DIVISION

727. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Population Welfare Division. The following departmental representatives were present:-

1. Mr. Mehbub Ahmad, Secretary.
2. Mr. A. Rashid Khan Ghauri, Joint Secretary(Admn).
3. Mr. Khalil A. Siddiqi, Joint Secretary(Planning).
4. Mr. Iqbal Hasan Makhdoomi, Director(FM).
5. Mr. Muhammad Asghar Sulehri, Director(Admn & Finance) Population Welfare Department, Punjab.
6. Dr.M. Hashim Popalzai, Section Officer(F&A).

728. This Division controlled the following grants:-

Sl.No	Name of Grant.	Grant No.
1.	Population Division.	113
2.	Development Expenditure of Population Division.	172

APPROPRIATION ACCOUNTS(CIVIL)(VOL-I-1988-89)

729. **Grant No.113 - Population Division(Page 390-AA)-** The Committee recommended regularization of the excess of Rs.185,875.

730. **Grant No.172 - Development Expenditure of Population Division(Page 393-AA)-** There was an excess of Rs.11,109,155 in the grant, which was attributed to less receipt of foreign aid. The Committee accepted the explanation.

731. On a query regarding details of development expenditure, the Division explained that the biggest project was that of 'Family Welfare Centres'. Besides there were projects like 'Productive Health Services' 'procurement of Contraceptives' and communications etc. The main target was rural areas of the country for which lady family planning workers were being recruited. Moreover, chapters on family planning had been included in the curriculum and lady teachers were also being involved in the motivational programme.

AUDIT REPORT(CIVIL)(VOL-I-1988-89)

732. **Excess expenditure of official telephones Rs.36,370 (Para 2,page 88-AR)** - Audit pointed out that Rs.36,370 were spent over and above the ceiling fixed by Government for official telephones. Out of these Rs.2,782 had been deposited by one of the officer and an amount of Rs.33,678 was still outstanding.

733. The Division stated that Rs.8,000 had been regularized so far and recovery of the remaining amount would not be easy as majority of the officers involved had left the department.

734. The Committee expressed concern that recovery was not effected in time and advised that all out efforts be made to recover the balance amount.

735. **Points not discussed to be treated as settled** - The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Population Welfare Division. These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF WATER AND POWER

736. The Committee took up for its examination the Appropriation Accounts, Audit Report etc.pertaining to Ministry of Water and Power. The following departmental representatives were present:-

1. Mr. S.R.Poonegar, Secretary.
2. Syed Shahid Hussain, Additional Secretary(Water).
3. Mr. Sohail Ahmad Mian, Deputy Secretary.
4. Mr. Muhammad Saeed-ud-Din, Section Officer(B&A).
5. Mr. Iqbal Mehdi Kazmi, Accounts Officer(F&A).
6. Mr. Mumtaz Hameed, Chairman(WAPDA).
7. Mr. Aftab Ahmad Khan, Member Finance(WAPDA).
8. Mr. Shams-ul-Mulk, Member Water(WAPDA).
9. Mr. Javid Akhtar, Member Power(WAPDA).
10. Mr. Asif H. Kazi, Chief Engineering Advisor/CFFC(WAPDA).
11. Mr. Amjad Agha, Managing Director(NESPAK), Lahore.
12. Mr. Amir Rashid, Vice President Finance(NESPAK).
13. Mr. Abdul Rahim, Pak.Commissioner for Indus Water(Islamabad/Lahore).
14. Mr. Abdul Rashid Kakar, Managing Director(T&G) (WAPDA).

15. Mr. Hafeez Ibrahim, Managing Director(Dist)(WAPDA).
16. Mr. Zaheer Ahmad, Managing Director(NTCC)(WAPDA).
17. Mr. Mansoor Ali Sheikh, General Manager, (Internal Audit)(WAPDA).
18. Brig. Jan Sardar Gul,General Manager(W)North,(WAPDA).
19. Mr. Anis Abbas Zaidi, General Manager(Thermal)(OP)(WAPDA).
20. Mr. Muhammad Zakria, Chief Engineer(HEPO)(WAPDA).
21. Mr.M. Zaheer Shah,Chief Engineer(D&D) Thermal(WAPDA).

737. This Ministry controlled the following grants:-

Sl.No.	Name of Grant.	Grant No.
1.	Ministry of Water and Power.	133
2.	Development Expenditure of Ministry of Water and Power.	176
3.	Capital Outlay on Irrigation and Electricity.	198

APPROPRIATION ACCOUNTS(CIVIL)(VOL-I-1988-89)

738. **Grant No.133 - Ministry of Water and Power(Pages 460-461-AA)**- There was a saving of Rs.3,305,424 in the grant.The Ministry explained that the saving occurred because budget provision was made for payment to some international legal experts, but they did not submit their bills during the financial year. The Committee made no observation.

739. **Grant No.176 - Development Expenditure of Ministry of Water and Power(Page 463-AA)**- There was a net saving of Rs.79,228,021 in the grant. The Ministry stated that an amount of Rs.69 million was surrendered but it could not be reflected in the accounts as the due date had passed while the balance amount lapsed as it was not released to Government of Punjab in time.

740. The Committee observed that saving in development expenditure was not appreciable and did not indicate good financial management.

741. **Grant No.198-Capital Outlay on Irrigation and Electricity (Page 465-AA)**-The grant closed with a net saving of Rs.18,636,935. The Ministry stated that the amount was surrendered after the due date.

742. There was a lively discussion on the effective utilization of development grants. Reference in particular was drawn to schemes in which tubewells were to be installed by WAPDA and operated by the Provinces. It was observed that in many cases tubewells were not working and the beneficial results already achieved were nullified. It was felt that allowing deterioration of national assets, developed at considerable cost, mostly on borrowed capital, into liabilities was a very serious issue. Members felt that such wastage of resources was symptomatic of poor ground results achieved through

development funds and the case of tubewells also presented a poor picture of coordination between WAPDA and provincial governments. It was obvious that practical aspects of the project operation had not been considered at the proper stage. WAPDA was advised to send details of such projects to PAC for taking up the matter at the highest level.

ACTIONABLE POINTS 1985-86

743. **Grant No.127 - Ministry of Water and Power(Page 332-AA) (Item 7-AP-85-86)**-PAC had directed the Ministry on 18-2-1988 to provide detailed justification of excess to Audit. Accordingly, the justification was furnished and Audit found it acceptable. Therefore, the Committee recommended regularization of the excess.

ACTIONABLE POINTS 1986-87

744. **Grant No.173 - Development Expenditure of Ministry of Water and Power(Page 345-AA)(Item 1-AP-86-87)**- The Committee's advice regarding timely surrender of saving was noted by the Ministry. The point was settled.

ACTIONABLE POINTS 1987-88

745. **(Item 5(General) AP-87-88)**- The Committee had advised the Accountant General Pakistan Revenues on 8-7-1992 to tighten controls in payment procedures. Since necessary instructions had been issued in this regard, the point was settled by the Committee.

AUDIT REPORT(WAPDA)(VOL-VII-1988-89)

Financial Irregularities

746. **Loss of Rs.133,764,939 in the purchase of conductors (Para 1,pages 89-92-AR-WAPDA)**- Audit reported that WAPDA purchased conductors in three cases at much higher rates than those quoted by the lowest bidders which resulted in extra expenditure of Rs.133,764,939.

747. The Ministry took the plea that the conductors were purchased in accordance with the existing procedure and no loss was incurred. The lowest bidder was ignored because they had refused to supply at the rates quoted in tender after the validity period.

748. In view of the technical nature of the contract under discussion, the Committee constituted an Inter-departmental Committee comprising Mr. Yawar Zia, Financial Adviser, Ministry of Water and Power, Mr. S.T. Rehman, Director General Audit, WAPDA, Mr. Abdul Rashid Kakar, Managing Director (T&G), Power Development Wing, WAPDA (Convener) and Mr. Arif Mansur, Joint Secretary (PAC), National Assembly Secretariat, to examine the case in detail to establish whether loss was incurred or not.

749. **Replacement of defective insulators-Rs.51.097 million (Para 2,page 92-AR-WAPDA)**- Audit pointed out that insulators installed at Faisalabad-Guddu Transmission line proved defective and were replaced at a cost of Rs.51.097 million. The case was also being examined by an enquiry Committee constituted by the Senate.

750. The Committee decided to wait for report of the Committee formed by the Senate to investigate the issue. Audit was advised to supply copy of report to PAC on receipt.

751. **Avoidable expenditure of Rs.5,215,888 due to improper planning (Para 4,pages 93-94-AR-WAPDA)**- Audit informed the Committee that work for de-silting of a drain was awarded to a contractor in April 1985, at the cost of Rs.5,215,888 while the original work was completed in 1984 at the cost of Rs.7,102,454. It indicated that the drain was defective.

752. The Ministry stated that desilting was necessitated due to floods and the river's changing course but Audit insisted that there were no floods during that period. The Committee advised WAPDA and Audit to jointly re-examine the case in detail and submit report.

753. **Excess payment of Rs.2.593 million to contractors (Para 5,pages 94-96-AR-WAPDA)**- Audit reported a case of overpayment to contractors to the tune of Rs.2.593 million in North Dadu Surface Drainage Project. The Ministry intimated that disciplinary action was being taken against those found responsible.

754. The Committee directed that all out efforts be made to recover as much of the amount as possible and details of action taken be communicated to the PAC before next meeting. WAPDA authorities were advised to associate Audit with them.

755. **Acceptance of sub-standard material and undue favour to suppliers Rs.1,954,470 (Para 6,pages 96-97-AR-WAPDA)**- Audit pointed out that some material was purchased from three firms in 1984 on the condition that if the material was rejected by a foreign laboratory, the 10% insurance guarantee, amounting to Rs.1,954,470, would be forfeited and the material would be rejected. However, despite the fact that the material was declared unacceptable by the foreign laboratory, it was used by the WAPDA authorities and even the insurance money was not confiscated.

756. The Ministry took the plea that rejecting the material would have delayed the village electrification project. Moreover, the defect was nominal and stressing upon it would also have discouraged the local manufacturers. The decision was taken at the authority's level.

757. The Committee observed that at this belated stage the Committee had no option but to presume that acceptance of substandard material was based on bonafide justification. However, it was advised that in such cases WAPDA's interest should be protected by involving two/three officers in the final decision making process, even when such decisions were taken at the highest level.

758. **Irregular and un-authorized expenditure of Rs.1.948 million on the purchase of Pajero jeeps (Para 7,page 97-AR-WAPDA)-** Audit informed the Committee that four Pajero jeeps valuing Rs.1.948 million were purchased when the G.M.(Water) incorrectly conveyed the Authority's decision to purchase four Suzuki jeeps as permission to buy Pajeros.

759. The Ministry explained that case was sent for purchase of Pajero jeeps but the Authority did not agree and desired that Suzuki jeeps be purchased. The officer concerned got the impression in telephone conversation that his case for purchase of Pajeros was approved and he placed order for the jeeps. However, once purchased, the jeeps were not allocated to the officer concerned and were handed over to another office where they were required.

760. The Committee advised Audit to verify whether the jeeps were provided to the office against a prior demand or demand was generated later to absorb the jeeps already purchased and whether Suzuki jeeps were actually supplied to the office for which these were approved.

761. **Wasteful expenditure of Rs.12,836,874 on construction and demolition of Switch-yard foundations (Para 9,page 98-AR-WAPDA)-** Audit reported that in 450 MW combined cycle Project, Guddu, switch-yard foundations, constructed in 1980 at a cost of Rs.11, 886,874 were demolished in 1985 and Rs.950,000 were spent for this purpose. Thus a total expenditure of Rs.12,836,874 had gone wasted.

762. The Ministry replied that the foundations were constructed for a planned unit which was not later materialized. But the foundation was actually for two units and only that portion valuing Rs.3 million was dismantled which pertained to the unit not utilized. The portion not dismantled was not damaged.

763. The Committee desired that Audit may verify the reply that only part of the foundation valuing Rs. 3 million had been dismantled instead of the whole foundation and the part not dismantled had not received any damage during the demolishing process. Moreover, the actual loss was much less than that calculated by Audit.

764. **Burning/damaging of 125 MVA power transformer at Guddu Power Project (Para 11,pages 99-100-AR-WAPDA)-** Audit pointed out that a 125 MVA transformer, installed at Guddu in April 1986, at the cost of Rs.5,737,058 was completely damaged in 1988 although its life was 20 years. Rs.10,428,108 were spent on its repair by a private firm despite the fact that WAPDA had got a full-fledged workshop of its own. An attendant was held responsible in the departmental inquiry but he had got a stay order from the court and no action could be taken against him. Rs.4.5 million had been recovered from the manufacturers on account of the loss.

765. The Ministry stated that it was not possible to get the transformer repaired at WAPDA's own workshop. So, services of a private firm were utilized. Insurance money was also claimed and as such the loss was made good. It was also argued that the nation had actually benefited from the damage to the transformer due to the expenditure saved from lack of generation.

766. The Committee observed that such replies (similar replies were given in other cases as well), which amounted to rationalization for putting up a defence, were highly objectionable. The Principal Accounting Officer agreed that such replies would be avoided in future.

767. **Loss of Rs.490,003,522 due to improper operation of a power house unit (Para 12,page 100-AR-WAPDA)**- Audit reported that a power house unit, purchased at the cost of $ 14,809,200, got damaged twice in 1988 and 1989, causing loss of revenue to the tune of Rs.490,003,522 due to stoppage of electricity generation. The supplier had prescribed the unit's life from 25 to 30 years.

768. The Ministry took the plea that the unit was purchased as it was cheap, but it did not prove to be of a good quality. Moreover, the staff was not trained to use the unit as it was the first such unit in the country. However, now similar units are working perfectly.

769. The Committee stressed that irrespective of the fact how the units were performing subsequently, not enough care was taken to protect national interest initially. WAPDA was advised to exercise due care in contracting for such gigantic purchases in future.

770. **Loss of Rs.4,747,489 on account of damage to line/theft of material (Para 13,page 100-101-AR-WAPDA)** - Audit pointed out that a 33 KV line in Miranshah area was damaged again and again. Moreover, some material was also stolen from the site and WAPDA had to bear the loss of Rs.4,747,489.

771. The Ministry explained that the line was damaged and material stolen by some anti-government elements and it was a political problem. However, since a grid station had been constructed at Razmak, the line had become redundant and the material used would be salvaged from the site.

772. The Committee observed that although loss was being caused due to the peculiar political arrangements of tribal areas, special efforts were needed on behalf of the Federal Government to provide basic amenities like electricity to tribal areas in the interest of national solidarity and integrity.

773. **Non-production of consumption/accounting record of Rs.34.659 million (Para 19,pages 106-107-AR-WAPDA)**- Audit informed the Committee that record pertaining to various projects was not provided to them for verification.

774. The Committee advised WAPDA to carry out physical verification of all its stores and assets and Audit was asked to review the latest position under intimation to the Committee.

775. **Irregular payment of qualification allowance amounting to Rs.586,300 (approx)(Para 23,pages 109-110-AR-WAPDA)-** Audit reported that qualification allowance at the rate of Rs.100 per month was being paid to WAPDA Accountants in violation of Finance Division's instructions that this allowance was payable to employees of Audit department only.

776. The Ministry stated that the Finance Division had stipulated that the allowance be paid to those people who qualified the SAS examination conducted by the Auditor-General's Department. The Accountants in WAPDA had to pass a similar examination and the prescribed curriculum was also the same as prescribed by the Auditor-General. The Auditor-General had also recommended to the Finance Division after his satisfaction that the allowance be allowed to Accountants of WAPDA.

777. The Committee recommended that the Finance Division might allow the qualification allowance to Accountants of WAPDA. The para was settled.

778. Examination of the remaining Audit paras/Reports pertaining to Ministry of Water and Power for 1988-89 were deferred for 1-2-1993.

779. The Committee then adjourned to meet agian at 9.30 A.M. on Monday, the 1st February, 1993.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 1st February, 1993.
Fourteenth Sitting(PAC).

780. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Ch. Muhammad Altaf Hussain,MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr.Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh.Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. A.R. Arif, Director General (GA).
4. Mr. Shamim Haider, Director General Audit, (Federal Govt).
5. Mr. S.T. Rehman, Director General Audit(WAPDA).
6. Mr. Muhammad Zaheer, Director Audit, (Federal Government).
7. Miss Rubina Mushtaq Siddiqi, Deputy Director(CA).
8. Mr. Hussain Saqib, Assistant Auditor General.
9. Mr. Abdur Rahim Khan Khattak, Audit Officer.

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
3. Raja Abdul Hameed, Deputy Director, Planning and Development Division.
4. Mr. Mukhtar Ahmad F.A.(Local Govt. and Rural Development).
5. Mr. Muhammad Ayaz, D.F.A.(Local Govt. and Rural Development).
6. Mr. Muhammad Aslam, Accounts Officer.

781. **Accounts examined-**Accounts pertaining to the following Ministries were examined by the Committee during the meeting:-

1. Ministry of Local Government and Rural Development.
2. Ministry of Water and Power (Deferred Accounts).

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

782. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Local Government and Rural Development. The following departmental representatives were present:-

1. Commander A. A. Naseem, Secretary.
2. Syed Shabbir Hussain Shah, Joint Secretary(Admn).
3. Mr. Farouk Khan, Joint Secretary (R).
4. Mr. Rang Illahi, Deputy Secretary(A).
5. Mr. Muhammad Mohsin, Section Officer (F&A).
6. Brig.. Shahid Hameed Khan, Project Director (FRDEC)
7. Mr. Momin Ali Shah, Project Manager(PMU).
8. Mr. Ayaz Akhtar Ansari, Deputy Director(Admn)(NCRD).

783. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Local Government and Rural Development.	106
2.	Development Expenditure of Ministry of Local Government and Rural Development.	169

APPROPRIATION ACCOUNTS(CIVIL)(VOL-I-1988-89)

784. **Grant No.106 - Ministry of Local Government and Rural Development(Pages 358-359-AA)-** The grant closed with an excess of Rs.255,224. The Committee recommended its regularization.

785. **Grant No.169 - Development Expenditure of Ministry of Local Government and Rural Development(Pages 360-361-AA)-** There was an excess of Rs.2,539,435,851 in the grant. There was disagreement between Audit and Ministry regarding final figures.The Committee advised the Ministry to reconcile figures of the grant with AGPR and submit report to the Committee. Recommendation for regularization of the grant was withheld till final reconciliation.

ACTIONABLE POINTS 1986-87

786. **Grant No.165 - Development Expenditure of Local Government and Rural Development(Page 271-AA)(Item 1-AP-86-87) -** The Committee had advised the Principal Accounting Officer on 28-11-1989 to pay personal attention to the project dealing with Farm-to-Market Roads being financed through the grant. The Principal Accounting Officer assured that the project would hopefully be completed by 30th June, 1993 instead of the revised target date of 31-12-1993. The Committee settled the point.

787. **Performance Audit Report on National Centre for Rural Development, Islamabad(Paras 1.1 to 3.25,pages 185-187-AR)(Item 2-AP-86-87) -** The Committee had observed that National Centre for Rural Development and Pakistan Academy for Rural Development should be controlled by one Ministry preferably by Ministry of Local Government and Rural Development and development of training institutions for rural development in the Centre should not be at the cost of developing such institutions in the provinces.

788. The Ministry informed that the Establishment Division, which controls the Pakistan Academy for Rural Development had not agreed to handing over the Academy to the Ministry on the plea that the Academy is performing different functions. It was also explained the NCRD was not established at the cost of any institution in the province. In view of this explanation, the Committee settled the point.

ACTIONABLE POINTS 1987-88

789. **Unauthorized expenditure of Rs.78,730(Para 2,page 113-AR)(Item 1-AP-87-88) -** The Committee had directed the Ministry on 26-7-1992 to hold an inquiry about the disposal of items purchased unauthorizedly for the residence of the Minister. Audit was advised to submit consolidated report regarding supply of items over and above entitlement to other Ministers.

790. The Ministry submitted that an inquiry was conducted and it was confirmed that the expenditure incurred on supply of different items to the Minister was unauthorized. But the supply was ordered by the Minister himself.

791. The Committee observed that it is the responsibility of the Principal Accounting Officer to resist any order issued by the Minister in violation of rules and regulations and to protect his subordinate officers on such occasions.

792. On being informed by Audit that certain other instances of provision of household items/furniture to Ministers over and above their entitlement were noticed in some other Ministries as well, the Committee asked Audit to formally advise Principal Accounting Officer to convey the Audit observations in writing to the Ministers who had received these items and request them to explain their point of view in this regard for the Committee's consideration.

793. **Non-recovery of Rs.129,022 on account of misuse of Government vehicle(Para 1,page 12-AR) (Item 2-AP-87-88)** - The Committee had directed on 26-7-1992 that responsibility be fixed for unauthorized use of a vehicle by the Minister in addition to the staff car provided by the Cabinet Division and its subsequent theft. The Principal Accounting Officer was also advised to submit a comprehensive report to Chairman about utilization and allocation of People's Works Programme vehicles.

794. The Ministry intimated that an inquiry had already been held and it transpired that the vehicle, which had remained under use of the Minister, was later stolen due to lack of proper parking arrangements at the Ministry which forced drivers to park vehicles at their residences. It was also informed that the case was pending with FIA.

795. The Committee advised the Ministry to convey its concern to FIA authorities that the case had not been finalized so far.The Ministry provided a report regarding utilization and allocation of People's Works Programme vehicles. So, this part of the point was settled.

796. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Local Government and Rural Development.These would be treated as settled subject to any action as may be necessary under the rules.

MINISTRY OF WATER AND POWER
(Deferred Accounts)

797. The Committee took up for its examination Audit Report etc. pertaining to the Ministry of Water and Power, which were deferred on 31-1-1993. The following departmental representatives were present:-

1. Mr. S.R. Poonegar, Secretary.
2. Mr. Daud Beg, Additional Secretary(Power).
3. Syed Shahid Hussain, Additional Secretary(Water).
4. Mr. Mumtaz Hameed, Chairman(WAPDA).
5. Mr. Aftab Ahmad Khan, Member Finance(WAPDA).
6. Mr. Javid Akhtar, Member Power(WAPDA).
7. Mr. Shams-ul-Mulk, Member Water(WAPDA).
8. Mr. Amjad Agha, Managing Director(NESPAK), Lahore.

9. Mr. Amir Rashid, Vice President Finance(NESPAK).
10. Mr. Abdul Rashid Kakar, Managing Director(T&G)(WAPDA).
11. Mr. Hafeez Ibrahim, Managing Director(Dist)(WAPDA).
12. Mr. Anis Abbas Zaidi,General Manager, (Thermal)(OP)(WAPDA).
13. Mr. M. Zaheer Shah, Chief Engineer, (D&D)(Thermal)(WAPDA).
14. Mr. Mansoor Ali Sheikh, General Manager, (Internal Audit)(WAPDA).
15. Brig. Jan Sardar Gul, General Manager(W) (North) (WAPDA).
16. Mr. Shamim Anwar Ch,General Manager(W)(WAPDA).
17. Mr. M. Naeem Akhtar, General Manager, (Water Control)(WAPDA).
18. Mr. M. Akram Khokar, General Manager(Hydle)(WAPDA).
19. Mr. A.M. Rashid, Chief Engineer(WC)(WAPDA).
20. Mr. Muhammad Zakria, Chief Engineer(HEPO)(WAPDA).
21. Mr. Ahmad Khan Bhatti, Project Director, (Lower Rechna)(WAPDA).

AUDIT REPORT (WAPDA)(VOL-VII-1988-89)

798. **Performance Audit Report on Replacement of 650 Damaged/Deteriorated Tubewells in Existing SCARPS-I to IV (Phase-II)(Paras 1.1 to 5.2, pages 3-12-AR-WAPDA)**- Audit reported that the project, approved in December, 1979 for Rs.217.859 million, was started in May, 1980 and was completed in 1986 after a delay of three years at the cost of Rs.238.456 million. Tubewells were installed by different methods, some of which were too expensive. It was planned that all tubewells would be drilled within 100 feet of existing tubewells, but during execution the distance was increased upto 200 feet, which resulted in extra expenditure of Rs. four million, on construction of longer water courses and electricity lines. Half of the tubewells were developed and tested by air surging method instead of the traditional method known as raw hiding' which resulted in five-time more cost. Extra expenditure to the tune of Rs. one million was incurred due to using pump heads of bigger size, although it did not bring about any improvement in the life and performance of tubewells.

799. The Ministry appreciated the performance audit report. However, it was explained that performance of tubewells cannot be judged by mere comparison as this exercise is basically defective and conditions vary from place to place. Distance of tubewells was increased due to peculiar geographic conditions. The air surging method was adopted on experimental basis to find out whether it was better than the raw hiding method.

800. The Committee observed that performance audit reports may be utilized better if departments concerned depute some officers of appropriate status to discuss the reports in detail before presentation of report to the Committee. It was also stressed that mid-project and post project review/evaluation of development schemes should be made

more effective. Although the existing procedures provide for such reviews, neither is being followed with the intended purpose of making project implementation effective.

801. The Committee advised WAPDA that instead of using two methods for testing tubewells which involved considerable disparities in terms of effectiveness as well as cost, the optional suitability of one method be determined to adopt as a policy.

802. **Performance Audit Report on Gas Turbines Power Station(Units 1 to 4), Kot Addu(Paras 1.1 to 5.5, pages 15-20-AR-WAPDA)-** Audit pointed out that construction of the power station was started in March, 1985 after 17 months delay. It was completed in 26 months at a cost of Rs.4145 million instead of 20 months at a cost of Rs.2715 million as planned. WAPDA had attributed the cost increase to change in exchange rate. The cost benefit ratio of the project was not favourable and there was need to consider cheaper sources of power generation. One unit of the project was damaged in February, 1989 as it was not overhauled after running of 2000 hours as per instructions of the manufacturers. WAPDA had to bear the loss of Rs.235 million spent on its repair.

803. The Ministry explained that WAPDA had tried to adopt the cheapest fuel for generation of electricity and first the power station was converted from the costly high speed diesel to furnace oil and now it was being further converted to natural gas. It was expected that the project would become profitable after giving full production for two or three years. The turbine was not overhauled at the specified time due to the shortage of electricity in the country which would have worsened if the turbine was stopped for overhauling. However, damage was not caused due to overhauling but due to falling of a brick on the turbine. A departmental inquiry had already been conducted.

804. The Committee observed that precautions prescribed by manufacturers should be observed carefully especially in case of expensive machinery and all necessary preventive steps should be taken. WAPDA was advised to provide report of the departmental inquiry to PAC and Audit.

805. **Special Study Report on Power Generating Schemes in Gilgit (Paras 1.1 to 3.4, pages 51-59-AR-WAPDA)** - Audit reported that WAPDA conducted feasibility studies at cost of Rs.26.28 million in 1982 and 1984 for providing hydel electric power to Gilgit. It was decided to construct two independent power projects one for 4 megawatt and the other for 3 megawatt at a cost of Rs.53.552 million and Rs.30 million respectively. The completion period and cost of both projects was revised i.e. from 24 months to 60 months at the cost of Rs.109.372 million in case of 4 MW project and from 12 to 42 months at a cost of Rs.57.324 million in case of 3 MW project. Still, only 3 MW Project was commissioned in time while 4 MW project was further delayed. Audit attributed delay to poor performance of contractor who was awarded the contract without open competition and was given the benefit of financial aid to the tune of 30% of contract value by WAPDA. Some other factors were change in design and scope of work, financial constraints and late supply of approved drawings. The performance of 3 MW project was not satisfactory.

806. The Ministry replied that contract was awarded on negotiation basis due to the peculiar conditions of the area. Delay was caused due to inadequate flow of funds which forced grant of extension to contractor. Advance was given to contractor in accordance with the contract agreement. Another major problem of delay was that small land owners of the area had refused right of way to WAPDA. However, the project was completed in national interest and handed over to Northern Areas PWD for maintenance.

807. The representative of Planning Division endorsed the explanation of WAPDA that the project was completed in the face of multifarious problems.

808. The Committee observed that funds for development projects were apparently being spread over too many projects with the result that the sprinkling effect on project funding was delaying all projects, causing cost and time over runs.

809. **Performance Audit Report on(Punjnad Abbasia) Salinity Control and Reclamation Project(SCARP-VI)(Units II to V)(Paras 1.1 to 5.3, pages 63-75-AR-WAPDA)**- Audit pointed out that the project was planned to be completed by June, 1990 at a cost of Rs.3,307 million. Its objectives were to lower and control sub-soil water level at 6 to 8 feet, to ensure safe disposal of 0.438 million acre feet saline water every year for reclamation of 0.320 million acres of land and to boost agricultural yield. However, it was running far being schedule due to increase in the scope of work, delay in the award of contracts, delay in execution of works and inadequate planning. This had resulted in cost overrun. Moreover, as a result of first six month's operation of evaporation ponds constructed under the project, three thousand acres of fertile land in Rahim Yar Khan had been affected by water logging due to seepage.

810. The Ministry agreed that it had turned out to be a sick project and had many deficiencies. The delay in project was attributed to late release of funds as a result of overall financial constraints of the country. The evaporation pond was originally planned to be located in Sindh and Punjab at the border of the two provinces, but the Sindh Government did not allow its construction in their area and it had to be limited to the Punjab in smaller area with more depth which had caused the seepage resulting in water logging. However, efforts were being made to rectify the problem. It was hoped that if left Bank Outer Drainage Canal was completed on river Indus, the saline water from the Pond would be carried out to the sea and the problem would diminish.

811. The Committee took serious notice of the threat to agricultural lands in Rahim Yar Khan due to seepage from the evaporation pond and constituted a Sub-Committee comprising Mr. Liaqat Baluch MNA, assisted by Mr.Mahmood Ahmad Lodhi, Additional Secretary, Finance Division, Mr. Zaheer-ud-Din Jeddy, Deputy Auditor-General(CA&E), Sardar Saeed Khan, Chief Engineer, SCARP-VI, Rahim Yar Khan and Raja Abdul Hameed, Director Projects, Planning and Development Division to examine the problems highlighted in the performance audit report, especially the damage being caused to agricultural lands. The Sub-Committee, which was advised to recommend appropriate measures for saving the agricultural lands from further damage, would submit its report within six months.

812. **Follow Up Study of Performance Audit Report on Khanpur Dam Project(Paras 1.1 to 4.3, pages 85-87-AR-WAPDA)**- Audit reported that while examining the Performance Audit Report on Khanpur Dam Project,the PAC had advised to furnish a report about the maintenance of capital, revenue and commercial accounts of the project and to determine who would bear the losses incurred in the project. The follow up study revealed that the matter regarding maintenance of accounts had been resolved and WAPDA was maintaining capital accounts while the revenue account would be maintained by the agencies responsible for collection of revenue. An overall settlement regarding apportionment of the capital cost and operation and maintenance cost between the Federal Government and the beneficiaries was yet to be decided. The present status of the project is that it was completed in June, 1985, after a delay of 19 years. The total expenditure on the project came to Rs.1385 million which was nearly 22 times the original estimated cost. Delay had distorted the economic viability of the project and obviously there was no possibility of recovery of its cost.

813. The Ministry explained that the project was delayed because it was shelved for a number of years and reactivated in 1982. The project was originally planned for irrigation purpose, but later it was decided to utilize it for potable water as well. ECNEC had already taken a decision regarding recovery of its cost.

814. The Committee advised the Ministry to submit decision of ECNEC regarding recovery of the Dam's cost in the next meeting. WAPDA, Planning & Development Division and Finance Division were also advised to consider ways for maximum utilization of the dam in national interest.

ACTIONABLE POINTS 1985-86

815. **Special Study Report on Chashma Right Bank Canal(Paras 1.1 to 4.11, pages 151-166-AR-WAPDA)(Item 1(a & b)-AP-85-86)**- While examining the special report, the Committee had directed on 17-2-1988 to furnish list of charges against the officers who had been dismissed for lapses in the project's execution and to arrange a visit of the members of PAC to the site of Chashma Right Bank Canal.

816. Audit reported that WAPDA had furnished a statement containing summary of the charges against the employees involved and action taken against them. WAPDA had also showed readiness to arrange visit of PAC members to the site of Chashma Right Bank Canal.

817. Members showed interest in the proposed visit and decided that date for this purpose would be fixed in due course.

818. **Recovery of WAPDA dues (Item 1(a & b) AP-85-86)**- The Committee had directed on 18-2-1988 that a Committee be formed to look into the system of billing and recovery of energy charges. Accordingly, the Ministry of Water & Power had constituted a Committee in 1988 which submitted its report in September, 1989, containing various recommendations to recover WAPDA dues. WAPDA had supplied details of outstanding dues against provincial governments to the Federal Government Adjustor in 1991 but no action by the Adjustor in this regard was reported to Audit.

819. The Ministry explained that huge arrears were still outstanding,but efforts were being made at all levels to recover these and clear balance. Most of the dues were outstanding against provincial governments, various Federal government departments and agencies, local bodies, FATA and Balochistan tubewell owners.

820. The Committee observed that non-payment of dues by various consumers, particularly provincial governments, Federal Government agencies, local bodies, FATA and Balochistan tubewell owners represented a serious national problem, whereby an agency responsible for provision of as basic utility as electricity was being burdened by various users unmindful of the consequences of the financial viability of the agency.

821. Examination of the remaining audit paras/compliance reports pertaining to Ministry of Water and Power for 1988-89 were deferred.

822. The Committee then adjourned to meet again at 9.30 A.M. on Tuesday, the 2nd February, 1993.

KHAN AHMAD GORAYA,
Secretary General

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 2nd February, 1993.
Fifteenth Sitting(PAC).

823. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Sardar Aseff Ahmed Ali, Minister of State for Economic Affairs.	Member
3.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Ch. Muhammad Altaf Hussain,MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr.Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh.Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. Shamim Haider, Director General Audit, (Federal Government).
6. Syed Jameel Ahmad Zaidi, Director General(PEC).
7. Mr. S.N. Abbasi, Director General Audit, Industries, Supply & Food, Karachi.
8. Mr. Muhammad Zaheer, Director Audit,(Federal Govt).
9. Mr. Muhammad Tahir, Director Foreign Audit.
10. Mr. Hussain Saqib, Assistant Auditor General
11. Mr. Muhammad Afzal Tariq, Deputy Director,Foreign Audit.

12. Miss. Rubina Mushtaq Siddiqi, Deputy Director(CA).
13. Mr. Abdur Rahim Khan Khattak, Audit Officer.
14. Mr. Safdar Shah, Accounts Officer, Foreign Audit.

Ministry of Finance and Planning & Development Division:

1. Mr. Akbar Hayat Gandapur, Director General, Planning and Development Division.
2. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
3. Mr. Habib-ur-Rehman, DFA(Industries).
4. Mr. Muhammad Aslam, Accounts Officer(Budget).

824. **Accounts examined-**Accounts pertaining to the Ministry of Industries were examined by the Committee during the meeting.

MINISTRY OF INDUSTRIES

825. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Industries. The following departmental representatives were present :-

1. Mr. Viqar Rustam Bakhshi, Additional Secretary.
2. Raja M. Ikramul Haq, Deputy Secretary(G).
3. Mirza Ghulam Rasul, Section Officer (F&A).
4. Mr. Abdul Shakoor Khan, Accounts Officer (Finance).
5. Mr. S.Z.A. Naqvi, Chairman(GCP).
6. Mr. M. Abdullah Yusuf, Managing Director(USC).
7. Mr. Reza H. Sayed, Managing Director(IACP).
8. Mr. Mushtaq Chughtai, General Manager,(Seed Division)(GCP).
9. Mr. M. Islam Munawwar, General Manager Finance(GCP).
10. Mr. Khawas Khan, General Manager,(Audit & Finance)(USC).

826. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Industries.	80
2.	Industries	81
3.	Department of Investment, Promotion and Supplies.	82
4.	Other Expenditure of Ministry of Industries.	83
5.	Capital Outlay on Miscellaneous Stores.	136
6.	Development Expenditure of Ministry of Industries.	165

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

827. **Grant No.80 - Ministry of Industries (Pages 284-285-AA)** There was an excess of Rs.532,867 in the grant which was recommended for regularization by the Committee.

828. **Grant No.81 - Industries (Page 286-AA)**- The Committee did not make any comment on the saving of Rs.74,421.

829. **Grant No.82-Department of Investment, Promotion and Supplies (Pages 287-288-AA)**-There was a saving of Rs.758,575, but the Ministry had surrendered an excess amount. The Committee made no observation.

830. **Grant No.83-Other Expenditure of Ministry of Industries (Page 289-290-AA)**- The net saving of Rs.3,759 did not solicit any comment from the Committee.

831. **Grant No.136 - Capital Outlay on Miscellaneous Stores (Page 292-AA)**- The grant closed with a net saving of Rs.171,480. The Committee did not make any observation.

832. **Grant No.165 - Development Expenditure of Ministry of Industries(Pages 293-294-AA)**- An amount of Rs.44,040,950 was surrendered, leaving a net saving of Rs.173,940. The Ministry explained that saving in development budget was caused due to non-receipt of foreign aid.On a query, the Ministry informed that the development expenditure pertained to Central Testing Laboratory and Pakistan Standard Institute, which were set up to ensure the quality and standard of the products manufactured in the country.

833. Members were of the opinion that the system of ensuring marketing of standard products was apparently not working satisfactorily as the public had many complaints regarding items specifically covered by compulsory certification. Audit was advised to undertake performance audit of Pakistan Standard Institute and Central Testing Laboratory and make recommendations for improving their performance.

AUDIT REPORT (CIVIL) (VOL-I- 1988-89)

834. **Loss due to short receipt of soyabean oil-US$ 390,967 (Para 1,pages 66-67-AR)**- Audit reported that soyabean oil valuing US$273,159, imported from the United States, was found short at the time of discharge at Karachi port, but claims for shortage were not pursued as warranty clause was not provided in the agreements. Besides, US$ 117,808 were paid to the National Insurance Corporation which were not subsequently recovered from ship owners.

835. The Ministry stated that the purchase was handled by the Pak Embassy in Washington. The warranty clause was not provided in the agreement because the size of ship was in accordance with international standards and its age was also less than 20 years.Thus there was no need for inserting the warranty clause.The Committee advised the Ministry to provide complete details of the case to Audit and Committee for final decision.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

Investment Advisory Centre of Pakistan.

836. **Working results of IACP (Para 318, page 279-ARPSE)**-Audit pointed out that the income of the Centre was decreasing and dependence on government subsidy was increasing. Government grant for the Centre had increased from Rs.3.391 million in 1989-90 to Rs.4.418 million in 1990-91 which was not a healthy trend.

837. The Ministry acknowledged that the Centre was further deteriorating financially. It was established to provide technical assistance to government, semi-government and private sector organization by analysis and appraisal of investment proposals, but due to the privatization of public sector corporations and disinterest of private sector in utilizing the services of the Centre, it was not getting any business. The government had already decided, at the advice of Justice Division, not to pay for the services rendered by the Centre. The performance of the Centre was in accordance with the international standards, but its financing was not possible and it had rather become a financial liability.

838. The Committee formed an Inter-departmental Committee, comprising Mr. Salim Asghar Mian, Financial Adviser, Ministry of Industries (Convener) Mr. Tajammul Hussain, Chief Industries and Commerce Section, Planning and Development Division and Mr. Reza H. Syed, Managing Director, Investment Advisory Centre of Pakistan to determine whether the Centre could play a useful role in view of the rapid pace of industrialization which had increased the need for quality advice for potential entrepreneurs. The Inter-departmental Committee, which was allowed to coopt an officer from the Management Services Division, was advised to submit its report in three months.

Utility Stores Corporation of Pakistan (Pvt.) Limited.

839. **Working results of USC (Para 320,page 280-ARPSE)**- Audit reported that the Corporation covered its accumulated loss of Rs.9.690 million in 1989-90 when profit earned was Rs.17.971 million which further increased to Rs.40.545 million in 1990-91. However, there was room for further improvement by controlling increase in selling, administrative and financial expenditures.

840. The Ministry stated that the Corporation was making efforts to maintain its profitability. New stores were also being opened and this caused variation in profit margin.

841. The Committee advised Utility Stores Corporation to keep up its satisfactory performance and expressed the hope that it would prove equal to its role of acting as a stabilizing influence on the price of commonly required commodities.

Ghee Corporation of Pakistan(Pvt)(Limited).

(i) **Bara Vegetable Ghee Mills(Para 334, page 289-ARPSE)-**
(ii) **Chiltan Ghee Mills(Para 338, page 291-ARPSE)-**
(iii) **Crescent Factories(Vegetable Ghee Mills) (Para 339,page 292-ARPSE)-**
(iv) **Dargai Vegetable Oil Processing Industries (Para 342,page 293-ARPSE)-**
(v) **Haripur Vegetable Oil Processing Industries (Para 347,page 295-ARPSE)-**
(vi) **Sargroh Vegetable Ghee and General Mills (Para 351,page 297-ARPSE)-**
(vii) **A & B Industrial Gases Limited(Para 353, page 299-ARPSE)-**
(viii) **A & B Oil Industrial Limited(Para 357, page 302-ARPSE)-**
(ix) **Associated Industries Limited(Para 362, page 304-ARPSE)-**
(x) **Bengal Vegetable Industries Limited(Para 367, page 306-ARPSE)-**
(xi) **Burma Oil Mills Limited(Para 370,page 308-ARPSE)-**
(xii) **E.M.Oil Mills and Industries Limited(Para 375, page 310-ARPSE)-**
(xiii) **Fazal Vegetable Ghee Mills Limited(Para 379, page 312-ARPSE)-**
(xiv) **Hydari Industries Limited(Para 381, page 313-ARPSE)-**
(xv) **Kakakhel Industries Limited(Para 385, page 315-ARPSE)-**
(xvi) **Khyber Vegetable Ghee Mills (Pvt) Limitted (Para 391,page 318-ARPSE)-**
(xvii) **Kohinoor Oil Mills Limited(Para 392, page 319-ARPSE)-**
(xviii) **Maqbool Company Limited(Para 400, page 324-ARPSE)-**
(xix) **Morafco Industries Limited(Para 404, page 326-ARPSE)-**
(xx) **Punjab Vegetable Ghee and General Mills Limited (Para 408,page 329-ARPSE)-**
(xxi) **Sh. Fazal Rehman and Sons Limited(Para 412, page 330-ARPSE)-**

(xxii) Suraj Ghee Industries Limited(Para 414, page 332-ARPSE)-
(xxiii) United Industries Limited(Para 419,page 336-ARPSE)-
(xxiv) Universal Oil and Vegetable Ghee Mills Limited (Para 421,page 338-ARPSE)-
(xxv) Wazir Ali Industries Limited(Para 428,page 342-ARPSE)-

842. Presenting the working results of Ghee Corporation of Pakistan, audit pointed out that out of 26 units in the control of GCP, only 11 were operational while one was lying closed and rest had been privatized. All the operational units were going in loss. The accumulated loss amounted to Rs.245.646 million in 1989-90.

843. The Ministry informed that efforts were being made to control the Corporation's loss, overtime and medical expenditure was being controlled and ghee already manufactured was being marketed. In the light of increase by two rupees per KG to compete with the private sector as the benefit of less price was being reaped by the middle men and general public was not availing it. The continued loss could be attributed to higher cost of production. The Corporation was also trying to reduce surplus staff by introducing a golden handshake scheme. The remaining units were also offered for privatization.

844. The Committee emphasized that its advice given in July, 1992 that prices of GCP products be rationalized had been vindicated by subsequent experience. Dissatisfaction was expressed that belated and half-hearted measures to rationalize the price structure had led to GCP being stuck with loss making units. It was further observed that so long as GCP is in the commercial field, decision making should be done in a businesslike manner.

845. The Committee also advised that GCP should report results of measures adopted to check losses after three months. On being informed that certain products of the Corporation were not acceptable to Utility Stores Corporation due to sub-standard packing, the Committee asked GCP to make its products acceptable.

Ghee Corporation of Pakistan (Seed Division).

846. **Working results of Seed Division (Para 328, page 286-ARPSE)**- Audit reported that accounts of the Seed Division for 1990-91 were not submitted to them in time for comments. The position upto 1989-90 was that accumulated loss had decreased from Rs.109 million to Rs.76 million. Sale had decreased from Rs.186 million in 1988-89 to Rs.112 million in 1989-90.

847. The Ministry informed that a campaign was undertaken by the GCP to increase the farming of sunflower. Government grant was being utilized to develop and promote sowing of sunflower.

848. The Committee agreed to a proposal that meetings of review groups of Ministries to examine the progress of development projects be held regularly.

Universal Oil and Vegetable Ghee Mils Limited.

(i) Irregular purchase of 16 Kg.tins valuing Rs.3.462 million(Para 425,page 340-ARPSE)-

(ii) Extra expenditure of Rs.187,000 approximately due to purchase at higher rates (Para 425,page 340-ARPSE) -

849. Audit reported that a unit under GCP purchased tins for 16 kg packing without prior approval and at higher rates.The Ministry stated that the case was lying with FIA and departmental action against the employees involved had been held in abeyance. The Committee advised that FIA be requested to expedite investigation.

850. Examination of the remaining Audit paras, and Compliance pertaining to Ministry of Industries for 1988-89 was deferred.

851. The Committee then adjourned to meet again at 9.30 A.M on Wednesday, the 3rd February, 1993.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday,the 3rd February, 1993.
Sixteenth Sitting(PAC).

852. The Public Accounts Committee assembled at 9.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Rana Tanveer Hussain, Parliamentary Secretary for Finance.	Member
3.	Mr. Liaqat Baluch,MNA.	Member
4.	Mr. Muhammad Ajmal Khan Khattak, MNA.	Member
5.	Ch. Muhammad Altaf Hussain,MNA.	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Arif Mansur, Deputy Secretary(PAC).
4. Mr. Jamal Abdul Nasir Usmani, Officer on Special Duty (PAC).

Audit:

1. Mr.Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Sh.Muhammad Sadiq, Accountant General Pakistan Revenues.
3. Mr. Zaheeruddin Jeddy, Deputy Auditor-General(CA&E).
4. Mr. A.R. Arif, Director General (GA).
5. Mr. Shamim Haider, Director General Audit, (Federal Government).
6. Mr. Muhammad Zaheer, Director Audit, (Federal Government).
7. Miss Rubina Mushtaq Siddiqi, Deputy Director(CA).
8. Mr. Hussain Saqib, Assistant Auditor-General.

Ministry of Finance and Planning & Development Division:

1. Mr. Mahmood Ahmed Lodhi, Additional Secretary.
2. Mr. Akbar Hayat Gandapur, Director General, Planning and Development Division.
3. Mr. Muhammad Ismail Maarif, FA(National Assembly)
4. Mr. Fakhar Abbas Naqvi, Deputy Secretary(Budget).
5. Mr. Muhammad Aslam, Accounts Officer(Budget).

853. **Accounts examined**-Accounts pertaining to the following Divisions were examined by the Committee during the meeting:-

1. National Assembly Secretariat.
2. Special Education and Social Welfare Division.
3. States and Frontier Regions Division.

NATIONAL ASSEMBLY SECRETARIAT

854. The Committee took up for its examination the Appropriation Accounts etc. pertaining to the National Assembly Secretariat. The following departmental representatives were present :-

1. Mr. Khan Ahmad Goraya, Secretary General.
2. Mr. Javaid Akhtar Sheikh, Joint Secretary(Admn).
3. Mr. Abdul Aziz, Finance and Accounts Officer.
4. Mr. Anwar Ahmad, Budget Officer.

855. This Secretariat controlled Grant No. "107-National Assembly".

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

856. **Grant No.107- National Assembly(Pages 366-367-AA)**-There was a saving of Rs.213,068 in "charged" portion and Rs.1,425,891 in "other than charged" portion of the grant. Audit pointed out that the saving was surrendered in June with the approval of Finance Committee.

857. The Secretary General, National Assembly explained that under Article 88 of the Constitution, the Finance Committee is authorized to make its own rules. Still, the government instructions are strictly followed despite the fact that even Budget of National Assembly is approved by the Finance Committee.

858. There was considerable discussion whether various stipulations such as those applicable to surrender, reappropriations etc. in the case of Ministries/Divisions of the Federal Government were ipso facto applicable to the National Assembly not withstanding the fact that National Assembly(Finance Committee) Rules, 1973, framed under Article 88 of the Constitution, specifically provided that in the case of National Assembly, applicability of such rules was subject to such modifications, variations or exceptions as competent authority may from time to time specify and where administrative

approval or concurrence of any Ministry, Division or any other authority outside the Secretariat was required, such approval or concurrence is to be accorded by the Speaker.

859. The Committee felt that it would be appropriate that position be studied for future guidance and constituted a Sub- Committee for this purpose comprising Mr. Hamza(Convener), Rana Tanveer Hussain, Parliamentary Secretary for Finance and Mr. Liaqat Baluch, MNA with Secretary General, National Assembly as Secretary to the Sub-Committee. The representative of Ministry of Finance was advised to submit the Ministry's point of view in writing.

860. On a query, the Committee was informed that construction of residential hostel for members had started. The Committee also observed that efforts of the Research Wing might be augmented by a panel of experts.

861. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Nationnal Assembly Secretariat. These would be treated as settled subject to any action as may be necessary under the rules.

SPECIAL EDUCATION AND SOCIAL WELFARE DIVISION

862. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Special Education and Social Welfare Division. The following departmental representatives were present:-

1. Mr. Muhammad Alim Baloch, Secretary.
2. Mr. S.M. Hasan, Additional Secretary/ Director General.
3. Mr. M.S. Kazmi, Joint Secretary.
4. Mr. Muhammad Shareef, Deputy Secretary.
5. Mr. Munawwar Khan, Section Officer (F&A).
6. Mr. Akhtar Munir, Director (A&C).
7. Syed Izhar Hussain, Director/Secretary(NCSW).
8. Mr. Parvez Iqbal, Social Welfare Programme Officer.
9. Mr. S.M. Rizvi, Section Officer(B&C).
10. Mr. M.S. Sabzwari, Deputy Director.
11. Mr. Ashiq Hussain Soomro, Deputy Director (A&C)(DGSE).

863. This Division controlled the following grants:-

S.No.	Name of Grant	Grant No.
1.	Special Education and Social Welfare Division.	70
2.	Other Expenditure of Social Welfare	71
3.	Special Education.	72

4.	Other Expenditure of Special Education	73
5.	Development Expenditure of Social Welfare.	161
6.	Development Expenditure of Special Education	162

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

864. **Grant No.70-Special Education and Social Welfare Division(Page 260-AA)**- The Committee did not make any observation on the net saving of Rs.55,972.

865. **Grant No.71-Other Expenditure of Social Welfare(Page 262-AA)**- The entire provision under this grant was utilized. The Committee made no comments.

866. **Grant No.72-Special Education(Pages 263-264-AA)**- The Ministry attributed saving of Rs.12,191,428 to non-filling of posts as qualified people were not available. The Committee accepted the explanation.

867. **Grant No.73-Other Expenditure of Special Education(Page 265-AA)**- There was an excess of Rs.705,264 in the grant. The Ministry explained that after reconciliation it was found that actually the grant had registered saving instead of excess. AGPR pointed out that this reconciliation was not reported to them in time and even reconciliation for 1991-92 had not been carried out so far.

868. The Committee took serious notice of this delay in reconciliation and advised the Principal Accounting Officer to improve the financial discipline of the Division, besides personally ensuring that reconciliation of accounts for 1991-92 is completed by 15th February, 1993.

869. **Grant No.161- Development Expenditure of Social Welfare(Pages 268-269-AA)**- The grant closed with a net saving of Rs.673,433. The Ministry explained that in this case too, posts could not be filled due to ban on recruitment imposed by the government. The Committee offered no comments.

870. **Grant No.162- Development Expenditure of Special Education(Page 270-AA)**- The Committee did not make any observaion on the net saving of Rs.137,303,875.

ACTIONABLE POINTS 1987-88

871. **Grant No. 69-Other Expenditure of Social Welfare(Page 226-AA)(Item 1-AP 87-88)**- Expressing concern that no rules had been framed for utilization of fund for Widows, Orphans and destitutes despite lapse of five years, the Committee had advised Audit on 30-7-1992 to examine utilization of the fund and submit a report to Committee.

872. The Ministry informed that rules have been prepared but had not been approved as yet. Amount available under the fund had subsequently been diverted to the Bait-ul-Maal at the Prime Minister's directive. Audit reported that detailed examination of the Fund's utilization had been taken up.

873. The Committee expressed displeasure that rules for utilization of fund had not been finalized despite its directive to the Division and advised Audit and Finance Division to examine as to how any expenditure could be incurred and money withdrawn from the fund in the absence of approved rules and what was the status of disbursement already made.

874. **Grant No. 70-Special Education (Page 227-AA) (Item 2-AP-87-88)**-The Committee had directed the Ministry on 30-7-1992 to reconcile figures with Audit. Audit reported that reconciliation had not been carried out as yet. However, as the accounts for 1987-88 had finally been closed and no correction was possible at this belated stage, the Committee settled the point.

875. **Grant No.71-Other Expenditure of Special Education (Page 228-AA)(Item 3-AP-87-88)**-The PAC had advised Audit on 30-7-1992 to certify that the transfer payments to NGOs and other agencies were spent on bonafide purposes in accordance with rules and regulations.

876. Audit submitted that under rules and regulations NGOs do not come under purview of Audit. However, the Principal Accounting Officer might be directed to link the transfer payments with the condition of audit certificate.

877. The Committee advised the Principal Accounting Officer to include a clause in all the sanction orders of grants-in-aid to NGOs that they will get the accounts of utilization of grants-in-aid audited by the Auditor-General.

878. **Grant No.158-Development Expenditure of Special Education (Page 231-AA)(Item 4(i)AP-87-88)**-Audit reported that although PAC had directed the Division on 30-7-1992 to reconcile figures with Audit, no reply was furnished by the department. However, no correction in accounts was possible at this stage. The Committee settled the point.

879. **(Item 4(ii) AP-87-88)**-PAC had directed Audit on 30-7-1992 to take up special audit of development expenditure of Special Education and submit report in 3 months. Audit reported that the assignement could not be completed due to non-cooperation of the Division besides physical violence against the auditors. The Ministry responded by alleging that one of their officers had been beaten up by auditors.

880. Expressing displeasure that special audit could not be completed in time, the Committee nominated Chaudhry Muhammad Altaf Hussain, MNA, to investigate the matter, examine the view point of both Audit and Division and report to Committee. Audit was advised to submit a detailed report on its complaints.

881. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Special Education and Social Welfare Division. These would be treated as settled subject to any action as may be necessary under the rules.

STATES AND FRONTIER REGIONS DIVISION

882. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the States and Frontier Regions Division. The following departmental representatives were present:-

1. Mr. Dil Jan Khan, Secretary.
2. Mr. Iftikharuddin, Joint Secretary(FATA).
3. Mr. Wazir Farman Ali, Joint Secretary(Admn).
4. Mr. Matiullah Khan, Joint Secretary(Refugees).
5. Mr. Ataur Rehman, Deputy Secretary(FATA).
6. Mr. Ejaz Hussain Malik, Assistant Director(Accounts).
7. Mr. Farhat Hussain, Accounts Officer(F&A).
8. Maj.Gen.Sardar Muhammad Khalid, Chief Commissioner (Afghan Refugees).
9. Mr. Shafiullah Khan, Additional Commissioner (A/Cs) Afghan Refugees(NWFP).
10. Mrs. Ali Begum, Additional Finance Secretary(NWFP).
11. Sahibzada Muhammad Khalid, Additional Secretary(FATA)(NWFP).
12. Mr. Muhammad Saeed Khan, Commandant Frontier Constabulary(NWFP).
13. Mr. Muhammad Afzal Khan, Chief Engineer(Dev)(NWFP).
14. Mr. Muhammad Roshan Khan, Director Finance(FATADC).
15. Mr. Ishtiaq Ahmad Khan, Director Food(NWFP).

883. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	States and Frontier Regions Division.	121
2.	Frontier Regions.	122
3.	Frontier Constabulary.	123
4.	Federally Administered Tribal Areas.	124
5.	Other Expenditure of Federally Administered Tribal Areas.	125
6.	Maintenance Allowance to Ex-Rulers.	126
7.	Other Expenditure of States and Frontier Regions Division.	127

8.	Afghan Refugees.	128
9.	Development Expenditure of Federally Administered Tribal Areas.	174
10.	Capital Outlay on Development of Tribal Areas.	197

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

884. **Grant No. 121-States and Frontier Regions Division(Page 431-AA)**-The grant registered an excess of Rs.9,970,752. However, Audit reported that in view of a supplementary grant issued by the Finance Division, the excess was equalized and there was no need for regularization through Exess Budget Statement. The Committee did not offer any comment.

885. **Grant No.122-Frontier Regions(Page 433-AA)**- While recommending the excess of Rs.7,071,378 for regularization, the Committee desired that its displeasure be conveyed to those responsible for excess.

886. **Grant No.123-Frointer Constabulary(Page 434-AA)**- There was an excess of Rs.11,920,633 in the grant. The Committee recommended regularization of the excess, but observed that such excesses be avoided in future and financial management of the Division be improved.

887. The Committee further observed that such excesses were brought before them rather as an imposition and the general impression was that the Committee had no option but to recommend regularization of the excess. Members felt that it would be advisable to explore which options are available for the Committee to deal with excess expenditure. Accordingly, they constituted an Inter-departmental Committee consisting of Sheikh Muhammad Sadiq, Accountant General Pakistan Revenue and Mr. Mahmood Ahmad Lodhi, Additional Secretary, Finance Division, to examine the issue with reference to continuous excess in various grants and submit report in three months. The Inter-departmental Committee may also coopt members from different Ministries especially controlling officers of grants which have a regular trend of excess expenditure. The Inter-departmental Committee was in particular advised to determine the impact of a suggested option whereby the Committee might refuse to recommend regularization of an excess and the National assembly endorses the recommendation.

888. **Grant No.124-Federally Administered Tribal Areas(Pages 435-436-AA)**- The grant closed with a net saving of Rs.5,374,105. Taking note of the fact that the grant is placed by the Division at the disposal of the government of NWFP for disbursement and the Principal Accounting Officer is not aware of the details of utilization and issues pertaining to accountability remain vague and unspecified, the Committee decided to request Standing Committee of the National Assembly on States and Frontier Regions Division to include this issue in its review of the administrative system of FATA.

889. **Grant No.125- Other Expenditure of Federally Administered Tribal Areas(Pages 437-438-AA)**- The Committee did not offer any comment on the saving of Rs. 3,950,720.

890. **Grant No. 126- Maintenance Allowance to Ex-Rulers(Page 439-AA)**- There was an excess of Rs.2,356,746. The Committee recommended its regularization.

891. **Grant No.127-Other Expenditure of States and Frontier Regions Division(Page 441-AA)**- The grant registered a net saving of Rs.1,058 only. The Committee did not make any observation.

892. **Grant No.128- Afghan Refugees(Pages 442-443-AA)**- The Committee recommended regularization of the excess of Rs.30,073,801 on the explanation that this excess was caused due to late receipt of foreign aid.

893. **Grant No.174-Development Expenditure of Federally Administered Tribal Areas(Page 452-AA)**-The saving of Rs.56,208,034 did not solicit any comment from the Committee.

894. **Grant No.197-Capital Outlay on Development of Tribal Areas(Page 455-AA)**- The total grant of Rs.94,639,000 was consumed. The Committee made no observation.

ACTIONABLE POINTS 1987-88

895. **(Item 1(i)(ii)&(iii)-AP-87-88)**- The Committee had directed on 15-7-1990, while examining Grant No.119-Frontier Regions, Grant No.120-Frontier Constabulary and Grant No.170-Development Expenditure of Federally Administered Tribal Areas, the Ministry to take note of the excess in these grants and to ensure that efforts are made to improve financial discipline. Ministry of Finance was asked to ensure that officers with proper background are made available at Deputy Secretary level in the Ministry/Division to ensure proper accounting.

896. The Ministry stated that the directive had been noted for compliance. However, the Committee observed that although the Ministry had noted the directive, apparently no action had been taken in its light because neither financial management had improved nor an officer with proper background had been posted in the Division as Deputy Secretary.

897. **(Item 2-AP- 87-88)**- While examining Grant No.119-Other Expenditure of Federally Administered Tribal Areas (1985-86), the PAC had advised on 15-7-1992 that the matter should be further discussed between the Ministry, Audit and Finance and excess should be properly accounted for, if necessary by accommodating it in the budget allocation of a subsequent year.

898. The Ministry informed that they had received token grant and this adjustment was being done. The Committee settled the point.

AUDIT REPORT (CIVIL)(VOL-I-1988-89)

899. **Loss of stores valuing Rs.9,634,574(Para 1,page 94-AR)**- Audit reported that cement, steel and bitumen valuing Rs.9,634,574 were found short in an agency during physical verification. A store keeper was suspended and charge sheeted but no further action was taken.

900. The Ministry stated that besides departmental action case was registered with FIA and was under investigation. The Political Agent of the Agency was advised to assess the movable and immovable property of the person involved for further action. An inquiry was also being held to determine involvement/responsibility of other officers.

901. The Committee termed it gross negligence that a store keeper continued misappropriation of stores for 12 years and no notice was taken by any reponsible officer and advised that strict action be taken against those held responsible. It was also advised that FIA be requested on Committee's behalf to expedite finalization of case.

902. In view of the peculiar administrative set up of FATA, the Committee decided that such instances, as well as other cases brought before them in an earlier meeting pertaining to WAPDA, may be brought to the President's notice.

903. **Loss of Rs.6,794,823 due to shortage of various food stuff items (Para 2,pages 94-95-AR)**- Audit reported that edible oil and wheat costing Rs.6,794,823 were lost during transit in 1987-88. The Ministry informed that in case of edible oil,amount of insurance had been recovered from the insurance agents while in case of wheat an inquiry was held and claim lodged with the Railways authorities but they refused to entertain it. Now there was no option but to write off the loss.

904. The Committee advised Audit to verify Ministry's reply that insurance money had beeen recovered in the case of edible oil and to examine the issue of wheat shortage in collaboration with the Ministry to recover or write off the amount in case recovery is not possible. The Committee desired that compliance be reported within three months.

905. **Shortage of stores worth Rs.3,916,999 (Para 3,page 95-AR)**- Audit reported shortage of stores valuing Rs.3,916,999 in an Agency. The Ministry stated that it was the same store keeper in the same agency who had been held responsible for the shortage in the earlier case and this case was also with FIA. The Committee advised that FIA might be requested to expedite this case as well.

906. **Forged payment of Rs.1,363,441 (Para 4,page 96-AR)**- Audit pointed out a case of fictitious payment of Rs.2,210,205 for a work not actually executed.Rs.846,764 had been recovered, being a balance of Rs.1,363,441. The Ministry stated that the balance amount had also been recovered. The Committee advised Audit to verify the reported recovery.

907. Examination of remaining Audit paras etc. pertaining to the States and Frontier Regions Division for 1988-89 were deferred.

908. The Committee thereafter, adjourned sine-die.

KHAN AHMAD GORAYA,
Secretary General.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

BRIEFING BY THE ACTING AUDITOR GENERAL OF PAKISTAN TO THE CHAIRMAN OF PAC.

Monday, the 9th October, 1995.
Seventeenth Sitting (PAC).

909. A meeting to discuss important matters relating to the performance of Public Accounts Committee was held at 10.00 a.m in Committee Room No.2 of the Parliament House, Islamabad, under the Chairmanship of Rao Muhammad Hashim Khan, MNA. The following attended the meeting:-

1. Mr. Mehmood Ahmed Lodhi, Acting Auditor-General
2. Mr. Munir Ahmed,Deputy Auditor-General.
3. Mr. Mujahid Hussain Syed, Deputy Auditor General.
4. Mrs. Sumbal Nazar Sheikh, Deputy Auditor-General.
5. Sheikh Naseer-ul-Haq, Director General Audit.
6. Mr. Amjad Farooq, Assistant Director Audit.
7. Mr. Mukhtar Ahmed, Joint Secretary (Exp), Finance Division.
8. Mr. Usman Haider, Deputy Secretary (Exp),Finance Division.
9. Mr. Muhammad Aslam, Accounts Officer (Budget), Finance Division.

National Assembly Secretariat

1. Syed Shauket Ali Bukhari,
   Joint Secretary(A).
2. Mr. Nawab Hussain,
   Deputy Secretary (PAC).

910. The Chairman welcomed the participants of the Committee meeting. He expressed his keen interest to hold regular meetings of PAC in every month to finalize discussion on the long outstanding accounts of the Federal Government.

911. Mr. Mehmood Ahmed Lodhi, Acting Auditor-General of Pakistan assured his full co-operation to the Chairman and Members of the Committee. The Acting Auditor-General of Pakistan informed the Chairman that some portions of Audit Reports for the year 1988-89 are yet to be examined/discussed by the new PAC.

912. The Auditor-General also informed that the reports pertaining to the year 1989-90 to 1992-93 have already been prepared and for 1993-94 are under print. After detailed discussion, the Acting Auditor-General proposed the following actions to be taken:-

(i) If the Chairman approves, Sub-Committees of the PAC may be formed with one member of the PAC as the Chairman of the Sub-Committee with Secretary of the department

(Principal Accounting Officer) as its member alongwith representatives from Audit, Finance and National Assembly Secretariat to conduct its business. Since there are 54, Divisions & Departments whose Accounts & Audit Reports are to be examined by the PAC for the last five financial years, the work could be divided among the Sub-Committees with each Sub-Committee allocated with a number of Ministries, Divisions and Departments to expedite action thereon. The Sub-Committees on completion of their deliberations, could place the outcome before the Chairman and the Public Accounts Committee who could then approve the reports so submitted by the Sub-Committees. The Chairman, PAC has deferred the proposal.

(ii) The Acting Auditor-General also requested that if considered appropriate, the PAC could complete the examination of the accounts and reports pertaining to year 1988-89 (the financial year at hand) and then start its deliberations considering the latest reports of the Auditor-General *i.e.* pertaining to the financial year 1992-93 and examine the previous reports in reverse chronological order. It would ensure current public accountability.

913. Sheikh Naseer-ul-Haq, Director General Audit, Federal Government made a presentation to the Chairman regarding organization, functions and activities of the Department of the Auditor-General of Pakistan and stated that resources Human and Monetary at the disposal of the Department to carry out its Accounting and Auditing functions are too meager.

914. The Joint Secretary, Finance Division informed the Chairman that the Audit Department is always adequately helped whenever a demand is brought forward. Mr. Munir Ahmed, Deputy Auditor-General (AC&E), however stated that the Department of the Auditor-General of Pakistan affects recoveries to the tune of millions of rupees for government but adequate financial support to the establishment has never been given. Mr. Mujahid Hussain Syed, Deputy Auditor-General (A & P), briefed the Chairman about the proposed world Bank Project for computerization of accounts and updation of audit methodologies.

915. The Chairman, PAC desired that the members of the PAC may also be briefed about the working of the Department of the Auditor-General of Pakistan. Mr. Munir Ahmed, Deputy Auditor-General (AC&E), proposed that the Department of the Auditor-General of Pakistan could host a one day seminar for the honourable members of the PAC on a date convenient to them at the Auditor-General's Office at Islamabad. The Chairman has very kindly approved the proposal of holding one day seminar on 24-10-1995 in Committee Room No.2, Parliament House, Islamabad. He also observed

that the detailed schedule for holding of the meetings of the PAC and its Sub-Committee would also be finalized in the forthcoming meeting of the Committee on 24-10-1995.

916. The meeting adjourned with a vote of thanks to the Chair.

ABDUL RAUF KHAN LUGHMANI,
Secretary.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

BRIEFING BY THE ACTING AUDITOR GENERAL OF PAKISTAN TO THE CHAIRMAN & MEMBERS OF PAC.

Tuesday, the 24th October, 1995.
Eighteenth Sitting (PAC).

917. The meeting of the Public Accounts Committee was held at 11.30 a.m. in Committee Room No.2 of the Parliament House, Islamabad. The following members attended the meeting:-

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Syed Abbas Shah, MNA	Member
3.	Sahibzada Muhammad Nazeer Sultan, MNA	Member
4.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Works, Environment & Urban Affairs Division.	Member
5.	Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
6.	Makhdoomzada Syed Asad Hayat, MNA	Member
7.	Ch. Nisar Ali Khan,MNA	Member
8.	Mr. Hamza, MNA	Member

918. The Committee started its deliberations with recitation from the Holy Quran. The Auditor General alongwith some senior officers also attended the meetings.

919. The Director General, Federal Audit made a presentation to the Chairman and Members of the Public Accounts Committee regarding organizations, functions and role of the department of the Auditor-General of Pakistan in assisting the Public Accounts Committee. The Members of the Public Accounts Committee appreciated the presentation and issued the following directives as a result of the recommendations made during presentation:-

(i) All the Principal Accounting Officers to the Federal Government must immediately constitute their Departmental Accounts Committees and hold its meetings every month regularly.

(ii) All Ministries/Divisions/Departments must reply to all outstanding audit observations within a month time positively.

(iii) All Ministries/Divisions/Departments must report compliance on the earlier directives of the Public Accounts Committee and Actionable Points within a month time.

(iv) Reconciliation of accounts relating to financial year 1994-95 already being carried out by the AGPR must be compiled with by all Departments by 15th November, 1995. The Public Accounts Committee shall not accept any un-reconciled amount of any Department.

(v) The Public Accounts Committee also decided that if, any officer was found negligent in replying to the queries of the Public Accounts Committee or non-compliance with the PAC directives, an entry should be made in his ACR to that effect on the recommendations of the PAC.

(vi) After detailed discussion, the Auditor General suggested to the PAC, that wide media coverage needs to be given to the Audit reports after their presentation before the National Assembly. The Auditor-General also informed that the Reports of the Auditor General in western countries are widely circulated in the public media after laying before their legislatures. The Members of the PAC appreciated the suggestion and instructed that wide coverage must be given to the Reports of the Auditor General and to the PAC proceedings.

(vii) The members of the Public Accounts Committee also decided that they would attend the PAC meeting regularly. The Committee also decided to hold its internal meeting among the members on 29-10-95, soon after the Joint Sitting to work out its strategy to tackle with the PAC outstanding business. It was resolved that all Members of the Public Accounts Committee will work as one team in the Public Accounts Committee irrespective of their party affiliation.

920. The meeting then adjourned with the vote of thanks to the Chair.

ABDUL RAUF KHAN LUGHMANI,
Secretary.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

INTERNAL MEETING OF MEMBERS OF PUBLIC ACCOUNTS COMMITTEE.

Sunday, the 29th October, 1995.
Nineteenth Sitting (PAC).

921. An internal meeting of the Members of PAC was held at 12 Noon in Committee Room No.1 of the Parliament, House, Islamabad. The following members attended the meeting:-

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Syed Abbas Shah, MNA	Member
3.	Sahibzada Muhammad Nazeer Sultan, MNA	Member
4.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Works, Environment & Urban Affairs Division.	Member
5.	Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
6.	Maulana Abdul Ghafoor Haidari,MNA	Member
7.	Ch. Nisar Ali Khan,MNA	Member
8.	Mr. Hamza, MNA	Member

922. The Committee started its proceeding with the recitation from the Holy Quran. Thereafter, the Chairman welcomed the Members and invited them to suggest procedure to be followed while examining the left over accounts for the year 1988-89, compliance reports and actionable points for the years from 1985-86 to 1987-88. The Committee suggested that the Auditor General of Pakistan may be directed to furnish the accounts for 1992-93 for laying before the House so that the Committee may start the examination of accounts for the year 1992-93 alongwith left over accounts for 1988-89 and other PAC directives. The Committee agreed to the above proposal and decided to take up the accounts for 1988-89 of the following Ministries in the first instance:-

1. Aviation Division.
2. Ministry of Water and Power.
3. Ministry of Communications.
4. Ministry of Petroleum & Natural Resources.

923. The Committee proposed that the Chairman may kindly consult the Law Minister regarding laying of accounts and Audit Reports for the year 1992-93 on the table of the House during the session of the National Assembly. The Committee seriously felt the failure of P.T.V. management for not giving proper media coverage of the PAC meetings over T.V etc. The Committee directed that the protocol Cell of the National Assembly should immediately convey the feelings of PAC Members to the P.T.V. management and ensure to avoid its recurrence in future.

924. It was proposed by certain Members that meeting of PAC should be held for at least 8 days in a month i.e., 4 days in the first week and 4 days in the last week of every month. The Committee observed that the schedule of the PAC meetings may be chalked out after the Schedule of National Assembly Sessions for the Parliamentary year is finalized by the Speaker. In order to facilitate the PAC, the Members proposed that a working paper may be prepared by the Research Officers of the National Assembly Secretariat regarding Constitution, composition and performance of the PAC as enumerated in the India/British Acts.

925. The Committee also held a Camera meeting and thereafter adjourned with a vote of thanks to the Chair.

ABDUL RAUF KHAN LUGHMANI,
Secretary.

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Sunday the 19th November,1995.
Twentieth Sitting (PAC).

926. The newly constituted Public Accounts Committee held its first session at 11.00 a.m in Committee Room No.2 of the Parliament House, Islamabad. to start examination of the leftover accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. the following Members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan,MNA.	Chairman
2.	Mr. Hamza,MNA.	Member
3.	Mir Altaf Ali Bhayo, MNA Parliamentary Secretary for Housing & Works.	Member
4.	Makhdoomzada Syed Asad Hayat,MNA.	Member
5.	Syed Abbas Shah,MNA.	Member
6.	Mr. Moti Ram Malani,MNA.	Member
7.	Maulana Abdul Ghafoor Haidari,MNA	Member
8.	Ch. Nisar Ali Khan, MNA	Member
9.	Mr. Miangul Aurangzeb,MNA.	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Muhammad Aslam Shami, Joint Secretary (PAC).
3. Mr. Nawab Hussain, Deputy Secretary (PAC).
4. Mr. Abdul Aziz, Officer on Special Duty (PAC).

Audit:

1. Mr. Muhammad Naseer Ahsan,
   Auditor-General of Pakistan.
2. Mr. Munir Ahmed,
   Deputy Auditor-General (CA&E).
3. Mr. Muhammad Usman,
   Deputy Auditor-General (GA).
4. Mr A.R.Arif,
   Accountant General, Pakistan Revenues.
5. Sheikh Naseer-ul-Haq,
   Director General Audit (Federal Government).
6. Mr. Jehangir Mehmood,
   Director General (CA).
7. Mr. Mazhar Ali Shah,
   Director General (CA).

8. Mr. Javed Arif,
Director General Audit (Works).
9. Mr. Sher Khan Awan,
Assistant Auditor General (GA).
10. Mr. Azhar Hameed,
Assistant Auditor General (GA).
11. Mr. Muhammad Naseer Khan,
Accounts Officer (PAC).
12. Mr. Manzoor Hussain Paracha,
Accounts Officer (AR-I).
13. Mr. M.I.Shahid,
Accounts Officer (AR-III).

Ministry of Finance and Planning and Development Division.

1. Mr. Arshad Jamil Khokhar,
Director General (Project Wing),
Planning & Development Division.
2. Mr. Usman Haider,
Deputy Secretary (Exp).
3. Sardar Barkat Hussain,
Deputy Director (Project Wing),
Planning & Development Division.
4. Mr. Zaka Farooq Sheikh,
DFA (Water and Power).
5. Mr. Muhammad Aslam,
Accounts Officer (Budget).

927. **Accounts examined**-Accounts pertaining to the Ministry of Water and Power were examined by the Committee during the meeting.

MINISTRY OF WATER AND POWER
(Deferred Accounts)

928. The Committee took up for its examination the Accounts pertaining to the Ministry of Water and Power, which were deferred on 1-2-1993. The following departmental representatives were present:-

1. Mr. Ashfaq Mehmood, Secretary
2. Mr. S. M. Ismail, Joint Secretary (Admn).
3. Mr. Sikandar Hayat Maken, Deputy Secretary.
4. Mr. Javed Aslam Callea, Member Finance (WAPDA).
5. Mr. Khalid Mohtadullah, Member Water (WAPDA)
6. Mr. Bashir Ahmed Abbasi, Member Power (WAPDA)
7. Mian Iftikhar Khalil, Managing Director (NESPAK)
8. Mr. Amir Rashid, Vice President (NESPAK).
9. Mr. Akbar Khan, Managing Director (T&G) (WAPDA)
10. Ch. Sanaullah, General Manager Thermal (D&D) (WAPDA)

11. Ch. Meraj Ahmed, GMC/Service & GM (Admn) (WAPDA)
12. Mr. Muhammad Anwar Herl, General Manger, P&IC (WAPDA)
13. Brig (R) Jan Sardar Gul, General Manage North (Water Wing) (WAPDA).
14. Mian Ghulam Muhammad, Chief Auditor (WAPDA)
15. Syed Jamait Ali Shah, Pakistan Commissioner for Indus Waters (WAPDA).

AUDIT REPORT (CIVIL WORKS) (VOL-II-1988-89)
National Tubewell Construction Corporation (Pvt) Limited.

929. **Misappropriation of gravel costing Rs.59,200 (Para 8.1, page 61-ARCW)-** Audit pointed out that NTCC issued 16669 Cft. gravel for the installation of a tubewell whereas 9923 Cft. gravel was required. Therefore, 6,746 Cft. of gravel costing Rs.59,200 was consumed in excess of the work estimate. According to the specification, shrounding is done by puring bajri from the ground in the annular space. The quantity of gravel should be equal to the space between the borewalls and the pipe fixed in the borholes.

930. The departmental representative explained that the excess of gravel of 6,746 Cft. Costing of Rs.59,200 was due to the following reasons:-

(a) Material was utilized due to irregular shape of boreholes by reverse rotary method of drilling and increase in the borehole diameter due to caving process.

(b) Extra ten feet drilling, was made against the estimated measurement.

(c) The borehole widens due to pressure of water in the Water logging area.

(d) The excess quantity of gravel was utilized in view of the reality on ground instead of mathematical formula.

931. The Committee was not satisfied with the above explanation as the engineers are expected to foresee the nature of area and calculation of correct estimates. Audit informed that the expenditure was 60% in excess of the actual estimate.

932. The Committee felt that further discussion on this para would cause wastage of its time. It was, therefore, decided to refer this case to the Departmental Accounts Committee for settlement and if could not be resolve stet by them it should be again placed before the PAC for final decision.

General Observation of Audit.

933. The Director General Audit pointed out that 112 directives of the Public Accounts Committee on WAPDA for the period from 1980-81 to 1984-85 were outstanding. The Chairman, Public Accounts Committee directed the Principal Accounting Officer to discuss all the outstanding directives of the Committee with Audit in the

Departmental Accounts Committee and report compliance to the Committee within a month. The Principal Accounting Officer said that he shall hold monthly meetings to discuss and resolve these issues in the said meetings. He, however, pointed out that in case all the 112 actionable points could not be discussed in the first DAC meeting the remaining points and other audit objections would be resolved in the next DAC meeting. The Committee agreed to the proposal.

934. **Non-imposition of liquidated damages Rs.55,700 (Para 8.2, page 61-ARCW)-** A supplier failed to complete the supply of fibre glass pipes required by the Corporation for installation of tubewells for WAPDA. For timely completion of the project, the Corporation had to use stainless steel screen at extra cost of Rs.55,700. However, liquidated damages as required under clause 9(b) of agreement were not recovered from defaulting supplier.

935. The departmental representative explained that the supplier could create more problems for future supply as he was the sole manufacturer and supplier of that item.

936. The Committee was not satisfied with the explanation and directed the departmental representative to recover the loss of Rs.55,700 from the supplier or persons (s) at fault.

ACTIONABLE POINTS 1985-86

937. **Blockage of funds in purchase of mini-dredger Rs.7.033 million (Para 9.7, page 99-AR)(Item 5-AP-85-86)-** The Public Accounts Committee directed the departmental representative to fix responsibility on the persons at fault and dispose off the mini-dredger which is no more required because the Corporation is not existing or it is defunct and report compliance to the Committee.

ACTIONABLE POINTS 1986-87

National Tubewell Constructions Corporation (Pvt) Ltd.

938. **Mis-appropriation of material costing Rs.50,380 (Para 11.2 (i) pages 88-89-ARCW)(Item 2-AP-86-87)-** 4580 Cft. gravel costing Rs.50,380 was debited to the work of construction of tubewells in July, 1985, whereas the work had already been completed in June, 1985. Therefore, the material was suspected to have been misappropriated.

939. The Ministry stated that actually the gravel was received at site and used before the completion of the work but its accountal could not be recorded for want of bill of the supplier. The explanation of the Ministry was accepted by the Committee and the para was settled.

940. **General (Item 3-AP-86-87)-** During discussion of the accounts of NTCC, the Committee observed that most of the tubewells installed in Sindh by WAPDA were not inoperative. The departmental representative agreed with the observation and

explained that the provincial Governments did not have enough funds to maintain the tubewells handed over to them. The Committee viewed this with concern and observed that the problem of water logging was acquiring serious proportion. Non allocation of adequate resources at this stage would have grave repercussions for the future when yield of productive land will drop dramatically resulting in huge national losses. The representative of Ministry of Finance was directed to convey the Committee's views to the Additional Secretary (Budget). Mr. Usman Haider, Deputy Secretary, Finance Division wanted to explain the position but the Chairman directed that at least Additional Secretary, Finance Division should come to explain the position before the Public Accounts Committee. Therefore, the para was deferred.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

National Engineering Services Pakistan (Private) Limited.

941. **Working results of NESPAK (Para 934, page 647-ARPSE)-** The Committee directed the National Engineering Services of Pakistan to create more jobs to earn more profit.

942. **Irregular Payment of bonus to deputationists amounting to Rs.97,801 (Para 939, page 649-ARPSE)-** National Engineering Services of Pakistan paid bonus amounting to Rs.97,801 to the deputationists during the year 1986-87 in contravention of the Government rules/orders. The Ministry stated that NESPAK is a private company and operates under the directives of its Board of Directors and bonus was paid after obtaining approval of the Board of Directors.

943. Audit was not satisfied with the explanation. The Committee directed the Ministry to regularize the bonus paid to the deputationists with the approval of the Finance Division.

ACTIONABLE POINTS 1987-88

National Engineering Services Pakistan (Private) Limited

944. **Irregular payment of bonus amounting to Rs.269,131 to Officers (para 86, pages 110-iii-ARPSE)(Item 3-AP-87-88)-** Audit pointed out that M/s NESPAK paid bonus amounting to Rs.269,131 to its officers during the years 1984-85 and 1985-86 in contravention of Finance Division rules dated December 29, 1980.

945. The Public Accounts Committee in its meeting held on 8-7-1992 directed the Ministry to take up the matter regarding grant of dispensation to NESPAK from the general order of the Ministry of Finance which rules out payment of bonus to officers serving in the state owned companies.

946. The Ministry intimated that matter was referred to the Finance Division which did not agree to treat NESPAK as an exceptional case. Audit requested the

Committee to direct the Ministry to recover the irregular payment of bonus but the Committee directed the Ministry to again take up the case with the Finance Division for the grant of dispensation.

ACTIONABLE POINTS 1986-87

947. **Abnormal delay in preparation of goods received notes for payments amounting to Rs.14,056,360 (Para 4, pages 6-7-AR-WAPDA) (Item 5-AP-86-87)**- Director General Audit explained that WAPDA made 80 % payments amounting to Rs.14,056,360 on the purchase of transformers on the issue of delivery challans and inspection certificates, whereas the transformers were actually received between 15 days to three months later as per goods received notes. This position was again verified by Audit. The General Manager, Inventory Control, WAPDA stated that the payments were correctly made after ascertaining the availability of transformers. In view of different stands taken by Audit and WAPDA, the Chairman Public Accounts Committee directed that WAPDA may substantiate with documents, get it verified from Audit and report back to the Committee.

948. One of the members of the Committee pointed out that public is facing much problems due to centralization of WAPDA purchases, specially transformers. The Principal Accounting Officer assured the Committee that they are decentralizing the powers and are delegating more powers to the Chairmen, Area Electricity Boards. The Committee directed the departmental representative to come in the next meetings and report compliance within 15 days.

949. **Loss of Rs.711,936 due to commissioning of lines without grouting of structures (Para 8, page 10-AR-WAPDA) (Item 6-AP-86-87)**- In October, 1982 and May, 1983 distribution lines of five villages in Thatta and Badin Districts were energized without grounting of structures which fell down in July, 1983. An expenditure of Rs.711,936 had to be incurred on their re-erection. As such the Authority sustained financial loss to that extent due to commissioning of the lines without grounting of structures.

950. The Committee directed the Principal Accounting Officer to conduct a high level enquiry to determine as to how first enquiry had failed to fix responsibility. The Committee also advised strict action against responsible officials even again those wo had proceeded on retirement.

951. From the examination of enquiry report finalized in November, 1990 it was observed that the question as to why the first enquiry committee failed to fix responsibility was not included in the terms of reference of the second committee. This indicated that the compliance of the directives of Public Accounts Committee was not made exactly. The Committee, however, held the operation and construction staff of WAPDA responsible for the loss.

952. The Committee desired to recover the loss from the defaulters as ordered previously. The Principal Accounting Officer promised that he will reinvestigate the case within one month and report back to the PAC.

953. **Excess payment of Rs.176,813 on acquisition of land (Para 12, pages 13-14-AR-WAPDA)(Item 8-AP-86-87)-** After verification by the Director General Audit, WAPDA and satisfaction on the compliance of the directive of the Public Accounts Committee, the para was settled.

954. **Energy debtors-Rs.2,842,277,000 (Para 29.1, pages 37-38-AR-WAPDA)(Item 10-AP-86-87)-** After verification by the Director General Audit WAPDA and satisfaction on the compliance of the directive of the Public Accounts Committee, the para was settled.

ACTIONABLE POINTS 1987-88

955. **Extra expenditure of Rs.42.90 million due to rejection of the lowest bid (Para 1, pages 1-2-AR-WAPDA)(Item 4-AP-87-88)-** WAPDA lost Rs.42.90 million due to award of work to Macdonald Layton & Co., the 2nd lowest bidder for construction of structures and excavation of surface drains. WAPDA maintained that the lowest bidder, M/s Midhat Siddique was ignored in a post qualification procedure done by the consultants, M/s Harza and M/s Nespak. The grounds were, M/s Midhat Siddique were not financially sound and had limited experience in construction of structure.

956. Post qualification is not an established procedure. Its credentials are doubtful. M/s Macdonald Layton & Co, to whom the work was awarded were also financially unsound. They were given financial assistance of Rs.12 million beyond agreement yet did not complete the job and were expelled from the site. The work was ultimately given to a third party at the risk and cost of M/s Macdonald Layton & Co.

Prices: M/s Macdonald Layton & Co : Rs.191.960 million.
M/s Midhat Siddique : Rs.149.039 million
Extra cost : Rs.42.921 million.

957. The Authority was advised by the Committee to expedite action on recovery from M/s Macdonald Layton & Co. and Report progress to the Committee.

958. The WAPDA intimated on 15-11-1995 the out of court, settlement had been made with the contractor in which the following points have been agreed:-

(i) The contractor M/s MLC accepted a gross liability of Rs. 10.3 million as payable to WAPDA on all pending accounts. This amount will be paid in five equal installments over a period of six years.

(ii) All temporary works, material and equipment of all types will be released to the contractor.

(iii) All bank guarantees, insurance regarding advances, financial assistance etc; would be released.

(iv) Parties will withdraw the court case.

959. As copy of the letter containing the above mentioned settlement had not been sent to audit for scrutiny, the PAC directed the audit to examine the case and report compliance in the next meeting.

960. **Avoidable expenditure of Rs.28.842 million on account of payment of regulatory duty (Para 3, page 4-AR-WAPDA)(Item 6-AP-87-88)-** WAPDA paid Rs.28.842 million as regulatory duty on import of components by a foreign contractor for setting a gas turbine project at Kot Addu. Regulatory duty is levied on import of such plant and machinery as or otherwise locally manufactured. WAPDA stated that locally made components could not be used on that project because this was a " Turn Key" contract. Also that locally made components were not suitable.

961. The Authority in its revised reply intimated that case for refund of the duty was being pursued with Central Board of Revenue. There were however, two considerations:-

(a) Is it proper for WAPDA to sign turn-key contracts which stipulate altogether ignoring the use of locally abvailable products?

(b) If our locally available products were actually unsuitable for use in that set up, no regulatory would have been actually due, for which WAPDA should have approached Central Board of Revenue.

962. The Committee directed the Authority to vigorously pursue recovery of regulatory duty. Further a complete list of cases in which equipments pertaining to ongoing scheme was withheld by custom authorities be forwarded to the Committee so that the matter could be taken up with Central Board of Revenue.

963. Audit intimated that they had not been informed whether the requisite list had been supplied to the Committee by WAPDA, despite repeated reminders. The PAC directed the department to take action against the persons held responsible for the delay and report compliance in the next meeting.

964. **Extra expenditure of Rs.3,900,000 due to non supply of meters by a firm (Para 6, pages 7-9-AR-WAPDA)(Item 8-AP-87-88)-** A purchase order for supply of 80,000 meters was placed on a firm M/s Climax Ltd. At Rs.235 each. The firm supplied only 50,000 meters. In the meantime another purchase order was placed on the same firm at a higher rate of Rs.365 each. The requirement of un-supplied meters again the first purchase order was therefore, met with from the supply against the 2nd purchase order at higher rate and thereby WAPDA incurred an extra expenditure of Rs.3,900,000. WAPDA stated that the firm did not supply the balance quantity. It was, therefore, decided to recover liquidated damages for late supply and cancel the balance supply without financial repercussions. This action was stated to have been taken under clause-II(A)(I) of the purchase order.

965. The contractual position was that balance supply should have been cancelled at the risk and cost of the firm under clause-II(A)(I) of the purchase order. Clause-II (A)(I) of the purchase order did not stipulate cancellation of the contract and

as such, action of the management to invoke clause-II(A)(I) was not correct. The extra expenditure of Rs.3,900,000, therefore, needs to be recovered from the firm. The Committee directed Audit to verify the reply of the Authority.

966. In their reply dated 15-11-1995 WAPDA stated that liquidated damages amounting to Rs.4,525,630 @ 2% per month were which according to 10% limit worked out to Rs.1,880,000. Audit desired to recover the balance amount of Rs.2,645,630 (Rs.4,525,630 Rs.1,880,000). WAPDA stated that legal advisor WAPDA opined that dedication beyond 10% could not be substantiated in a court of Law and also against the international tendering. If this action is taken it will be futile entailing unnecessary expenditure on legal proceedings.

967. Audit held that there was no limit of 10% in that contract. Hence the liquidated damages pointed out were correctly recoverable. The Committee accepted the explanation of Audit and directed WAPDA to recover the liquidated damages.

968. **Loss of Rs.3,007,581 due to damage of PC poles and cross arms (Para 7, page 9-AR-WAPDA)(Item 9-AP-87-88)-** This case refers to construction of transmission line from Guddu to Shikarpur in Grid system Construction Project, Sukkur, PC poles and cross arms worth Rs.3,007,581 were left exposed to weather etc. and were consequently damaged at site during construction of the transmission line.

969. The Authority stated that an enquiry committee had established a loss of Rs.3,829 million and that the loss will be recovered from the contracting firm failing which they shall be black listed. The Principal Accounting Officer was advised to personally satisfy himself regarding departmental action being taken as a result of substantial loss and report to the Committee.

970. Report of the enquiry Committee was received, it was enquired from WAPDA whether the actions on the recommendations of the enquiry were taken through a detailed letter issued on 13-7-1995. It was specifically mentioned in that letter that despite lapse of 5 years no intimation regarding making good the loss of Rs.3,007,581 was given.

971. The Managing Director, Transmission and grids, WAPDA informed the Committee that a notice has been issued to the contractor to deposit Rs.3.82 million being the loss sustained by the Authority. He also proposed to black list the firm. One of the members of the PAC proposed that the Executive Engineer should have been dismissed and the Superintendent Engineer should have been censured.

972. The Committee directed the departmental representative to ensure recovery from the contractor and freeze his funds and securities and if some amount remains unrecovered, it should be recovered through legal process. Action should also be taken again the responsible officers of the department.

973. **Extra expenditure of Rs.318,000 due to ignoring the lowest bid (Para 19, pages 30-31-AR-WAPDA)(Item 11-AP-87-88)-** In Chashma Command Area Development Project, Dera Ismail Khan, vehicles were purchased from M/s Atlantic

Motors Ltd. Lahore at higher rates by ignoring the lowest rates given by M/s Shaheen Trading Ltd. Lahore. The lowest rates were ignored on the consideration that the bidder had quoted rates Ex-Lahore instead of Ex-Dera Ismail Khan as required in the notice inviting tenders and that he had not submitted earnest money with his bid. The purchase at higher rates resulted in extra expenditure of Rs.318,000.

974. Audit observed that M/s Atlantic Motors, Lahore had submitted earnest money of Rs.20,000 only as against the required amount of Rs.123,804. So strictly speaking he was also not responsive. Further in a subsequent case on this project a supplier quoted rates Ex-Peshawar for supply of vehicles instead of Ex-Dera Ismail Khan as stipulated in the Notice inviting Tenders, yet the vehicles were purchased from him. So the grounds for ignoring the lowest bid in the first case were not tenable. WAPDA intimated that enquiry committee constituted to probe into the matter had submitted its report.

975. The previous Public Accounts Committee directed the Authority that enquiry report be submitted to the Committee within two months. The Ministry failed to submit the report to the Committee within the prescribed time.

976. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Water and Power. These would be treated as settled subject to any action as may be necessary under the rules.

977. The Committee then adjourned to meet again at 10.00 am. on Monday, the 20th November, 1995.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 20th November,1995.
Twenty-first Sitting (PAC).

978. The Public Accounts Committee assembled at 10.00 a.m in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points form 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan,MNA.	Chairman
2.	Mr. Hamza,MNA.	Member
3.	Mir Altaf Ali Bhayo, MNA Parliamentary Secretary for Housing & Works.	Member
4.	Sahibzada Muhammad Nazeer Sultan,MNA	Member
5.	Syed Abbas Shah,MNA.	Member
6.	Mr. Moti Ram Malani,MNA.	Member
7.	Maulana Abdul Ghafoor Haidari,MNA	Member
8.	Ch. Nisar Ali Khan, MNA	Member
9.	Mr. Miangul Aurangzeb,MNA.	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Muhammad Aslam Shami, Joint Secretary (PAC).
3. Mr. Nawab Hussain, Deputy Secretary (PAC).
4. Mr. Abdul Aziz, Officer on Special Duty (PAC).

Audit:

1. Mr. Muhammad Naseer Ahsan,
   Auditor-General of Pakistan.
2. Mr. Munir Ahmed,
   Deputy Auditor-General (CA&E).
3. Mr. Muhammad Usman,
   Deputy Auditor-General (GA).
4. Mr A.R.Arif,
   Accountant General, Pakistan Revenues.
5. Sheikh Naseer-ul-Haq,
   Director General Audit (Federal Government).
6. Mr. Suhail Safdar,
   Director General Audit (PT&T).
7. Mr. Mazhar Ali Shah,
   Director General (CA).

8. Mr. Javed Arif,
   Director General Audit(Works).
9. Mr. Sher Khan Awan,
   Assistant Auditor-General (GA).
10. Mr. Azhar Hameed,
    Assistant Auditor-General (GA).
11. Mr. Muhammad Naseer Khan,
    Accounts Officer (PAC).
12. Mr. Manzoor Hussain Paracha,
    Accounts Officer (AR-I).
13. Mr. M.I.Shahid,
    Accounts Officer (AR-III).

Ministry of Finance and Planning & Development Division.

1. Dr. Mushtaq Ahmed,
   Economic Adviser/Additional Secretary.
2. Mr. Arshad Jamil Khokhar,
   Director General (Project Wing),
   Planning & Development Division.
3. Mr. Yawar Zia,
   Financial Adviser(Communications)..
4. Mr. Abdul Hayee,
   D.F.A (Communications).
5. Mr. Usman Haider,
   Deputy Secretary (Exp).
6. Mr. Muhammad Aslam,
   Accounts Officer (Budget).

979. **Accounts examined-** Accounts pertaining to the Ministry of Communications were examined by the Committee during the meeting.

MINISTRY OF COMMUNICATIONS

980. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. for 1988-89 pertaining to the Ministry of Communications. The following departmental representatives were present:-

1. Mr. Muhammad Sher Khan, Secretary
2. Mr. Ghulam Yazdani, Joint Secretary
3. Mr. Zahoor Anwar, Joint Secretary.
4. Ch. Muhammad Azam, Deputy Secretary.
5. Mr. Muhammad Iqbal, Section Officer (F&A)
6. Mr. Ghulam Muhammad Ch. Accounts Officer (PAC)
7. Mr. Muhammad Khalid Butt, Acting Chairman (PTC)
8. Mr. S.A.H. Naqvi, Director General (Operation) (PTC).
9. Mr.S. Nasrul Karim A. Ghaznavi, Chief Accounts
   Officer (PTC).

10. Mr. Shahid Aziz Siddiqi, Chairman (NHA).
11. Mr. M. Nawaz Tiwana, Chairman (PQA).
12. Syed Muzaffar Ali Shah Jillani, Member Finance (PQA).
13. Rear Admiral Javaid Ali, Chairman (PNSC).
14. Commodore Sarfraz Khan,Commandant, Pakistan Marine Academy, Karachi.
15. Mr. Amir Nawaz Khan, Chairman (PPSC).
16. Mr. Jamil Ahmad Zaka, General Manager (KS&EW).
17. Brig. Shakeel Ahmed, Director General (SCO).
18. Col. Manzoor Hussain, Director Finance (FWO)
19. Mr. Ashiq Hussain Javaid, General Manager, CTRL (PTC).
20. Brig. A. Ghaffar Khan, General Manager (NRTC)
21. Mr. Akhtar Ahmed Bajwa, Managing Director (TIF).
22. Mr. Muhammad Arif Khan, General manager (TIP).
23. Mr. Aleem-ud-Din Aziz,
General Manager, Central Region (PTC), Lahore.

981. This Ministry controlled the following grants:-

S.No.	Name of Grant	Grant No.
1.	Ministry of Communications.	19
2.	Department of Shipping Control and Mercantile Marine.	22
3.	Lighthouses and Lightships.	23
4.	Other Expenditure of Ministry of Communications.	24
5.	Development Expenditure of Ministry of Communications	148
6.	Capital Outlay on Ports and Shipping.	182
7.	Capital Outlay on Communication Works.	183

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

982. **Grant No.19-Ministry of Communications (Pages 112-113-AA)**- The Accountant General Pakistan Revenues informed the Committee that there was an accounting mistake of Rs.11.864 million in the Appropriation Accounts, which was committed by his office. The Committee, therefore, directed the AGPR to reconcile the grant and submit its report in the next meeting.

(i) Grant No.22-Department of Shipping Control and Mercantile Marine (Pages 114-115-AA)
(ii) Grant No.23-Light Houses and Light Ships (Pages 116-117-AA)
(iii) Grant No.24-Other Expenditure of Ministry of Communications (Pages 118-119-AA)
(iv) Grant No.148-Development Expenditure of Ministry of Communications (Page 120-AA)

(v) Grant No.182-Capital Outlay on Communication works (Page 123-AA)

(vi) Grant No.183-Capital Outlay on Communication works (Page 123-AA)

983. The Committee was not satisfied with the explanation given by the Ministry on the above grants and directed the Department/AGPR to reconcile the figures of these grants and submit its report to the Committee in the next meeting.

ACTIONABLE POINTS 1987-88

984. **Non-maintenance of accounts of discretionary funds/grant of Rs.5,100,000 (Para 1, pages 32-33-AR)(Item 1-AP-87-88)-** Audit pointed out that in addition to the usual discretionary grant of Rs.100,000, an amount of Rs.500,000 was placed at the disposal of an Ex-Minister for Communications. Instead of rendering a proper account the Minister recorded a certificate to the effect that "the amount had been spent for the purpose bonafide". The Ministry had intimated that summary had been sent to the Prime Minster's Secretariat for advice which was awaited.

985. During discussion Audit informed that this para was discussed in its earlier PAC meeting on 5-7-1992 and after detailed discussion, the Committee directed the department to request the Prime Minister to resolve the case of discretionary grant of Ex-Minister for Communications and inform the Committee.The Committee also observed that the important issue had been inordinately delayed.

986. Audit informed that the Ministry in their letter dated 29-7-1992 had intimated that the irregularity committed by the Ex-Communications Minister had been condoned by the Finance Division vide their letter dated 25-7-1992, but Audit was not satisfied with the condonation because neither proper account of the discretionary grant was rendered nor it has been audited.

987. **Overpayment to contractor Rs.769,558, Rs.137,215 (Paras 7,1 & 7.5, pages 39-40-ARCW)(Item 2-AP-87-88)-** An amount of Rs.906,773, (Rs.769,558 and Rs.137,215) was paid to the contractors in contravention of the contract documents. The Sub-Committee set up to investigate the case also established the overpayment of Rs.906,773 to the contractors.

988. The Committee directed the departmental representative to recover the overpayment from the contractors and submit its report to the Committee within three months.

989. **Overpayment to contractor Rs.280,000 (Para 7.3, pages 39-40-ARCW)(Item 4-AP-87-88)-** An additional Amount of Rs.280,000 was paid as arrear of consultancy fee to M/s Associated Consulting Engineers which was not covered by the terms and period of contract.

990. The Public Accounts Committee, in its meeting held on 5-7-1992 directed the departmental representative that warning may be issued to the then Director General, National Highway Board for omission in the contract. The departmental representative informed that the warning had been issued to the then Director General, National Highway Board. The Committee also directed the department to furnish a copy of the said warning to the Auditor-General for verification.

991. **Unauthorized keeping of Government funds in a commercial bank and unauthorized diversion of funds Rs.15.467 million (Paras 7.6 & 7.7, pages 40-41-ARCW)(Item 5-AP-87-88)-** Funds allocated for a project of National Highway Authority were unauthorisedly diverted to a deposit work. When the amount was received back, the same was kept in PLS Account with a Commercial Bank without prior approval of the Finance Division. Moreover, details of interest thereon had not been supplied to Audit.

992. The Public Accounts Committee, in its meting held on 5-7-1992 directed that "exemplary action may be taken against the officer responsible for keeping money in a Commercial Bank." In compliance of Committee directive a warning was reported to have been issued to the then Director General, National Highway Board. Audit was not satisfied with the issue of warning being not exemplary action as compared to the misuse of Government money as it involved the risk of misappropriation/embezzlements.

993. The Para was settled as Government money had not decreased but instead increased. The Committee directed the department to observe the rules prescribed by the Government.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Lighthouses and Lightships Department.

994. **Working results of the department (Paras 68-69, page 57-ARPSE)-** Audit reported that accounts for the years 1967-68 to 1987-88 had been received and comments thereon were included in the ARPSE-1990-91. However, the accounts from 1988-89 to 1993-94 are yet to be compiled by the department.

Karachi Shipyard & Engineering Works Limited.

995. **Working results of KS &EW (Para 70, page 58-ARPSE)-** It was reported by Audit that the working results of Karachi Shipyard & Engineering works further deteriorated as it sustained losses every year. The losses accumulated to Rs.963.225 million by June 30, 1994 which eroded entire equity of Rs.464 million despite receipt of Government Grant of Rs.250 million during the year 1990-91. The working results of KS& EW were discussed in the Public Accounts Committee meeting held on May 25, 1989 and on July 5, 1992. The Committee had shown its dissatisfaction on the working of KS&EW but it seems that no heed was paid to the Committees directive as the position had further deteriorated subsequently and the net loss increased to Rs.51 million in 1988-89.

996. The departmental representative reported that the losses were due to a slum in shipping all over the world. The main task of KS&EW was to make ships and the Organization could not get orders from within the country. The expenditure was constant but the income decreased.

997. **Loss of Rs.2.642 million on purchase of second and obsolete and non-operation working machine (Para 71, pages 59-60-ARPSE)**- Karachi Shipyard and Engineering works Limited placed a purchase order on a local firm M/s A&N Engineering Limited on May 13, 1985 for import, installation and commissioning of six second hand machines valuing Rs.6.360 million for augmenting the machines capabilities of its machine shop. Two machines were supplied on July 7, 1985 and two on March 6, 1996 and an amount of Rs.2.642 million was paid. The machines could no be installed and commissioned as they turned out to be rusty and obsolete.

998. The Ministry intimated that two enquiry Committees were constituted to conduct inquiry into the matter. The report of the enquiry officer is under examination. Two suits were filed against the supplier and insurance company in the High Court. The decision of the High Court is lying pending for regular hearing. The management had accepted that the machines were outdated and not fit for operation. Audit objected that enquiry report was submitted to the respective Ministry but no progress thereto has been intimated. Moreover, no disciplinary action has been taken against the defaulting officer despite lapse of pretty long period.

999. The departmental representative however, intimated that enquiry was held, responsibility fixed and certain officials were dismissed. The Director held responsible was also dismissed. The decision of the court is awaited. After detailed discussion, the Committee directed the department to expedite the process of recovery.

National Tanker Company (Pvt) Limited.

1000. **Working results of the company (Para 72, pages 61-62-ARPSE)**- The latest working results of the National Tanker Company (Pvt) Limited for the years 1987-88 to 1991-92 had shown nominal profits. During the year '1988-89 the expenses increased by 15.43% against increase in freight income by 0.27%. The increase in expenses was not commensurate with the increase in freight income. Resultantly, the operating profit as well as net profit before tax deceased by 24.600 % and 8.944 % respectively. The percentage of profit to freight income also fell down to 14.84% in 1988-89 as against 18.96% in 1987-88. Audit suggested for adopting ways and means to reduce expenses and increase in income, but fruitful results had not been achieved as profit of the company drastically decreased in 1991-92.

1001. The departmental representative informed the Committee that NTC is operated on Commercial basis. Sometimes, it earns more profit, sometimes less profit and sometimes loss may be expected. However, the Organization is still earning profit and ensuring it by keeping the expenditure upto a certain limit. The Committee was also informed that the organization has earned profit during the year 1994-95.

1002. The Committee was satisfied with the explanation and directed the departmental representative to supply the accounts of the organization for the year 1992-93 to Audit and ensure its timely submission in future.

Pakistan National Shipping Corporation.

1003. **Working Results of PNSC (Para 73, pages 63-64-ARPSE)-** The Pakistan National Shipping Corporation sustained losses of Rs.90.581 million in 1992-93 and Rs.257,575 million in 1993-94. Audit therefore, proposed that the operations of the Corporation should be improved by lifting greater share of national trade maximum utilization of capacity of vessels and by controlling fleet expenses.

1004. The departmental representative informed the Committee that the loss was sustained because the type and number of ships of the Corporation required were not available. Last time ships were inducted into the Corporation that was more than a decade. Previously funds were not available for the purchase of ships. The present Government has authorized the National Shipping Corporation to go to private sector to raise finances. The Corporation has raised 50 million dollars and the negotiation for the purchase of three new ships is in process. As a result of income from the new ships, more ships will be added. The Corporation has been allowed to purchase ten ships.

1005. **(Para 74, page 64-ARPSE)** Freight receivable (un-secured) increased by 133.47% from Rs.94.975 million as on June 30, 1988 to Rs.221.738 million as on June 30, 1989. This includes an amount of Rs.63.188 million outstanding on account of defence Cargo. Rs.61.710 million on account of wheat shipment outstanding on defence shipment.

1006. During verification by Audit it was observed that the amounts of Rs.0.465 million and Rs.6.920 million were still outstanding on June 30, 1995 from Defence and MINFA respectively. The Committee directed the department to expedite recovery of outstanding dues.

1007. **Irregular payment of leave travel concession/rest and recreation allowance of Rs.7.441 million (Para 77, pages 65-66 ARPSE)-** In P.N.S.C an amount of Rs.7.441 million was paid to its employees during 1983-84 to 1986-87 on account of leave travel concession & rest and recreation allowance which were discontinued by the Ministry of Finance with effect from July 1, 1983. Audit recommended the recovery of irregular payment of Rs.7.441 million from the employees of PNSF and also to discontinue such further payment.

1008. The Management stated that the orders of the Ministry of Finance are not operative on the PNSC employees as they are governed by the PNSC service regulation 1984 and Board of Directors are fully competent to allow different pay scales and allowances. It was further added that the PNSC is a commercial organization and it must follow the practices which other shipping companies of the world are following. The departmental representative requested the Committee to allow the PNSC to continue the old practice.

1009. On the recommendation of a Member of the Committee and the representative of the Finance Division, the Committee directed that the case may be referred to Finance Division for decision within three months.

Port Qasim Authority.

1010. **Compilation of Accounts (Paras 68-69, page 57-ARPSE)-** Audit reported that the accounts of Port Qasim Authority for the year 1988-89 were received late, therefore, they could not be included in the Audit Report for 1988-89. However, Audit comments on them have been included in the Audit Report for 1989-90. The accounts of 1989-90, 1990-91 and 1991-92 were also received late and those for 1992-93 and 1993-94 had not been received in the Audit Office.

1011. The Committee expressed displeasure on this negligence and directed the departmental representative to furnish uptodate accounts to Audit office immediately.

1012. **(Para 78, pages 67-68-ARPSE)-** The operating results of the Port Qasim Authority for the years from 1987-88 to 1991-92 show persistent losses. The accumulated loses amounted to Rs.1147.166 million as on June 30, 1992 which eroded 28.96% of the funds received from Government in the shape of grants, amounting to Rs.961.452 million.

1013. The departmental representative explained that Port Qasim Authority is not a Corporation, it is still a project. Port Qasim has not yet been fully utilized. They are endeavoring to get some of the cargo handling so that all the available resources are utilized to earn profit. The Authority has earned profit during the current year and it will increase over a period of time. The oil terminals have been completed and are fully operationed. Container Terminal Agreements have been signed with PLO, Australia. All the modern facilities will be available at Port Qasim. Due to these agreements appreciable profit will be earned. The Committee appreciated the efforts of the Authority and did not press any more.

1014. **(Para 81, page 68-ARPSE)-** Government of Sindh claimed Rs.40.952 million penal interest upto January 1, 1980 for non-payment of cost of land within the stipulated time which rose to Rs.44.5 million. Though the request of waiver of the penal interest has been finally rejected by the Sindh Government. Yet provision to that extent had not been made in the accounts. The departmental representative assured the Committee that the issue will be resolved with the Government of Sindh. The Committee did not stress any more.

1015. **Loss of Rs.118.450 million due to irregular award channel maintenance dredging contract (Para 82, pages 69-70-ARPSE)-** Port Qasim Authority awarded a contract for dredging maintenance of 5.000 million Cu.m channel at Port Qasim to M/s Broekhaven @Rs.11.50 per Cu.m for the period 1978 to 1980. Competitive rates should have been derived in order to exercise economy in expenditure on completion of the initial contract in 1980.

1016. The Authority continued t award the contract on year to year basis to the same party during the years 1981 to 1987, arbitrarily at higher rates ranging from Rs.23

per Cu. m to Rs.29 per Cu. M. without calling for open competition internationally. M/s China Harboun Engineering Company approached the authorities in 1987 and quoted the lowest bid of Rs.19.97 per Cu.m. Had the management accepted the lowest bid, an amount of Rs.118.450 million could have been saved.

1017. The management stated that first and second contract for 1987-80 and 1980-81 to M/s Broekhoven were the lowest. Some of their claims were not settled by Port Qasim Authority. Seven other contracts were awarded to same party during 1980 to 1986-87 considering the lowest. The contract for 1980-81 was awarded on competitive rates after reduction of Rs.67.3 million. The management further stated that M/s China Harboun Engineering Company neither applied for pre-qualification nor participated in any tender for dredging work of Port Qasim. They were introduced by M/s Millwala Dredging Company.

1018. The management's contention that M/s China Harboun Engineering Company was introduced by M/s Millwala Dredging Company and dredging contracts were supervised by International consultants M/s Pacific Consultant International could not be verified by Audit as relevant record was not shown for verification.

1019. The issue was discussed in the Public Accounts Committee and it was decided that it should by resolved by Audit after discussion with the department and verification of necessary record.

1020. **Extra expenditure of Rs.15.124 million on repairs of damaged berth due to defective execution of the contract and poor monitoring(Para 83, pages 70-71 ARPSE)**- Port Qasim Authority made a contract with M/s Sociate General "D" Enterprise France for the construction of an Iron ore and Coal berth on February 4, 1977 for Rs.230.694 million to be completed within 15 months. The projects was completed at a cost of Rs.424 million in March, 1979 after a delay of about eleven months. The berth was damaged in January, 1983 just after five years. It was got repaired on the advice of the consultant M/s NESPAK and Kampex International at the cost of Rs.15.124 million (approx). The matter was also investigated by Dr. Akram A. Sheikh, Ex-Managing Director, Pakistan Steel who had given a detailed report. The Port Qasim Authority did not agree with the report. The Ministry stated that the main cause of the damage was on account of misuse of un-loader during operation.

1021. Audit desired to fix the responsibility of the damage caused either by non monitoring by Port Qasim Authority or misuse of the Port by un-loader for which independent enquiry be conducted.

1022. The departmental representative informed the Committee that M/s. Independent Consultants who were asked to investigate the reasons of the damages, informed that the damage was misuse of the facility due to which minor cracks began to develop at that time. The para was discussed by the Committee in detail and dropped.

1023. **(Paras 75,76,79 & 80, pages 64-68-ARPSE)**- The explanation given by the Ministry were accepted by Audit and the paras were settled.

ACTIONABLE POINTS 1987-88

1024. **Unauthorized payment of Rs.243,965 as commission to private individuals (Para 9, page 32-ARPSE)(Item 9-AP-87-88)**- Audit pointed out that PNSC paid commission of US$ 48,700 (Rs.243,965) on the shipment of defence cargo to two Pakistani nominees of the supplier which was not permissible under terms of agreement or under PNSC rules. This irregular payment in foreign currency on defence cargo, needed investigation and responsibility fixed.

1025. The Committee in its meeting held on July 5,1992 advised the Principal Accounting Officer to form a Committee comprising representatives of Ministry of Communications, Finance and Audit to determine as to why defence authority agreed to the suppliers condition to supply shipment at one of the three ports when it was known that PNSC was covering only one of these port i.e. Humberg.

1026. The report of the Committee headed by Mr. Shahid Aziz Siddiqui, Additional Secretary/Director General (P&S), M/O Communications was read out in the meeting. Three officers were held responsible for the unauthorized payment. The departmental representative informed the Committee that all of the responsible officers had retired from service some time ago. One of them is dead.

1027. The Committee directed the departmental representative to quantify the damage, proceed under the law for recoveries and inform the Committee as soon as action is completed.

1028. **(Paras 2-3, page 7-ARPSE)(Item 10-AP-87-88)**- Audit pointed out that the accounts of Port Qasim Authority for 1987-88 were received late, therefore, they could not be included in the Audit Report for 1987-88. However, Audit comments on them have been included in the Audit Report for 1988-89. The accounts for 1989-90 were also received late and those for 1990-91 had not yet been received.

1029. The Committee in its meeting held on July 5, 1992 directed the Port Qasim Authority to keep its accounts uptodate and communicate to Audit on timely basis.

1030. Audit reported that despite Public Accounts Committee directive, Port Qasim Authority has not submitted uptodate accounts. The accounts for 1991-92 were received in 1995 and for 1992-93 and 1993-94 had not yet been received. The Committee again directed the departmental representative to submit their accounts to Audit well in time.

1031. **(Para 144, page 147-ARPSE)(Item 36-AP-87-88)**- Audit pointed out that due to delay in disposal of M.V Rangamati an expenditure of Rs.6.987 million was incurred on it by PNSC during laid up period when it was sold in 1987-88.

1032. The Committee in its meeting held on July 5, 1992 advised the Principal Accounting Officer to fix responsibility for unnecessary expenditure and take action against the person(s) held responsible.

1033. The Committee was not satisfied with the explanation given by department and constituted a Sub-Committee under the Chairmanship of Mir Altaf Ali Bhayo, MNA comprising Mr. Mazhar Ali Shah, Director General(CA) and Mr. Yawar Zia, Financial Adviser, Ministry of Communications to re-examine the case in detail and report to PAC.

ACTIONABLE POINTS 1985-86

1034. **Loss of Rs.546,153 due to irregular import of prime movers and traders (Para 16, page 35-ARPSE)(Item 2-AP-85-86)-** Audit informed the Committee that the Ministry had issued warning to the concerned officer. The Committee directed the department to be careful in future.

1035. **Control over expenditure Grant No.20-On excess of Rs.45.067 million over authorization of Rs.677.045 million (Paras 1.1, 1.2 & 10, page 9-AR-P.P.O & PT&T)(Item 6-AP-85-86)-** The Public Accounts Committee in its meeting held on 25-5-89 directed the Finance Division to provide a detailed justification for "carrying over" the expenditure of Rs.45.067 million to the Excess Budget Statement. The Director General, Pakistan Post Office in their letter dated 26-10-1989 to the Finance Division justified this excess by claiming that their request for Supplementary Grant was based on the trend of first seven months actual of 1985-86 on accounts of obligatory expenditure on establishment and pensionary charges. The Finance Division in their response on 19-1-1992 endorsed the views of the Pakistan Post Office.

1036. The issue was again discussed in detail and the departmental representative informed the Committee that the excess expenditure was due to payment of Secretariat Allowance to the employees of the Postal Corporation which could not be avoided being obligatory payment. The request for supplementary grant was made to the Finance Division well in time. The Committee approved the supplementary grant.

ACTIONABLE POINTS 1986-87

1037. **Non-reconciliation of cash transactions (Para 1.4, page II-AR-PPO & PT&T)(Item !-AP-86-87)-** The Public Accounts Committee in its meeting held on 26-11-1989 directed that position with regard to non reconciliation of cash transactions, be discussed in detail between Audit and the department/Ministry and a completely reconciled position brought before the Public Accounts Committee in its next meeting.

1038. Audit reported that the matter of non reconciliation of cash transactions with the Civil Treasuries was received in the light of existing procedure by the Post Office Department and it was proposed to eliminate Exchange Accounts transactions between the Post Office/Civil and Defence Department.

1039. To start with it was proposed that the supply of stamps to the General Post Office in Karachi Metropolitan Corporation be made by the Chief Controller of Stamps, Karachi instead of by Civil Treasury which was agreed to by Audit.

1040. The experiment scheme was found satisfactory. It was therefore, mutually agreed to further extend its scope to Sindh and Balochistan provinces. The department in

August, 1991 informed that agreements could not be finalized due to lack of Communication system in Balochistan and Sindh.

1041. The departmental representative informed the Committee that there was a difference of crores of rupees in the amount drawn from the State Bank and deposited in the State Bank by the Post Office. On the direction of the previous Public Accounts Committee, the amounts have been reconciled. Audit reported that they have not received any information about reconciliation. The Committee therefore, directed the Audit to submit the report within two months.

1042. **Operational loss of Rs.36.107 million (Para 1.7, page 13-AR-PPO & PT&T)(Item 2-AP-86-87)-** The Public Accounts Committee observed that the department should endeavor to make its estimation of profit and expenditure more realistic so that an artificial position is not brought before the National Assembly at the time of budget approval.

1043. Audit pointed out that as per Ministry reply department made efforts to prepare the revised estimates 1989-90 and budget estimates 1990-91 realistic but the Finance Division did not agree to it.

1044. The departmental representative informed that in case the revenue receipt of the Post Office Department does not increase, the position will remain the same. The subsidy on envelops and tickets is the basic problem of the department. The other causes for the operational loss are the non profit producing post offices in different sectors and rendering of concessional services. The Committee was satisfied and did not press any more.

ACTIONABLE POINTS 1985-86

1045. **Control over expenditure Grant No.173 (Paras 6.1 & 6.2 pages 25-26-AR-PPO & PT&T)(Item 9-AP-85-86)-** The Public Accounts Committee in its meeting held on 25-5-1989 directed the Ministry to furnish explanation of the Officers responsible for excess expenditure in all preceding years for review by the Committee.

1046. Audit informed that PTC had not communicated to them whether the amounts of Rs.665.540 million had been charged to the final heads or not. Audit did not agree with the explanation that excess of Rs.149.22 million was due to sudden receipt of a consignment of stores as no specific details/evidence had been provided. No officer was identified for incurring excess in all preceding years for review by the Public Accounts Committee. The officer responsible for the excess of Rs.137.67 million was also not submitted for review by the Committee but the department came up with another explanation.

1047. The Chairman Public Accounts Committee took a serious note of the negligence and directed the departmental representative to reconcile their accounts with Audit and send a report in his office.

1048. **Telephone Connections (Para 7.6, page 30-AR-PT&T)(Item II-AP-85-86)-** In the meeting of the PAC held on 25-5-1989, the department was advised to fix realistic standard of useable capacity. Audit explained that the department had arbitrarily reduced by 10% the useable capacity of telephone exchanges from 95% to 85%. Audit further enquired about the maximum loading capacities fixed by different manufacturers of exchanges. No. technical details and or credible justification was provided nor an explanation of financial impact (potential loss) had been furnished to Audit as a consequence of lowering the useable capacity.

1049. Audit was not satisfied with the explanation of the department that the useable capacity of the department has been reduced by 10%. The Committee accepted the explanation of the department and the para was dropped.

1050. **Outstanding dues (Para 7.8, pages 31-32-AR-PT&T)(Item 12-AP-85-86)-** In the PAC meeting held on 25-5-1989, he Ministry was advised to take strict action to realize Government dues. The Principal Accounting Officer was authorized to approach all Government departments with Committee's directives for immediate payment of post dues.

1051. The departmental representative informed the Committee that upto July, 1995, 84% of the outstanding dues had been recovered. The Committee accepted the reply of the department and the para was dropped.

1052. **Performance Audit Report on expansion of Gulberg Telephone Exchange, Lahore from 4000 to 8000 lines (Paras 1.1 to 5.7, pages 97-101-AR-PT&T)(Item 6-AP-85-86)-** The Public Accounts Committee in its meeting held on 26-11-1989 directed the Principal Accounting Officer to personally verify/review certain very significant issues and report to Committee on action taken.

1053. The Audit reported that the directive of the Public Accounts Committee had not been complied with by the Principal Accounting Officer.

1054. The Committee took serious note of the negligence on its directive and warned the Principal Accounting Officer to be careful in future, check up the details and report compliance.

ACTIONABLE POINTS 1987-88

1055. **Grant No.21-PT&T Department(Pages 19-20-AA-PT&T)(Item 5-AP-87-88)-** The Public Accounts Committee in its meeting held on 26-7-1992 directed the Auditor-General to arrange a comprehensive performances evaluation of Special Communications Organization.

1056. Audit reported that in compliance with the special directive of the Public Accounts Committee a report on the overall performance of SCO has since been prepared and printed in the Audit Report for 1992-93. The Committee appreciated the action taken by Audit.

ACTIONABLE POINTS 1985-86

1057. **Test point telephones (Para 7.9, pages 32-33-AR-PT&T)(Item 13-AP-85-86)-** The Public Accounts Committee in its meeting held on 25-5-1989 directed the department to inquire into the abuse of test telephones and associate a representative from Audit in the inquiry. Inquiry was conducted and Audit concluded that:-

(i) Test point phones are necessary to check the optional efficiency of the system.

(ii) The department must develop and standardize a criteria for opening of test points on the basis of a given installed capacity.

(iii) Specific policy instructions need to be given for opening STD and Non-STD points to avoid misuse.

(iv) Some limit must be prescribed on test point phones for various categories of use including major breakdowns.

(v) No test point should be allowed outside the exchange building as was the case in Lahore Rest House of T&T.

1058. The Audit representative proposed that the test points should be non-STD to avoid its misuse and their number should be reduced. The departmental representative explained that the test point telephones are the requirement of old type exchanges. The system is being converted into digital exchange wherein the test point telephones may not be required. The para thereafter, was not pressed and treated as settled.

1059. **Loss of Rs.761,411 due to wrong planning (Para 8.3 (c), page 43-AR-PT&T)(Item 3-AP-85-86)-** The Principal Accounting Officer was directed by the Public Accounts Committee on 26-11-1989 to finalize the case within one month and report compliance in the next meeting of the Public Accounts Committee.

1060. The departmental representative informed the Committee that enquiry has been conducted in the case and gave a brief explanation for the requirement to procure other quality of wire, instead of the previously purchase wire, for the improved system acquired later on. However, the wire previously purchased was used elsewhere. The Committee was satisfied and did not press any more.

1061. **Loss of revenue due to leakage of Rs.6.403 millions (NWD) (Para 8.8 (a), page 47-AR-PT&T)(Item 4-AP-85-86)-** The Public Accounts Committee directed the Principal Accounting Officer on 26-11-19989 to realize the unrecovered revenue and report compliance in its next meeting.

1062. Audit reported that the Ministry and the department had not taken visible and tangible action to realize the outstanding revenue and had taken a cover of technical explanation to justify the immense revenue losses.

1063. The Committee again directed the Principal Accounting Officer to expedite recovery of outstanding dues and report compliance to the Committee.

(i) Loss of Rs.2,484,814 on account of non-realization of electric charges from the occupants (Para 11.6, page 83-AR-PT&T)(Item 4(i)-AP-85-86)-

(ii) Loss of Rs.156.028 due to non-realization of sui gas charges from the occupants (Para 11.7, page 83-AR-PT&T)(Item 4(ii)-AP-85-86)-

1064. The Principal Accounting Officer was directed by the Public Accounts Committee on 26-11-1989 to personally review the Audit observations and take necessary action to settle the above paras.

1065. Audit reported that neither the directive of the Committee had been taken in the Ministry's reply nor compliance thereof had been reported by the Principal Accounting Officer.

1066. The departmental representative explained that the loss reported by Audit relates to staff quarters. The Committee was satisfied and dropped the above paras.

ACTIONABLE POINTS 1987-88

1067. **Government investment in Telegraph and Telephone Department (Para 4.10, pages 23-24-AR-PT&T)(Item 8-AP-87-88)-** The Public Accounts Committee directed the Audit to verify position regarding Government investment in T&T department and report within one month.

1068. Audit informed that the Auditor General's report on the net worth of the T&T department as at 14 December, 1990 had since been issued to the Federal Government on 17 September, 1995 in which the equity of the Government had been determined at Rs.38.979 billion under Section 13(3) of the PTC Act. The issue had been resolved and the Committee was satisfied with the explanation.

ACTIONABLE POINTS 1986-87

1069. **Outstanding dues-Rs.2 billion (Para 7.7 (a), page 42-AR-PT&T)(Item 15-AP-86-87)-** The Public Accounts Committee directed the department on 26-11-1989 to furnish improved position of recoveries of outstanding dues in the next meeting.

1070. The department stated that recoveries of Rs.850 million have been made but particulars of recoveries were not furnished to Audit for verification despite several references. Audit also reported that the outstanding telephone dues against Government, semi- Government and private users etc. had increased to Rs.3091 million on 30-6-1992.

1071. The Committee took serious note of the outstanding dues and directed the department to speed up recovery.

1072. **Non disposal of obsolete, un-serviceable and in-operative stores (Para 8.5, page 53-AR-PT&T)(Item 16-AP-86-87)-** The Principal Accounting Officer was advised to ensure disposal of the in-operative/un-serviceable and obsolete stores within three months.

1073. Audit reported that the in-operative/un-unserviceable and obsolete stores had not been disposed of despite the lapse of more than five years although the Principal Accounting Officer was advised by the Public Accounts Committee on 26-11-1989 to ensure the disposal within three months.

1074. The departmental representative explained that they had received an offer of Rs.12,800 and again Rs.15,000 for the purchase of the obsolete, unserviceable and in-operation stores which were very low. Anyhow, they will dispose it off at any offer they now receive. The Committee directed to dispose of within two months through calling bids.

ACTIONABLE POINTS 1987-88

1075. **Grant No.177-Capital Outlay of Pakistan Telegraph and Telephone Department (Pages 21-22-AA-PT&T)(Item 6-AP-87-88)-** The Public Accounts Committee constituted an Inter-departmental Committee on 26-7-1992 comprising Mr. Mahmood Ahmad Lodhi, Additional Secretary, Finance Division (Convener), Mr. Mujahid Hussain, Director General Audit, PT&T, Joint Secretary, Ministry of Communications and Member Planning, PTC to look into the causes of abnormal excess in the grant.

1076. In compliance of PAC's directive the Committee loked into the causes of abnormal excess in the grant and reported the following facts to the Public Accounts Committee:-

(i) An expenditure of Rs.2733 million was incurred against the final grant of Rs.1535 million involving an abnormal excess of Rs.11.98 million i.e, 78%.

(ii) Out of the above amount Rs.11 million was the excess of SCO. Thus T&T department was responsible for the excess expenditure of Rs.1187 million (79% of their proportionate budget grant).

1077. Audit recommended that the abnormal excess may be got regularized. The Committee directed the Principal Accounting Officer to verify the balance in the store which was purchased in excess of the requirement. Suitable action should be taken against the defaulters if they have not died or retired earlier and report compliance to the Committee within three months.

1078. **Non-maintenance of accounts on accrual basis (Para 4.11, page 24-AR-PT&T)(Item 9-AP-87-88)-** The Committee was informed that the PTC will start accounting on accrual basis by the end of financial year 1992-93. Audit reported that the PTC had not got finally evolved a suitable commercial accounting procedure. Despite promises the department continued to maintain its accounts on the old formats of Appropriation Accounts. Non-maintenance of accounts on commercial basis has a significant bearing on the disinvestment process of PTC because the trading results are not made transparent.

1079. **Loss due to short recovery of sui gas and water charges Rs.1,96,224 (Para5.1(i), pages 30-31-AR-PT&T)(Item 14-AP-87-88)-** The Public Accounts Committee in its meeting held on 26-7-1992 directed the departmental representative to submit final report regarding recoveries of sui gas and water charges from staff. Audit informed that the amount was not recovered from the staff but was adjusted from the grant. As the adjustment was carried out for low paid employees, the Public Accounts Committee dropped the para.

1080. **Unjustified expenditure of Rs.1,156,654 on procurement of excessive quantity of store (Para 5.4 (d), pages 35-36-AR-PT&T)(Item 19-AP-87-88)-** The Public Accounts Committee in its meeting held on 26-7-1992 directed the Audit to re-examine the matter in the light of departmental reply. Audit informed the Committee that no further details had been furnished by the department regarding expenditure incurred on the procurement of excessive quantity of store for verification by Audit. The department constructed twenty-one houses, fourteen for Grade 19 officers and seven for Grade 20 officers. Enquiry report, on the directive of the Chairman Public Accounts Committee has proved that sanctions were deliberately split up to show the expenditure below Rs.50.00.000 i.e. within the delegated power of Director General to sanction expenditure on works.

1081. On the assurance given by the departmental representative that there was no loss of revenue as the project was completed in time, the Public Accounts Committee directed the departmental representative not to exceed their power in future and verify expenditure without further delay.

1082. **Store expenditure in excess of the provision in the estimates-Rs.2,981,791 (Para 5.4 (e), pages 36-37-AR-PT&T)(Item 20-AP-87-88)-** In its meeting held on 26-7-1992, the Public Accounts Committee had directed the PTC to re-examine the case in consultation with Audit. Audit informed that expenditure of Rs.2,760,984 in excess of the sanctioned provision in estimates had been verified by Audit. The remaining amount of Rs.220,807 would be verified on receipt of the sanction of the competent authority.

1083. The Committee directed the departmental representative to get the expenditure verified without any further delay.

1084. **Unauthorized expenditure of Rs.6.22 million (Para 5.5 (a), pages 37-38-AR-PT&T)(Item 21-AP-87-88)-** An Inter-departmental Committee comprising Director General Audit PT&T (Convener), Joint Secretary, Ministry of Communications and

Financial Adviser, Ministry of Communications was constituted by the Public Accounts Committee in its meeting held on 26-7-92 to examine the case of expenditure in excess of estimates and report if there was any misuse of authority. The Committee upheld the Audit view-point regarding expenditure in excess of estimates and misuse of authority.

1085. **Expenditure incurred in excess of sanctioned cost Rs.140 million (Para 5.5 (b), page 38-AR-PT&T)(Item 22-AP-87-88)-** The Public Accounts Committee in its meeting held on 26-7-1992 directed the departmental representative to regularize the balance of Rs.42 million in three months. Audit confirmed that the balance of Rs.42 million had been verified. The Committee, therefore, dropped the para.

1086. **Unallotted Telephones (Para 6.6, page 56-AR-PT&T)(Item 29-AP-87-88)-** The PTC was directed to re-examine in detail the matter of unallotted phone and submit report to the Committee. Audit informed that the department had not furnished the report. Moreover, no recovery of Rs.59.882 million against un-allotted telephones had been intimated to Audit.

1087. The Committee directed the department to expedite recovery and submit report to the Committee.

1088. **Stores suspense account of CTC (Para 7.2 (A&B), pages 57-58-AR-PT&T)(Item 30-AP-87-88)** The Public Accounts Committee in its meeting held on 26-7-1992 had directed the department to examine the reserve stock limit which was raised from Rs.250 million to Rs.500 million in the month of June, 1988.

1089. The departmental representative explained that when the system expands, the maintenance charges also increase. Five years before the number of telephones was 800 thousand which has been increased to 2.8 million. The reserve stock limit had, therefore, been increased. It was not a deliberate violation but a requirement to serve the larger number. The para was dropped.

1090. **Outstanding balance under remittances Rs.794.523 million (Para 7.7, page 60-AR-PT&T)(Item 31-AP-87-88)-** The Committee was assured that the position of remittance head balance will improve by the end of financial year 1992-93. Audit reported that the particulars of adjustment of the remaining balances of Rs.197.549 million are required to be intimated. The Committee directed to verify the adjustment of the remaining balance.

1091. **Performance Audit Report on installation of Multan Road-II Telephone Exchange, Lahore (Para 1 to 6.7, pages 101-127-PT&T)(Item 34-AP-87-88)** The Public Accounts Committee in its meeting held on 26-7-1992 directed the PTC to improve the performance of the exchange in the light of the report and make it a case for improvement. The departmental representative informed that they had issued instructions to all concerned. A report will also be sent to the Committee Secretariat. The Committee did not press any more.

1092. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Communications. These would be treated as settled subject to any action as may be necessary under the rules.

1093. The Committee then adjourned to meet again at 10.00 a.m on Tuesday, the 21st November, 1995.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday the 21st November,1995.
Twenty-second Sitting (PAC).

1094. The Public Accounts Committee assembled at 10.00 a.m in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan,MNA.	Chairman
2.	Mr. Hamza,MNA.	Member
3.	Mir Altaf Ali Bhayo, MNA Parliamentary Secretary for Housing & Works.	Member
4.	Sahibzada Muhammad Nazeer Sultan, MNA	Member
5.	Syed Abbas Shah,MNA.	Member
6.	Mr. Moti Ram Malani,MNA.	Member
7.	Maulana Abdul Ghafoor Haidari,MNA	Member
8.	Ch. Nisar Ali Khan, MNA	Member
9.	Mr. Miangul Aurangzeb,MNA.	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Muhammad Aslam Shami, Joint Secretary (PAC).
3. Mr. Nawab Hussain, Deputy Secretary (PAC).
4. Mr. Abdul Aziz, Officer on Special Duty (PAC).

Audit:

1. Mr. Muhammad Naseer Ahsan,
   Auditor-General of Pakistan.
2. Mr. Munir Ahmed,
   Deputy Auditor-General (CA&E).
3. Mr. Muhammad Usman,
   Deputy Auditor-General (GA).
4. Mr A.R.Arif,
   Accountant General, Pakistan Revenues.
5. Sheikh Naseer-ul-Haq,
   Director General Audit (Federal Government).
6. Mr. Nayyar Bakht,
   Director General (PEC).
7. Mr. Mazhar Ali Shah,
   Director General (CA).

Ministry of Finance and Planning & Development Division.

1. Dr. Mushtaq Ahmed,
   Economic Adviser/Additional Secretary.
2. Mr. Mukhtar Ahmed,
   Joint Secretary (Exp).
3. Mr. Abdus Sattar,
   Financial Adivser (P&NS)
4 Mr. Arshad Jamil Khokhar,
   Director General (Project Wing),
   Planning & Development Division.
5. Mr. Muhammad Aslam,
   Accounts Officer (Budget).

1095. **Accounts examined**-Accounts pertaining to the Ministry of Petroleum & Natural Resources were examined by the Committee during the meeting.

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

1096. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Petroleum and Natural Resources. The following departmental representatives were present:-

1. Syed Naseer Ahmed, Secretary.
2. Mr. Khalid Masood Ahmed, Deputy Secretary.
3. Rai Ali Hasnain Raza, Section Officer.
4. Mr. Sher Zaman Niani, Section Officer (B&A).
5. Mr. Mubeen Ahsan, Chairman (OGDC).
6. Mr. Ijaz Hussain Malik, Chairman (PMDC)
7. Mr. Jahangir N. W. Ansari, Managing Director (PSO).
8. Mr. M. Saleem Sandhoo, Managing Director (SNGPL)
9. Mr. Javed Hussain, Managing Director (SSGCL)
10. Mr. Muhammad Yakoob Bizenjo, Managing Director (Saindak Metals).
11. Mr.Azmatullah Khan, Senior General Manager Finance (PSO).
12. Mr. Munir Ahmed,Director General (Gas).
13. Mr. Muhammad Ali Mirza, Director General (GSP).
14. Mr. Shahid Ahmed, Director General (PC).
15. Mr. A. R. P. Memon, Director General (NRER).
16. Mr. Abdur Rehman, Genral Manager (Mari Gas Co. Ltd.)

1097. This Ministry controlled the following grants:-

Sl.No.	Name of Grant.	Grant No.
1.	Ministry of Petroleum and Natural Resources.	109
2.	Other Expenditure of Ministry of Petroleum and Natural Resources.	111

Sl.No.	Name of Grant.	Grant No.
3.	Development Expenditure of Ministry of Petroleum and Natural Resources.	170
4.	Capital Outlay on Petroleum and Natural Resources.	192

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

1098. **Grant No.109-Ministry of Petroleum and Natural Resources (Pages 374-375-AA)-** In the grant an excessive amount of Rs.991,000 was surrendered converting the grant into excess of Rs.78,155. The Committee approved the excess expenditure with the direction to be careful in future.

1099. **Grant No.111-Other Expenditure of Ministry of Petroleum and Natural Resources (Pages 376-377-AA)-** The grant closed with a saving of Rs.255,914 after the Ministry had surrendered an amount of Rs.8,550,000 in time.

1100. **Grant No.170-Development Expenditure of Ministry of Petroleum and Natural Resources (Pages 178-179-AA)-** An amount of Rs.4,644,000 was surrendered in time leaving a saving of Rs.286,100. The Committee directed the departmental representative to fix the responsibility for not surrendering the saving and bring it to the notice of the Committee.

1101. **Grant No.192-Capital Outlay on Petroleum and Natural Resources (Pages 380-384-AA)-** The final grant of the Ministry after supplementary grant of Rs.202,192,000 was Rs.1,430,230,000. An amount of Rs.409,975,000 was surrendered without foreseeing the requirement upto the close of financial year causing an excess of Rs.103,686,803. The department expressed that no additional amount was spent. The Committee deferred the para with the direction to reconcile the expenditure with Audit.

AUDIT REPORT (CIVIL) (VOL-I-1988-89)

1102. **Wastage of public money on civil works of bio gas units Rs.632,741 (Para 1,page 71-AR)-** Audit reported wastage of Rs.6,32,741 on civil works of Biogas Units in Balochistan in 1983-84 at a cost of Rs.1,168,137 and the metallic work in 1986-87. Only 88 Units were completed and 104 abandoned. The wastage was due to wrong planning.

1103. The Ministry stated that on completion of civil work of 192 units, the contractors were not ready to undertake remaining work, until clearance of their dues which were not paid due to non availability of sufficient funds. The outstanding dues were paid in 1985-86. Thereafter, the contractors declined to complete the work due to increase in the price of steel and labour. The department forfeited the securities of the contractors. Director General being responsible for the bad planning was suspended and an enquiry

was conducted against him. A warning was given to officer as decided by the President. The officer was re-instated. He has retired from Government service. The Committee did not press any more and the para was dropped.

1104. **Non-Adjustment of advance Rs.188,576 (Para 2, page 71-AR)-** Audit reported that an amount of Rs.188,576 paid to officers on account of various advances were outstanding for the period 1975-76 to 1987-88. The departmental representative replied that Rs.148,662.47 had been adjusted/recovered. Efforts were being made to recover the remaining amount of Rs.39,913.53.

1105. Audit suggested to fix responsibility against the persons responsible for unusual delay in adjustment of advances and recover the remaining outstanding advances from the persons concerned.

1106. The departmental representative informed the Committee that the remaining outstanding advance had also been adjusted/recovered.

1107. The Committee directed that in future the advances paid for the completion of works should be adjusted in the same financial year.

1108. **Infructuous expenditure on import of a windmill worth Rs.115,586 (Para 3, page 71-AR)-** Audit reported that the Ministry incurred an expenditure of Rs.115,586 on import of a windmill through a contractor on the condition that the company would first demonstrate windmill free of cost. The firm imported the windmill in 12/83 which was lying at the airport till 4/87 and subsequently the contract was cancelled. As such the total expenditure went wasted.

1109. The department stated that due to dispute with the contractor on freight charges the windmill remained at airport for four years and on the decision of Mohtasib the department paid the freight charges amounting to Rs.89,554 to the PIA on 7-4-1989. The firm insisted to install windmill at enhanced rate with certain conditions not acceptable to the department. With the approval of competent authority, payment of Rs.26,032 was made to the firm as cost of windmill with cancellation of contract for supply of remaining 49 mills. "The project was closed on 30-6-1988 and the management involved in the matter has since left the department.

1110. The Committee conveyed displeasure on the expenditure and directed Audit and department to settled the case.

1111. **Performance Audit Report of solar Energy for Remote and Under-developed Areas (Paras 1.1 to 3.2 pages 75-82-AR)-** The project was started by the Director General, New and Renewable Energy Resources under the Administrative control of Ministry of Petroleum and Natural Resources. The project was approved in February, 1986 at a cost of Rs.21.5 million for installation of one solar photovoltaic station in a period of 36 months commencing from July 1, 1984.

1112. Instead of one solar photovoltaic station six small capacity solar photovoltaic stations were proposed to be set up during 1984-89 at a cost of Rs.37.07 million without the approval of competent authority. The revised PC-I was approved in February, 1989 at a cost of Rs.24.928 million including foreign exchange component (FEC) of Rs.14.4 million. Funds of Rs.23.249 million were utilized against the allocation of Rs.33.502 million during the period 1984-89.

1113. Audit pointed out that due to conversion of the project of single 100 KWP unit to six small capacity stations, it lost its economic viability. Audit also pointed out that wide publicity was not given for the award of the contract.

1114. The Committee took serious view of the fact that the above project failed due to bad planning and mis-management . The Committee constituted an Inter-departmental Committee comprising Sheikh Naseer-ul-Haq, Director General Audit (Federal Government), Mr. Abdus Sattar, Financial Adviser, Ministry of Petroleum & Natural Resources and Mr. Rashid Farooq, Director Oil (NRER). Ministry of Petroleum & Natural Resources to investigate the reasons of the failure of project and submit its report of the Committee within one month.

1115. **Performance Audit Report on Renewable Energy for village Electrification (Paras 1.1 to 3.2, pages 84-87-AR)-** This project was started by the Ministry of Petroleum and Natural Resources originally the project was approved in July, 1980 at a total cost of Rs.19.911 million including foreign exchange component (FEC) of Rs.16.6 million. PC-I was revised in February, 1989 enhancing approved cost to Rs.39.98 million with FEC to Rs.25.91 million.

1116. The Committee directed that the Inter-departmental Committee constituted above will also investigate the reasons on the failure of this project and submit its report to the Committee within one month.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Mari Gas Company (Pvt) Limited.

1117. **Audit comments on the Company (Paras 477-478, page 379-ARPSE)-** Audit reported that the accounts of Mari Gas Company have been received upto December, 1992. However, the Company has again declined to entertain state Audit. Similarly the Management of Pak. Arab Refinery Limited is declining state Audit. The Management of O.G.D.C are not submitting the accounts in time, their accounts for the year 1993-94 were awaited.

1118. The departmental representative informed the Committee that the accounts of OGDC for 1993-94 have already been submitted and the accounts for 1994-95 will be submitted as soon as completed.

1119. The departmental representative expressed that the accounts of Mari Gas Company may not be audited out by the Auditor- General of Pakistan as their audit is

carried out by Chartered Accountants. After detailed discussion, the Committee agreed that the accounts of mari Gas Company may be audited by the Chartered Accountants.

Gemstone Corporation of Pakistan Limited.

1120. **Working results of the Corporation (Para 479, page 380-ARPSE)-** Gemstone Corporation of Pakistan for six years from 1988-89 to 1993-94 showed that the Corporation was continuously sustaining losses since its inception. The accumulated annual losses rose to Rs.118.989 million as on 30th June, 1994 which were attributed to mis-management and ineffective marketing policy. The Committee was informed that the Corporation was under process of liquidation. The Committee did not press any more.

Pakistan State Oil Company Limited.

1121. **Working results of the Company (Para 484, page 382-ARPSE)-** The working results for the years from 1988-89 to 1993-94 indicated that profit decreased by 3.81% during the year 1988-89. However, profitability increased in the subsequent years. The Committee appreciated and proceeded further.

1122. **(Para 486, page 383-ARPSE)-** The Committee was informed that advances, deposits, prepayments and other receivables increased to Rs.618.934 million as at June 30,1989 from Rs.55.791 million as at June 30, 1988 registering an increase of 10.96%. The position was not found satisfactory.

1123. The departmental representative informed the Committee that the main reason for the un-satisfactory position is the receivable bills from WAPDA etc. The Committee directed the department to expedite recovery.

1124. **Unjustified extra expenditure of Rs.21.672 million on transportation of oil products under freight pool scheme (Para 487, pages 384-385-ARPSE)-** Audit pointed out that under nearest storage points scheme 7109.375,5804.725 and 6582.90 Kilo liters of POL products were delivered in 1985, 1986 and 1987 ex-Quetta to Khuzdar which were transported from Karachi to Quetta storage and again delivered back to Khuzdar which is situated in between Karachi and Quetta. Moreover, special rates were given instead of ordinary rates from quetta to Khuzdar which is applicable to hilly areas whereas Khuzdar was situated on a metallic road. Similarly, POL products were delivered to Sehwan, Nawabshah and Sakrand ex-Sangi Depot instead of making direct deliveries from Karachi. Thus an extra expenditure of Rs.21.672 million was incurred.

1125. Despite detailed discussion, the matter could not be resolved. It was, therefore, decided to form a Sub-Committee under the Chairmanship of Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works, Mr. Abdus Sattar, Financial Adviser, Ministry of Petroleum and Natural Resources, Syed Mazhar Ali Shah, Director General, Commercial Audit and Mr. A. R. P Memon, Director General (NRER), Ministry of Petroleum & Natural Resources to examine the relevant record, fix the responsibility of PSO and submit the report to the Public Accounts Committee within one month.

1126. **Fraudulent payment of Rs.2.261 million on account of freight charges (Para 488, pages 385-386-ARPSE)-** It was reported by Audit that PSO transported different POL products from main installation at Karachi to Quetta by road during January, 1987 to December, 1987. Octroi charges due worked out to Rs.1.668 million in case the entire quantities of 164.753.275 Kilo liters were transported. The octroi charges were, however, paid short by Rs.41,632 at Quetta during January to December, 1987 which indicated that 4163.213 Kilo liters out of 5304.95 Kilo liters transported from Karachi to Quetta and back to Khuzdar did not reach at Quetta at all but was delivered directly to Khuzdar. Audit apprehended that an amount of Rs.2.261 million was paid to cartage contractor fraudulently.

1127. The Ministry stated that octroi is paid at a octroi post by the tank lorry drivers which is re-imbursed to them on production of original receipts. The management further stated that due to procedural problem, it is not possible to verify the quantities of POL products received at Quetta on the basis of octroi receipts.

1128. On the proposal of the departmental representative, the Committee directed to reconcile the accounts of receipt issued at Quetta and Khuzdar and report compliance in the next Public Accounts Committee meeting.

Resources Development Corporation (Pvt) Limited

1129. **Audit Comments on the Corporation (Paras 489-490, page 387-ARPSE)-** Audit reported that the Corporation was established in 1974 and incurred total expenditure of Rs.332.318 million upto June 30, 1992. The project had not so far been physically materialized.

1130. The departmental representative informed the Committee that the project had been completed. The project could not be started earlier due to non availability of funds. The contract became effective in October, 1991. A power house and accommodation for two thousand people had been completed. The Committee was satisfied.

Sui Northern Gas Pipelines Limited

1131. **Working results of SNGPL (Paras 491,492,493, page 88-ARPSE)-** Though the working results of Sui Northern Gas Pipelines Limited for the years from 1988-89 to 1993-94 were satisfactory, however, it was pointed out by Audit that the minimum/maximum level of stores inventory was not maintained resultantly the inventory of stores and spares is piling up. It was also observed that the recovery position of the outstanding dues was very poor as the trade debts increased to Rs.2275.652 million on June 30, 1994 which were Rs.1038.773 million in 1988-89.

1132. The departmental representative informed the Committee that inventory system had been introduced to record the information regarding stock level in the last six months and also those which were in the pipeline. The Committee was also informed that the principal amounts of debits had been recovered, only the interest was outstanding.

1133. The Committee directed the department to get the recoveries verified by Audit and pursue the recovery of outstanding amounts in writing more actively.

1134. **(Para 504, page 395-ARPSE)-** Audit pointed out that trade debtors stood of Rs.2118 million as on June 30, 1994 as against Rs.900 million in the year 1988-89.The departmental representative informed the Committee that the figures pointed out by Audit were not correct and requested to give him the correct figure. As the accounts for 1988-89 were being examined, the Committee did not allow to discuss the point any more.

1135. **(Para 506, page 395-ARPSE)-** Audit pointed out that an amount of Rs.92,000 is recoverable from Quetta Natural Gas Distribution Project since 1993. The departmental representative informed that the case was sub-judice and has been settled. The Committee directed to submit the decision/information in the next meeting.

Pakistan Mineral Development Corporation (Pvt) Limited.

1136. **Working results of the Corporation (Para 510, page 398-ARPSE)-** The working results of the Corporation for the years from 1988-89 to 1993-94 indicate that the persistent losses accumulated to Rs.277 million on June 30, 1994 and had negative equity of Rs.169 million on that date.

1137. The departmental representative informed the Committee that the losses were converted into profit in 1989-90. Government has taken a decision that all the loss making organization of PMDC should be privatized. One of them has been privatized and the remaining are under process. PMDC has been given a new mandate and will not indulge in salt mining and coal mining. The Committee did not press any more.

P.M.D.C Salt Quarries, Jatta.

1138. **Working results of Quarries (Para 518, page 402-ARPSE)-** Audit reported that the working results of Quarries are not satisfactory. It sustained losses during 1991-92 to 1993-94. The production has also decling trend as it fell down to Rs.7,567 M.Ton in 1993-94. The Committee directed that corrective steps should be taken to save deteriorating situation.

P.M.D.C Salt Mines. Kalabagh.

1139. **Working results of Mines (Para 520, page 403-ARPSE)-** Audit informed that the working results of the Quarries are far from satisfactory. The persistent losses have increased upto Rs.29.228 million as on June 30, 1994. The Committee directed to improve the working of the mines.

P.M.D.C Mines, Khewra.

1140. **Working results of Mines (Para 521, page 405-ARPSE)-** The working result of the Mines have been worsened from the year 1988-89 to 1993-94 due to continuous losses which rose to Rs.45.345 million as on June 30, 1994. The Committee directed either to increase the production and sales by minimizing the cost of sales and

operating expenses to improve the position or the mines may be privatized.

P.M.D.C Salt Mines, Warcha.

1141. **Working results of Mines (Para 524, page 407-ARPSE)-** The working results of the mines for the period from 1988-89 to 1993-94 indicate that the accumulated profit upto 1989-90 decreased from Rs.25.058 million to Rs.9.292 million by the end of 1993-94. The Committee directed the department to adopt corrective steps to save the deteriorating situation.

P.M.D.C Makerwal Collieries Ltd.

1142. **Working results of Collieries (Para 526, page 409-ARPSE)-** The working results from 1988-89 to 1993-94 showed continuous increasing loss from Rs.108.55 million in 1988-89 to Rs.245.37 million in 1993-94. The departmental representative informed the Committee that the collieries have since been privatized. The Committee did not press any more.

1143. **(Para 527, page 410-ARPSE)-** The Ministry intimated that a sum of Rs.0.767 million and Rs.0.059 million was incurred on the construction of water pipeline and acquisition of land. The case regarding acquisition of land has been decided in favour of the department. The Committee did not press any more.

ACTIONABLE POINTS 1985-86

Pakistan Mineral Development Corporation Limited.

1144. **(Para 329, page 270-ARPSE)-** Audit reported that the Corporation sustained losses from 1985-86 to 1987-88 which accumulated to Rs.282.750 million. The Public Accounts Committee formed an Inter-departmental Committee on 16-5-1989 consisting of Secretary, Ministry of Petroleum and Natural Resources, Finance, Planning and a representative of Audit to deliberate on the problems presented by the Corporation. The Committee has since submitted its report.The Committee directed the Ministry to implement the proposals of the Inter-departmental Committee.

1145. **Performance Audit Report on Coal Washing Plant, Sharigh (Para 337, pages 277-189-ARPSE)(Item 3-AP-85-86)-** As directed by the Committee the issue of Coal Washing Project was examined by the Committee for the purpose. It was informed that the Coal Washing Plant had been scraped due to defective engine ring design. higher sulpher contents in washing coal and subsequent refusal from US Aid to rehabilitate the project. The steel Mill had initially undertaken to have the coal supply equal to their 7% demand if blended with the imported coal. When the sample of blended coal was furnished to Steel Mill, they refused to take the supply on the grounds of higher cost. Moreover, the Pakistan Railways also backed out the supply of coal from Balochistan on the grounds that the rail tracks in Balochistan were not suitable for transportation of coal. The expenditure has been written off by the Cabinet Committee. After detailed discussion, the para was dropped.

1146. **Payment of demurrage charges Rs.18.193 million in foreign currency due to excess consumption of pumping time (Para 49, page 61-ARPSE)(Item 2-AP-85-86)-** Audit pointed out that the Directorate of Marketing Petroleum Division paid an amount of Rs.18.193 million on account of demurrage charges during the years 1978-79 to 1983-84 on account of excess pumping time taken over above 55 hours.

1147. A Sub-Committee consisting of Dr. Mehboob-ur-Rehman, MNA and Syed Muhammad Aslam, MNA was formed on 16-12-1989 to review the handling of Petroleum shipment by Petroleum Division. On the recommendations of Sub-Committee the para was treated as settled by the PAC.

Oil and Gas Development Corporation.

1148. **(Para 317, page 263-ARPSE)(Item 3-AP-85-86)-** Commenting on the financial position of the Corporation, Audit highlighted accumulated losses which had risen to Rs.214.621 million as on 30-6-1988. Expenditure on unsuccessful drilling during 1987-88 amounted to Rs.439.449 million which rose to Rs.200.779 million in 1986-87.

1149. The Public Accounts Committee in its meeting held on 16-5-1989 had directed that the reasons for a huge build up of obsolete inventory amounting to Rs.1 billion be examined and the Finance Director who failed to take timely action in this regard be called upon to explain the position.

1150. The Ministry informed the Committee that out of total inventory of Rs.1 billion, Rs.50 million pertained to obsolete inventory consisting of spare parts for Soviet equipment which were imported in excess as the record of supplying parts from USSR was poor ranging from 36 to 70 months. Since OGDC diversified its equipment base, the spares which were on order and delivered much later became obsolete. Since inception of OGDC diversified its equipment base, the spares which were on order and delivered much later became obsolete. Since inception of OGDC in 1961 neither any control was exercised by the management on the procurement of stores and spares nor was the optimum level of inventory determined. Rs.4980.265 million was blocked in inventory in the accounts for 1992-93.

1151. The para was discussed in detail, the Committee was not satisfied with the explanation given by the Ministry. The para was, therefore, deferred.

Gemstone Corporation of Pakistan Limited.

1152. **(Para 315, page 261-ARPSE)(Item 4-AP-85-86)-** Audit pointed out working results of the Corporation whose accumulated losses stood at Rs.42.962 million as on June 30, 1987 and increased to Rs.56.277 million as on June 30, 1988.

1153. The Public Accounts Committee in its meeting held on May 16, 1989 assigned the matter to a Sub-Committee for detailed examination. The Sub-Committee furnished its report to the Public Accounts Committee. On the recommendations of the Sub-Committee, the PAC dropped the para.

ACTIONABLE POINTS 1986-87

Pakistan Stanvac Petroleum Project (Mari Gas Company Limited).

1154. **(Para 2-3(9), page 17-ARPSE)(Item 5-AP-86-87)-** Audit pointed out that inspite of Public Accounts Committee's directives the management of Mari Gas again declined to entertain Government Audit.The Public Accounts Committee, in its previous meeting held on 18-3-1990 directed to make available their accounts to Federal State Audit in lines with the Statutory requirements.

1155. It was reported that the accounts of all the Gas Companies including Mari gas company had been provided to Audit. However, Mari Gas Company is now again declining to entertain Government Audit. The Public Accounts Committee directed the Principal Accounting Officer to ensure that accounts of all the Gas Companies including Mari Gas Company are regularly submitted to Audit in time.

Resources Development Corporation (Pvt) Ltd.

1156. **(Para 290-291, page 210-ARPSE)(Item 6-AR-86-87)-** Audit pointed out that the project was established 16 years before. Total expenditure of Rs.255.903 million was incurred upto 30-6-1989 but no fruitful result has been achieved.

1157. The Public Accounts Committee appointed a Sub-Committee on 18-3-1990 to review the utilization of expenditure already incurred by the Corporation.

1158. As the report of the Sub-Committee was not received, the Public Accounts Committee directed the Sub-Committee to submit its report in the next meeting. The para was deferred.

ACTIONABLE POINTS 1987-88

Oil and Gas Development Corporation.

1159. **(Para 408, page 249-ARPSE)(Item 3-AP-87-88)-** Audit pointed out that OGDC sustained net losses of Rs.24.614 million during 1987-88 as compared to net profit of Rs.38.352 million in 1986-87. However, the Corporation earned profit of Rs.724.258 million in 1989-90. The accumulated losses stood at Rs.2065.258 million in 1989-90. the accumulated losses stood at Rs.2065.722 million on June 30, 1990.

1160. The Committee in its previous meeting held on 14-7-1992 expressed concern that exploration work in Balochistan had remained minimized for the last many years inspite of sound prospects in the certain area.

1161. The Ministry intimated that OGDC has Jandran and Uch exploration licenses in Balochistan in addition to Loti and Pirkoh mining leases. The drilling of a well started in June, 1992. Previously some work was stopped due to law and order situation but now drilling has started in Uch. The exploration activities in Balochistan are not as

good as it should be because of limited number of rigs which are used alternately for drilling production wells and for drilling exploration wells.

1162. The members of the Public Accounts Committee appreciated the efforts of the ODGC, they were satisfied and the para was dropped.

Resources Development Corporation (Pvt) Limited

1163. **(Paras 419-420, page 252-ARPSE)(Item 5-AP-88)-** Audit pointed out that the Corporation was established in 1974 and an expenditure of Rs.289.823 million was incurred upto 30th June, 1991, but the project has not physically materialized.

1164. The Ministry intimated that on the recommendation of the Public Accounts Committee funds to the tune of Rs.220.797 million and Rs.1357.880 million have been allocated during 1991-92 and 1992-93 as financial assistance to RDC for making the Saindak Project successful because it was necessary for the uplift of the under developed areas of Balochistan. The Committee dropped the para.

Pakistan Mineral Development Corporation (Pvt) Limited.

1165. **(Para 421-423, page 253-ARPSE)(Item 6-AP-87-88)-** Audit pointed out that the accumulated loses of the Corporation amounted to Rs.267.704 million as on June 30, 1991 against paid up capital of Rs.74.274 million.

1166. The Committee was not satisfied with the continuous losses shown by the PMDC in order to continue recent trend of profitability of the project efforts should be made to achieve the targets and decision on the recommendations of the Committee formed under the Convenership of Minister of State for Natural Resources would be finalized at the earliest.

1167. The Corporation did not improve its financial results as it sustained loss of Rs.53.5126 million in 1993-94 and the total loss accumulated to Rs.276.737 million on 30th June, 1994. However, Makarwal Colliers had been privatized. The position was discussed in detail and the para was settled by the Committee.

1168. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Petroleum and Natural Resources. These would be treated as settled subject to any action as may be necessary under the rules.

1169. The Committee then adjourned to meet again at 10.00 a.m. on Wednesday, the 22nd November, 1995.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday,the 22nd November,1995.
Twenty-third Sitting (PAC).

1170. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points for 1985-86 and 1986-87. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan,MNA.	Chairman
2.	Mr. Hamza,MNA.	Member
3.	Syed Abbas Shah,MNA.	Member
4.	Makhdoomzada Syed Asad Hayat,MNA.	Member
5.	Mr. Moti Ram Malani,MNA.	Member
6.	Ch. Nisar Ali Khan,MNA.	Member
7.	Mr. Miangul Aurangzeb,MNA.	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Muhammad Aslam Shami, Joint Secretary (PAC).
3. Mr. Nawab Hussain, Deputy Secretary (PAC).
4. Mr. Abdul Aziz, Officer on Special Duty (PAC).

Audit:

1. Mr. Muhammad Naseer Ahsan,
   Auditor-General of Pakistan.
2. Mr. Munir Ahmed,
   Deputy Auditor-General (CA&E).
3. Mr. Muhammad Usman,
   Deputy Auditor-General (GA).
4. Mr A.R.Arif,
   Accountant General, Pakistan Revenues.
5. Mr. Shabbir Ahmad,
   Additional Accountant General (A/Cs).
6. Sheikh Naseer-ul-Haq,
   Director General Audit (Federal Government).
7. Mr. Mazhar Ali Shah, Director General (CA).
8. Mr. Nayyar Bakht,
   Director General (PEC).
9. Mr. Sher Khan Awan,
   Assistant Auditor General (GA).
10. Mr. Azhar Hameed,
    Assistant Auditor General (GA).

11. Mr. Muhammad Naseer Khan,
Accounts Officer (PAC).
12. Mr. Manzoor Hussain Paracha,
Accounts Officer (AR-I).
13. Mr. M.I.Shahid,
Accounts Officer (AR-III).

Ministry of Finance and Planning & Development Division.

1. Mr. Ghazanfarullah Khan,
Additional Secretary (Military Finance).
2. Dr. Mushtaq Ahmed,
Economic Adviser/Additional Secretary.
3. Mr. Arshad Jamil Khokhar,
Director General (Projects Wing),
Planning and Development Division.
4. Sheikh Ikramullah,F.A.(Civil Aviation).
5. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
6. Mr. Muhammad Aslam,
Accounts Officer (Budget).

1171. **Accounts examined**-Accounts pertaining to the Aviation Division for the years 1987-88 and 1988-89 were examined by the Committee during the meeting.

AVIATION DIVISION

1172. The Committee took up for its examination the Appropriation Accounts, Audit Reports etc. pertaining to the Aviation Division for the years 1987-88 and 1988-89. The following departmental representatives were present:-

1. Syed Salim Abbas Jilani, Secretary.
2. AVM(R) Sardar M. Asif, Additional Secretary.
3. Mr. Khalid Amin, Joint Secretary.
4. Sheikh Muhammad Saleem, Joint Secretary.
5. Mr. Naseem Iqbal, Joint Secretary.
6. Wg. Cdr. Tauseef Alam, Deputy Secretary (PAC).
7. Mr. Abdul Rauf Sheikh, Deputy Secretary.
8. Mr. Nisar Haider Shah, Section Officer (PAC).
9. Raja M. Azim, Section Officer.
10. Mr. Zulqarnain Qureshi, Military Accountant General.
11. AVM(R) Farooq Umer, Managing Director (PIAC).
12. Mr. S.H. Zeya, Director General (Met.).
13. Mr. Shahid Muzaffar-ul-Islam, Managing Director(PIA Holdings).
14. Brig.Rashid Ali Malik, Force Commander (ASF).
15. Mr.Raees M.Irshad, Liquidator (ADA).
16. Mr. Zahid Mahmood Manto, Director Operation (Duty Free Shops).
17. Mr. Khalil Ahmad, Director General (CAA).
18. Mr. M.A.Majeed, Finance Manager (PIA Holdings).

19. Mr. M.Junaid Limbada, Finance Manager (PIA Holdings).
20. Mr. M.Jalaluddin, Director Finance (PIAC).
21. Mr. Inam Muhammad Khan, Director Finance (ASF).
22. Mr. S.M.Askari, Director Finance (ADA).
23. Mr. Abdul Qadir, General Manager (Budget) (CAA).

1173. This Division controlled the following Grants:-

SL.No.	Name of Grant.	Grant No.
	1987-88	
1.	Ministry of Defence.	29
2.	Meteorology.	31
3.	Development Expenditure of Ministry of Defence.	147
4.	Capital Outlay on Civil Aviation & Other Works of Ministry of Defence.	180
	1988-89	
1.	Aviation Division.	30
2.	Meteorology	32
3.	Development Expenditure of Ministry of Defence.	152
4.	Capital Outlay on Aviation Division.	185

APPROPRIATION ACCOUNTS(CIVIL)(VOL-I-1987-88)

1174. **Grant No.29-Ministry of Defence (Aviation Division) (Pages 124-125-AA)**-This grant is jointly controlled by Defence and Aviation Divisions. Excess of Rs. 2,273,434 forms part of overall saving of Rs. 411,176,259 under this grant.

1175. The departmental representative explained that as for as the Aviation Division is concerned, there is negligible excess of Rs. 159 only. The saving is on the Airport Security Force side. The L.C. for Rs. 1.04 million was opened for the import of spare parts for machines and equipments and its establishment. The debts could not be adjusted during the same year and adjusted in the following year. Thus the saving could not be surrendered in time.The explanation was accepted and the para was dropped.

1176. **Grant No.31 Meteorology(Page 127-AA)**- Excess of Rs.557,035 is required to be regularized. An amount of Rs. 1,449,079 was also surrendered in excess of saving. The departmental representative explained that this was the obligatory charges of excess pay and allowances which was sanctioned during the budget year. The explanation was accepted and the para was dropped.

1177. **Grant No.147 Development Expenditure of Ministry of Defence (Page 130-AA)**- An amount of Rs. 740,000 was surrendered leaving net saving of Rs. 879,602. The departmental representative explained that this amount was earmarked for the salary of an expert of world Meteorological Organization. The debt on this account was required to be raised by E.A.D. during 1987-88 but was not raised in time. It was raised next year.The explanation was accepted and the para was settled.

1178. **Grant No.180-Capital Outlay on Civil Aviation and other Works of Ministry of Defence(Page 180-AA)**- Audit pointed out that this grant is controlled by Defence and Aviation Divisions. Excess of Rs. 3,952,638 is a part of the grant closed with overall saving of Rs.39,6047,362. Audit further pointed out that financial year starts from 1st July and ends on 30th June but the process of procurement from abroad is initiated by most of the Ministries/Divisions towards the end of the financial year with the result that the debit is received in that subsequent year, thus there is saving in the current financial year and excess in the subsequent year. Audit suggested that the department should initiate the process of procurement from abroad right in the beginning of the financial year.

1179. The departmental representative informed that there are shortcomings within the Ministry which takes much time to establish L.Cs. Normal practice is not to let the amount lapse, because it becomes very difficult in the following year to get that amount. He took note of the Audit suggestion. The Committee accepted the explanation and decided to drop the para.

APPROPRIATION ACCOUNTS(CIVIL)(VOL-I-1988-89)

1180. **Grant No.30-Aviation Division(Pages 144-145-AA)**- Audit pointed out that the Appropriation Accounts and the budget provision of Aviation Division has been separated from the Ministry of Defence. This grant was closed with a saving of Rs.10 million which should have been surrendered in time.The departmental representative explained that the saving is mainly due to again purchase of durable goods of an amount of Rs.18.109 million and the supply position of the same remained uncertain. There were some excesses on the other hand and the net saving was Rs. 10 million. The departmental representative assured the committee that there will be lesser recurrence of this nature in future. The committee accepted the explanation and the para was dropped.

1181. **Grant No.32-Meteorology (Pages 147-148-AA)**-The committee regularized the excess expenditure of Rs.4,033,778 and the para was dropped.

1182. **Grant No.152-Development Expenditure of Aviation Division(Page 152-AA)**- The Committee agreed to regularize the excess expenditure of Rs. 430,082 and the para was dropped.

1183. **Grant No.185-Capital Outlay of Aviation Division(Page 154-AA)**- The departmental representative explained that the equipment of Airport Security Force was to be imported and the L.C. was established in the financial year but the goods were received in the following year. Thus the adjustment was made in 1988-89. Because of the L.C. the amount was not surrendered.

1184. The representative of Finance Division pointed out that because of poor financial management, there is excess under certain grants and savings in other grants. The Division should have adjusted all these savings and excesses through technical supplementary Grants,without requiring additional funds.Audit pointed out that they should have reappropriated the savings on adjusting them excesses in other grants. This is a common practice and most of the Ministries/Divisions referred these matters well in time to Finance Division. The departmental representative assured the Committee that they will seek the financial concurrence for re-appropriation in time in future.

ACTIONABLE POINTS 1986-87

1185. **Grant No.181-Capital Outlay on Civil Aviation and Other Works of Ministry of Defence(Page 99-AA)(Item 1-AP-86-87)-** Audit informed that the previous PAC in its meeting held on15-3-1990 directed the department to take action against the officer(s) responsible for the accounting errors.

1186. The departmental representative explained that Group Captain (Retd) Maqsood Amir, the then Project Director was responsible for the errors. Since he is no longer in service of Civil Aviation Authority as such no disciplinary action is possible against him at this stage.

1187. The PAC after detailed discussion directed the Principal Accounting Officer to hold a fresh enquiry himself against the defaulter(s) and report back to the PAC within three months.

AUDIT REPORT(CIVIL WORKS)(VOL-II 1987-88)

1188. **Overpayment to a contractor Rs.17,400 (Para 12.1, page 71-ARCW)-** Audit pointed out that this para relates to overpayment to a contractor on account of earth-work of an embankment of a road. The departmental reply has been found satisfactory and the para was dropped by the PAC.

1189. **Outstanding inspection report, Audit Notes etc.(Para 12.2, pages 71-72-ARCW)-** Audit reported that the reply of the departm[illegible]t has been found satisfactory, the para was, therefore, dropped by the PAC.

ACTIONABLE POINTS 1985-86

1190. **Infructuous expenditure of Rs. 1,671,000 (Paras 1.1 to 1.17, pages 1-31 ARCW)(Item 1-AP-85-86)-** Audit reported that this infructuous expenditure of Rs.1,671,000 was discussed in the previous meeting of PAC on 20-5-1989. The Committee directed that it may be inquired as to how the controls were relaxed while incurring the expenditure and steps should be taken to ensure that such arbitrary expenditure does not take place in future.

1191. A Sub-Committee consisting of Sardar Ashiq Muhammad Khan Mazari, M.N.A. and Syed Muhammad Aslam M.N.A. with a representative of Audit was formed to review the serious irregularities reported in the Audit paras.

1192. The Ministry reported that the Sub-Committee visited Civil Aviation Authority Headquarters, Karachi on 25-7-1989 and re-viewed/discussed some work pointed out in the paras. Remaining works were not reviewed by the Sub-Committee due to the death of Sardar Ashiq Muhammad Khan Mazari, MNA. It was suggested that a Sub-Committee may be constituted to finalize the compliance of PAC directives. A Sub-Committee constituted under the Chairmanship of Mir Altaf Ali Bhayo, M.N.A. Mr. Javed Arif, Director General Audit (Works) and Sheikh Ikramullah, Financial Adviser Civil Aviation Authority as its Members to look into this case and submit its report to PAC within 2 months.

1193. **Loss on disposal of Steel Rs. 1.203 million(Para 2.1, page 42-ARCW)(Item 3-AP-85-86)**- Audit pointed out that this para has already been taken in the Report for 1988-89. This will be discussed subsequently in the Report for 1988-89. The Committee agreed.

ACTIONABLE POINTS 1986-87

1194. **Non-recovery of dues Rs.254,690(Para 6.4,page 57-ARCW) (Item 4-AP-86-87)**-Audit informed that the entire amount has been recovered. The para was dropped.

1195. **Loss due to premature Award of a Contract-Rs.93.000 million(Para 5.1, page 53 ARCW)(Item 2-AP-86-87)**-This para was deferred till next meeting.

1196. **Defective execution of work Haj Terminal Building at Islamabad(Para 6.1,page 55-ARCW)(Item 3-AP-86-87)**- The departmental representative explained that during inspection and enforcement they observed that quantity of steel used in the Building, was less than the estimated quantity. Thus cracks appeared in the Building. The work was below specification and less quantity of steel was used. The para was deferred for re-consideration and report in the next meeting.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1987-88)

Pakistan International Airlines Corporation.

1197. **Loss of U.K. pound 0.463 million(PAR 15.374 million) due to defective contractual services of PIAC(Para 12,pages 36-37-ARPSE)**- PIAC leased out two Boeing aircrafts to M/s Air Malta for five years from April, 1974 to March, 1979. Under another agreement dated October 7, 1973 PIAC was responsible for over-hauling and maintenance facilities to the leased aircrafts giving an option to purchase them on expiry of the lease period.

1198. Despite an undertaking and declaration of their maintenance an over-hauling according to prescribed standards, defects and demages were reported by Air Malta.The court (arbitrators) declared PIAC responsible for damages to M/s Air Malta due to negligence and consequently the Corporation had to pay U.K.pound 463,516 to Air Malta.

1199. The Corporation further intimated that since Mrs.Zenobia Biggs who okeyed the agreement is no more in PIAC and other officials who held the office between 1973 and 1987 have either retired or died, any further action or investigation at this stage will serve no useful purpose. The Committee was not satisfied with the explanation given by the department and decided to settle the para.

1200. **Expected loss of U.S.$ 80,000(PAR 1.444 million) due to payment of advance without obtaining financial safeguards (Para 14, pages 38-39-ARPSE)-** PIAC placed an order on a U.S. firm for supply of computer spare parts valuing US $ 0.150 million and violating terms of purchase order made full payment in advance without obtaining any financial safeguards. The supplier failed to honour his commitment and refunded an amount of US $ 70,000 only. The balance could not be received as the firm went into bankruptcy and was liquidated.

1201. The Management stated that the then Managing Director authorized the advance payment hence it could not be termed as irregular and that a suit was filed against the supplier.

1202. The Company on going bankrupt took up the case in the bankruptcy court of New York for refund of US $ 70,000 from PIAC. The court ordered PIAC to pay back a sum of US $ 73,331 as against the recovery of US $ 70,000 including interest etc. It was subsequently informed that certain back payments to PIA totalling US $ 57,235 were made. Despite receipt of US $ 57,235 the Corporation suffered loss of US $ 92,762 due to non-obtaining necessary safeguards from the supplier, for which neither investigation was carried out nor responsibility fixed. The progress of the case lying with FIA is awaited. The Committee directed the FIA to expedite the case.

1203. **Non-disposal of surplus spare parts valuing Rs.0.847 million (Para 15, page 39-ARPSE)-** The PAC directed the departmental representative to discuss this para with Audit and settle the issue.

1204. **Working results of PIAC (Para 163, page 153-ARPSE)**-Audit informed that this para will be discussed alongwith the Audit Report for 1988-89.

1205. **(Para 166,page 154-ARPSE)**-Spare inventory relating to B-720 aircrafts amounting to Rs.82.53 million was written off during 1987-88 as the aircrafts were no longer in operation. The departmental representative informed that most modern inventory accounting system has now been undertaken by PIAC. The Committee was satisfied with the explanation and the para was dropped.

1206. **(Para 167, page 155 ARPSE)**-Audit pointed out that Promissory note amounting to US $ 2.935 million has been issued by the Nigerian Government on which interest aggregating US $ 1.318 milllion had been accrued.The repayment terms had not been shown to Audit for verification.

1207. The departmental representative explained that their maturity date is 2010, these will be realized in the year 2010. The department is continuously receiving interest from that, which is verifiable. He further informed that each year their accounts are

credited with interest. The PAC appreciated the performance of the Department and directed to present it before the audit for settlement.

1208. **(Para 168, page 155 ARPSE)-** Audit pointed out that the trade debts increased to Rs. 16,30,899 million during 1990-91 from Rs.1298.132 million for 1987-88. The increase in trade debts reveals that the Management has no control over the recovery of debts, which need to be adjusted.After some discussion the para was dropped.

Minhal Incorporated

1209. **(Paras 203-206, page 169-ARPSE)**- PIA's investment in the Company is 41% as such the accounts of Minhal Incorporated are not subject to Government Audit. The Committee agreed to take up these paras with the accounts for 1988-89.

PIA Investments Limited.

1210. **(Paras 207-213, pages 170-171 ARPSE)** The PIA investment Limited (PIAIL) was incorporated in 1977 in Sharjah, United Arab Emirates as a limited liability company. PIAC investment in the company is restricted to 50% as such the account of the company are not subject to Audit. However,the accounts of the company are placed before the PAC in the light of its directives dated September 30, 1986. The working results for 1987-88 and 1988-89 were placed before the PAC.

1211. **Infructuous expenditure amounting to Rs. 1.407 million due to improper planning(Para 19, pages 43-44 ARPSE)**- Audit pointed that PIA Holding(Pvt) Limited acquired 10866 Sq.Ft. area in Bahria Foundation at a annual rent of Rs. 921.744 plus additional expenditure of Rs. 651.960 as service charges payable in advance.This worked out to Rs.130,392 per month. As the accommodation could not be completed in time therefore, in May, 1988, 10 non-operating rooms were taken on rent of Rs.50,000 per month in Airport Hotel Karachi. The difference in rates resulted in extra expenditure of Rs.1,406,860, which could have been avoided by proper planning.

1212. The Ministry informed that due to increasing need of personnel for both PIA investments Ltd. and PIA Holdings Ltd. accommodation in Bahria was hired. Moreover, PIA Investments had also desired to shift its office to Bahria Foundation.

1213. Audit viewed that reasons for not availing of vacant accommodation at Airport Hotel in the first instance has not been investigated and the resultant loss not recovered from the defaulters so far by the management.

1214. After detailed discussion the departmental representative convince the Committee with his arguments and the Committee decided to drop the para.

PIA Holding (Pvt) Limited.

1215. **(Paras 172,174,180,186,187,192 and 193,pages 156 to 163 ARPSE)**- Audit reported that the Company is running in profit. The Committee appreciated the

performance of the Company and decided to discuss these paras alongwith the accounts for 1988-89.

PIA Hotels Limited.

1216. **(Para 194, page 163 ARPSE)** Audit pointed out that an amount of Rs.1.340 million stood recoverable from M/s Sukkur Motels Company (Private) Limited on account of sale of its Hotel- Inter- Pak-Inn, the provision of which was made in the accounts for the year 1987-88. The Departmental Representative was direced to explain the position of non-recovery.

1217. The departmental representative informed that the case is with the High Court, a suit was filed in the Sindh High Court which was decided in favour of the Company, but the defendant has filed a suit for setting aside Ex-party decision and that is pending adjudication before the High Court.The Committee directed to pursue the case in High Court.

PIA Shaver Poultry Breeding Farms(Pvt) Ltd.

1218. **(Para 195, page 164 ARPSE)**-The Committee decided to discuss this para alongwith the accounts for 1988-89.

1219. **(Para 197, page 165-ARPSE)**- Provision of bad and doubtful debts amounting to Rs.2.052 million was made during the year 1987-88 which indicates that the Company has liberal credit sale policy justification for creation of a provision as well as prospects of its recoveries is required. However, trader debts as on June 30,1991 stood at Rs. 6.183 million, out of which Rs.2.052 million are more than 3 years old. The departmental representative explained that under very difficult market conditions, this credit was extended when the market was in very severe slump. The Committee directed the Department to expedite the recovery.

1220. **Improper planning of the extension and renovation of the airport hotel (Para 18, pages 42-43 ARPSE)**- Audit pointed out that the Sky Room(Pvt) Limited launched an extension and renovation project in 1979 for construction of 244 additional new rooms, renovation of existing 102 rooms of old blocks of the Airport Hotel and modernization of the allied facilities. The expenditure of the Project was estimated at Rs. 44.000 million which increased to Rs. 56.500 million and was completed in December, 1983 with the delay of 33 months at a cost of Rs.64.44 million which exceeded the revised approved estimated by 46.45%. The cost over-run and time over-run also resulted in heavy financial expenditure raising from Rs.7.031 million to Rs. 10.588 million which has not been investigated and no responsibility fixed for heavy extra expenditure.

1221. No provision for non-productive space was made and revenue earning rooms were utilized for the purposes. The Ministry stated that the delay in completion of project was mainly due to the legal formalities for finalizing the lease deed with Civil Aviation Authority. The PIA wanted at extremely concessional rates from the Civil Aviation but the Civil Aviation Authority demanded the higher rates for the lease. Since this was a commercial deal between the two Organizations it took a very long time, it

probably has not yet been settled. The departmental representative further informed that the object is not to make money in the hotel but to provide the services to PIA at the lease cost that is being achieved. After detailed discussion, the Committee decided to drop the para.

Sky Room (Pvt) Limited

1222. **(Para 199, page 166 ARPSE)**- The Committee decided to discuss the para alongwith the Audit Report for the year 1988-89.

ACTIONABLE POINTS 1986-87

1223. **Lack of proper care in the SWAP deal of four DC-10 aircrafts with four boeing 747 aircrafts(Para 9, pages 31-32-ARPSE) (Item 5-AP-86-87)**- The PAC appointed a Sub-Committee under the Chairmanship of Makhdoomzada Syed Asad Hayat, MNA, Sheikh Muhammad Saleem, Joint Secretary, Aviation Division and Mr. Mazhar Ali Shah, Director General, Commercial Audit, as its members to look into this case for consideration and submit its detailed report to the PAC within two months.

1224. **Apprehended loss of Rs.0.652 million on the export of plants(Para 10, pages 32-33 ARPSE)(Item 6-AP-86-87)**- Audit pointed out that the PIAC sustained a loss of Rs.0.652 million on the export of various kind of green live plants. The matter was discussed in the PAC meeting held on 15-3-1990 and the Principal Accounting Officer undertook to have an enquiry conducted to fix the individual responsible in this case. The enquiry was conducted on 21-11-1991 and Mr. Zafar Alam Sheikh, Chief Horticulturist was found responsible to have committed gross irregularities, fraud and dishonesty in the export deal of plants. The Ministry informed that the officer at fault has been penalized with the stoppage of increments i.e. for 1994, 1995 and 1996. Disciplinary action against the officer was inordinately delayed and his services remained un-utilized till June, 1993. Audit suggested that analysis of the report will be submitted in the next meeting of the PAC.

1225. **Non-Judicious sale of PIA hotels(Para 11, pages 33-37 ARPSE)(Item 7-AP-86-87)**- Audit pointed out that the deal of this hotel was not done in the best interest of the Corporation. In compliance of the PAC early directives necessary enquiry in the non-judicious sale of this hotel was conducted by the Ministry and no one has been held responsible. The Committee agreed with the Audit suggestions and analysis of the enquiry report will be submitted in the next meeting of the PAC.

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1226. **Excess expenditure on official telephone Rs.149,852 (Para 1, page 44-AR)**- Audit advised to make recovery but the Ministry condoned it. The Committee directed that condoning of such expenditure should not be followed as a matter of policy. After some discussion the para was dropped.

Airports Development Agency

1227. **Overpayment of Rs.75,800 to a contractor(Para 2.1, page 17-ARCW)**-Earth obtained as a result to cutting was not adjusted against earth brought from outside source for making embankment. It resulted in over-payment of Rs.75,800.

1228. The Ministry replied that the available earth was not suitable for making embankment. Audit observed that according to the laboratory report 30 to 40% clay soil in existing sandy soil was recommended to be mixed for improved sub-grade.

1229. In some R.Ds this formula was adopted by the Airport Development Authority, which proved that the earth available at site was proportionately useable. Thus the amount over paid needs recovery and action taken against the officer responsible.

1230. **Infructuous expenditure of Rs. 84,670(Para 2.2, Page 17 ARCW)**-The expenditure of Rs. 84,670 on the item of "Terrazo Flooring" over the cement concrete floor was laid without any provision in the contract agreement and prior consent of the Administrative Department. These facts were also admitted before the enquiry officer, whose findings are not commensurate with the actual facts.

1231. The Committee directed the Principal Accounting to ensure that no additional work be undertaken in future without prior approval of the competnet Authority.The Committee dropped the para.

Civil Aviation Authority

1232. **Construction of new runway and apron(two bays) for wide bodied aircraft at Lahore airport, Lahore(Para 1.1, Page 3 ARCW)**-The departmental representative explained that the para may be deferred as the case is already with the F.I.A. for investigation. The Committee directed the departmental representative that the case should be properly followed and final decision should be brought to the notice of the Public Accounts Committee.

1233. **Loss due to procurement of defective emergency lights Rs.598,690 (Para 1.2, pages 10-11 ARCW)**- 250 emergency lights were purchase for Rs.512,500 (against a cntract) went out of order immmediately on installation. An amount of Rs.88,190 was spent by the Audhtoity on their repair but the emergency lights could not be made serviceable. The Authority was put a loss of Rs.598,690. The enquiry was conducted and loss of Rs.340 million was admitted due to supply of sub-standand lights resulting from irregularity/ oversignt of CAA Officer. Recovery of the amount involved and action against the responsible persons still awaited.

1234. Audit further pointed out that an enquiry was conducted by the department wherein the loss of Rs.340,000 has been estabished and Civil Aviation Authority has written it off.

1235. The Committee observed that it is case of corruption and Miss-appropriation. No plenty was awarded to the contractor who supplied the substandard lights, the departmental representative requested to pend it and he will go into it. The Committee agreed to pend the same and submit its report to the Public Accounts Committee within three months.

1236. **Loss due to award of work to a contractor other than the lowest Rs.660,000 (Para 1.3, pages 11.12 ARCW)-** Defective cable was procured @ Rs.20/- per meter by ignoring the lowest bid of Rs.40 per meter. Consequently the Authority had to suffer a loss of Rs.660,000. Sanction of the competent authority was not obtained and the Cable was not got tested from a Foreign firm against the contractual terms. The warranty clause was also not operated against the contractor nor any investigation was carried out to fix responsibility for making good the loss. Audit informed that there is a report from M/s Phillips that the Cable was procured in 1988 and till 1991, it seems that the Cables had still not been made operative.

1237. The Committee directed the Departmental Representative to hold an inquiry in this case and submit a report to the Public Accounts Committee within 3 months.

1238. **Overpayment to an officer of C.A.A. Islamabad airport RS.52,280 (Para 1.5, pages 12 ARCW)-** House rent and car maintenance allowance was paid to an officer of the Civil Aviation Authority although residential accommodation was provided to him within the work premises, which was not admissible as per terms of service regulations of the Authority.The authority has not provided any specific rule/regulation in support of their contention that the car maintenance allowance was admissible even within the work premises. Recovery needs to be effected besides action against the person responsible for the overpayment.The explanation given by the departmental representative was accepted by the Committee and the para was dropped.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Pakistan International Airlines Corporation

1239. **Working results of the Corporation (Para 140, pages 98-99 ARPSE)-** The Committee decided that in the first instance all the paras be taken and the working results be discussed at the end.

1240. **Unauthorise and irregular payment of bonus to officers amounting to Rs.13,986,535 (Para 145, page 101 ARPSE)-** Audit pointed out that the P.I.A.C. had paid an amount of Rs.13,986,535 irregularly on account of bonus to the officers in violation of the instructions contained in the Finance Division O.M. dated 29th December, 1980.

1241. The departmental representative informed that under the P.I.A.C. Act, the P.I.A.C. is not like the Civil Aviation Authority of which the Budget is sent to the Government for approval. The P.I.A.C. is fully empowered to approve their Budget as provided in the Act. The Board of Directors of PIAC are competent/empowered to

consider and sanction this and they do not have to request for the prior permission or concurrence.

1242. Audit informed that the orders quoted are the policy orders and are applicable to all the autonomous bodies/ Corporations.

1243. After detailed discussion, the Committee formed an Inter-departmental Committee comprising Syed Mazhar Ali Shah, Director General, Commercial Audit, Mr. Zafar Ali Naqvi, Joint Secretary, Finance Division and Sheikh Muhammad Saleem, Joint Secretary, Aviation Division to examine the issue in detail and report back to the PAC within two months.

1244. **Infructuous expenditure of Rs. 2.022 million on stock taking(inventory verification) by outside Audit Agency (Para 148, pages 103-104 ARPSE)**-PIAC signed an agreement in 1981 with M/S Taseer Hadi Khalid and Company and Mian Awan Associates for carrying out stock verification of stores within six months.The cost of the job was Rs. 2.022 million including out of pocket expenses of Rs.0.222 million and assignment took 19 months to complete instead of 6 months. Thus the work carried out by the consultants was extremely un-satisfactory and practically of no use due to the fact that it was full of discrepancies. The PIAC again had to undergo the same resources of men and material. Thus the entire expenditure of Rs.2.022 million on the consultants was infructuous.

1245. The departmental representative informed that the system had been Computerized and there is no deficiency at present. The Committee accepted the explanation and the para was dropped.

1246. **Loss of US $ 59,585 due to improper behavior of Ex-General Manager, New York(Para 150, pages 106-107 ARPSE)**- PIA appointed Ms. Lynne M. Atkinson in 1976 as a senior cargo sales representative J.F.K Airport New York on October, 1985. She was given a letter from Cargo Manager regarding her law sales performance on November, 12 1985. She submitted her resignation effective from 2nd December, 1985 which was accepted with effect from 22nd November, 1985. She filed a suit against PIAC in the United States District Court. She alleged that she was constantly subjected to unwanted sexual advances by the General Manager.

1247. The General Manager categorically denied all the charges and condemned the working of Ms.Lynnel M. Atkinson as a PIAC employee. In order to resolve the matter out of court, the General Manager personally paid US $ 43,000 to Ms. Atkinson's attorney and the court dismissed the case on 1st December, 1988.

1248. Audit explained that the case should have been contested in the court. The acceptance of offer to drop the charges in lieu of some money by Air Cdr.(Rtd) Saleem who paid her US $ 43,000/- was unjustified and the litigations cast of US $ 59,584 in defending the case should have been borne by the dependent himself and not by PIAC. After detailed discussion, the Committee dropped the para.

Minhal Incorporated

1249. **Working results of the Company (Para 152, page 144-ARPSE)**-Audit informed that the Minhal Incorporated was incorporated on 10th September, 1977. It is an associated company of PIAC and the investment of PIAC in the company is 41% as such the accounts of the company are not subjected to Government audit. However, the company submitted their accounts to PAC in the light of its directives dated the 3rd September, 1986. Audit pointed out that the accounts for the year 1991 onwards have not been received to Audit.

Pia Investment Limited

1250. **Working results of the Company (Para 155, page 145 ARPSE)**-PIA investments Limited was incorporated on 10th September,1977. The share capital of the company has been equally subscribed by Pakistan International Airlines Corporation and H.R.H Prince Faisal Bin Khalid Bin Abdul Aziz.

1251. PIA investment in the company is restricted to 50% as such the accounts of the company are not subjected to government audit. However, the company submitted their account to the PAC in the light of its directives dated 3rd September 1996. The performance of the company cannot be considered satisfactory due to continuous losses and share capital of US $ 39.156 million as at 31st December, 1990 has since been eroded up-to the extent of 50% at the end 1990. The accounts for 1991 onwards have not been received to Audit.

PIA Holdings (Pvt) Limited

1252. **Working results of the Company (Para 159, pages 146-147 ARPSE)**-The PIA Holdings(Pvt) Limited was incorporated on 30th June, 1986 as a Private Limited Company under the Company Ordinances, 1984. The Company is a wholly owned subsidiary of Pakistan International Airlines Corporation. The principal activity of the Company is to manage the affairs of the subsidiaries viz PIA Hotel Limited and PIAC. Shaver Breeding Forms (Pvt) Limited have already been closed due to operating losses. The Board of Director of PIAC decided on 16th August, 1993 to commence proceedings to voluntarily wind up the Company. The Company is under process of liquidation w.e.f. 18th November,1993.

Duty Free Shops (Pvt) Ltd.

1253. **Working results of the Company (Para 160, page 148-ARPSE)**- The working results of the Company for the years 1988-89 to 1993-94 indicates that profit during the last year has come down considerably.

1254. **(Para 162, page 149 ARPSE)**- Stock in transit amounted to Rs. 51.300 million as at June,30, 1989 as against Rs. 22,280 million as at June, 30, 1988 which further increase to Rs. 54.570 million as on 30th June, 1994. Age analysis of the stock in transit is required to be prepared and old balance cleared expeditiously.

1255. **Blockage of capital amounting to US $ 0.201 million (Rs.4.030 million) due to ill planned import of Moallims from Japan (Para 163, page 150 ARPSE)**-Audit pointed out that Duty Free Shop imported from Japan 9840 Moallims in May and June 1987 on the directives of PIA and Ministry of Religious Affairs. 7071 sets of Moallims valuing US $ 201523 were lying un-sold at warehouse on March, 1989 resulting in blockage of public money unnecessary. The Ministry intimated that since 1989 Haj season the Saudi Government stopped allowing pilgrims to curry Moallims along with them.It is further intimated that the stock lying un-sold has been disposed off. The Committee dropped the para subject to verification by Audit.

1256. **Loss of Rs.354,806 due to ill planned procurement and non-disposal of fruit nectars before expiry date(Para 165, pages 151-152-ARPSE)**-Duty Free Shops (Pvt) Limited purchased 55,440 liters fruit nectars valuing US $ 32001 from Hungry on 6th April, 1988. These were required to be sold out/utilized within 12 months from the date of manufacturing. The company failed to dispose off 32,707 liters before the expiry date, which resulted in a loss of US $ 19,594(Rs.354,806). The Ministry intimated that an enquiry Committee was appointed to look into it which found evaluation/procurement procedure as inadequate and deviated from established practice, which has since been improved. The Management did not consider it appropriate to take preventive action against the employees and the expired stock was destroyed in January, 1992.

1257. The departmental representative explained that efforts were made to sell them even at a lower price. The Committee made no further observation.

1258. **Loss of US $ 7,077 equivalent to Pak Rs.138,013 on account of dishonoured cheques (Para 166, pages 152-153-ARPSE)**-Duty Free Shop Limited received cheques amounting to US $ 7077.57(Rs.138.013) on account of payment of goods sold to seven parties during 1985-86 & 1986-87, which were dishonoured.The Ministry stated that out of the dishonoured cheques amounting to US $ 1178 have been recovered leaving a balance of US $ 5899.

1259. The Committee directed the departmental representative that last & final effort should be made to recover the balance. The defaulters should be informed that the PAC has taken notice of this. Action will be initiated against the defaulters and their names will be publicized.

1260. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Reports pertaining to the Aviation Division. These would be treated as settled subject to any action as may be necessary under the rules.

1261. The Committee thereafter, adjourned *sine-die.*

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 27th December, 1995.
Twenty-fourth Sitting (PAC)

1262. The Public Accounts Committee assembled at 11.00 A.M. in the Auditorium, PIAC Training Centre, Karachi to discuss the following agenda:-

(i) Briefing to be given by the PIAC management on the performance of PIAC.

(ii) Consideration of Audit Paras deferred during PAC meeting held on 22-11-1995 on the accounts for the years 1987-88, 1988-89 alongwith Actionable Points for 1985-86 & 1986-87 relating to Aviation Division/PIAC.

(iii) Consideration of PIAC pending cases with FIA.

The following members attended the meeting:-

Public Accounts Committee:

1. Rao Muhammad Hashim Khan, MNA	Chairman
2. Mr. Hamza, MNA	Member
3. Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works.	Member
4. Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
5. Syed Abbas Shah, MNA	Member
6. Sahibzada Muhammad Nazeer Sultan, MNA	Member
7. Makhdoomzada Syed Asad Hayat,MNA	Member
8. Ch.Nisar Ali Khan, MNA	Member
9. Maulana Abdul Ghafoor Haidari, MNA	Member
10. Mr.Miangul Aurangzeb,MNA	Member

National Assembly Secretariat:

1. Mr. Muhammad Aslam Shami, Joint Secretary (PAC).
2. Mr. Nawab Hussain, Deputy Secretary (PAC).
3. Mr. Abdul Aziz, Officer on Special Duty (PAC).

Audit:

1. Mr. Muhammad Usman, Deputy Auditor-General (GA).
2. Mr. Munir Ahmad, Deputy Auditor-General (CA&E).
3. Mr. Mazhar Ali Shah, Director General Commercial Audit.
4. Mr. Ghazanfarullah Khan, Additional Secretary,(Military Finance).

5. Sheikh Ikramullah, Financial Adviser, Aviation Division.
6. Mr. Manzoor Hussain Paracha, Accounts Officer (PAC).

1263. The Managing Director, PIAC briefed the Committee about the performance of the Corporation. The following departmental representatives were present:-

1. Sheikh Muhammad Saleem,Joint Secretary,Aviation Division.
2. Mr. Tauseef Alam, Deputy Secretary, Aviation Division.
3. AVM (Rtd) Farooq Umar, Managing Director, PIAC.
4. AVM (Rtd)Sardar Khan, Director Precision Engineering,PIAC
5. Mr. Akhtar Hayat, Director (Crime) FIA, Islamabad.
6. Mr. Tahir Anwar Pasha, Director Economic Crime Wing, FIA, Islamabad.
7. Mr. Nayyar Hasnain Haider, Director FIA, Karachi.

1264. The Public Accounts Committee pointed out that employees of PIAC have been smuggling directly or involved indirectly in the smuggling of heroine. The Committee showed its dissent over the minor punishments given to these employees, like termination of jobs and questioned why exemplary and severe punishments were not given on such an inhuman act. The Managing Director replied that lesson had been learnt from the experience of the past. PIAC over the last two decades has successfully reduced such incidents through an effective security system and special task force, which has brought good name to PIAC and Pakistan.

1265. The Committee thanked the Managing Director, PIAC for presentation and hospitality. The Committee pointed out that there is a long list of complaints against PIAC like instances of corruption within PIA, mal-administration,customer dis-satisfaction and above all nepotism. Although achievements are also there but unfortunately bad points are always in spot light. Newspapers carry serious allegations against PIAC administration for which no clarifications or rebuttals are given in the papers, the next day. Inspite of financial crunch experienced by PIAC, thousands of people have been employed during last two years without any need and now it is very difficult to fire them. Currently PIAC has the highest manpower of the customers is at lowest of ebb. The Committee advised that PIAC should come up with proposals to improve the situation and PAC will support the autonomous decisions and corporate status of the PIAC for greater national interests.

1266. The Managing Director, in reply, said that the total number of employees in PIAC is about the same as it was three years ago. From now on PIAC will positively give rebuttals in the press regarding incorrect information and at the same time, will be answerable for the correct allegations. Regarding revenue of PIAC, it was informed that it is on the plus side on year to year revenue basis. Challenge of replacement of fleet will Insha Allah be overcome satisfactorily in the near future. He informed that there is no overlapping of powers of Managing Director and Chairman under Constitution. Any problem arising in the past was due to friction ego between the two sides but there is no such problem now.

1267. The Managing Director said that Director Administration, PIAC would answer the rest of the questions of the PAC on the next day.Performance Report was presented by AVM (Rtd) Sardar Khan, Director Precision Engineering, PIAC and demonstration was shown on the screen.

1268. The meeting was adjourned to meet again at 11.00 a.m. on Thursday, the 28th December, 1995.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 28th December, 1995
Twenty-fifth Sitting (PAC)

1269. The Public Accounts Committee assembled again at 11.00 a.m. on 28th December, 1995 in PIA Auditorium, Karachi. The following members attended the meeting:-

Public Accounts Committee:

1. Rao Muhammad Hashim Khan, M.N.A	Chairman
2. Mr. Hamza, M.N.A	Member
3. Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works.	Member
4. Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
5. Syed Abbas Shah, M.N.A	Member
6. Makhdoomzada Syed Asad Hayat,MNA	Member
7. Mr.Miangul Aurangzeb,M.N.A	Member
8. Mr.Moti Ram Malani, M.N.A	Member

National Assembly Secretariat.

1. Mr. Muhammad Aslam Shami, Joint Secretary (PAC).
2. Mr. Nawab Hussain, Deputy Secretary (PAC).
3. Mr. Abdul Aziz, Officer on Special Duty (PAC).

Audit.

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General (GA).
3. Mr. Munir Ahmad, Deputy Auditor-General (CA&E).
4. Mr. Mazhar Ali Shah, Director General Commercial Audit.
5. Mr. Ghazanfarullah Khan, Additional Secretary,(Military Finance).
6. Sheikh Ikramullah, Financial Adviser, Aviation Division.

1270. The Managing Director, Pakistan International Airlines Corporation (PIAC) briefed the Committee in detail about the overall performance of the Corporation. The following departmental representatives were present:-

1. Syed Salim Abbas Jilani, Secretary
2. AVM Farooq Umar, Managing Director, PIAC, Karachi.
3. Sheikh Muhammad Saleem,Joint Secretary,Aviation Division.
4. Mr. Tauseef Alam, Deputy Secretary, Aviation Division.
5. Mr. Akhtar Hayat, Director (Crime), FIA

6. Mr. Tahir Anwar Pasha, Director Economic Crime Wing, FIA, Islamabad.
7. Mr. Nayyar Hasnain, Director FIA, Karachi.
8. AVM (R) Sardar Khan, Director Precision Engineer,PIAC.

1271. The M.D. PIA gave welcome address. Director Finance PIA, while explaining the procedure of acquisition of aeroplane's fleet submitted that Jumbo planes owned by PIA are 21 years old and Fokers are 31 years old. Every International Airlines replaces their aeroplanes after 20 years while Singapore Airlines replaces their aeroplanes after 5 years. It is also imperative for PIA to replace the existing aeroplanes due to commercial consideration. Six out of eight Jumbos of PIA are 21 years old and it is necessary to replace them within 2 years either with new or used planes. The Government gives no subsidy to PIA. The Airlines has to spend also on Aviation development. PIA has to replace its aircrafts within its own resources.

1272. The Committee inquired about the amount of Rs.450 crore waived off by Government which shows that subsidy is provided to PIA. Director Finance PIA replied that, that was not a subsidy but infact that amount was the tax that PIA had been paying to the Government for the last ten years which does not implies upon Airlines world over. Explaining the situation of financial position of PIA and funds required for replacement of aeroplanes, the Director Finance informed that annual profit of the Corporation should show profit of Rs.200 crore while this profit is at Rs.75 crore for 1995-96. Planning and Finance Department is working on generation of these funds.

1273. The Committee pointed out that legal advisors are being hired unncessarily and are very highly paid by PIA and strangely enough one of these hired legal advisor is Law Minister of Sindh. Director Finance PIA replied that legal commitment of PIA is spread all over the world consisting of 88 different places. The total cost of Rs. 1.25 crore is within limit of budget over volume of Rs.30 billion. The legal department has saved PIA considerably from the amount claimed in the law suits against PIA.

1274. The Committee pointed out that while briefing about purchase of used planes scandal few years ago it was pointed out that the decision to purchase old planes was completely wrong, then why PIA is again looking for options to buy old planes. The departmental representative replied that purchasing of aeroplanes require many complex factors to be considered, such as engines of the planes, available facility for repair, systems and electronic equipment fixed on the aeroplane, what type of spares are needed, tools and ground equipment facility required for repair etc. As all these parts are as costly as aeroplanes, we have to study them completely for the viability of a particular aeroplane. Another major factor considered is that the repayment of capital investment plus markup to be paid on new aeroplane is normally much higher than it earns. While old plane easily earns enough to be in profit after payment of dues right from the day one.

1275. Regarding options for second hand planes, the M.D PIA informed that Singapore Airlines have aircrafts of 10 to 11 years old which they are interested to sell. Saudi Arabia had offered their planes for sale but now they don't want to sell them.

1276. The Committee suggested that the basic purpose of PAC is to preempt any controversy and give suggestions to the Government. Therefore, in present situation it is

necessary that PIA should go to the open market to widen its horizon and increase its options.

1277. Secretary Defence informed that PIA approached Ministry of Defence with a request that replacement is needed and there are not enough funds available to buy new aeroplanes. PIA will loose market if this replacement is not made immediately, therefore one time waiver to purchase old planes be allowed. This was allowed on a condition that this deal would be totally transparent. This whole process is at initial stage till now and the final decision will be of C.D.W.P and ECNEC. Government has prerogative to reject the proposition of the Board for purchase of aeroplanes if there is any hint that deal is not transparent.

1278. Regarding problem of non availability of seats to general public even though there are empty seats in the aeroplanes, the Director Marketing informed that one lac seats are blocked for the Government annually which are to be released in the last four to six hours departure of flight. According to a survey only 33% seats are used out of this. This problem has already been taken up with the Government and booking on different names in excess to the requirement by agents has also been considered to be dealt severely. M.D PIA informed that a committee has already been formed at a higher level to provide solution to these problems through computers systems. N.I.C. numbers will also be asked for in future while booking to curb the tendency of booking seats unnecessarily. Refresher courses are planned for improvement of behaviour of employees in order to increase customer satisfaction.

1279. In response to a question of the Committee regarding per-aircraft manpower of PIA and other International Airlines, the departmental representative informed that this ratio for PIA is 426, for Singapore Airlines it is 309, for K.L.M. this ratio is 434 and for Air India it is 516. This ratio for PIA does not include casual or employees on contract. Since lifting of ban from employment, the total number of 57 persons have been employed. Out of these 231 have been recruited through advertisement, 282 were confirmed after 5 years of satisfactory performance on contract basis and 67 were recruited on sports basis. It is true that some persons have been recruited on contract basis which include relatives of political personalities but all of them fulfil basic qualifications and were eligible for posts. Furthermore, vacancies remain vacant for these posts and will be advertised properly, if the existing employees on contract proved fit for it, they will be recruited otherwise not. Responding to another question, the departmental representative informed the Committee that 19000 applications were received for post advertised care of P.O.Box. No.

1280. The Committee suggested that PIA should take special case in recruitment policy so that every Pakistani should have equal chances of employment and only productive persons are recruited in PIA. The Departmental Representative informed the Committee that currently Sind Urban is in excess of their quota, other provinces are on minus side according to the employment quota for provinces. Management is trying to make adjustments to align PIA employees with the quota of provinces.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1987-88)

1281. **(Para 165, page 154-ARPSE)-** Audit informed the Committee shortages worth Rs.73.065 million were detected during stock-taking/verification. After adjusting excessess of Rs.3.762 million net shortage worked out to Rs.69.303 million which have been written off by the Board.

1282. The departmental represetnative informed the Committee that they tried to sell the aircrafts in the market but these are obsolete now, these will be treated as scrap and the aircrafts have no book value. We received an offer from New York, but it was feared that the offering party will sell the good parts by dis-assembling them and the junk will remain with us.

1283. The Committee was of the view that when it has zero value, department should monitor the record properly and dispose it and initiate talks with offering party and others based in New York. Ministry of Finance should also be contacted in this regard.

1284. The Committee was satisfied with the explanation given by the department and the para was dropped.

Pakistan International Airlines Corporation

1285. **Minhal Incorporated (Paras 203-206, page 169-ARPSE)**-Minhal Incorporated is an associated company of PIAC and presently manages three hotels. PIA's investment in the company is 41%, Prince Khalid owns 40% and 20% is owned by ECOR a hotel management company. The accounts of the company placed before PAC in the light of PAC directives dated September 3, 1996 even though the accounts of the company are not subjected to Government Audit. The Committee deferred the para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

1286. **Irregular purchase of computer valuing US$ 104,584 without observing purchase procedures (Para 149, page 105-ARPSE)** Two momentum computers worth US $ 113,605 were purchased by PIAC in October, 1983 at a cost of US $ 93,924 after reduction in price through negotiations with the supplier. But the invoice of the items of the accessories and not as a result of negotiations. The equipment was received after lapse of about 2-1/2 years keeping it unaccounted for. Similarly, another Hawk-32 momentum was purchased in 1984 but the purchase order issued in February, 1996 in order to regularize the purchase.

1287. The Ministry accepted the deviation from the normal purchase procedure shifting responsibility for irregularity on the then M.D. PIAC and case was under investigation by FIA. The matter currently is subjudiced.

1288. Director FIA informed the Committee that on 29th January, 1990, Mr. Wiqar Azeem was arrested and he is still on bail. Case was submitted in court on 28-2-1990 and is still subjudiced. FIA has a very strong position in the case.

1289. The Committee directed the Principal Accounting Officer to do whatever is possible to expedite the case.

1290. **(Para 151, page 111-ARPSE)-** PIAC decided to extend the flight kitchen at Karachi in 1983. No.PC-I i.e. cost estimates and PC-II i.e. feasibility report was prepared. The project was completed at a total cost of Rs.91.568 million as against approval cost of Rs.30 million and contracted cost of Rs.43.90 million. The project involved cost over run of Rs.36.144 million and time overrun of 4-1/3 years. Enquiry of project was ordered to probe into the while issue of extension and modernization plan.

1291. Director FIA informed the Committee that enquiry was referred in 1993 and contractors/consultants had died by then. As a result of enquiry it was established that cost overrun was due to exchange parity. Furtheremore, there was no import duty on the equipment in 1983 which was later imposed. The main point considered in the enquiry was that to see if undue favours were awarded to contractors but no such thing was found. Quality of equipment could not be judged or challenged as a long period had lapsed. Finally the enquiry report established and recommended the there was no criminal involvement of management or the contractors in this case.

1292. **Mis-appropriation of US $ 43,178 at Duty Free Shops Limited, Airports Islamabad. (Para 164, page 150-ARPSE)-** Sales revenue amounting to US $ 43,178 was miss appropriated by employees of DSFL. Two officials were held responsible and FIR was lodged against them on October 31, 1988. One of the employee was arrested by FIA but released on bail while the other abused absconded and reportedly is in Australia.

1293. FIA representative was not fully aware of the current status of the case. The Committee directed that in future the Principal Accounting Officer should make certain that no such act be repeated before the PAC.

1294. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Aviation Division. These would be treated as settled subject to any action as may be necessary under the rules.

1295. The Committee thereafter, adjourned *sine-die.*

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday the 16th January, 1996.
Twenty-sixth Sitting (PAC).

1296. The Public Accounts Committee assembled at 11.00 A.M. in Committee Room No. 5 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan,MNA	Chairman.
2.	Syed Abbas Shah, MNA	Member.
3.	Sahibzada Muhammad Nazeer Sultan,MNA	Member.
4.	Makhdoomzada Syed Asad Hayat, MNA	Member.
5.	Maulana Abdul Ghafoor Haidari, MNA	Member.
6.	Mr. Miangul Aurangzeb,MNA	Member.
7.	Ch. Nisar Ali Khan, MNA	Member.

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary(PAC).
3. Mr. Abdul Aziz, Officer on Special Duty(PAC).
4. Mr. Abdul Saleem Sheikh, Section Officer(PAC).

Audit.

1. Mr. S. K. Mahmud,
   Auditor-General of Pakistan.
2. Mr. Munir Ahmed,
   Deputy Auditor-General (CA&E).
3. Mr. Muhammad Usman,
   Deputy Auditor General (GA).
4. Syed Mujahid Hussain,
   Deputy Auditor General (A&P).
5. Mr. A. R. Arif,
   Accountant General Pakistan Revenues.
6. Mr. Shabbir Ahmad,
   Additional Accountant General.
7. Mr. Javed Arif,
   Director General Audit (Works).
8. Mr. Mazhar Ali Shah,
   Director General (CA).
9. Mr. Mushtaq Ahmad Memon,
   Deputy Director (CA).
10. Mr. Muhammad Naseer Khan,
    Accounts Officer (PAC).

11. Mr. Manzoor Hussain Paracha,
Accounts Officer (AR-I).
12. Mr. M. I. Shahid,
Accounts Officer (AR-III).
13. Mr. M. S. Kaleem,
Assistant Director (Works).

Ministry of Finance.

1. Dr. Mushtaq Ahmad,
Economic Adviser/Additional Secretary.
2. Mr. Mukhtar Ahmad,
Joint Secretary (Exp).
3. Mr. Naseer Ahmad,
Financial Adviser (Cabinet).
4. Mr. Shafiqullah,
DFA (Cabinet).
5. Mr. Muhammad Aslam,
Accounts Officer(Budget).

1297. **Accounts examined-** Accounts pertaining to the Cabinet Division were examined by the Committee during the meeting.

CABINET DIVISION

1298. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Cabinet Division. The following departmental representatives were present:-

1. Mr. Imtiaz Ahmad Sahibzada,
Secretary.
2. Syed Shahid Hussain,
Additional Secretary (EC&R).
3. Mr. Abdul Rashid,
Joint Secretary (IMP).
4. Mr. Muhammad Tahir Mansoor,
Deputy Secretary (Admn)
5. Mr. Shamshad Ali Rana,
Section Officer.
6. Mr. Mubarik Ali,
Officer on Special Dut (F&A).
7. Mr. M. Zafar Iqbal,
Chairman (CDA).
8. Mr. Shabbir Ahmad Dahar,
FA/Member (CDA).
9. Mr. T.A. Sheikh,
Deputy Director General (CDA).

10. Peer Mukaramul Haq,
Managing Director (PCPP).
11. Mr. S. Ibrahim Shah,
Finance Director (PCPP).
12. Mr. Jamil-ud-Din Qureshi,
Controller (Stationery & Forms).
13. Mr. Waqar Rustam Bakhshi,
Senior Member (FCC).
14. Dr. A. Sattar,
Director General (PCB).
15. Mr. Shabbir Ahmad,
Joint Director General (IB).
16. Mr. Abdul Jalil Satti,
Director (B&A)(IB).

1299. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Cabinet.	1
2.	Cabinet Division.	2
3.	Emergency Relief and Repatriation.	3
4.	Land reforms.	4
5.	Other Expenditure of Cabinet Division.	5
6.	Stationery and Printing.	15
7.	Capital Outlay on Land Reforms	138
8.	Development Expenditure of Cabinet Divsion.	143
9.	Capital Outlay on Works of Cabinet Division.	178
10.	Capital Outlay on New Federal Capital.	179

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

1300. **Grant No.1-Cabinet (Page 46-AA)-** There was a net saving of Rs.63,163, after surrender of Rs.3,207,000. No comments were made by the Committee.

1301. **Grant No.2-Cabinet Division (Page 47-48-AA)-** The actual expenditure exceeded the authorized grant by an amount Rs.6,929,799.

1302. The departmental representative informed the Committee that three supplementary grants amounting to Rs.7.284 million which were granted on 14th, 19th and 24th June have not accounted for by the AGPR. If these supplementary grants are taken into acount then there was no excess expenditure.

1303. The representative of the Finance Division clarified that the supplementary grants which are sanctioned after a specific date cannot be put up before the National Assembly for aproval. It is submitted to the National Assembly in the form of Excess Budget Statement after it has been cleared by the Public Accounts Committee.

1304. The Committee considered the sanction of supplementary grant by the Finance Division after a specific date as by passing of the National Assembly. It was however, regularized with a warning to Finance Division.

1305. **Grant No.3-Emergency Relief and Repatriation(Pages 49-50-AA)-** Entire saving of Rs.6.071,952 was surrendered. No comments were offered by the Committee.

1306. **Grant No.4-Land Reforms (Page 51-AA)-** There was a minor saving of Rs.19,534 which was ignored by the Committee.

1307. **Grant No.5-Other Expenditure of Cabinet Division(Page 52-53-AA)-** An amount of Rs.1,564,093 was surrendered in time leaving a net saving of Rs.4,536. The Committee did not object.

1308. **Grant No.15-Stationery and Printing (Page 56-AA)-** There was a saving of Rs.5,070,702. An amount of Rs.773,599 was surrendered in time leaving a net saving of Rs.4,297,103. The departmental representative explained that the debit for the stationery pruchased through an Embassy of Pakistan costing Rs.913,235 was received through the Ministry of Foreign Affairs after the end of the financial year and also that the indent for Rs.5.603 million was placed with the department of Supplies for procurement of stores which was not supplied before the end of the financial year as such there was a saving of Rs.3.381 million.

1309. The Committee directed the Principal Accounting Officer to streamline the whole system in consultation with Ministry of Industries to ensure that demands for procurement are placed at appropriate time to avoid the lapse of funds at the close of the financial year. The Ministry of Industries was also directed that in future they should make the supplies by 15th May.

1310. **Grant No.138-Capital Outlay on Land Reforms (Page 57-AA)-** An excess of Rs.16,757,000 was surrendered converting the grant into an excess of Rs.188,332. The Committee made no comments.

1311. **Grant No.143-Development Expenditure of Cabinet Division (Page 58-AA)-** All the saving was surrendered in time hence no comments.

1312. **Grant No.178-Capital Outlay on Works of Cabinet Division (Page 60-AA)-** Entire provision was utilized.

1313. **Grant No.179-Capital Outlay on New Federal Capital (Page 61-AA)-** In addition to an excess expenditure of Rs.3, 468,000 the department surrendered an amount of Rs.2,532,000 increasing the excess to Rs.6,000,000. No comments were offered by the Committee.

Capital Development Authority.

1314. **Irregular encashment of leave not availed Rs.131,900 (Para 6.1, page 49-ARCW)-** Irregular payment on account of leave encashment was made to ten Government Officers on deputation with the Authority from 1979 to 1985. The Ministry replied that no irregularity was committed in encashment of leave.

1315. The contention of Audit and Finance representatives was that payment was irregular as it was made in contravention of Finance Division letters dated 15th December, 1981 and 28th January, 1987. The Committee regularized the expenditure with the direction to the department to be careful in future.

1316. **Blocking of money by un-necessary purchases of stores worth Rs.18.08 million (Para 6.2, page 50-ARCW)-** Audit reported that the Authority purchased different items of stores worth Rs.31.93 million from 1981 to 1985 out of which stores costing Rs.18.08 million were not utilized till May, 1990. This resulted in blocking of money and may eventually cause losses due to deterioration of stores.

1317. The Ministry replied that the items purchase were replacement of stores and were to be utilized when required, stores worth Rs.5.634 million only remained unutilized which were not perishable.

1318. Audit reported that stores costing Rs.5.96 million were lying unused which included A.C pipes 6" dia purchased during 1982 which could not be fully utilized as a portion of it was installed and found defective during operation. The balance quantity of 12200 Rft pipe is also doubtful.

1319. The departmental representative informed the Committee that these pipes were tested in the Laboratory and were found unfit for water supply. These pipes would now be utilized for replacing the work out sewerage lines.

1320. The Committee was not satisfied with the explanatin given by the department and constituted a Sub--Committee under the Chairmanship of Sahibzada Muhammad Nazeer Sultan, MNA, Mr. Javed Arif, Direcor General Audit (Works), Mr. Naseer Ahmed, Financial Adviser, Cabinet Division and Mr. Feroze Saeed Pasha, Deputy Secretary, (CDA), Cabinet Division as its Members. The Sub-Committee will examine the issue and also other similar cases and submit its report within two months.

1321. **Non-accountal of material worth Rs.824,477 (Paras 6.3 & 6.4, pages 50-51-ARCW)-** 54,728 Sft design/pattern wood carpets worth Rs.1.601 million were purchased during November, 1985 to May, 1986 in excess of the actual requirement of the Parliament Building . On having been pointed out by Audit in May, 1987, 26,560 Sft. carpet was taken on charge by the Maintenance Division of CDA in March, 1989, while the accountal of 28,168 sft costing of Rs.824,477 was not available on record.

1322. The Ministry replied that 222,664 sft carpet was purchased out of which 165,618 sft was laid in the Parliament Building and 26,560 sft was taken over by Maintenance Division for replacement as and when required. A huge quantity of 30,486 sft carpet was reported as gone wasted during laying and cutting to the size of room.

1323. Audit observed that the total un-accounted for quantity of 30,486 sft of printed carpet which was not provided for wastage (18.4%) which valued Rs.1,006,038 has now been shown as wastage. This requires regularization by the competent authority. This issue was also referred to the Sub-Committee constituted above.

1324. **Overpayment of Rs.186,000 (Para 6.5, page 51-ARCW)-** Audit pointed out that full rate was paid to the contractors for construction of road without making deductin of Rs.186,000 being the cost of bitumen not used.

1325. The department replied that 4th coat was got done from the contractor but record entry was not made in the official record as it would have created claim in favour of contractor. No documentary proof of carrying out 4th coat at the cost of the contractor was provided to Audit. Below specification work was got done.

1326. The departmental representative informed the Committee that the entry of 4th coat has been made in the relevant record. The Committee dropped the para with the direction that the procedure should be streamlined to avoid irregularities in future.

1327. **Non-recovery of cost of rectification of defective work from a contractor Rs.504,300 (Para 6.6, pages 51-52-ARCW)-** Audit reported that a work awarded to contractor in January, 1982 was got rectified from another agency at a cost of Rs.504,300 which was not recovered from the defaulting contractor.

1328. The Ministry informed that the recovery had been enrolled from the final bill of the contractor. The Committee directed Audit to verify the recovery.

1329. **Outstanding inspection reports, audit notes, objections statement etc (Para 6.7, pages 52-53-ARCW)-** Audit reported that a large number of inspetion reports, Audit notes and objections statements were outstanding despite repeated reminders.

1330. The Ministry reported that all the inspection reports had been cleared and most of the paras of old audit inspection reports had been settled. On the reocmmendation of Auidit, the Committee dropped the para.

ACTIOANBLE POINTS 1985-86

1331. **General observation of PAC (Item (a) (i) (ii)-** The Public Accounts Committee in its meeting held on 21-2-1988 made the following general observations:-

1332. The Committee desired that Authroity shoud prepare its Balance Sheet/Statement of Assets & Liabilities. These accounts should be produced to Auditor-General of Pakistan for certification.

1333. The Ministry replied that the case for amendement in Section 44 of CDA Ordinance is still under consideration of government and balance sheet is not prepared. The departmental representative also clarified that they are finding it exclusively difficult to convert their accounts to double entry system as they do not consider themselves as commercial organization. The Committee was satisfied with the explanation given by the department. On the recommendation of the Auditor-General of Pakistan, the Committee alllowed the department to the old system.

1334. **Funding of CDA Projects (Item (b)(i)-** The Public Accounts Committee in its meeting held on 21-2-1988 desired that CDA may consider levy of taxes to meet its expenses on departmental and essential services. It was replied by the Ministry that property tax had since been levied on the residential and non-residential property. The Committee dropped the para.

ACTIONABLE POINTS 1986-87

1335. **Mismanagement in land disposal by CDA involving loss of Rs.384,116,070 (Para 3.2(i) to (iii), page 32-ARCW)(Item 1(a)(b)-AP-86-87)-** The Authority sustained total loss of Rs.384,116,070 due to irregular allotment of 95 commercial plots.

1336. The Public Accounts Committee in its previous meeting held on 28-5-1989 asked the Principal Accounting Officer to set up an enquiry Committee to review all cases where commercial plots were allotted without general balloting and at prices which were below the market rates/possible auction price.

1337. On the recommendation of the Committee comprising of Additional Secretary, Cabinet Division, Director General Auidit (Works) and Member (Admn), CDA that it would be difficult to take legal action against the Public functionaries who are no longer in office and there is no specific law covering the allotment of commercial plots and that at this stage it would be a futile exercise for proceeding against the concerned Government officials who have either retired or expired, the Committee dropped the para.

1338. **Blocking of investment due to inadequate planning Rs.4,133,194 (Para 3.4, page 34-ARCW)(Item 2-AP-86-87)-** The work of construction of a road was withheld after incurring expenditure of Rs.4,133,194. Due to bad planning the investment was blocked and the chances of its going waste could not be ruled out.

1339. The Ministry replied that the road would be completed on approval of PC-I and allocation of funds. The Public Accounts Committee was satisfied with the briefing given by the representative of CDA and the para was dropped.

1340. **Over-payment of Rs.66,000 (Para 3.7, page 37 ARCW)(Item 3-AP-86-87)-** Ministry's reply in respect of this para was verified by Audit. The para was droppd by the Committee on the recommendation of Audit.

ACTIONABLE POINTS 1987-88

1341. **Special Audit Report on constructionof Faisal Masjid and construction of 2nd carriage way from Zero point to service road (Estt) of H-9 and G-9, Islamabad, (Paras 1.2.1 to 2.2.4, pages 2.11-ARCW)(Item 1-AP-87-88)-** While examining the Audit Report for the year 1987-88, the Public Accounts Committee in its meeting held on 28-7-1992 constituted an Inter-departmental Committee comprising Mr. M. Ismail Marif, Financial Adviser, Cabinet Division (Convener), Mr. M. Rafique Ahmed, Member Engineering (CDA) and Mr. Sikander Aziz Esker, Director General Audit (Works) to examine the issue raised in the Special Audit Report on Faisal Masjid. The Committee was also advised to review the project management aspects of Faisal Masjid and suggest what lessons can be drawn for future guidance for projects of small magnitude. The Committee was also directed to take into account report of Special Committee (Under the Chairmanship of Mr. Iqbal Ahmed, Joint Secretary (Dev), Finance Division) which monitored Faisal Masjid as adviser by CDWP.

1342. Inquiry Report had been submitted to the Public Accounts Committee. The departmental representative requested for time to go through the report. The Committee, therefore, deferred the para with the direction that the Principal Accounting Officer should settle the issue with the Director General Audit (Works) before the next meeting of the PAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Printing Corporation of Pakistan.

1343. **(Para 2, page 7-ARPSE)-** Audit reported that the Accounts of the Printing Corporation of Pakistan for the year 1988-89 were not provided to Audit in time. Hence could not be included in Audit Report 1988-89. The accounts for the period ending 30th June, 1990 have been included in the Audit Report 1990-91 as the accounts for the year 1990-91 were not received by that time. The printing Corporation of Pakistan sustained a loss of Rs.0.177 million in 1988-89 as against the profit of Rs.0.449 million in 1987-88. The Corporation suffered a loss of Rs.49.479 million in 1992-93.The losses accumulated to Rs.176.576 million as on 30th June, 1993 against accumulated losses of Rs.93.089 million in 1988-89.

1344. The Managing Director, Printing Corporation of Pakistan explained that the accounts could not be rendered in time because the name of the Auditor proposed by the management was not approved by the Board of Directors on the pretext that fee demanded by the Auditor was much higher than the previous Auditor was being paid. Subsequently the Corporate Law Authority appointed Auditor for three years.

1345. As far as the loss position of the Corporation is concerned, the Managing Director explained that the Corporation is the Principal Printers of the Federal Government Ministries/ Divisions/Departments. The Printing rates are regulated by the Ministry of Finance. Last time the rates were revised in 1984. The Corporation is still working on the rates which were revised in 1984 whereas the salaries constitute about 175% over and above the level of 1984. The rates of fuel and power charges have been

increased by about 402%. A proposal was sent to Ministry of Finance in 1991 for revision of rates which were referred to Cost Accounts Organization who expressed their inability to handle the work and subsequently it was referred to Management Services Division. The Management Services Division has allowed only 5% increase over and above the rates of 1984. Another cause is the outstanding amount against the government departments which is on an average of ten crore rupees. Last year on a turn over of Rs.250 million the outstanding amount was Rs.178 million. Because of economy cut, the departments do not have money to pay and even then the Corporation has to do their job.

1346. The Committee appreciated the explanation of the Managing Director, Printing Corporation of Pakistan and directed the representative of the Finance Division to give priority to the case of revision of rates of the Corporation at the rates of private printers and finanlize it within three months. Arrears should be recovered from the respective departments. The department should come forward to the rescue of this organization and make it profitable.

1347. **Loss of Rs.281,204 due to defective printing work (Para 16, page-II-ARPSE)-** The Printing Corporation of Pakistan press, Lahore performed printing work of Allama Iqbal Open University and Controller of Military Accounts. An amount of Rs.281,204 (Rs.245,997 and Rs.35,207 respectively) was deducted by these Organizations from the bills preferred by the Corporation on account of colour separation excess billing at revised rates effective from July 1, 1984 whereas the job was received prior to June, 1984 and exces printing of material.

1348. Audit is of the view that when esfimates were sent to the organizations and 75% advance payment was recovered, it should have been made clear by the Printing Corporation of Pakistan that total cost was subject to revision at the time of final billing due to increase of rates etc. The Division informed that more amount has been recovered from Allama Iqbal Open University. the recovery was verified by Audit.

1349. The Division, however, admitted that Printing Corporation had to suffer a loss of Rs.21,326 due to excess printing of 8000 copies and non acceptance of material. The Committee directed to regularize the loss.

Assistant Controller, Stationery and Forms, Islamabad.

1350. **(Para 3, page 7-ARPSE)-** Audit reported that the accounts of Assistant Controller, Stationery & Forms, Islamabad were not made available by target date i.e. January 15, 1990. Hence could not be included in the Audit Report 1988-89. the accounts for the period ending June 30, 1990 has been included in the Audit Report 1990-91 as the Accounts of the year 1990-91 were again not made available to Audit in time.

1351. The departmental representative admitted that the accounts should have been submitted in time before doing it, the acounts are required to be reconciled with the Accountant General's Office. There were some difficulties in the reconciliation because of the accounts of Foreign Missions received through the Chief Accounts Officer. Ministry of Foreign Affairs which are booked by AGPR without intimating the details to the department of Stationery and Forms.

1352. The Public Accounts Committee directed the Principal Accounting Officer to streamline the system under intimation to the Committee.

1353. **(Para 4, page 8-ARPSE)-** The latest working results of the Assistant Controller, Stationery and Forms, Islamabad for the years from 1986-87 to 1991-92 indicate that the department is sustaining losses since its inception in 1974. The accumulated losses amounted to Rs.8.657 million as on June 30, 1972.

1354. The Public Accounts Committee constituted an Inter-departmental Committee consisting of Director General Commercial Audit (Convener), Controller, Department of Stationery and Forms (Member)and Deputy Financial Adviser, Industries and Communication, Finance Division, Karachi (Member). The Committee will find out the ways and means to eliminate the losses of the Organization and make it profitable. The Committee will submit its report to the Public Accounts Committee within three months.

1355. **(Para 5, page 8-ARPSE)-** Audit pointed out that the stock of urdu typewriters worth Rs.76,400 held in stock since 1985-86, is still with the department.The Principal Accounting Officer informed that the remaining stock has been reduced to ten only. the Public Accounts Committee did not press any more and dropped the para.

Deputy Controller, Stationery and Forms, Karachi.

1356. **(Para 6, page 9-ARPSE)-** The working results of the Deputy Controller, Stationery and Forms, Karachi for the years 1987-88 to 1992-93 indicates that it suffered losses of Rs.0.039 million, Rs.1.323 million, Rs.0.779 million, Rs.2.230 million and Rs.0.683 million during the years from 1987-88 to 1992-93. It, however, earned a net profit of Rs.1.383 million during the years 1990-91.

1357. The Inter-departmental Committee constituted for the Assistant Controller, Stationery and Forms, Islamabad will also examine the working of the Deputy Controller, Stationery and Forms, Karachi, It will find out the ways and means to convert this organization into a profitable organization and submit its report to the Public Accounts Committtee within three months.

1358. **(Para 7, page 9-ARPSE)-** An amount of Rs.5.592 million stood recoverable as on June 30, 1989 which was subsequently reduced to Rs.2.353 million as on December 31, 1989. The Ministry intimated that strenuous efforts were made for recovery and only Rs.1.961 million stood recoverable as on June, 1992. However the sundry debtors stood at Rs.6.127 million as on June 30, 1993. The Public Accounts Committee directed the department to make effective efforts to recover the outstanding dues.

1359. **(Para 8, page 9-ARPSE)-** The closing inventory of the stock amounted to Rs.25.716 million as on June 30, 1993 as compared to Rs.28.285 million during the year 1987-88. The departmental representative informed the Committee that the stock inventory has been reduced to "Nil". The para was dropped.

Federal Publication Branch.

1360. **(Para 11, page 10-ARPSE)-** The Federal Publication Branch sustained losses of Rs.1.062 million in 1988-89, Rs.2.170 million in 1989-90, Rs.1.189 million in 1990-91, Rs.1.625 million in 1991-92, Rs.2.489 million in 1992-93 and Rs.1.930 million in 1993-94.

1361. The Public Accounts Committee directed that the Inter-departmental Committee constituted for the Assistant Controller, Stationery and Forms, Islamabad will also study the workings of this Branch and find out ways and means to convert it into a profitable organization. The Committee will submit its report to the PAC within three months.

1362. **(Para 12, page 10-ARPSE)-** The pace of recovery of sundry debtors remained unsatisfactory, an amount of Rs.307,778 pertaining to the years 1971-72 to 1983-84 was recoverable. The Ministry intimated that an amount of Rs.4,114 has been recovered leaving a balance of Rs.306,598. Since the dues are more than 10-12 years old, the Ministry moved the case to Finance Division for writing off the irrecoverable amount. The Public Accounts Committee dropped the para.

1363. **(Para 13, page 10-ARPSE)-** The closing inventory of the stock has increased and stood at Rs.8.974 million as on June 30, 1994 from Rs.6.719 million of 1988-89. The Management stated that stock piled up due to excess demand of printing by the Ministries. The issue was discussed in the last session of Public Accounts Committee on 28-7-1992 and the Federal Publication Branch was advised to provide a list of undisposed publication which piled up due to lack of sale/disposal. Progress regarding disposal of surplus publication was not intimated.

1364. The Committee did not agree to the proposal of the Principal Accounting Officer to write off the stock printed before 1985 but referred it to the Inter-departmental Committee constituted above to examine the issue and submit its report to the Committee.

1365. **(Para 7,9, 10 and 12 to 15, pages 9-10-ARPSE)-** The replies on these paras were accepted by Audit and dropped by the Committee.

ACTIONABLE POINTS 1985-86

1366. **(Para 90, page 113-ARPSE)(Item 2-AP-85-86)-** Audit had pointed out that sundry debtors of Rs.7,909,925 as on 30-6-1986 are outstanding since 1961-62. The Public Accounts Committee in its previous meeting held on 22-2-1988 had directed Finance Division to submit a working paper on the functions and difficulties being faced by the adjuster. The Ministry intimated that only a sum of Rs.14,667 has been recovered.

1367. The Public Accounts Committee directed the Principal Accounting Officer to take up the case with Finance Division to write off the outstanding debts.

1368. **(Para 5(i), pages 25-26-ARPSE)(Item 3-AP-85-86)-** In Printing Corporation of Pakistan, Lahore an amount of Rs.46,548 was paid to the workers and

officers as a production bonus during 1982-83 despite the fact that neither the press could achieve the sale target nor the Corporation as a whole earned profit during the said period.

1369. The Public Accounts Committee had directed the department to review the existing procedure of allowing incentive to the employees of printing Corporation of Pakistan which may be allowed only if the output is enhanced.

1370. The Ministry stated that the production incentive on achievement of target has been discontinued since August, 1990. Now it has been liked with the profit of each press. An exercise is also being carried out to introduce "Individual Incentive System". The Committee was satisfied and the para was dropped.

1371. **(Para 5(ii), pages 25-26-ARPSE)-** The Public Accounts Committee had directed the department to examine the position if it has to compete in the open market for obtaining orders.

1372. The department explained that the Printing Corporation of Pakistan is doing the jobs of Ministries/Divisions/Departmentals without any competition. The rates of operational expenses are fixed by Finance Division. So, open competition in the market is not required/called for. The Public Accounts Committee accepted the explanation and the para was dropped.

1373. **(Para 5(iii), pages 25-26-ARPSE)-** The Committee directed the department to introduce the costing system. The department informed that the Cost Accounting system has been started in Islamabad. The Public Accounts Committee directed the department to initiate the job costing system as well to judge the profitability of each and every job.

ACTIONABLE POINTS 1987-88

(i) Deputy Contoller, Stationery and Forms.
(ii) Federal Publication Branch.

1374. **(Paras 89-96, pages 123-124-ARPSE)(Item 5-AP-87-88)-** Audit had pointed out that the above Organizations were sustaining continuous losses and the closing inventories also increased. The Public Accounts Committee directed on July 28, 1992 that, so long as the policy was to run them on commercial lines, efforts should be made to manage them in profitable manner. In compliance to PAC's directive the Ministry had furnnished a list of undisposed off publications of the Federal Publication Branch which have piled up due to lack of sale/disposal.

1375. The Public Accounts Committee also referred this case to the Inter-departmental Committee constituited above to find out the ways and means for the disposal/weeding out of the piled up publications.

1376. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to Cabinet Division. These would be treated as settled subject to any action as may be necessary under the rules.

1377. The Committee then adjourned to meet again at 10.00 a.m. on Sunday the 21st January, 1996.

ABDUL RAUF KHAN LUGHMANI ,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, 21st January, 1996.
Twenty-seventh Sitting (PAC)

1378. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1. Rao Muhammad Hashim Khan, M.N.A	Chairman
2. Mr. Hamza, M.N.A	Member
3. Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works.	Member
4. Syed Abbas Shah, M.N.A	Member
5. Ch. Nisar Ali Khan, M.N.A	Member
6. Mr. Miangul Aurangzeb, M.N.A	Member
7. Mr. Abdul Ghafoor Haidari, M.N.A	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani, Secretary
2. Mr. Nawab Hussian, Deputy Secretary (PAC)
3. Mr. Abdul Aziz, Officer on Special Duty (PAC)

Audit.

1. Mr. S. K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General(GA)
3. Mr. Munir Ahmad, Deputy Auditor-General(CA&E)
4. Syed Mujahid Hussain, Deputy Auditor-General(A&P).
5. Mr. A.R. Arif, Accountant General Pakistan Revenues.
6. Mr. Shabbir Ahmad, Additional Accountant General.
7. Mr. S.M. Arif, Director General Audit, Defence Services.
8. Mr. Muhammad Mohsin Khan, Director General Audit, Defence Services.
9. Mr. Muhammad Naseer Khan, Accounts Officer (PAC).

NATIONAL ASSEMBLY SECRETARIAT.

Tuesday, the 6th February, 1996.
Twenty-eighth Sitting (PAC)

1479. The Public Accounts Committee assembled at 11.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Mr. Hamza, MNA	Member
3.	Mr. Hamid Nasir Chattha, MNA	Member
4.	Syed Abbas Shah, MNA	Member
5.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works.	Member
6.	Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
7.	Ch. Nisar Ali Khan, MNA	Member
8.	Maulana Abdul Ghafoor Haidari, MNA	Member
9.	Mr. Miangul Aurangzeb,MNA	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani,Secretary
2. Mr. Nawab Hussain,Deputy Secretary (PAC)
3. Mr. Abdul Aziz,Officer on Special Duty(PAC)

Audit.

1. Mr. S.K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor General(GA).
3. Mr. A.R. Arif, Accountant General Pakistan Revenues.
4. Mr. Mazhar Ali Shah, Director General (CA).
5. Mr. Mushtaq Ahmad Memon, Deputy Director(CA).
6. Mr. Shabbir Ahmad, Additional Accountant General.
7. Mr. Muhammad Naseer Khan, Accounts Officer (PAC).
8. Mr. Manzoor Hussain Paracha, Accounts Officer(AR-I).

9. Mr. M.I. Shahid,
Accounts OfficerAR-III).

Ministry of Finance.

1. Dr. Mushtaq Ahmad,
Additional Secretary/Economic Adviser.
2. Mr. Mukhtar Ahmad,
Joint Secretary (Exp).
3. Mr. Muhammad Aslam,
Accounts Officer (Budget).

1480. **Accounts examined-** Accounts pertaining to the Environment and Urban Affairs Division were examined by the Committee during the meeting.

ENVIRONMENT & URBAN AFFAIRS DIVISION.

1481. The Committee took up for its examination Appropriation Accounts, Audit Report etc. pertaining to the Environment & Urban Affairs Division. The following departmental representatives were present:-

1. Mr. Muhammad Zafarullah Khan,
Additional Secretary.
2. Mr. S.M. Ismail, Joint Secretary.
3. Mr. Muhammad Rajab, Deputy Secretary.
4. Mr. Mahboob Elahi, Director General,
(Environment/QMMB Wing).
5. Syed Muhammad Irfan, Managing Director(PEPAC).
6. Mr. Sultan Shah, Section Officer(FAB).

1482. The Chairman, Public Accounts Committee informed the Members of the Committee that he had received a request from Mr. M. Salman Farooqui, Secretary, Environment & Urban Affairs Divivision that he would not be in a position to appear before the Committee on 6th & 8th February,1996 as he was proceeding abroad with the Prime Minister. The Committee Members took a serious note of this situation stating that the programme of the meeting was scheduled 10-15 days earlier. Every one has come, setting aside one's other responsibilities. The Secretary should have informed much earlier. The Members of the Committee were not prepared to examine the accounts and pressed to adjourn the meeting.

1483. The Committee issued a directive that the Principal Accounting Officer should explain the situation as it is straight away a contempt.In view of the economy measures and on the recommendation of the Members and the Auditor-General of Pakistan, it was decided to continue the meeting.

1484. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Environment and Urban Affairs Division	74
2.	Development Expenditure of Environment and Urban Affairs Division.	163

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

1485. **Grant No.74-Environment and Urban Affairs Division (Pages276-277-AA)-** There was a saving of Rs.3,687,812. The departmental representative informed that the amount was not surrendered because some consultants were expected at any time for the National Housing Authority who did not come before the close of the financial year.More-over, Finance Division did not agree for the purchase of vehicles.

1486. The Committee directed that the A.G.P.R and the Finance Division should examine and fix the responsibility on the person(s) who did not surrender the funds in time.

1487. **Grant No.163-Development Expenditure of Environment and Urban Affairs Division (Page 280-AA)-** There was a saving of Rs.539,107 which was surrendered in time. The Committee made no observation.

ACTIONABLE POINTS 1987-88

1488. **(Grant No.159-Development Expenditure of Environment and Urban Affairs Division (Page 243-AA)(Item 1-AP-87-88)-** The Public Accounts Committee observed on 27-7-1992 that the saving in Development expenditure were viewed as under utilization for development purposes. The department noted the instructions for future compliance. Audit had made no comment and the para was settled.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Pakistan Environmental Planning and Architectural Consultants (Pvt) Limited.

1489. **Working results of PEPAC (Paras 310-312, pages 271-273-ARPSE)** The latest working results the PEPAC company indicate that professional fees increased by Rs.14.837 million during 1988-89. Due to increase in expenses by 17.23% the unit sustained loss of Rs.0.420 million during 1988-89 as compared to profit of Rs.0.234 million during 1987-88.The Committee directed to curtail the expenditure in future and increase income of the company.

1490. **(Para 314, page 273 ARPSE)** The case regarding assessment of income tax had not been finalized with the result that huge amount of Rs.0.783 million paid as income tax in advance since June, 1989 had not been adjusted.The departmental

representative informed the committee that the company had already settled those accounts. The para was dropped.

1491. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Environment and Urban Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

1492. The Committee then adjourned to meet again at 10.00 A.M on Wednesday, the 7th February, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 7th February, 1996.
Twenty-ninth Sitting (PAC).

1493. The Public Accounts Committee assembled at 10.00 A.M in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Mr. Hamza, MNA	Member
3.	Mr. Hamid Nasir Chattha, MNA	Member
4.	Syed Abbas Shah, MNA	Member
5.	Mir Altaf Ali Bhayo, Parliamentary Secretary, for Housing and Works.	Member
6.	Mr. George Clement, Parliamentary Secretary, for Foreign Affairs.	Member
7.	Sahibzada Muhammad Nazeer Sultan, MNA	Member
8.	Makhdoomzada Syed Asad Hayat, MNA	Member
9.	Ch. Nisar Ali Khan, MNA	Member
10.	Maulana Abdul Ghafoor Haidari, MNA	Member
11.	Mr. Miangul Aurangzeb, MNA	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary
2. Mr. Nawab Hussain, Deputy Secretary (PAC)
3. Mr. Abdul Aziz, Officer on Special Duty (PAC)

Audit.

1. Mr. S.K. Mahmud,
   Auditor-General of Pakistan.
2. Mr. Muhammad Usman,
   Deputy Auditor-General (GA).
3. Mr. Munir Ahmed,
   Deputy Auditor-General (CA&E).
4. Syed Mujahid Hussain,
   Deputy Auditor-General (A&P).
5. Mr. S.M. Arif,
   Director General Audit, Defence Services.
6. Mr. Haque Nawaz,
   Director Foreign Audit.
7. Mr. Muhammad Naseer Khan,
   Accounts Officer(PAC).

NATIONAL ASSEMBLY SECRETARIAT.

Tuesday, the 27th February,1996.
Thirtieth Sitting (PAC).

1558. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1. Rao Muhammad Hashim Khan, MNA	Chairman
2. Mr. Hamza, MNA	Member
3. Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing and Works.	Member
4. Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
5. Syed Abbas Shah, MNA	Member
6. Ch. Nisar Ali Khan, MNA	Member
7. Moti Ram Malani, MNA	Member
8.Mr. Miangul Aurangzeb,MNA	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani,Secretary
2. Mr. Nawab Hussain,Deputy Secretary (PAC)
3. Mr. Abdul Aziz,Officer on Special Duty(PAC)

Audit.

1. Mr. S.K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor General(GA).
3. Mr. Munir Ahmad, Deputy Auditor General(C&AE).
4. Mr. Javed Arif, Director General Audit (Works).
5. Mr. Mazhar Ali Shah, Director General (CA).
6. Sheikh Naseer-ul-Haq, Director general Audit (FG).
7. Mr. Nayyar Bakht, Director General (PEC).
8. Mr. Shabbir Ahmad, Additional Accountant General.

9. Mr. Mushtaq Ahmad Memon,
   Deputy Director (CA).
10. Mr. Muhammad Anwar,
    Director General(GA).
11. Mr. Muhammad Naseer Khan,
    Accounts Officer(PAC).
12. Mr. M. I. Shahid,
    Accounts Officer (AR-III).

Ministry of Finance.

1. Mr. A. Ghafoor Mirza,
   Additional Secretary(Budget).
2. Mr. Naveed Hasan,
   FA (Education).
3. Mrs. Sohaila Mushtaq,
   DFA (Education).
4. Mr. Muhammad Aslam,
   Accounts Officer (Budget).

1559. **Accounts examined-** Accounts pertaining to the Ministry of Education were examined by the Committee during the meeting.

MINISTRY OF EDUCATION

1560. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Education. The following departmental representatives were present:-

1. Dr. Akhtar Hasan Khan, Secretary
2. Dr.Abdul Aziz Khan,
   Joint Educational Adviser(FI Wing)
3. Mr. S. Maqbool Waris,
   Joint Educational adviser (LJB&SW).
4. Mr. Munir Ahmed,
   Joint Educational Adviser (HE & R Wing)
5. Mr. Muhammad Ibrahim Khan,
   Joint Educational Adviser (HE&R Wing).
6. Mr. Arif Majeed,
   Deputy Educational adviser (HE & R Wing).
7. Mr. Arshad Ahmed,
   Deputy Secreary(F).
8. Mr. S. Saeed Shah,
   Deputy Secretary (Co-ord).
9. Mr. Muhammad Daud Khan,
   Assistant Educational Adviser.

10. Mr. Ahmed Fraz,
Managing Director (NBF).
11. Mr. Muhammad Abdul Jabbar,
Head of International Programmes Da'Wah Academy.
12. Mr. Imtiaz Zafar,
Head of Area Study Centre.
13. Mr. Mukhtar Ahmed,
Secretary, Prime Ministers's Literacy Commission.
14. Mirza Muhammad Mashir,
Director General (FGEI).
15. Mr. Muhammad Ashraf,
Adviser (F) (UGC).
16. Mrs. Salima Hashmi,
Principal National College of Arts. Lahore.
17. Mr. Muhammad Iqbal Jadoon,
Accounts Officer (I.C).
18. Mr. Muhammad Naeem.
Accounts Officer.
19. Mr. Muhammad Tabrez Aslam,
Deputy Director (Admn/Finance).
20. Mr. Muhammad Khan,
Accounts Officer.
21. Mr. Fateh Khan Niazi,
Accounts Officer (FDE).
22. Mr. Ejaz Ahmed,
Director (FDE).

1561. This Ministry controlled the following grants:-

S.No.	Name of Grant	Grant No.
1.	Ministry of Education	35
2.	Education.	36
3.	Federal Government Educational Institutions in the Capital and Federal Areas.	37
4.	Federal Government Educational Institutions in Cantonements and Garrisons.	38
5.	Development Expenditure of Ministry of Education.	153

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

1562. **Grant No.35-Ministry of Education (Pages 158-159-AA)-** There was an excess expenditure of Rs.4,783,855 over and above the final grant. The representative of Finance Division explained that the excess expenditure shown in the Appropriation Accounts, is due to non accountal of supplementary grant sanctioned on 25th May. On his recommendation, the Committee regularized the excess expenditure.

1563. **Grant No.36-Education (Page 160-AA)-** There was an excess expenditure of Rs.35,683,173. Audit reported that the department had also surrendered an amount of Rs.2,475,000 increasing the excess to Rs.38,158,173.

1564. The departmental representative informed the Committee that Audit had accounted for supplementary grant of Rs.10.5 million whereas it was Rs.49.002 million, there was no excess expenditure but a saving of Rs.541 thousand.

1565. The representative of Finance Division explained that the supplementary budget is finalized by the middle of May for presentation to the National Assembly. The functions of the Government cannot be stopped during the period from 15th May to 30th June. The requirements of this period have to be presented to the Public Accounts Committee and then to the National Assembly in the form of Excess Budget Statement. He agreed that this should not be done except in case of emergency.

1566. The issue was widely discussed. On the recommendation of the Audit, the Committee approved the excess expenditure of Rs.38,158,173 with the direction to the Ministry of Finance and all the Ministries/Divisions that from the year 1995-96 onwards, excess expenditure will not be approved by the Public Accounts Committee except in case of extraordinary circumstances.

1567. **Grant No.37-Federal Government Educational Institutions in the Capital and Federal Areas (Pages 161-162-AA)-** Audit reported that there was a saving of Rs.6,231,457. An amount of Rs.6,222,000 was surrendered leaving net saving of Rs.9,457. The PAC did not press.

1568. **Grant No.38-Government Educational Institutions in Cantonments and Garrisons (Page 163-AA)-** The excess expenditure of Rs.15,646,204 was regularized by the Committee with the same remarks as for Grant No.36.

1569. **Grant No.153-Development Expenditure of Ministry of Education (Pages 164-165-AA)-** The excess expenditure of Rs.214,664,339 was regularized by the Committee with the same remarks as for Grant No.36.

AUDIT REPORT (CIVIL) (VOL-I-1988-89)

1570. **Loss of Rs.191,131 due to non-deducation of college share (Para 1, page 45 AR)-** Audit pointed out that 20% share of college amounting to Rs.191,131 out of fee received by a member of staff of National College of Arts, Lahore for undertaking private project was not deposited into college fund according to the decision of the Board of Governors of the College.

1571. College authorities, in the first instance, intimated in April, 1988 that they have constituted a Committee to review the issue but later on replied in October, 1992 that the matter has been delayed due to technical problem in the contract.

1572. The departmental representative informed that the professor concerned retired nine years ago. The College could not get the original agreement from the party

who gave that project. In the record of the College there is no mention of the consultancy fee. The contractor and the client were also unable to provide a copy of the contract. In many cases the Artists forego the fee. In this case the Professor says that he never received consultancy fee.

1573. The Committee was not satisfied with the reply given by the department and directed to send a report on the issue through the Principal Accounting Officer to Audit within two months. The Audit will submit the report with their remarks to the Public Accounts Committee.

1574. **Recovery on account of wrong fixation of pay of Chairman Rs.56,889 (Para 2, page 45-AR)-** Audit pointed out in April, 1989 that the pay of Chairman, University Grants Commission on his re-employment in BPS-22 for three years was wrongly fixed on maximum of the scale instead of on minimum of the scale which resulted in an overpayment of Rs.56,889.

1575. The Ministry replied that the Chairman was appointed in BPS-22 in University Grants Commission and not re-employed and was allowed basic pay according to LPC issued by the Quaid-e-Azam University where he was last employed. Therefore, pay fixation was under the rules.

1576. Audit commented that appointment was made in accordance with section 4(2) of the University Grants Commission Act, 1974. Specific terms and conditions were required to be determined under para 4(5) of the Act.

1577. The Principal Accounting Officer undertook that recovery of overpayment will be made from Dr. Sh. Amjad Ahmed who is still a Government employee. The Committee directed the Principal Accounting Officer to recover the overpayment urgently.

1578. **Recovery of Rs.45,869 on account of house rent allowance (Para 3, page 45-AR)-** Audit pointed out that unauthorized payment of house rent allowance amounting to Rs.54,869 was made to two female officers. Mrs. Suraiya Beg was residing in a Government accommodation allotted to her husband but was irregularly paid house rent allowance amounting to Rs.30,928. Similarly Mrs. Rahat Saleem Khan was allotted Government accommodation but was also paid house rent allowance and 5% house rent deduction was also not made which resulted to an overpayment of Rs.23,941. Since the recovery was confirmed by Audit, the para was dropped by the Committee.

1579. **Un-authorized opening of Bank accounts-Non surrender of budgetary saving-Rs.9,181,754 (Para 4, page 46-AR)-** Audit pointed out that a Directorate under Ministry of Education was maintaining Bank accounts with Commercial Banks without the approval of Finance Division. The budgetary savings were drawn and deposited in these accounts instead of surrendering the same by the prescribed date.The balance in the Bank accounts as on 30-6-1988 was Rs.9,181,754. Violation of Government instructions were pointed out repeatedly in Audit Inspection Report for the years 1979-81, 1983-84, 1984-85 and 1986-87 but there was no response.

1580. The departmental representative admitted that an irregularity was committed, Rao Muhammad Yasin Khan who was Director General of that time and has retired from Government service since 1987 was responsible for this irregularity. This money was deposited in five different Commercial Banks. An amount of Rs.127,229 was deposited in the saving accounts whereas the amount of Rs.9,054,425 was deposited in current accounts in three different banks. The banks do not provide any facility on current accounts. This amount was not surrendered because Ministry of Finance would not have provided the amount again for the purchase of furniture. This amount was spent on the purchase of furniture in the next year.

1581. The representative of Finance Division explained that the unspent balance has to lapse on 30th June. It was not surrendered but drawn from Government Account for expenditure during the next financial year, it is against the Constitution.

1582. The Committee directed the Principal Accounting Officer to fix the responsibility for this irregularity under intimation to the Public Accounts Committee and avoid such irregularities in future.

ACTIONABLE POINTS 1987-88

1483. **General (Item (i)-AP-87-88)-** While discussing the accounts of Ministry of Education for the year 1987-8 on 29-7-1992, the Public Accounts Committee directed that audit of Nai Roshni Schools be finalized within three months.

1584. Audit reported that audit of Nai Roshni Schools has since been completed and Audit Inspection Report was issued to the Ministry of Education in February, 1994 but the Ministry's reply to the audit observations are still awaited despite repeated reminders.

1585. The departmental representative accepted the slackness and promised that reply in annotated form, will be issued within three months. The Public Accounts Committee deferred these paras.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

National Book Foundation.

1586. **Working results of the Foundation (Para 194,page 167 ARPSE)-** The working results of the National Book Foundation for the years 1987-88 to 1990-91 revealed that the Foundation is continuously sustaining losses since 1986-87. The accumulated losses rose to Rs.29.855 million as on 30th June, 1991. There is a decreasing trend in the sales of the Foundation whereas operating expenses are increasing day by day. The losses were attributed to sales of the books at moderate rates. The Ministry intimated that a case for seeking Government subsidy in the prices of good quality books was sent to the Government on November 14, 1991. The final decision of the Government is awaited.

1587. The departmental representative informed the Committee that they have tried to reduce the losses as much as they could. The Public Accounts Committee had recommended in 1985 that subsidy be provided to the National Book Foundation which has not been done whereas staff remained on the roll. The staff could not be reduced. Due to enquiry in the Martial Law regime the books in stock were not allowed to be sold out. These books later on become obsolete. Moreover, there have been no way to stop piracy. The books printed by the National Book Foundation are printed on cheep paper by the pirates. No action has been taken against them. Before the printing of books by the National Book Foundation on expenditure of millions of rupees, the pirates by using illegal means get the same books printed earlier and float in the market. The piracy has now been controlled. The Committee did not press on this para any more.

1588. **(Para 195, page 167-ARPSE)-** Audit pointed out that stock in trade of National Book Foundation stood at Rs.10.026 million as on June 30, 1989 which increased to Rs.10.357 million as on June 30, 1990. It was, however, reduced to Rs.9.148 million as on June,1991. The reduction in stock-in-trade is not due to increase in the sales as the sale of the Foundation is continuously decreasing since 1986-87. The sale of the Foundation in 1986-87 was Rs.22.207 million which came down to Rs.8.814 million in 1990-91.

1589. The departmental representative informed the Committee that the sales have now been increased. The Committee appreciated the efforts of the National Book Foundation and the para was dropped.

1590. **(Para 196, page 167 ARPSE)-** Provision for doubtful book debts amounting to Rs.2.465 million was made in the accounts for the year 1988-89. No investigation to find out the circumstances under which these debts became irrecoverable was made by the department.

1591. The departmental representative informed the Committee that the outdated books are being disposed off by giving the maximum possible discount. The outstanding dues have been recovered. Only Rs.98,000 are to be recovered from Government Institutions. The recoveries have also been verified by Audit. The Committee appreciated the efforts of the National Book Foundation.

ACTIONABLE POINTS 1985-86

National Book Foundation.

1592. **(Para 188 (a), page 186 ARPSE)(Item 3-AP-85-86)-** While examining the accounts of National Foundation for the year 1985-86 on 24-2-1988, the Committee had directed that performance evaluation of National Book Foundation may be carried out by Audit again.

1593. The Ministry intimated that the performance evaluation of National Book Foundation has since been carried out and the report will be presented before the Public Accounts Committee by the Director General (PEC) after some time.

1594. **(Para 188(b), page 186 ARPSE)(Item 3-AP-85-86)**- The previous Public Accounts Committee had directed that the exemption of import duty on the import of books by the Government should be considered. The Ministry intimated that the matter is under consideration. The Committee supported the directive of the previous Public Accounts Committee.

ACTIONABLE POINTS 1986-87

National Book Foundation.

1595. **(Paras 118-121, page 140-ARPSE)(Item 2-AP-86-87)**- The Committee directed that the Foundation be re-organized keeping in view its basic objectives. The Ministry intimated that a proposal to convert the organization into Trust has been submitted to Government and its decision in this respect is still awaited. The Committee directed the Principal Accounting Officer to issue reminder on the subject.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL-IX-D-1990)

1596. **Performance Evaluation Report on Da'wah Academy International Islamic University, Islamabad (Paras 1.1 to 8.3, pages 39-68-PEPE-Vol-IX-D-1990)**- The updated evaluation brief on Da'wah Academy, International Islamic University, Islamabad was discussed in detail by the Committee. Audit informed the Committee that the Academy was established by Government in 1981 to preach and spread the message of Islam. the Academy is engaged in conducting national and International training programmes, production, publication and distribution of Da'wah materials e.g. books periodicals, audio Cassettes etc., within and outside the country.

1597. In the national training programme over 1000 Imams were given training, about 360 officers of Armed Forces participated in the Islamic Oriented Courses and some 10,000 participants successfully completed the Islamic Correspondence Courses and were awarded certificates. Under International Islamic Leadership Training Programme for community leaders of Muslim minority countries, 375 community leaders from about 52 countries have been trained in various skills and techniques of Da'wah work. The Academy arranged some other training courses.

1598. Audit pointed out that a development grant of Rs.19.920 million was approved in 1984 for construction of building and related physical infrastructure. The funds were released in full which remained unutilized. The amount was kept as treasury deposit receipt. It was informed that the land for the construction of building had since been provided and a plan for construction of building was under consideration.

1599. The Principal Accounting Officer explained that Government had allotted 750 acres of land to International Islamic University about three years ago. Land and funds both are available. The University could have built some structure on the land.

1600. The Committee was not satisfied with the explanation given by the Ministry and directed the Principal Accounting officer to instruct the University authorities to get the building constructed and funds utilized.

ACTIONABLE POINTS 1985-86

Balochistan Engineering College, Khuzdar.

1601. **(Paras 5.1.1, 5.1.2 & 5.1.3, page 52-ARCW)(Item 2-AP-85-86)-** The Vice Chancellor did not attend the meeting. The Chairman deferred these paras till next meeting and directed that the Vice Chancellor should come in the next meeting. The latest position of the cases in the FIA as well as the Committee reported be intimated to the Public Accounts Committee. The Committee also conveyed their displeasure to the Vice Chancellor.

1602 **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Education. These would be treated as settled subject to any action as may be necessary under the rules.

1603. The Committee then adjourned to meet again at 10.00 a.m. on Wednesday the 28th February, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT.

Wednesday, the 28th February,1996.
Thirty-first Sitting (PAC).

1604. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1. Rao Muhammad Hashim Khan, MNA	Chairman
2. Mr. Hamza, MNA	Member
3. Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing and Works.	Member
4. Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
5. Syed Abbas Shah, MNA	Member
6. Sahibzada Muhammad Nazeer Sultan,MNA	Member
7. Makhdoomzada Syed Asad Hayat, MNA	Member
8. Ch. Nisar Ali Khan, MNA	Member
9. Moti Ram Malani, MNA	Member
10.Maulana Abdul Ghafoor Haidari, MNA	Member
11.Mr. Miangul Aurangzeb,MNA	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani,Secretary
2. Mr. Nawab Hussain,Deputy Secretary (PAC)
3. Mr. Abdul Aziz,Officer on Special Duty(PAC)

Audit.

1. Mr. S.K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General(GA).
3. Mr. Munir Ahmad, Deputy Auditor-General(C&AE).
4. Syed Mujahid Hussain, Deputy Auditor-General(A&P).
5. Mr. A.R. Arif, Accountant General Pakistan Revenue.
6. Mr. Muhammad Anwar, Director General(GA).

7. Mr. Javed Arif,
   Director General Audit (Works).
8. Mr. Mazhar Ali Shah,
   Director General (CA).
9. Sheikh Naseer-ul-Haq,
   Director general Audit (FG).
10. Mr. Shabbir Ahmad,
    Additional Accountant General.
11. Mr. Muhammad Naseer Khan,
    Accounts Officer(PAC).
12. Mr. Muhammad Nazir Bhatti,
    Assistant Accountant General.
13. Mr. Mushtaq Ahmad Memon,
    Deputy Director (CA).

Ministry of Finance.

1. Mr. A. Ghafoor Mirza,
   Additional Secretary(Budget).
2. Mr. Dost Muhammad Khan,
   DFA (Kashmir Affairs).
3. Mr. Muhammad Aslam,
   Accounts Officer (Budget).

1605. **Accounts examined**- Accounts pertaining to the Kashmir Affairs and Northern Affairs Division were examined by the Committee during the meeting.

KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION

1606. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Kashmir Affairs & Northern Affairs Division. The following departmental representatives were present:-

1. Mr. Jamshed Burki, Secretary.
2. Mr. Javaid Ali Khan, Joint Secretary.
3. Mr. Mahmood Khan, Chief Secretary, Northern Areas.
4. Mr. Qurban Jan, Secretary Finance, Northern areas.
5. Brig. Abdul Rahim, Chief Engineer, Northern Areas(PWD)
6. Mr. Akhtar Munir, Managing Director(NATCO)
7. Mr. Zafar Iqbal, Manager (NATCO)
8. Mr. Nasir Shigre, Superintending Engineer,
   Northern Areas (PWD).
9. Mr. Muhammad Shaukat Mufti, Section Officer(F&B).

1607. This Division controlled the following grants:-

S.No.	Name of grant	Grant No
1.	Kashmir Affairs and Northern Affairs Division	129
2.	Northern Areas.	130
3.	Federal Government Educational Institutions in Northern Areas.	131
4.	Other Expenditure of Kashmir Affairs and Northern Affairs Division.	132
5.	Capital Outlay on Purchases by Kashmir Affairs	137
6.	Development Expenditure of Kashmir Affairs and Norther Affairs Division.	175

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1998-89)

1608. **Grant No.129-Kashmir Affairs and Northern Affairs Division (Page 444-AA):-** In addition to the excess expenditure of Rs.378,052, the department also surrendered an amount of Rs.51,700 increasing the excess to Rs.429,752.

1609. The Principal Accounting Officer informed that the supplementary grants sanctioned by the Finance Division were not accounted for in the Appropriation Accounts by the AGPR.

1610. The AGPR stated that the supplementary grants of Rs.8,69,000 and Rs.575,000 sanctioned in June were not included in the supplementary demands for grants and Appropriation, hence not authorized by the Parliament.

1611. On the assurance given by the Principal Accounting Officer that it will not happen again, the Committee regularized the excess expenditure.

1612. **Grant No.130-Northern Areas (Pages 445-446-AA):-** There was an excess expenditure of Rs.6,629,237 over and above the sanctioned budget grant. The departmental representative informed that funds could not be arranged due to unforeseen expenditure and the error came to notice after the close of the financial year. Moreover, wrong bookings could not be set right despite best efforts for which the department is responsible.

1613. The Committee regularized the excess expenditure with the direction that responsibility should be fixed on the person who was heading the department at that time. The explanation of the officer responsible for wrong booking should also be called for and his reply furnished to the Committee.

1614. **Grant No.131-Federal Government Educational Institutions in Northern Areas (Page 447-AA):-** There was an excess expenditure of Rs.1,454,777. The Division informed that the excess expenditure was due to 5% economy cut and lesser

budget grant than actually required. On confirmation of the facts by Audit, the Committee regularized the excess expenditure.

1615. **Grant No.132-Other Expenditure of Kashmir Affairs and Northern Affairs Division (Pages 448-449-AA):-** The excess expenditure of Rs.197,302 was regularized by the Committee.

1616. **Grant No.137-Capital Outlay on Purchases by Kashmir Affairs and Northern Affairs Division (Page 450-AA):-** The department surrendered a saving of Rs.5,977,087,leaving a net saving of Rs.265,782. The departmental representative informed the Committee that the saving of Rs.265,782 could not be surrendered because the expenditure on purchase of sugar could not be anticipated. The Committee did not press any more.

1617. **Grant No.175-Development Expenditure of Kashmir Affairs and Northern Affairs Division (Page 453-AA):-** The Principal Accounting Officer explained that the excess expenditure of Rs.41,634,987 was due to wrong booking by the Office of the AGPR, Islamabad which relates to Grant No.188-Development Loans and Advances by the Federal Government controlled by the Finance Division.

1618. The AGPR accepted that the excess expenditure was due to wrong booking of expenditure. The Committee, therefore, regularized the excess expenditure. The Committee directed the representative of the Finance Division not to allow supplementary grants after 15th May, in future except in very exceptional and unavoidable circumstances.

AUDIT REPORT (CIVIL) (VOL-I-1998-89)

1619. **Irregular payments-blockage of Rs.1,550,000 (Para 1, page 100-AR):-** Audit pointed out that Government funds amounting to Rs.1,550,000 for construction of children park, recreation centre at Skardu bus stand and slaughter house in Gilgit remained blocked with D.C Skardu and Chairman Municipal Committee, Gilgit for a period more than two years due to non-execution of works.

1620. The Division did not clearly reply whether the works for which funds were allocated has actually been completed or not. The Audit informed the Committee that out of this amount a sum of Rs.6,50,000 was paid to Mr. Saleem Raza, Chairman, Municipal Committee, Gilgit and another amount of Rs.90,0000 was given by the D.C, Local Government, Skardu.

1621. The departmental representative confirmed that the money had been spent on schemes for which work was properly approved. The Committee treated it as a deposit work and settled the para subject to verification by Audit.

1622. **Uneconomical purchase of Jeeps worth Rs.600,000 (Para 2, page 100-AR):-** It was pointed out by Audit that Administrator, Northern Areas paid Rs.200,000 to the Chairmen, Municipal Committees, Gilgit, Chillas and Skardu on 30th June, 1998 for purchase of jeeps out of funds meant for rural development schemes. Suzuki jeeps SJ-410 were purchased at different rates from different persons as under:-

Chairman, Gilgit	Rs.190,000	Model-1986
Chairman, Skardu	Rs.205,000	Model-1988
Chairman, Chillas	Rs.186,000	Model-1988
	Total: Rs.581,000	

As the control price of the Jeep was Rs.155,000

1623. The departmental representative informed the Committee that the purchase of Jeeps were the part of the project which were purchased after proper sanction and admitted that the Jeeps should have been purchased direct from M/s PECO, the manufacturers, at the control price.

1624. The Committee directed the Audit to check the record of the department and verify the facts. It may also be checked that jeeps were not purchased for particular persons to avoid the lapse of funds at the close of the financial year to ensure cooperation with Audit and resolve the issues to avoid embarrassment.

1625. **Unauthorized drawal of Rs.511,832 (Para 2, page 101-AR):-** Audit pointed out that in an organization under Administrator Northern Areas, there was an unauthorized drawal of Rs.511,832 from PLA on the last day of the financial year 1986-87 without the approval of the competent authority.

1626. The Division replied that the amount was sanctioned by the Additional Commissioner (G) and also utilized under his orders. Later on, the Assistant Director (G) sanctioned the expenditure as per delegated powers.

1627. Audit was not satisfied with this self contradictory reply of the Division. The Committee therefore, directed that the competent authority under which the Additional Commissioner (G) of Assistant Director (G) were empowered to sanctioned the expenditure may be shown to Audit.

1628. **Unauthorized expenditure on the visit of Prime Minister Rs.370,000 (para 4, page 101-AR):-** Expenditure of Rs.370,000 and Rs.1.1 million were incurred during the Prime Minister's visit to Northern Areas in May, 1987. The following irregularities were noticed:-

(a) The expenditure of Rs.370,000 was incurred over and above the amount of Rs.1.1 million sanctioned by the Division.

(b) The unauthorized expenditure was debited to Rural Development Funds to which it was not a proper charge.

(c) The unauthorized expenditure of Rs.370,000 was sanctioned by the Additional Commissioner who was not competent to do so.

The Division replied that the extra amount of Rs.370,000 was spent out of the funds of LB&RD to meet the additional expenditure on Prime Minister's visit.

1629. Audit contention was that the officer who sanctioned the expenditure of Rs.370,000 was not competent to do so. The Committee directed the Audit to verify the facts. If Audit is not satisfied with the competency of the sanctioning authority then the person responsible will not be excused.

1630. **Doubtful expenditure of Rs.209,000 on purchase of medicines for District Hospital Gilgit (Para 5, pages 101-102-AR):-** Audit pointed out that the Director of Local Bodies and Rural Development made a payment of Rs.209,000 to a supplier for the procurement of medicines in the local hospital which was not a proper charge to the funds of LB&RD. Besides the medicines were neither taken on charge nor record of their utilization was produced which rendered the entire expenditure doubtful.

1631. In the first instance the department replied that the payment was made with the approval of Administrator, Northern Areas due to out break of infectious disease in Gilgit. It was further replied by the Division that the expenditure was incurred with the approval of competent authority by the concerned hospital/dispensaries etc. and the record of receipt and utilization of the medicines provided to the hospital were available for verification.

1632. Audit was not satisfied and required to fix responsibility on the person at fault as the funds were not validly available for the purpose for which utilized. Besides the record of receipt of medicines and utilization required verification since the same were not shown to Audit.

1633. The Committee constituted a Sub-Committee under the Chairmanship of Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works consisting of Sheikh Naseerul Haq, Director General Audit (Federal Government), Mr. Mukhtar Ahmad, Joint Secretary, Finance Division and Mr. Qurban Jan, Secretary Finance, Northern Areas as member. The Sub-Committee was required to investigate the facts pointed out by Audit and submit the report to the Public Accounts Committee within three months.

1634. **Unauthorized drawal of Rs.165,000 for repair of 40 bath rooms of Civil hospital, Gilgit (Para 6, page 102-AR):-** Audit pointed out an unauthorized drawal of advance of Rs.165,000 on 30th June for construction/repair of 40 bath rooms of District Headquarter Hospital, Gilgit. The following irregularities were also pointed out:-

(i) Bath room supplies were purchase on 29th June for Rs.96,925 and the balance amount of Rs.68,075 was claimed as labour charges and work was shown as completed on same day.

(ii) There was no justification for drawing advance on 30th June when the work had been completed on 29th June.

(iii) The vouchers had not been verified by department or hospital authority.

The Division replied that the bath rooms had been repaired well before June, 1985 after sanction of estimates and the technical sanction and the final adjustment was made on 30th June and this was not an advance payment.

1635. Audit suspected doubtful payment since work of the same amount was completed a day before and then an advance of Rs.165,000 was drawn on the subsequent i.e. last day of the financial year. The PAC also referred this issue to the Sub-Committee constituted as under Audit para 5 above.

1636. **Overpayment of Rs.123,766 to the contractors (Para 7, page 102-103-AR):-** Audit reported an overpayment of Rs.123,766 made by Directorate of Northern Ares for construction of office building and community centre. The payments shown in the measurement book were Rs.769,984 and Rs.461,623 were made which involved overpayment. The Division replied that there was no overpayment because the difference in payment were made to other parties.

1637. The Committee was not satisfied with the reply of the Division. there was a doubt that the record was changed after the draft para. It was treated as a corruption case. The Committee directed the Principal Accounting Officer to look into the case. If any one is found guilty, he should be punished, suitable disciplinary action be taken against him and compliance report submitted to the Committee within two months.

1638. **Excessive expenditure on purchase of firewood (Para 8, page 103-AR):-** Audit reported an excess payment of Rs.96,425 on account of purchase of firewood. In Northern Areas 15 K.G of firewood per fire place is allowed but in the office of the Deputy Director (LB&RD) 117,600 K.G of firewood was used for 10 fire places.

1639. The Division replied that 132,000 K.G of firewood was issued correctly according to the requirements. There were 50 stoves sanctioned for the Directorate of LB & RD and the rate of 30 K.G of firewood per stove was approved from 1st December to 28th February. The Committee directed the department to settle the issue with Audit within one month.

1640. **Non-recovery on account of excess calls from official telephones Rs.19,628 (Para 9, page 103-AR):-** Audit reported excess expenditure of Rs.19,628 on calls from official telephones during 1985-87 and its non recovery from concerned. The Division replied that they have issued an ex-post facto approval of the excess telephone calls by different officers. After discussion, the Committee settled the para subject to verification by Audit.

ACTIONABLE POINTS 1987-88

1641. **Loss due to shortage of food stuff Rs.977,370(Para 1(i), page 166-AR)(Item I(i)-AP-87-88)**-Audit pointed out a loss of Rs.977,370 due to shortage of food stuff like wheat,sugar and salt during supplies made to the inhabitants of Northern Areas. The para was discussed in the previous Public Accounts Committee on 17-7-1990 and the Committee directed that a departmental inquiry Committee be constituted to fix the

responsibility for the shortages and results intimated to Public Accounts committee within three months.

1642. The departmental representative could not give any reply to the Public Accounts Committee. The Committee therefore, deferred the para with the direction to furnish the report urgently.

AUDIT REPORT (CIVIL) (VOL-I-1988-89)

1643. **Performance Audit Report on Directorate of Civil Supply and Transport Northern Areas (Paras 1-4, pages 107-115-AR)**:- Audit presented performance Audit Report on the Directorate of Civil Supply and Transport, Northern Areas. The study was based on the date for the period 1983-1988. The upshot of the report was that large amount of wheat, salt and sugar procured by the Administrator, Northern Areas is either destroyed, lost in transit or suspectedly pilfered.

1644. The issue was widely discussed by the Committee members and it was pointed out that in addition to wheat, salt and sugar, P.O.L is also procured for Northern Areas. Crores of rupees are paid by the Government on account of transportation charges but it does not reach the destination. The Committee directed the Director General Audit (Federal Govt) to conduct Performance Audit of the four items for the period from 1990-91 to 1994-95 and submit report to the Committee within four months. The Committee also directed the Principal Accounting Officer to ensure full cooperation to Audit. On receipt of report from Audit a special meeting of the Committee will be convened.

AUDIT REPORT (CIVIL WORKS)(VOL-II-1988-89)

Northern Area Public Works Department.

1645. **Overpayment of Rs.161,406(Para 7.1, page 57-ARCW)**- The Committee settled the para subject to verification by Audit.

1646. **Non-recovery of electric charges-Rs.995.054 (Para 7.2, page 57-ARCW)**- The amount of Rs.995,054 relates to non recovery of electric charges for the period from June, 1987 to April, 1989 for various government officers and private persons. The Division intimated that as per departmental record, the recoverable amount was Rs.407,794 which has been recovered in full.

1647. Audit verified that the recoverable amount worked out to be Rs.921,514. Recovery of Rs.479,128 was verified leaving a balance of Rs.442.384 still to be recovered. The S.E. assured the Committee that the actual recoverable amount was Rs.442,385 out of which the amount of Rs.373,784.67 has been recovered and the balance of unrecovered amount pertains to Defence Formations. The Committee directed the Audit to verify the recovery and dropped the para.

(i) **Non-recovery of stores worth Rs.118.335 (Para 7.3,pages 57- 58-ARCW)-**

(ii) **Unjustified expenditure of Rs.29,550 (Para 7.4 page 58 (ARCW)-**

1648. The above paras were dropped by the PAC on the recommendation of Audit.

ACTIONABLE POINTS 1987-88

1649. **Misappropriation of cement by carriage contractors- Rs.805,300 (Para 11.1, pages 69-70 ARCW) (Item 1 (ii)-AP-87-88)**- The observation relates to three cases in which contractors did not deliver cement worth Rs.805,328 to the department after receiving it from the cement factories. Provision of security arrangements for the execution of carriage contractors were inadequate.

1650. The Committee directed on 17-7-1990 that a departmental inquiry Committee be constituted to fix responsibility for the shortages and results intimated to the Public Accounts Committee within three months.

1651. Audit reported that recovery of Rs.412,500 has been verified. The departmental inquiry is in process for the remaining amount Rs.392,800. Department did not report compliance of Public Accounts Committee directive regarding fixing of responsibility despite lapse of considerable time.

1652. The departmental representative informed the Committee that it was a loss of store. The cement was sold by the carriage contractor on route and FIR had been lodged against the contractor. The case is under trial in the court of law.

1653. The Committee observed that due attention was not paid by the department to the earlier directive of the Public Accounts Committee and inquiry report which was required within three months has not been furnished.

1654. The Audit informed the Committee that departmental inquiry has already been conducted. Report has been submitted by the Chief Engineer, Northern Areas PWD to the Administrator Northern Areas on 23rd June, 1992.

1655. The departmental representative stated that he was not aware of the report. He requested for some time to collect all the information for the Committee. The Committee allowed the department to produce all the relevant record before the PAC at 10.00 a.m. on 11-3-1996.

ACTIONABLE POINTS 1986-87

1656. **Non-recovery of electricity charges Rs.2,417,798 (Para 10.1 (1 & 2), page 84-ARCW) (Item 4-AP-86-87)**- The observation relates to non-recovery of electric charges amounting to Rs.2,417,798 for the period 1979 to 1986:-

Name of Division	Amount	Period	Recoverable from
Water & Power Division, Gilgit.	Rs.1,599.016	July,1979 to Nov,86	Government Department/ Organization.

Water & Power Division, Skardu.	Rs.816,782	1981 to 1986	Government Department/ Private Persons
Total:	Rs.2,417,798		

1657. Audit reported that an amount of Rs.1,206,605 had been recovered and verified whereas the amount of Rs.1.211,193 is still to be recovered.

1658. The departmental representative informed that the amount of Rs.1,191,999 has not yet been recovered from Government department, whereas the amount of Rs.19,194 has been recovered from the private persons. The Committee directed the department to expedite the recovery.

1659. **Irregular purchase of a Jeep - Rs.285,000 (Para 10.5, page 86-ARCW) (Item 5 AP-86-87)-** A jeep costing Rs.285,000 was purchased in January, 1985, without provision in PC-I, without allocation of funds and without sanction of competent authority.

1660. The Public Accounts Committee directed the Principal Accounting Officer on 12-3-1990 to call for the explanation of the officers who authorised the purchase of Jeep. On 17-7-1990 the Committee directed to intimate the result of disciplinary action.

1661. The Division informed that the officer at fault had been warned to be careful in future. The Committee, therefore, dropped the para.

1662. **Loss of Rs.610,800-receipt of cement (Para 10.6, page 87-ARCW) (Item 6-AP-86-87)-** The observation relates to short supply of cement costing Rs.610,800 by a carriage contractor during 1982-85. The Principal Accounting Officer was directed by the Public Accounts Committee on 12-3-1990 to pursue the recovery and report in the next meeting.

1663. The Division reported recovery of Rs.249,836 which was verified by Audit. For the recovery of the balance of Rs.360,964 the department filed a civil suit in the court of law. The Public Accounts Committee observed that the civil suit filed in the court of law was not proper, it was a criminal case. The Committee directed the department to lodge a suit in the criminal court. The para was kept pending till recovery.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Northern Areas Transport Corporation (Private) Limited.

1664. **Working results of NATCO (Para 447,page 357-ARPSE)-** The Northern Areas Transport Corporation was established in March, 1974. The accumulated losses of the Corporation stood at Rs.19.419 million as on June, 30, 1989. The Corporation was taken over by a newly formed company incorporated in Gilgit as a private limited company w.e.f. July, 1989 with authorised share capital of Rs.10 million. The loss of the new company accumulated to Rs.5,855 million as on June 30, 1991. Therefore, the

company started to earn profit every year. The Committee appreciated the efficiency and desired to increase the profit further and dropped the para.

1665. **(Para 448, page 357-ARPSE)-** Sundry debtors decreased to Rs.2.504 million as on June 30, 1994 from Rs.4.724 million as on June 30, 1988 which included old unrecoverable debts of Rs.2.447 million as well.

1666. The Division intimated that a sum of Rs.3.926 million has been recovered. Out of balance amount of Rs.1.474 million a sum of Rs.446,363 is recoverable from Government departments while cases for recovery of Rs.762,624 against PSO and Rs.265,000 from other's are pending in the civil court. The department representative informed the Committee that the amounts of Rs.446,363 and Rs.762,624 due from the Pakistan State Oil were written off by the competent authority.

1667. The Audit informed that the case was lodged with the civil court. The reasons for withdrawal of the case from the civil court and write off of the amount due from Pakistan State Oil require justification.

1668. The Public Accounts Committee directed the Audit to re-verify the case and report in the next meeting as to how much amount has been written off and how much amount is recoverable.

1669. **Non-recovery of liquidated damages amounting to Rs.0.283 million (Para 452, page 359)-ARPSE)** NATCO made an agreement with contract on August 7, 1977 for fabrication and installation of Oil Tankers on six new chassis of the Corporation. The contractor could not deliver the Oil Tankers in time for which he was bound to pay liquidated damages of Rs. 0.283 million to the Corporation.

1670. The Division intimated that due to road accident of tanker and correspondence with insurance company by the contractor, it was late delivered. The civil suit lodged against the contractor was decided against NATCO and a new case of defamation has been filed by contractor in the civil court.

1671. The departmental representative informed that an enquiry was held during the regime of martial law and whole of the management was dismissed for making advance payment to the contractor. The Committee directed to write off the loss if not done.

1672. **(Paras 449,450,451 & 452, pages 357-359-ARPSE-88-89)-** The replies on these paras were acceptable to Audit, hence dropped.

1673. The Committee deferred the examination of remaining Audit paras of the Division till 11-3-1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Monday, the 11th March, 1996.
Thirty-second Sitting PAC.

1674. The Public Accounts Committee assembled at 10 A.M in Committee Room No.2 of the Parliament House, Islamabad, to continue the examination of the Federal Accounts for 1988-89. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Syed Abbas Shah, MNA	Member
3.	Sahibzada Muhammad Nazeer Sultan,MNA	Member
4.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing and Works.	Member
5.	Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
6.	Mr. Moti Ram Malani, MNA	Member
7.	Mr. Miangul Aurangzeb, MNA	Member
8.	Mr. Hamza, MNA	Member

National Assembly Secretariat

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary(PAC).
3. Mr. Abdul Aziz, Officer on Special Duty(PAC).

Audit

1. Mr. Munir Ahmad,
   Deputy Auditor - General (CA&E)
2. Mr. Javed Arif,
   Director General Audit (Works).

Ministry of Finance.

1. Mr. A. Ghafoor Mirza,
   Additional Secretary (Budget).
2. Mr. Mukhtar Ahmad,
   Joint Secretary(Exp).
3. Mr. Muhammad Aslam,
   Accounts Officer(Budget).

1675. **Accounts examined-** Accounts pertaining to the Kashmir Affairs and Northern Affairs Division were examined by the Committee during the meeting.

KASHMIR AFFAIRS AND NORTHERN AFFAIRS DIVISION
(Deferred Accounts)

1676. The Committee took up for its examination the Audit Report pertaining to the Kashmir Affairs and Northern Affairs Division which were deferred on 28-2-1996. The following departmental representatives were present:-

1. Mr. Jamshed Burki, Secretary.
2. Mr. Javaid Ali Khan, Joint Secretary.
3. Mr. Qurban Jan, Secretary Finance Northern Areas.
4. Brig. Abdul Rahim, Chief Engineer, NA PWD.
5. Mr. Muhammad Shaukat Mufti, Section Officer (F&A).

ACTIONABLE POINTS 1987-88

1677. **Mis-appropriation of cement by carriage contractors Rs.805,300 (Para 11.1, pages 69-70-ARCW)(Item 1 (ii)-AP-87-88)-** It was reported by the Audit that the previous Public Accounts committee directed on 17-7-1990 that a departmental inquiry committee be constituted to fix responsibility for the shortages of Cement and the results intimated to the PAC within three months.

1678. Audit informed that recovery of Rs.412,500 has been verified by Audit. The departmental inquiry is in process for the remaining amount of Rs.392,800. The department has not reported compliance of PAC directive regarding fixing of responsibility despite lapse of considerable time.

1679. The departmental representative informed that the XEN B&R Division, Chillas registered an FIR in the police station in 1985 for mis-appropriation of Government stores worth Rs.392,800 against Mr. Khush Mir, the carriage contractor. The department filed a civil suit for recovery, which is still pending in the court of Law. The Chief Engineer constituted a departmental enquiry Committee under the Chairmanship of Mr. Burhan Ali Khan, XEN. As a result of enquiry no officer of PWD was found guilty. Later on, the Home Secretary held a fresh enquiry and directed DIG Police Northern Areas to pursue vigilantly the criminal case against the carriage contractor. The Chief Engineer Northern Areas PWD, has also been directed to pursue the case expeditiously and ensure proper supervision and monitoring of carriage contracts.

1680. Furthermore, the Chief Engineer, Northern Areas PWD has been directed to black list Mr. Khush Mir, and that has been done and severe warnings have been issued to six officers of Northern Areas, PWD. Who were found responsible for showing slackness in monitoring and supervision which resulted in the loss to Government. The Principal Accounting Officer informed that these six officers will be charge-sheeted and ordered disciplinary action against them. The Committee directed the department that Criminal cases be brought in the court within three months.

1681. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Kashmir Affairs and Northern Affairs Division. These would be treated as settled subject to any action as may be necessary under the rules.

1682. The Committee thereafter, adjourned *sine-die.*

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 24th April, 1996.
Thirty-third Sitting (PAC).

1683. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.5 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan, MNA	Chairman.
2.	Mr. Hamza, MNA	Member.
3.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing and Works.	Member.
4.	Mr. George Clement Parliamentary Secretary for Foreign Affairs.	Member
5.	Sahibzada Muhammad Nazeer Sultan,MNA	Member.
6.	Makhdoomzada Syed Asad Hayat,MNA	Member
7.	Ch. Nisar Ali Khan,MNA	Member.
8.	Mr. Moti Ram Malani, MNA	Member.
9.	Mr. Miangul Aurangzeb,MNA	Member.

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary (PAC).
3. Mr. Abdul Aziz, Officer on Special Duty(PAC).

Audit.

1. Mr. S. K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General (GA).
3. Mr. Munir Ahmad, Deputy Auditor-General (CA&E).
4. Mr. Ali Akbar Qureshi, Director General (GA).
5. Mr. A.R. Arif,Accountant General Pakistan Revenues.
6. Mr. Mazhar Ali Shah, Director General Commercial Audit.
7. Mr. Badshah Gul, Director General Audit (Federal Government).
8. Mr. S. M. Arif, Director General Audit, Defence Services.
9. Mr. Javed Arif,Director General Audit (Works).
10. Mr. Shabbir Ahmad, Additional Accountant General.
11. Mr. Mumtaz Ali Bhatti, Deputy Accountant General.
12. Mr. Waseem Anwar, Director Audit (Federal Government).
13. Mr. Muhammad Naseer Khan, Accounts Officer(PAC).

14. Mr. Najam Iqbal, Accounts Officer.
15. Mr. M. I. Shahid, Accounts Officer(AR-III).

Ministry of Finance and Planning & Development Division.

1. Mr. A. Ghafoor Mirza, Additional Secretary (Budget).
2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Arshad Jamil Khokhar, Director General (Projects), Planning and Development Division.
4. Mr. Muhammad Saleem, DFA (Culture, Sports & Statistics).
5. Mr. Muhammad Aslam, Accounts Officer(Budget).

1684. **Accounts examined-** Accounts pertaining to the following Divisions were examined by the Committee during the meeting.

1. Youth Affairs Division. (Deferred Accounts)
2. Culture Division.
3. Statistics Division.

YOUTH AFFAIRS DIVISION
(Deferred Accounts)

1685. The Committee took up for its examination the Audit Report etc.pertaining to the Youth Affairs Division which were deferred on 16-11-1992.The following departmental representatives were present:-

1. Ms. Salma Waheed, Secretary.
2. Mr. Safdar Hussain Khan, Joint Secretary.
3. Mr. Sarfaraz A. Syed, Deputy Secretary.

1686. The Secretary, Women Development Division informed the Committee that the Women Development Division is not responsible about the accounts for the Youth Promotion Bureau. Because it is not merged with Women Division. The representative of Finance Division informed that the jurisdictional status of YIPS at the moment is unclear under the Rules of Business. The Ministry of Finance is responsible and looks after banks and DFIs and not Society. YIPS is a Society, it is not a bank.

1687. Representative of Finance Division also informed the Committee that these issues in the form of a summary had been presented to the Prime Minister's Secretariat for a resolution of the outstanding differences. If YIPS becomes the responsibility of Women Division, the Women Division will respond to the Committee. In case it becomes a responsibility of the Finance Division then we would be willing to respond.

1688. The Committee took serious notice about this negligence and directed the department and Finance Division to make it clear till the next meeting and the accounts of YIPS were deferred till the next meeting.

CULTURE DIVISION

1689. The Committee took up for its examination, the Appropriation Accounts,Audit Report etc. pertaining to the Culture Division.The following departmental representatives were present:-

1. Mr. Arshad Sami Khan, Secretary.
2. Malik Yesrab, Joint Secretary.
3. Mr. Naseer Ahmad Khan, Deputy Secretary.
4. Mr. Sagheer Ahmad, Deputy Secretary.
5. Ch. N. K. Khalid, Section Officer (F&A).
6. Mr. Mulazim Hussain, Section Officer.
7. Mr. Nasimuddin Khan, Vice Chairman (CBFC).
8. Mr. Ayaz Rashdi, Managing Director(NAFDEC).
9. Dr. M. Mughal, Director General(Archaeology).
10. Mr. R.R. Shamsi, Director General(APM).
11. Mr. Muhammad Ashraf Khan, Assistant Director (Archives).
12. Syed Munawwar Shah, Senior Research Officer(PME).

1690. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No
1.	Culture, Sports and Youth Affairs Division.	25
2.	Archaeology and Museums.	26
3.	Other Expenditure of Culture, Sports and Youth Affairs Division.	27
4.	Development Expenditure of Culture, Sports and Youth Affairs Division.	149

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

1691. **Grant No. 25-Culture, Sports and Youth Affairs Division (Pages 128-129-AA)**-An excess amount of Rs.1,931,790 was not surrendered in time. The Committee approved the excess expenditure with the direction to be careful in future.

1692. **Grant No.26-Archaeology and Museums (Pages 130-131-AA)**- The grant closed with a saving of Rs.424,896.The department surrendered an amount of Rs.384,000 in time leaving net saving of Rs.40,896. The Public Accounts Committee directed to do it at proper time.

1693. **Grant No. 27-Other Expenditure of Culture, Sports and Youth Affairs Division (Pages 132-133-AA)**- An amount of Rs.450,000 was surrendered in time leaving net saving of Rs.6,827,479. The departmental representative expressed that the saving was mainly due to non-released of Rs.500,000 on account of contribution to save Mohanjodaro fund which could not be released for want of approval of Finance Division. The case was not approved by the Finance Division, hence amount lapsed. The Committee made no comments.

1694. **Grant No.149-Development Expenditure of Culture, Sports and Youth Affairs Division (Pages 136-137-AA)-** As results of reconciliation with Ministry there was a saving of Rs.1,398,695. But the department did not surrender the saving in time. The department expressed that according to the reconciled figure, the actual expenditure works to Rs.73,795,083 thus there is saving of Rs.1,398,695 is 1.86% of the final grant. The Committee directed the department to be careful in future and entire amount should be surrendered in time.

ACTIONABLE POINTS 1985-86

1695. **Non-recovery of Rs.339,826 (Para 4.1, page 51-ARCW)(Item 2-AP-85-86)**-Audit reported non recovery of Rs.339,826 and about Rs.89,374 has been recovered by the department leaving balance of Rs.250,452. Another amount of Rs.42,000, the department has contended that they have remitted. The department has to explain the remaining amount of Rs.110,712 from contractor M/s Mohammad Ali & Co. and amount of Rs.96,000 from M/S Al-Karim.

1696. The departmental representative informed that we have filed a civil suit against the concerned persons. The Committee directed that the Audit should take initiative to re-examine the objection before coming to PAC next time.

ACTIONABLE POINTS 1986-87

1697. **Special Audit Report on Preservation and Restoration of Lahore Fort (Paras 1.1 to 2.9, pages 2-19-ARCW)(Item 2-AP-86-87)-** Audit informed the Committee that the Audit carried out a Special Audit on Preservation and Restoration of Lahore Fort and during that Audit was pointed out several irregularities and these were discussed in the PAC meeting.

1698. The PAC directed to form a Committee to look into the cases of irregularities, overpayment and specially the quality of work of the Lahore Fort. The report has been submitted. According to the report the embezzlement of money has been admitted by the department, the quality of work is not sufficient and original character has been changed by the department. The departmental representative informed that ten officers were involved in the enquiry report. It was established that there was embezzlement, negligence and there were several other irregularities. Out of these ten officers, three have already retired and one has died. The remaining six officers are serving. The department conducted further enquiry, two officers were cleared and for the remaining officers we have suggested major penalty. A summary is being moved to the Prime Minister.

1699. Despite detailed discussion, the matter could not be resolved. The Committee, therefore, formed a Sub-Committee, under the Chairmanship of Mr. George Clement, MNA/Parliamentary Secretary for Foreign Affairs, Mr Javed Arif, Director General Audit (Works) and Malik Yesrab, Joint Secretary, Culture Division as its members to examine the above project in detail and submit its report to the PAC within two months.

ACTIONABLE POINTS 1987-88

1700. **Performance Audit Report on Preservation and Restoration of Shalimar Gardens, Lahore (Paras 4.1.1 to 4.2.7.10, pages 20-26-ARCW)(Item 1-AP-87-88)**-Audit reported that project was not completed in five year time limit and that even after 14 years only 46% was completed although full estimated amount has been spent.There was instances of financial indiscipline and that historical monument was not restored to its original character. An Inter-departmental Committee was formed on 28-7-1992 to examine the reasons of delay, poor quality and embezzlement and fix responsibility besides suggesting appropriate action against the persons held responsible. The enquiry report has been submitted to the PAC. Despite detailed discussion,the matter could not be resolved.The Committee therefore directed that the Sub-Committee formed under paras 1.1 to 2.9 above will also examine this project in detail and submit its report to the PAC within two months.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

National Film Development Corporation Limited.

1701. **(Paras 86-87, page 77-ARPSE)**- Audit informed the Committee that the NAFDEC is a Public Sector Enterprises. In this para the working results are commented, the Corporation earned profit during 1988-89 which were reduced. The Corporation is going continuously into losses since 1990-91.

1702. The departmental representative replied that NAFDEC had the monopoly of importing film from abroad including raw materials for the films. But we cannot import film as well as raw material for the film because it was privatized in 1990. This was the major source of income with NAFDEC until 1990. Now it was privatized their business has fallen drastically we have been going into losses. The previous caretaker government set up a commission to close the NAFDEC. However, for certain technical reasons involving the culture policy the NAFDEC has been kept afloat and continues to be so. One of the reasons for that if you go to any part of the world most countries have their organization parallel to NAFDEC.

1703. The Committee was not satisfied with the explanation given by the Division regarding working results of NAFDEC for the year 1987-88 to 1993-94. The Corporation had an accumulated loss of Rs.15.297 million at the close of the year 1993-94 which eroded entire paid up Capital of Rs.1.420 million. The income of the corporation was constantly decreasing. No corrective steps have been taken by the Division to make the corporation viable or consider for disinvestment. The Committee directed the Audit to conduct Performance Audit of NAFDEC in association with Culture Division.

1704. **(Paras 88,89,90 & 91, pages 77-78-ARPSE)**- The Committee settled these paras.

1705. **(Para 92, page 78-ARPSE)**- Audit reported that the trade debtors as on June 30, 1989 were Rs. 0.752 million which included an amount of Rs.0.242 million more than 3 years old. The Ministry has stated that Rs.0.218 million remained outstanding as

on June 30, 1992.The Committee directed that the outstanding amount may be recovered by 30-6-1997.

1706. **(Para 93, page 78-ARPSE)-** The PAC directed that the outstanding amount may be recovered by 30-6-1997.

ACTIONABLE POINTS 1987-88

1707. **(Para 153,page 150-ARPSE)(Item 2-AP-87-88)**-The PAC directed to defer the para for detailed reply in the next meeting.

1708. **(Para 155, page 150-ARPSE)(Item 4-AP-87-88)**- The PAC was satisfied with the explanation given by the department and the para was settled.

1709. **(Para 157, page 151-ARPSE)(Item 5-AP-87-88)**- The PAC directed that the amount of Rs.4 million may be recovered from the persons concerned immediately.

1710. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Culture Division. These would be treated as settled subject to any action as may be necessary under the rules.

STATISTICS DIVISION

1711. The Committee took up for its examination, the Appropriation Accounts, Audit Report etc. pertaining to the Statistics Division.The following departmental representatives were present:-

1. Mr. Saghir Asad Hassan, Secretary.
2. Dr. Noor Muhammad Larik, Director General (FBS).
3. Mr. Imtiazul Hassan Siddiqui, Principal (PIST&R).
4. Mr. Akbar Ali Momin, Additional Agricultural Census Commissioner(ACO).
5. Mr. Muhammad Niaz Butt, Deputy Secretary (Admn).
6. Mr. Khizar Hayat Khan, Director General (Admn)(PCO).
7. Mr. Sharif Ahmad Khan, Deputy Director General (FBS).
8. Mr. Rashid Khan Abbasi, Section Officer (F&A).
9. Mr. Muhammad Sabtain Baloch, Assistant Director (FBS).
10. Rana Insaf Ali Khan, Joint Census Commissioner(PCO).

1712. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Statistics Division	53
2.	Development Expenditure of Statistics Division.	156

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

1713. **Grant No.53-Statistics Division (Page 222-AA)-** In the grant an excess expenditure of Rs.8,815,878 was not surrendered in time. The Committee approved the excess expenditure with the direction to be careful in future.

1714. **Grant No.156-Development Expenditure of Statistics Division (Pages 223-224-AA)-** The grant closed with a saving of Rs.30,949,503. The Committee was satisfied with the reply given by the departmental representative and regularized the grant.

ACTIONABLE POINTS 1985-86

1715. **Grant No.148-Development Expenditure of Statistics Division (Page 151-AA)(Item 1-AP-85-86)-** While examining the Appropriation Accounts 1985-86 (Grant No 148-Development Expenditure of Statistics Division), huge savings under the subject grant were noticed. The PAC had appointed a Sub-Committee on 16-3-1989 to examine why the funds were not utilized by the Division.The Sub-Committee submitted its report in July, 1989. The report concludes that major portion of savings pertain to foreign aided projects. Funds were spent by USAID and expenditure statement was submitted directly to the EAD. As such, there was no real saving. The PAC did not press any more and the para was dropped.

ACTIONABLE POINTS 1986-87

1716. **Grant No.152 Development Expenditure of Statistics Division (Page 157-AA) (Item 1-AP-86-87)-** The PAC had advised the Principal Accounting Officer to improve the control over expenditure as well as its control over the physical progress of foreign aided projects in its previous meeting held on 31-5-1989. The Committee also advised to ensure timely reconciliation of accounts with the Accountant General Pakistan Revenues. The departmental representative informed the Committee that certain steps have been taken to improve the Division control over the expenditure as well as its control over physical progress of foreign aided projects. Audit informed the Committee that the work of reconciliation has been accelerated by the department and now, there are no USAID project. The para was settled by the Committee.

1717. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Statistics Division. These would be treated as settled subject to any action as may be necessary under the rules.

1718. The Committee then adjourned to meet again at 11.00 A.M. on Thursday, the 25th April, 1996.

ABDUL RAUF KHAN LUGHMANI ,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 25th April, 1996.
Thirty-fourth Sitting(PAC)

1719. The Public Accounts Committee assembled at 11.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad and matters pertaining to the Capital Development Authority (CDA) were discussed. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan, M.N.A	Chairman
2.	Mr. Hamza, M.N.A	Member
3.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works.	Member
4.	Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
5.	Mr. Hamid Nasir Chattha, M.N.A	Member
6.	Syed Abbas Shah, M.N.A	Member
7.	Sahibzada Muhammad Nazeer Sultan, M.N.A	Member
8.	Ch.Nisar Ali Khan, M.N.A	Member
9.	Mr. Moti Ram Malani, M.N.A	Member
10.	Mr.Miangul Aurangzeb,M.N.A	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary (PAC).
3. Mr. Abdul Aziz, Officer on Special Duty (PAC).

Finance Division.

1. Mr. A.Ghafoor Mirza, Additional Secretary (Budget).
2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Muhammad Aslam, Accounts Officer(Budget).

Cabinet Division (including CDA).

1. Mr. Imtiaz Ahmad Sahibzada, Secretary.
2. Dr. Ghulam Muhammad Samdani, Additional Secretary.
3. Mr. Muhammad Aslam, Joint Secretary.
4. Mr. Feroze Saeed Pasha, Deputy Secretary.
5. Mr. M. Sajid Pirzada, Secretary (APO)
6. Mr. M. Zafar Iqbal, Chairman (CDA).
7. Mr. Muhammad Zubair Usmani, Secretary (CDA).

8. Mr. Shabbir Ahmad Dahar, Financial Adviser/Member(CDA).
9. Mr. M. Jaffar Raza, Member (Eng)(CDA).
10. Mr. Anwar Saad, Member Design(CDA).
11. Mr. S.A.T Wasti, Member Administration(CDA).
12. Mr.Rasheed M.Randhawa,Director General(Environment)(CDA).
13. Mr. Pervaz Cheema,Director Special Projects (CDA).
14. Mr. Abdul Ghafoor Chaudhary, Director Audit & Accounts(CDA)
15. Mr. Muhammad Anjum Malik, Director Road-II(CDA).
16. Mr. Muhammad Suleman Sahito, Director Land(CDA).

1720. The Chairman, CDA briefed the Committee in detail about the functions and performance of the various departments of the organization. He also informed the Committee about the development projects being carried out by the CDA in Islamabad.

1721. In reply to a question of the Committee regarding unauthorized occupants, the departmental representative informed that there is no provision in law to regularize illegal occupants of land or to give them compensatory land in place of the land that has been occupied unauthorisdely.

1722. While briefing the Committee about the Islamabad New City plan, the departmental representative informed that in 1992 Islamabad was divided into five zones. It was declared that Housing Schemes will be floated on joint venture basis of Public and private sectors for zone 5.

1723. National Housing Authority advertised in newspapers in 1993 inviting the parties from private sector to launch a Housing Scheme in a joint venture with the Authority. Out of 52 interested parties only two or three were short listed and at last one company i.e M/S M.G Group was selected for joint venture in 1995 and NHA signed the joint venture with this Group. The above mentioned Company submitted their complete credentials, list of their financiers and sister concerns. Later on same company also proposed to CDA to launch a scheme with them in joint venture on similar lines. CDA accepted their offer and planned a joint venture on similar lines. Current situation is that M.G. Group has completed the formalities of NHA and they have been allowed to advertise the scheme in newspapers. As they have not completed the formalities with CDA therefore, CDA has not allowed the proposed scheme to be advertised in newspapers or to be launched.

1724. The departmental representative further stated that as far as the formation of a joint stock company was concerned, there was a proposal that CDA should work with them under Joint Venture Agreement because the foreign participants were also interested. Therefore, it was considered to form Joint Stock Company which has not been formed so far. If that Joint Stock Company is formed it will be with the approval of Corporate Law Authority after observing all the safe-guards.

1725. The CDA informed the Committee about the land acquisition for Islamabad New City that total investment in Land acquisition and development is to be done by the private sector, therefore, the department could not answer that how much land has been

acquired and how much deposit have been received from general public so far. The private sector can furnish the information.

1726. In response to an inquiry regarding failure of different Housing Societies in Islamabad, the CDA representative replied that about 300 Housing Societies had been formed at different times and CDA is trying to solve their problems. Furthermore, emphasis is very strongly laid on completion of all the legal requirements by these Societies and they should strictly observe the laws of CDA. In addition to this, CDA ensured that report of the working of these Societies has been received and people's money is safe in the new schemes and they will get the worth of their money.

1727. The Committee inquired about the allotment of a complete sector of Islamabad to FECTO Cement Plant. This plant is engaged in mining for its raw material. It also causes the mountains to be deformed. The departmental representative explained that in 1984-85 the then President allotted the sector inspite of protest by CDA. Dr. Ghulam Muhammad Samdani, Additional Secretary, Cabinet Division, explained that he was working in Ministry of Industries at that time when the Sector was allotted for the plant. Proposal was processed through normal procedure and land was allotted after the NOC was given by the Chairman CDA. The plant had installed anti- pollution devices as recommended by the Environment and Urban Affairs Division.

1728. Mr. Rasheed M. Randhawa, Director General Environment, informed the Committee that 800 acre was leased out of Margalla National Park, out of which 300 acre is being used by the cement plant. Environment Council has taken serious notice to save the National Park and the Company was suggested to do deep mining so that minimum damage is done to the mountains. This plant is also being considered to be relocated at some other place but it does not seems to be possible.

1729. The Committee suggested that as the owner of FECTO Cement has taken the risk by constructing a cement plant in middle of residential area of Islamabad and using national Park of Margalla for excavation of its raw material, they should not ask for the compensation if the plant is relocated in national interest and priority is to be given to national interest according to the ruling of Supreme Court. The departmental representative replied that the only possible damage currently from this plant to environment, is through coring in National Park area. If the Government goes into litigation, the case may be delayed and coring will prolong for a long time. Secondly, as the plant was originally installed with the permission of Government it may go against the Government in court. The best possible solution will be to go into dialogue with the owner and settle it on mutually acceptable formula for relocation. The Committee directed that a proper case should be made for dialogue with the owner so that relocation of plant may be finalized and Margalla hills are saved from being deshaped.

1730. The departmental representative informed that the current budget of CDA is Rs. 2182 million out of which Rs. 1982 million related to public sector development programme. A special grant of Rs. 144 million has been sanctioned by the Government. Rs.550 million is revenue of CDA from different heads. The total resources for expenditure during this year, Rs.5782.474 million. This budget is used to finance different projects, roads, sewerage, sanitation, horticulture, etc. The sources of self financing of

C.D.A are sale of land, property tax, water tax, etc. CDA is trying to increase its revenue so that it can become a self financed department.

1731. Replying to a question of the Committee, the Chairman CDA said that "Baradari" at Zero Point has been shifted to F-9 as double road will be constructed at that point. Though there was a loss of Rs. 2,75,000 but further loss has been avoided.

1732. A by pass was to be constructed for Rawalpindi to divert the traffic from Peshawar to Lahore. That plan has been cancelled. Now new plan is to construct a double road on Kashmir Highway for light traffic and build a dedicated road for trucks by its side. Eighteen months have been given for completion of this project. Another project which is ongoing at Faizabad, Rawalpindi will be completed hopefully by end of October. Some of the projects, for beautification of Islamabad had been stopped by the Board because they may cause problem in expansion of Islamabad in future. These plans were the decision of a single man i.e Chairman CDA, who has power to award any project upto 2 crore. The Committee directed the Principal Accounting Officer to hold an enquiry to fix the responsibility for the loss suffered due to wrong planning of a single man, pin point the losses and try to recover the losses from him.

1733. On an enquiry, the Chairman CDA informed the Committee that the renovation of the Main Hall of National Assembly is being done at a cost of Rs. 20 million. The decision for renovation was taken by the National Assembly Secretariat and the contractor, Wasif Ali Associates was also selected by the National Assembly Secretariat. Furthermore, the amount is to be paid out of the budget of the National Assembly Secretariat. CDA will supervise the work of the contractor. Maintenance is however, the responsibility of CDA.

1734. About the sanctioned posts, the Chairman CDA gave the following information:-

B.P.S	Sanctioned Posts	Strength in position
22	1	1
21	1	1
20	8	7
19	51	47
18	116	109
17	360	313
16	216	173

1735. It is clear that there is shortage in all the Grades. There is over burden of work on all the officers and CDA is barely surviving with present strength. He further said that this sanctioned strength is some 20 years old and undoubtedly Islamabad has expanded a lot in this period. The Committee suggested that a study should be conducted to work out the actual requirement of CDA which should be entrusted to Management Services Division.

1736. While explaining the criteria of filling the posts, the departmental representative said that though the Committee enquired about the procedure of allotment of 295 Plots released out of abandoned plots. The departmental representative informed

the Committee that the properties which were wrongly informed to be abandoned were verified and were released to the real owners after proper verification. Secondly, there were the properties purchased by persons before 17 December, 1971 which were released after verification of claims. The third category was released by the Federal Government. The Committee directed the Director to provide a list of the plots indicating the names, addresses and designations of persons to whom plots were allotted.

1737. The Committee also observed that merit is not given proper consideration and influential personalities are unduly favoured, denying the rights to the real deserving people. The Committee directed that such action of misconduct and disregard of general laws should be stopped immediately and merit should be the sole criteria.

1738. The Committee appreciated the work done by CDA staff to keep Islamabad clean and at the same time directed CDA to eliminate the illegal encroachments. The Committee asked about the future plan of CDA relating to the "Kachi Abadies" in Islamabad. The departmental representative informed the Committee that there are 18 Katchi Abadies in Islamabad. The work of shifting of two Katchi Abadies to other locations is in progress while the plan for remaining 16 colonies is also complete. People living in flats were also approached by the Chairman CDA personally to inculcate the sense of belonging and sharing the space available around the high-rise buildings. CDA is trying to educate the people and to develop civic sense among them.

1739. The meeting thereafter adjourned *sine die.*

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998

NATIONAL ASSEMBLY SECRETARIAT.

Monday, the 3rd June, 1996.
Thirty-fifth Sitting (PAC)

1740. The Public Accounts Committee assembled at 11.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Mr. Hamza, MNA	Member
3.	Mr. Hamid Nasir Chattha, MNA	Member
4.	Mr. George Clement,Parliamentary Secretary for Foreign Affairs.	Member
5.	Syed Abbas Shah, MNA	Member
6.	Sahibzada Muhammad Nazeer Sultan,MNA Parliamentary Secretary for Housing & Works.	Member
7.	Ch. Nisar Ali Khan, MNA	Member
8.	Mr. Miangul Aurangzeb,MNA	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani,Secretary
2. Mr. Nawab Hussain,Deputy Secretary (PAC)
3. Mr. Abdul Aziz,Officer on Special Duty(PAC)
4. Mr. Abdul Saleem Sheikh, Section Officer (PAC)

Audit.

1. Mr. S.K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General(GA).
3. Mr. Munir Ahmad, Deputy Auditor-General(C&AE).
4. Mr. Ali Akbar Qureshi, Director General (GA).
5. Mr. U. A. Raza, Director General (CA).
6. Mr. Nayyar Bakht, Director General (PEC).
7. Mr. Haque Nawaz, Director Foreign Audit.

8. Mr. Muhammad Naseer Khan,
   Accounts Officer(PAC).
9. Mr. Najam Iqbal,
   Accounts Officer.

Ministry of Finance.

1. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Naseer Ahmad, FA (Foreign Affairs).
4. Mr. Shafiqullah Khan, DFA (Foreign Affairs).
5. Mr. Muhammad Aslam, Accounts Officer (Budget).

1741. **Accounts examined-** Accounts pertaining to the Ministry of Foreign Affairs were examined by the Committee during the meeting.

MINISTRY OF FOREIGN AFFAIRS

1742. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Foreign Affairs. The following departmental representatives were present:-

1. Mr. Rifat Mehdi, Additional Secretary (Admn).
2. Mr. Shaheen A. Gilani, Director General (M & F).
3. Mr. Asad Ezdi Shah, Director (Inspection)
4. Mr. Khalid Usman Qaiser, Director (MS).
5. Mr. Khalid Durrani, Director (Finance).
6. Mr. Muhammad Akram Khan, Chief Accounts Officer.
7. Mr. Arshad Nafees Khan, Deputy Chief Accounts Officer.
8. Mr. Muhammad Younus Butt, Section Officer (PAC).
9. Mr. Ata-ul-Haq, Section Officer (Audit-I).
10. Mr. Liaqat Ali, Section Officer (Audit-II).

1743. This Ministry controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Ministry of Foreign Affairs.	64
2.	Foreign Affairs	65
3.	Other Expenditure of Ministry of Foreign Affairs	66
4.	Capital Outlay on Works of Ministry of Foreign Affairs.	190

APPROPRIATION ACCOUNTS (VOL-VII-1988-89)

1744. **Grant No.64-Ministry of Foreign Affairs (Pages 6-7-AA):-** Audit pointed out that there was an excess expenditure of Rs.5,624,960 over and above the sanctioned grant.

1745. The departmental representative stated that there was no excess expenditure. Two supplementary grants of Rs.5.786 million which were sanctioned by the Finance Division on 22-5-1989 and 10-6-1989 could not be printed in the schedule of authorized expenditure. The Committee recommended the excess expenditure for regularization.

1746. **Grant No.65-Foreign Affairs (Pages 8-9-AA):-** A saving of Rs.39,773,411 was pointed out by Audit. The departmental representative stated that there was no saving but actually an excess expenditure of Rs.22,276,501. The difference is due to the fact that an expenditure of Rs.62 million in respect of other departments was not reflected in the actual expenditure as a matter of general policy. The Committee recommended to regularize the excess expenditure with the directions that it should not be repeated otherwise action will be taken against the individual concerned. The expenditure should not exceed the budget provision.

1747. **Grant No.66-Other Expenditure of Ministry of Foreign Affairs (Pages 10-11-AA):-** A sum of Rs.9,729,949 was incurred in excess on charged expenditure. The Ministry explained that it was due to heavy expenditure on the foreign visits of the President and the Prime Minister. The Committee regularized the excess expenditure.

1748. In other than charged expenditure Audit reported a saving of Rs.102,81-0,630 but the Ministry stated that there was a saving of Rs.29.858 million because a sum of Rs.77.346 million relating to other departments was not transferred to AGPR and supplementary grant of Rs.4.393 million was not reflected in the book. The Committee directed that the expenditure should be estimated properly and budget controls should also be strictly applied.

1749. **Grant No.190-Capital Outlay on Works of Ministry of Foreign Affairs (Page 12-AA):-** Against the savings of Rs.26,399,701 a sum of Rs.33.467 million was surrendered on 30-6-1989 which resulted an excess of Rs.7,127,542. The Ministry stated that it was due to late receipt of expenditure figures from Riyadh and Tehran. The Committee treated it as lack of control on the financial matter and directed to avoid it in future.

AUDIT REPORT (CIVIL)(VOL-I-1988-89)

1750. **Inadequate internal controls and delays in recoveries of amount irregularly disbursed Rs.1, 863,927 (Para 1, pages 54-59-AR):-** Out of irregular payment of pay, allowances and inadmissible payments an amount of Rs.1,212,109 is still outstanding inspite of lapse of eight years. The Committee directed the department to recover the outstanding amount within six months.

1751. **Ineffective execution of a contract U.S. $ 84,050 (Para 2, page 59-AR):-** A Mission paid 10 advance payments amounting to U.S $ 84,050 during 24-6-1986 to 15-1-1987 to the contractor without assessing/certifying the work actually done by him. The contractor stopped the work and absconded in January, 1987.

1752. The Committee directed to issue clear cut orders to the Missions abroad that basic norms should not be violated in future and the outstanding advance may be recovered from the contractor within two months.

1753. **Irregular grant of research allowance Rs.71,657 (Para 3, page 60-AR):-** Research allowance amounting to Rs.71,657 for the period from 1-7-1987 to 30-6-1989 was paid to the employees of the Institute of Strategic Studies, Islamabad who were not entitled to it. An amount of Rs.53,156 was recovered by the Institute whereas an amount of Rs.18,501 was outstanding. The Committee directed to recover the outstanding amount within three months.

1754. **Un-authorized/inadmissible payment of U.S $ 34,113 (Para 4, page 60-AR):-** An amount of Rs.733,450 equivalent to U.S $ 34,113 was irregularly drawn for disbursement of pay and allowances of a Director, his Secretary and rent of building of Pakistan Study Centre abroad during March, 1988 to June, 1988 after the closure of the Centre.

1755. The Committee was informed that Mr. Niaz A. Naik was responsible for this inadmissible payment. The Committee declared it as against rules and financial discipline. The Committee formed an Inter-departmental Committee consisting of the officers of Ministry of Foreign Affairs and Director, Foreign Audit to probe into the case and submit its report to the Committee within fortnight.

1756. **Non-accounting of furniture and other equipment provided to Pakistan Studies Centre US$ 15,905 (Para 5, pages 60-61-AR)-** An amount of US$ 15,905 (Rs.256,194 was incurred on purchase of furniture and equipment for Pakistan Studies Centre at Paris. The Centre was shifted to the Chancery building and the services of the Director of the Centre were dispensed with. The office furniture and equipment was not returned by the Director to the Mission.

1757. The departmental representative informed that some furniture was recovered by the Ambassador. As the case was six years old, it was not found feasible to pursue any more. The PAC observed that a Committee may be constituted to submit a report to the Committee.

1758. **Un-authorized payment of rent of a residence US $ 2, 317 (Para 6, page 61-AR):-** A Mission abroad hird a residence for the First Secretary/Charged, Affaires and an unauthorized payment of US $ 2, 317 was made for the period from 1-7-1987 to 15-2-1988. The Ministry enhanced rental ceiling of the Officer w.e.f. 2-7-1987 and regularized the unauthorized payment. The para was, therefore, settled by the Committee.

ACTIONABLE POINTS 1985-86

1759. **Expenditure accounts against advances not furnished Rs.13,463,588 (Para 1, page 83-AR)(Item I-AP-85-86)-** Temporary and contingent advances of Rs.13,463,588 were allowed by the Ministry and a Mission during 1982-83 to 1984-85.

The adjustment of Rs.188,018 out of the total advances is outstanding. The Committee directed to finalize the recovery/adjustment of the outstanding balance within six months.

1760. **Recoveries not effected Rs.1, 196,143 (Para 2, pages 84-86-AR)(Item 2-AP-85-86)-** In case of Ministry and 10 Missions recoveries of Rs.1.196 million on account of irregular/over drawal of pay and allowances etc. during 1982-83 to 1984-85 were reported by Audit. A sum of Rs.1,118,920 has been recovered. The PAC directed to recover the balance amount of Rs.77,223 within six months.

1761. **Un-adjusted T.A advances Rs.474,582 (Para 3-A, page 86-AR) (Item 3-AP-85-86):-** T.A advances of Rs.474,582 allowed to three officials during 1983-84 to 1984-85 were lying unadjusted Recovery/adjustment of Rs.444,372 has been verified by Audit. The Committee directed the department to recover/adjust the outstanding balance of Rs.30,210 within six months.

ACTIONABLE POINTS 1986-87

1762. **Expenditure accounts against advances not furnished Rs.7,524,284 (Para 1, page 108-AR)(Item 4-AP-86-87):-** Temporary advances of Rs.7,524,284 granted by the Ministry to various agencies during 1978-79 to 1985-86 for meeting expenditure on the visit of foreign dignitaries, presentation of gifts etc. were outstanding. The Public Accounts Committee, in its earlier meeting dated 18-3-1990 had advised to expedite recovery of the remaining amount.

1763. Audit reported that a balance of Rs.8.452 million is still outstanding. The Committee directed the department to recover/adjust the outstanding balance within four months with the co-ordination of Finance Division and in future such undue advances should not be given.

1764. **Un-invested surplus cash resources and likely loss of profit about Rs.505,800 (Para 3, page 109-AR)(Item 5-AP-86-87):-** On the recommendation of Audit, the Committee settled the para.

1765. **Irregular expenditure of Rs.16,952,047 (Para 4, page 109-AR)(Item 6-AP-86-87):-** An expenditure of Rs.16,952,047 was irregularly incurred by the Ministry and 42 Missions abroad on the purchase of stores, maintenance and rent of building during 1983-87. Out of total irregular expenditure, the expenditure of Rs.6.694 million is still required to be regularized. The Committee directed the department to regularize the remaining expenditure with the help of Finance Division.

1766. **Recoveries not effected Rs.3,537,847 (Para 5, page 118-AR)(Item 7-AP-86-87):-** An amount of Rs.3,537,847 was recoverable on account of overpayment of pay and allowances etc. In the previous meeting of the Public Accounts Committee dated 18-3-1990 the department was advised to recover/regularize the overpayment.

1767. Audit reported that recovery of Rs.1,627,646 has been effected by the department. The Committee directed the department to recover/regularize the remaining balance of Rs.1,910,210 within six months.

1768. **Non-payment of Utility consumption charges by heads of missions Rs.853,381 (Para 6, page 129-AR)(Item 8-AP-86-87):-** Utility charges were to be shared by Government and heads of Missions on 75:25 formula. Out of the total amount a balance of Rs.689,823 still remained outstanding.

1769. The departmental representative informed that the officers concerned had either retired from service or had expired and there was no hope to recover the outstanding amount. The Committee, therefore, directed the department to write off the balance of the recoverable amount.

1770. **T.A advances not adjusted Rs.1,27,416 (Para 7, page 130-AR)(Item 9-AP-86-87):-** T.A advances of Rs.1,217,416 allowed during 1982-87 remained unadjusted even after one year prescribed period. The Public Accounts Committee had advised in its previous meeting held on 18-3-1990 to adjust/recover the outstanding advances within three months. Audit reported that an amount of Rs.676,731 is still outstanding. The Committee directed the Principal Accounting Officer to adjust the outstanding advances within six months.

1771. **Loss of airconditioners (Para 11, page 133-AR)(Item 10-AP-86-87):-** The Ambassador of Pakistan to Riyadh was issued six Airconditioners by the Director General, Haj in July and September, 1986 which were in excess of his entitlement. The issuance was irregular. The Ambassador was also required to pay rent of Airconditioners @ 7 1/2 of their value. After demolition of Pakistan House at Madina Munawara 13 Airconditioners were taken to the Mission at Riyadh. the Embassy at Riyadh did not confirm the receipt of 19 Airconditioners in January, 1988.

1772. The report of the inquiry Committee, conducted on the directive of the Public Accounts Committee dated 18-3-1990 was a vague report. The departmental representative stated that the Ambassador has confirmed that the Airconditioners were accounted for in the inventory, are available in the stock and can be verified. The Committee, therefore, directed to verify the facts.

ACTIONABLE POINTS 1987-88

1773. **Inadequate internal control and delay in recoveries of amounts irregularly disbursed Rs.612,545 (Para 1, pages 73-86-AR) (Item 3-AP-87-88):-** The amounts of Rs.612,545 and Rs.14,667,814 were irregularly disbursed on account of pay and allowances during 1987-88 and 1981-87 respectively. The amounts of Rs.110,008 and Rs.7,054,845 for the above years are still outstanding. The Committee directed to recover the amount within six months.

1774. **Non-recovery of rent charges Rs.791,231 (Para 3, pages 87-88-AR) (Item 5-AP-87-88):-** An amount of Rs.432,955 was recoverable on account of room rent and aircondition charges from the Government servants who were provided accommodation in Foreign Office Hostel during 1986-87. In addition Rs.358,276 pertaining to the period 1971 to 1986 were also recoverable.

1775. Despite directive of the previous Public Accounts Committee dated 14-7-1992 an amount of Rs.121,688 for the year 1986-87 and amount of Rs.159,814 for the years 1971-86 are outstanding. The Committee directed to recover the balance amount within six months.

1776. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Foreign Affairs. These would be treated as settled subject to any action as may be necessary under the rules.

1777. The Committee then adjourned to meet again at 10.00 a.m. on Tuesday, the 4th June, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT.

Tuesday, the 4th June, 1996.
Thirty-sixth Sitting (PAC)

1778. The Public Accounts Committee assembled at 11.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Mr. Hamza, MNA	Member
3.	Syed Abbas Shah, MNA	Member
4.	Sahibzada Muhammad Nazeer Sultan,MNA	Member
5.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works.	Member
6.	Makhdoomzada Syed Asad Hayat,MNA	Member
7.	Ch. Nisar Ali Khan, MNA	Member
8.	Mr. Miangul Aurangzeb,MNA	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani,Secretary
2. Mr. Nawab Hussain,Deputy Secretary (PAC)
3. Mr. Abdul Aziz,Officer on Special Duty(PAC)
4. Mr. Abdul Saleem Sheikh, Section Officer (PAC)

Audit.

1. Mr. S.K. Mahmud,
   Auditor-General of Pakistan.
2. Mr. Muhammad Usman,
   Deputy-Auditor General(GA).
3. Mr. Munir Ahmad,
   Deputy Auditor-General(C&AE).
4. Mr. Ali Akbar Qureshi,
   Director General (GA).
5. Mr. A.R. Arif,
   Accountant General Pakistan Revenues.
6. Mr. Shabbir Ahmad,
   Additional Accountant General.
7. Mr. Badshah Gul,
   Director General Audit(Federal Government).
8. Mr. U. A. Raza, Director General (CA).
9. Mr. Nayyar Bakht, Director General (PEC).
10. Mr. Muhammad Naseer Khan, Accounts Officer.

11. Mr. Najam Iqbal, Accounts Officer.
12. Mr. M. I. Shahid, Accounts Officer.
13. Mr. Manzoor Hussain Paracha, Accounts Officer.

Ministry of Finance.

1. Mr. Javed Masuod, Additional Secretary(F).
2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Tanwir Ali Agha, Joint Secretary (CF).
4. Mr. Muhammad Saleem, DFA (Commerce).
5. Mr. Muhammad Aslam, Accounts Officer (Budget).

1779. **Accounts examined-** Accounts pertaining to the Ministry of Commerce were examined by the Committee during the meeting.

MINISTRY OF COMMERCE

1780. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Commerce. The following departmental representatives were present:-

1. Mr. Salman Farooqui, Secretary.
2. Mr. Mansoor Zubair, Joint Secretary (Admn).
3. Mr.Muhammad Idris Khan, Deputy Secretary(B&S)
4. Mr. Muhammad Ashraf Khan, Director General (FTIP)
5. Mr. M. Javed Ashraf Hussain, Executive Director (SLIC).
6. Mr. Azam Khan,Chairman(PTB).
7. Mr. Noor Uddin Ahmed, Chairman (TCP)
8. Mr. S.M.Ishaq,Chairman (RECP)
9. Mr. Ferozuddin Ahmed, Chairman (PIC)
10. Mr.Muizuddin Ahmed,Chairman (NIC)
11. Mr. Inaamul Haque, Chairman, (CEC).
12. Mr.Wahid B.Mallal, Chief Manager (NIC)
13. Mr.Yakub Surmawala,Chief Manager (PIC)
14. Mr. Muhammad Latif,General Manager (SLIC).
15. Mr. M. Shafiq Sheikh, General Manager (RECP)
16. Mr.Sultan Khan, Section Officer.
17. Mr. Muhammad Abdullah, Accounts Officer (F&A)

1781. This Ministry controlled the following grants:-

S.No	Name of Grant	Grant No.
1.	Ministry of Commerce.	16
2.	Export Promotion	17
3.	Other Expenditure of Ministry of Commerce	18
4.	Development Expenditure of Ministry of Commerce	147

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1988-89)

1782. **Grant No.16-Ministry of Commerce(Pages 102-103-AA)-** Audit pointed out that the grant closed with a saving of Rs.1,258,969 which was not surrendered.The departmental representative expressed that demand covers 13 offices in Pakistan, the trade offices abroad were not able to tell us the exact information to surrender saving in time. Overall saving was only 1% of the budget provision.

1783. The Committee regularized the saving with the direction to be careful in future and amount should be surrendered in time. In future if somebody responsible for not surrendering the saving action will be taken against him.

1784. **Grant No.17-Export Promotion (Page 104-AA)-** An amount of Rs.700,000 was surrendered in time leaving net saving of Rs.390,239. The remaining saving should have also been surrendered.

1785. The departmental representative expressed that the surrender was made but some amount was kept for expenditure to meet the expenses. The Committee was satisfied with the explanation given by the department and regularized the saving.

1786. **Grant No.18-Other Expenditure of Ministry of Commerce (Pages 105-106-AA)-** There was an excess amount of Rs.11,628 in the grant. The Committee requlanized the excess expenditure.

1787. **Grant No.147-Development Expenditure of Ministry of Commerce (Page 107-AA)-** The grant closed with a saving of Rs.832,245 which was not surrendered. The departmental representative stated that the FTIP was working in the Ministry of Commerce and it was shifted to a rented premises and the amount was to be paid to contractors against work to be completed in June, 1988 and the work was delayed. The competent officer withheld the money saying that he make the payment to the contractor when he completes the work as specified. The Committee made no comments and regularized the saving.

ACTIONABLE POINTS 1986-87

1788. **Grant No. 17-Export Promotion (Page 65-AA) (Item 2-AP-86-87):-** Audit informed the Committee that we have no comments about this grant because they have done whatever the Committee wanted. The Committee made no comments and regularized the grant.

AUDIT REPORT (CIVIL)(VOL-I-1988-89)

Export Promotion Bureau, Karachi

1789. **Non-recovery/non adjustment of contingent advances and TA advances amounting to Rs.530,672 (Para 1, page 38-AR)-** Audit pointed out non-adjustment of contingent advances of Rs.127,600 and TA/DA advances to Rs.403,072 to the officers of

Export Promotion Bureau, Karachi, out of the export market development fund in 1986-87. These advances were not adjusted till March, 1990.

1790. The departmental representative stated that due to a fire in the offices of EPB, Karachi most of the record was destroyed. It was further stated that a large portion of the record has now been reconstructed from the various sources including the Federal Treasury offices and from other offices. It was further stated that we have asked the Bureau to start recoveries, I do not have information of the late recoveries but they are pursuing the matter.

1791. After detailed discussion, the Committee directed the Principal Accounting Officer that the existing position of advances be intimated to the Committee within 15 days and payment of second advance should not be made unless previous advance has been adjusted/recovered.

ACTIONABLE POINTS 1987-88

1792. **Non-recovery of Rs.302,635 (Para 1, page 31-AR)(Item 1-AP-87-88)**-Audit pointed out payment of Rs.302,635 out of Trade Dispute Revolving Fund to Foreign Buyers/Importers by Pakistan Embassies at Jeddah, Holland and Tehran. The para was discussed in PAC during 1990. While explaining the loss of Rs.302,635, the Principal Accounting Officer undertook to have the entire system operating the Revolving Fund reviewed to ensure that a potentially good idea was not misused. However nothing has been stated by the Ministry about the recovery of the amount.

1793. The departmental representative stated that the system has been reviewed and every effort is being made to streamline the operation. Legal consultants say that they will finalize the whole procedure by July. If the Committee permit, I can order an enquiry into this.

1794. The Committee directed the Principal Accounting Officer to make an enquiry into the case, fix responsibility and submit report to the PAC within two months.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

Cotton Export Corporation of Pakistan (Pvt) Ltd.

1795. **(Para 19, page 16-ARPSE)**-Audit reported that the Corporation sustained operating loss of Rs.81.000 million during 1988-89 which was offset by other income although it had earned operating profit of Rs. 632.014 million during 1987-88. The Corporation sustained loss of Rs.202.000 million during 1989-90, Rs. 118.000 million during 1990-91 which jumped to Rs.661.000 million during 1991-92 and Rs.759.000 million during 1992-93. As the sales declined during 1993-94, the losses also decreased to Rs.88.000 million.

1796. The departmental representative expressed that the export duty is the main factor for the losses. During these years, the orders are issued to lift the cotton, on the other hand the cotton prices raised. CEC becomes an instrument to pay the price for

keeping stable market so that growers get a good return and our textile mills get cotton at a reasonable price.

1797. The matter could not be resolved despite detailed discussion. It was, therefore, decided to form a Sub-Committee under the Chairmanship of Mir Altaf Ali Bhayo, MNA/Parliamentary Secretary for Housing and Works comprising Mr. U.A.Raza, Director General(CA) and Mr. M. Naseem Qureshi, Joint Secretary, Ministry of Commerce as its members to go into the overall performance of the Corporation since its inception to identify (i) causes of losses (ii) solution and suggest remedial measures and submit report to the PAC within three months.

1798. **(Para 23, page 18-ARPSE)**-Audit reported that there was stock theft of 400 cotton bales for which FIR was lodged. The police had closed the case as untraceable. This loss need to be regularized under the orders of competent authority after proper investigation.

1799. The departmental representative stated that we will happy to get more guidance from the Audit to make its adjustment. The loss was sustained and it needed to be adjusted. FIR was lodged and then we also filed a civil suit against the transporter who did not deliver the cotton bales. Disciplinary action was taken against the Zonal Manager and he was demoted.

1800. The Committee directed the Principal Accounting Officer to examine the case and report back to Committee within one month.

1801. **(Para 24, page 18-ARPSE)**-Audit informed that the advances granted to the suppliers ginning factories increased from Rs.17.764 million in 1987-88 to Rs.37.361 million in 1988-89. Only an amount of Rs.12.160 million was recovered upto June 1992. Advances against suppliers stood at Rs.31.857 million as on June 30, 1994.

1802. The PAC directed the departmental representative to intimate the names of the defaulters and the amount outstanding against each of them be recovered within seven days.

Cotton Trading Corporation of Pakistan (Pvt) Ltd.

1803. **(Para 26, page 19-ARPSE)**- Cotton Trading Corporation was paid an amount of Rs.42.530 million in excess of actual dues of excise duty levied on cotton produced during cotton season 1976-77. The claim was taken up with Ministry of Finance in 1987 then to CBR.

1804. The departmental representative expressed that the matter is still with the CBR. We are pursuing it. If this Committee issue a directive to CBR to settle the case we would be very grateful.The PAC directed the Principal Accounting Officer that an directive be issued to CBR to settle the case within three months.

Export Credit Guarantee Scheme

1805. **(Para 27, page 20-ARPSE)**-The ECGS was established in 1962 for the purpose of providing cover against risk of non-realization of sale proceeds of good exported on credit terms and to encourage the banks to grant pre-shipment export finance by providing them cover.

1806. The departmental representative expressed that ECGS is presently with the Corporation and this scheme was assigned to this Corporation in 1962. Now we feel that an Insurance Corporation cannot properly handle the export. So we requested the Ministry that it may be handed over the private sector. When we make Insurance, certainly there may be profit or loss. There were two things under the responsibility of the Corporation. One is that before making underwriting something, its proper security should be ensured. Secondly, when the loss occurs, full efforts should be made to recover that loss. The PAC was satisfied with the explanation given by the Ministry and para was dropped.

1807. **(Para 28, page 21-ARPSE)**-The Committee was satisfied with the explanation given by the Ministry and para was dropped.

National Insurance Corporation

1808. **(Para 29, pages 22-23-ARPSE)**-Audit reported that the Corporation is earning profit. The Committee made no comments and the para was dropped.

1809. **(Para 30, page 23-ARPSE)**-Audit reported that an amount of Rs.2.772 million out of Rs.8.778 million is still outstanding against National Co-Insurance Scheme. The departmental representative stated that substantial part has been recovered from the PIC to NIC. The Committee directed the departmental representative to expedite the recovery.

1810. **Loss of Rs.934,410 due to non-deduction of value of damaged bales of cotton (Para 31, pages 24-25-ARPSE)**-Audit informed that loss of Rs. 934.410 was due to non-deduction of value of damaged bales of cotton.The departmental representative expressed that the total number of bales stored here were 33,000, only 1600 bales were destroyed. The PAC was satisfied with the explanation given by the Ministry and the Para was settled.

Pakistan Insurance Corporation

1811. **(Para 32,pages 26-27-ARPSE)**-Audit informed the Committee that the Corporation is earning profits. The Committee appreciated the performance & settled the para.

1812. **(Para 33, pages 27-28-ARPSE)**-Audit reported that an amount of Rs.9.857 million was paid in excess in acceptance business to non-resident companies and Rs.221.075 million was lost to foreign non-resident companies in retrocession business. The gross loss of foreign exchange of Rs.230.932 million is not appearing in final accounts.

1813. The departmental representative stated that the Corporation was established in 1952 under an Act of Parliament. Its rules and regulations and bye-laws were formed. Then internationally recognized method of the maintenance of its accounts was adopted. Audit objection is about format. This format has been since 1952 and there is no question of loss. The loss was just a premium. The Committee did not press any more and dropped the para.

1814. **Non-recovery of amount of Rs.244.942 million War Risk Insurance defaulter (Para 34, pages 29-30-ARPSE)**-Audit reported that under War Risk Insurance Ordinance 1971, in case of default in purchase of policy or in paying any installment of premium, surcharge equal to 20% of premium due and also 1% interest per annum above bank rate would be payable. As on July, 1989 outstanding dues in Sindh/Balochistan were Rs.145.588 million and in Punjab, NWFP recoverable amount was Rs.99.353 million bringing the total to Rs.244.941 million. The cases of defaulting persons/firms had been referred to the District Collectors for making recoveries as arrears of land revenue.

1815. The Ministry stated that an amount of Rs.74.134 million has been recovered leaving balance of Rs.40.785. We are making further efforts for outstanding recovery.The PAC made no comments.

Pakistan Tobacco Board

1816. **(Para 35, pages 31-32-ARPSE)**-Audit informed that the Board sustained a deficit of Rs.1.821 million in 1988-89 as against surplus of Rs.0.185 million in 1987-88. The deficit was Rs.2.499 million in 1989-90, Rs.1.998 million in 1990-91 and Rs.1.407 million in 1991-92. The deficit however decreased to Rs.0.645 million in 1992-93 and Rs.0.582 million in 1993-94.

1817. The departmental representative informed the PAC that the Pakistan Tobacco Board does not receive any grant from the Government of Pakistan. It is entirely dependent on the cess which is collected from the tobacco companies and the cess is collected on the basis of the consumption of tobacco by these Tobaccos companies. The government have received the case on a number of occasions, but the income of case has not been adequate enough to cover the expenditure and income gap. The general policy of the Government has not been raised the cases and tariffs but at the ECC level they have agreed to revise it. Tobacco companies are evading a very huge amount of excise duty. So, if the cess is increased properly, it is also earning the foreign exchange for us. We can ask for private sector to conduct the research. The suggestion of research is a very valid. The Committee made no comments and the para was dropped.

1818. **(Para 36, page 32-ARPSE)**-The physical verification of fixed assets was not carried out in subsequent period i.e. 1989-90 and 1990-1991. The Public Accounts Committee directed the Principal Accounting Officer that they should have proper inventory and record of everything.

1819. **(Para 39, page 32-ARPSE)**-Audit reported that income and expenditure account in respect of the farm produce of five research stations was not prepared. The

Committee directed the Principal Accounting Officer that PTB should have proper inventory record of everything.

Rice Export Corporation of Pakistan (Pvt) Ltd.

1820. **(Paras 41-42, pages 33-35-ARPSE)**-Audit informed the Committee that the Corporation sustained losses from 1989 to 1993. The PAC was not satisfied with the working results of the Corporation and formed a Sub-Committee under the Chairmanship of Rao Muhammad Hashim Khan, MNA consisting of Makhdoomzada Syed Asad Hayat, MNA, Mr. Hamza, MNA, Mr. U.A.Raza, Director General (CA), Mr. Tanwir Ali Agha, Joint Secretary, Ministry of Finance and Mr. Muhammad Malik, Joint Secretary, Ministry of Commerce as its members to look into the overall performance of the Corporation since its inception to identify (i) causes of losses (ii) causes of continuous loss of market (iii) solution and suggest remedial measures and submit report to the PAC within three months.

1821. **(Para 43, page 35-ARPSE)**-On the recommendation of Audit the para was settled by the Committee.

1822. **Mis-appropriation of rice and gunny bags valuing Rs.50.546 million allegedly by the handling agent (Para 46, pages 37-38-ARPSE)**-Audit informed the Committee that the firm/agent for handling the rice crop 1982-83 at Qasim Rice godown valid for two years which was extended for further one year upto October 23, 1985. On finalization of accounts in 1987 Management detected shortages of rice and gunny bags. The Management have taken no action except filing a civil suit against him.

1823. The departmental representative stated that we have forfeited his deposits amounting to Rs. 15 lacks. Court case is being pursued vigorously. The PAC was not satisfied with the explanation and directed the Chairman RECP to personally pursue the case.

Doaba Rice Mills Limited

1824. **(Paras 47-48, pages, 39-40-ARPSE)**-Audit briefed the Committee about the working results of Mills. The departmental representative informed that the Doaba Rice Mills have been privatized. The PAC made no comments.

1825. **(Para 49, page 40-ARPSE)**-Audit informed that there are irrelevant inventories in the record. The departmental representative expressed that there are not excesses inventories in the record. If inventories are made, the action should be taken against persons concerned at fault. The PAC directed the department to hold independent enquiry, fix responsibility and submit report to the PAC.

(i) Loss of Rs.24.448 million due to short recovery of head rice from wet paddy (Para 52, pages 42-43-ARPSE)-

(ii) Irregular drawal of house rent and conveyance allowance of Rs.196, 957 by Project/Production Managers (Para 53, pages 43-44-ARPSE)-

(iii) Infructuous expenditure of Rs.42.011 million due to failure of parboiling plant (Para 60, pages 47-48-ARPSE)-

1826. The above paras were deferred by the Committee.

Pakistan National Produce Company Limited

1827. **(Para 57, page 46-ARPSE)**-Audit informed the Committee that the inventory was four times above than the annual requirement amounting the Rs.16.268 million as on September 30, 1988. So the units have been privatized. The departmental representative stated that the case is under litigation against the firm who supplied the plant.

1828. The Auditor-General expressed his views that all these losses should have been reflected in the dispensation which was done. We have to go into the matter of privatization. The PAC made no comments.

State Life Insurance Corporation of Pakistan

1829. **(Para 61, pages 49-50-ARPSE)**-The PAC made no comments and the para was settled.

1830. **(Para 62, page 50-ARPSE)**-The PAC in its meeting held on August 31, 1986 directed that if it was not possible for the Corporation to limit renewad expenses within 15% of the renewal premium as provided in the Insurance Rules 1956, the case may be prepared to get this limit increased to a reasonable extent, so that the violation of the Insurance Rules is avoided.

1831. The departmental representative stated that we have taken note of the Audit observation we would like to move for an amendment. So we are examining and we shall take action in this respect. The PAC did not press any more and the para was dropped.

1832. **Incurrence of irregular expenditure amounting to Rs.2.05 million on appointment of a consultant (Para 65, pages 51-52-ARPSE)**-Audit informed the Committee that the appointment of a consultant by selection was irregular and undue favour devoid of transparency.

1833. The departmental representative stated that there are two procedure for selection of consultant/architect. One is open design competition and the other is selection. In first, the leading architect enter only when there are certain monumental projects.For a smaller project, they do not enter into such competition. The PAC was satisfied with the explanation given by the department and para was settled.

1834. **Loss due to acceptance of wrong claim Rs.107, 600 (Para 66, page 52-ARPSE)**-Audit pointed out that proper care was not exercised before accepting the insurance policy by proper medical examination and verification of antecedents of the policy holder. The Committee directed the department be careful in future.

1835. **(Para 2, page 652-ARPSE)**-Audit pointed out that a sum of Rs.8.874 million was recoverable from various parties by way of inheritance on nationalization in 1972. The departmental representative expressed that there were 83 cases and the courts have already disposed off 74 cases only nine cases are pending. We are examining the matter and see how best to dispose off this issue. The PAC directed the department to settle the case with Audit.

Trading Corporation of Pakistan

1836. **(Para 18, page 15-ARPSE)**-Audit pointed out that the Trading Corporation submitted their accounts late and could not be included in the Audit Report for 1988-89. PAC made no comments.

1837. **Loss of Rs.15.366 million on sale of imported butter oil (Para 67, pages 53-54-ARPSE)**-Audit pointed out that the Corporation was sold imported butter oil below the approved rate and there was loss of Rs.15.366 million to the Corporation.The departmental representative stated that we have earned profit of Rs.21,482,000 which was passed on to the Government. The PAC did not press any more and para was settled.

ACTIONABLE POINTS 1985-86

1838. **Blocking of funds of Rs.360.66 million due to non-disposal of rice causing heavy losses (Para 6, page 27-ARPSE-85-86)(Item 2-AP-85-86)**-The PAC in its meeting held on March 15, 1989 directed that storage facilities must be improved. The departmental representative stated that the RECP has total storage capacity of about 800,000 M.tons. We used to hire private godown. But meanwhile we sent certain schemes to the Government for approval so we could have further capacity of storage. We should not pursue now because the private sectors procurement is five or six even seven times more than our capacity.

1839. The Committee suggested that surplus capacity of godown can be given on hire and crore of rupees can be earned. The Committee directed the department to examine the point and put up suggestions on the scheme.

1840. **Irregular reimbursement of medical expenses amounting to Rs.103,730 (Para 10, page 29-ARPSE-85-86)(Item 4-AP-85-86)**-The PAC in its meeting held on March 15, 1989 directed that expeditious recovery be made under intimation to Audit. The PAC directed on July 19, 1990 to quicken the pace of recovery of the remaining outstanding amount.

1841. The departmental representative expressed that full recovery has now been made, we shall convey this information to Audit. The PAC directed the department to get the entire recoveries verified by Audit.

1842. **Irregular sanction of house building advance of Rs.281,120 to an officer on deputation (Para 12, pages 31-32-ARPSE-85-86)(Item 5-AP-85-86)**-Audit stated that a Director of TCP was sanctioned a loan of Rs.281,120 under Corporation House Building Advance Rules whereas he was not entitled being on deputation from Federal

Government. The PAC in its meeting held on July 19, 1990 directed the Principal Accounting Officer to remind the Establishment Division to finalize the inquiry against the officer.

1843. The departmental representative stated that inquiry was completed by Mr. Javed, who has exonerated the accused officer. Now the matter is with the court. The PAC directed the Principal Accounting Officer to settle the case with person concerned outside the court.

ACTIONABLE POINTS 1986-87

(i) **Infructuous expenditure on the engagement of a consultant Rs.0.825 million(Para 6,page 26-ARPSE-86-87)(Item 9-AP-86-87)-**

(ii) **Extra expenditure of Rs.1.72 million due to high rates of commission to agent on the export of Urea to Bangladesh (Para 7, page 28-ARPSE-86-87)(Item 9-AP-86-87)-**

1844. The PAC in its meeting held on July 19, 1990 directed that FIA may be reminded to finalize their investigation in both the above cases.The departmental representative stated that the FIA dropped the inquiry because the concerned officer has retired.The PAC directed the Principal Accounting Officer to contact FIA and enquire about the latest position of the case.

1845. **Investment in Finance and Trade Centre (Para 46, page 70-ARPSE-86-87)(Item 12-AP-86-87)**-On the recommendation of Audit, the para was settled by the PAC.

ACTIONABLE POINTS 1987-88

1846. **Working result of the SLIC (Para 126, page 140-ARPSE-87-88)(Item 2-AP-87-88)**-The PAC in its meeting held on July 19, 1990 directed that a departmental negotiation Committee be set up to sort out the outstanding claims of taken over Pakistan Insurance Corporation. The Ministry stated that the cases filed by the Corporation against the defaulting companies are pending in the court of law.

1847. The departmental representative stated that the cases filed by the Corporation against the defaulting companies are pending in the court of law. There are 83 cases which were sub-judice in which 74 cases have been decided and 9 cases are still pending for disposal. We are pursing these cases and we are awaiting for final adjudication. The PAC made no comments.

1848. **Operational results of TCP (Para 132, page 142-ARPSE-87-88)(Item 3-AP-87-88)**-The PAC in its meeting held on July 19, 1990 reaffirmed its previous observation that either the services of TCP should be utilized by the Government to channelize all its major imports or the Trading House should be wound up.

1849. The departmental representative expressed that it was decided to wind up the TCP but when the present Government came, the Minister for Commerce examined the implication of the decision and finally decided that TCP should stay and it should also undertake exports. Now TCP is involved in both imports and exports. TCP is largely importing goods when there is shortage of kitchen items in the country. Corporation have its large charter which justifies the existence of the Corporation. The PAC made no comments.

1850. **Points not discussed to be treated as settled**-The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Commerce. These would be treated as settled subject to any action as may be necessary under the rules.

1851. The Committee then adjourned to meet again at 10.00 a.m. on Wednesday, the 5th June, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 5th June, 1996
Thirty-seventh Sitting (PAC)

1852. The Public Accounts Committee assembled at 10.00 A.M in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 and Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee.

1. Rao Muhammad Hashim Khan, MNA,	Chairman
2. Mr. Hamza, MNA,	Member
3. Mr. Hamid Nasir Chattha, MNA,	Member
4. Syed Abbas Shah, MNA,	Member
5. Sahibzada Muhammad Nazeer Sultan, MNA,	Member
6. Makhdoomzada Syed Asad Hayat,MNA	Member
7. Maulana Abdul Ghafoor Haidari,MNA	Member
8. Mr. Miangul Aurangzeb, MNA,	Member
9. Ch. Nisar Ali Khan, MNA,	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Muhammad Aslam Shami, Joint Secretary (PAC)
3. Mr. Nawab Hussain, Deputy Secretary (PAC).
4. Mr. Abdul Aziz,Officer on Special Duty (PAC).
5. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit.

1. Mr. S.K. Mahmud,
   Auditor General of Pakistan.
2. Mr. Muhammad Usman,
   Deputy Auditor General (GA).
3. Mr. Munir Ahmad,
   Deputy Auditor General (CA&E).
4. Mr. Badshah Gul,
   Director General Audit (Federal Government).
5. Mr. S.M. Arif,
   Director General Audit(Defence Services).
6. Mr. U.A. Raza,
   Director General (CA).
7. Mr. Ali Akbar Qureshi,
   Director General (GA).
8. Mr. Shabbir Ahmad,
   Additional Accountant General.

9. Mr. Waseem Anwar,
Director Audit (Federal Government).
10. Ch. Nazir-ud-din,
Deputy Director Audit (Federal Government).
11. Mr. Muhammad Naseer Khan,
Accounts Officer(PAC).
12. Mr. Najam Iqbal,
Accounts Officer.
13 Mr. M.I.Shahid,
Accounts Officer(AR-III).

Ministry of Finance and Planning & Development Division

1. Mr. M. Javed Masud, Additional Secretary.
2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Naveed Hassan,
FA(Sports & Tourism).
4. Mr. Muhammad Bashir,
FA(Interior).
5. Mr. Arshad Jamil Khokhar,
Director General (Projects),
Planning and Development Division.
6. Mr. Abdul Hafeez Khan,
Deputy Director (Projects),
Planning and Development Division.
7. Mr. Muhammad Saleem,
DFA(Sports & Tourism).
8. Mr.Noor Ahmed Solangi,
DFA(Interior).
9. Mr. Muhammad Aslam, Accounts Officer(Budget).

1853. **Accounts examined**-Accounts pertaining to the following Divisions were examined by the Committee during the meeting:-

1. Sports and Tourism Division.
2. Narcotics Control Division.

SPORTS & TOURISM DIVISION

1854. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Sports & Tourism Division. The following departmental representatives were present:-

1. Mr. Hasan Raza Pasha,
Additional Secretary(Incharge).
2. Mr.Ghulam Yazdani,
Joint Secretary.

3. Mr. Abdul Rashid,
   Deputy Secretary.
4. Mr. Shah Alam Khan,
   E.A/Director Finance(MJRL).
5. Brig (R) Lal Zamurad,
   Ex-Secretary Finance(Org).
   (4th SAAF Games and Saver Raffle).
6. Mr. Hameed Ahmad Qureshi,
   Managing Director, (PTDC).
7. Mr. Farooq Ahmad Shah,
   General Manager,Hotels/Motels.
8. Brig (R) Zafar Iqbal,
   Director Finance.
9. Mr. Abdul Hameed,
   Acting Director(PITHM), Karachi.
10. Mr. Muhammad Razzaq,
    Controller Accounts Hotels(PTDC).
11. Mr. M. Riaz Satti,
    Manager Accounts(PTDC).
12. Mr. Muhammad Aslam Shah,
    Manager Audit(PTDC).
13. Mr. Abdul Latif Khan,
    Deputy Manager Audit(PTDC).
14. Mr. S.A.H. Bokhari,
    Section Officer.
15. Mr. Muhammad Yasin,
    Section Officer.
16. Ch. Muhammad Younas,
    Section Officer(F & A).

1855. This Division controlled the following grants:-

S.No.	Name of Grant	Grant No.
1.	Tourism Division	28
2.	Development Expenditure of Tourism Division	150

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

1856. **Grant No.28-Tourism Division (Pages 134-135-AA)**-There was an excess expenditure of Rs.703,123. The departmental representative informed that an amount of Rs.588,000 is related to last years debit. The Committee regularized the excess expenditure.

1857. **Grant No. 150-Development Expenditure of Tourism Division (Page 138-AA)**-There was saving of Rs.25,000 which was surrendered. The Committee made no observation.

AUDIT REPORT (CIVIL)(VOL-I-1988-89)

1858. **Report on the accounts of SAAF Games and Saver Raffle (Paras 1.1 to 1.3 & 2.1, pages 38-40-AR)**-4th SAAF Games were hosted by Pakistan in 1989. Rs.25 million were provided by the Government. Further funds of at least Rs.40 million were to be generated by adopting commercial techniques. M/s Interflow was engaged for the above mentioned purpose. Audit appreciated the job of SAAF Games Secretariat and M/s Interflow which fetched Rs.651.259 million and at the same time saved considerably by reducing the commission on sale of Raffle tickets to 8% instead of 8.5% to 10% for income beyond Rs.20 million.

1859. **Un-warranted Commission of Rs.6.675 million to M/s Interflow (Para 2.2, pages 41-AR)**-M/s Interflow were to receive commission on amount left after deducting expenses from receipts but through a modified agreement an amount of Rs.83.446 million paid to PTV &PBC was excluded from the total expenditure. This modification in agreement was decided by Chairman of SAAF Games who enjoyed full authority vested in him by the Committee.

1860. **Extra expenditure on the printing of Raffle tickets (Para 2.3, pages 41-42-AR)**-Management of SAAF Games had arranged for printing of Rs.38.5 million tickets for the 6th draw of which only Rs.14.7 million tickets could be sold. The incorrect estimation caused over expenditure of Rs.10 million. The Committee observed that it was a case of wrong assessment and not of intentional misconduct.

1861. **Extra expenditure due to increase in printing charges of Raffle tickets Rs.4.01 million (Para 2.4, pages 42-AR)**-Raffle tickets were got printed by M/s Interflow @ Rs.23 per 100 for the first draw but in the subsequent draws this rate went upto Rs.29 which caused over expenditure. However, considering the time constraint this rate for printing is considered reasonable by the Audit.

1862. **Irregular recruitment of staff (Para 3.1, pages 42-43-AR)**-Some officers were recruited directly in grade 18 and above as Ministries/Departments did not cooperate in sending their officers on deputation. Audit suggested that same Ministries/Departments may be warned.

1863. **Conclusion (Para 6, page 44-ARR)-** Audit pointed out that irregular expenditure of Rs.377,534 was recovered by the management while recovery of Rs,999,153 was agreed. Stores worth Rs.4.89 million were taken on proper charge by the management. Audit highly appreciated overall performance of the SAAF Games Management/ Pakistan Army who had conducted SAAF Games within a very short time with limited resources. The Committee agreed with audit and applauded the performance of the SAAF Games Management. The Committee desired that proper audit report of expenditure should be conducted carefully and amount of Rs.127 million which has been saved and transferred to the Ministry should be spent only for the development of games.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

1864. **Malam Jabba Resort Limited (Para 94, page 79-ARPSE)**-The Committee was informed that the project "Sking-Cum-Summer Resort" at Malam Jabba, Swat was approved by ECNEC at an estimated cost of Rs.113.97 million. Project, undertaken in 1985 and completed in November 1989, has neither been leased out nor operated by Management as yet. The Government has Rs. 76 million as equity in the project as on June 30, 1996. Annual cost of maintenance is Rs.0.8 million. The Committee suggested that since there is no income from this project only two watchmen are sufficient for its maintenance and no unnecessary expenses should be made on this project. The Committee appointed a Sub-Committee under the Chairmanship of Mr. Miangul Aurangzeb, MNA comprising Mr. U.A Raza, Director General Commercial Audit, and Mr. Shah Alam Khan, Joint Secretary/Economic Analyst, Sports and Tourism Division to look into the pending affairs of Resort at Malam Jabba. The Sub-Committee will submit its report within three months.

1865. **Pakistan Institute of Tourism and Hotel Management(Para 98,page 80-ARPSE)-** Audit reported that excess of expenditure over income for 1991-92 of Pakistan Institute of Tourism and Hotel Management was Rs.2.4 million and maximum number of students at any time has been 330. The departmental representative informed that this Institute is dependent for its survival upon grants from Federal Government and fees from students. Institute has improved its earning considerably in 1994 by introducing new Diploma Courses and Special Training Programmes for different organizations. Furthermore, Institute has also raised the fees of its courses to increase the revenue. The Committee stressed for the improvement of the Institute and proper advertisement of courses that are offered by the Institute in order to upgrade the level of Tourism Industry in Pakistan. The Committee advised that all provinces should be given equal opportunities to benefit from this Institute.

1866. **(Para 99, page 80-ARPSE)**-Audit informed the Committee that development fund of Rs.1.327 million was used to purchase Pajero Jeep for Rs.694,742 in the year 1988-89 another sum was used for ceremony of foundation laying of Institute building which was improper. The departmental representative informed that this jeep was purchased to provide conveyance to students for taking them to Hotels for training. Regarding construction of the building for Institute, he informed the Committee that it is under construction and will be completed in 1997 with a total cost of Rs.20 million.

1867. The Committee inquired about the number of tourists visiting Pakistan each year. The departmental representative further informed that this number is between 0.2 million and 0.5 million per year being highest in 1989 with 0.49 million tourists. Pakistan earned 26 million dollars in 1995 through tourism. Now National Tourism Council has been formed to upgrade the Tourism Industry in Pakistan. The PAC directed the department to refer the case of privatization of hotels to Privatization Commission with the recommendation of PAC.

Pakistan Tourism Development Corporation Limited

1868. **Working results of PTDC (Para 103,page 83-ARPSE)-**Audit pointed out the accumulated deficit of Rs. 4 million in 1988-89 and inquired about the current position. The Departmental representative informed the Committee that PTDC is a public limited Corporation and has four sub companions namely, Associated Hotels of Pakistan Limited (AHPL), Motels Limited North, Motels Limited South and Pakistan Tourism Company. Though PTDC as a whole is sustaining losses continuously, Hotels and Motels are running in profits.

1869. The departmental representative informed that these hotels need greater amount of money for maintenance because they are built on colonial style nearly a century ago. These hotels depend on sale of liquor for its profit. Department is trying to improve the conditions of the hotels and improve the condition of balance sheet.

1870. The departmental representative further informed that the reasons for continuous losses are over staffing in department, depreciation of buildings, abnormal costs of maintenance, Gulf war and rejection of proposal to raise the prices of Liquor. Occupancy in hotels have also decreased due to raise in the revised room rates. He stated that the Government decided in 1993-94 to privatize the hotels while the nature of the hotels were to be kept same but no worth maintaining plan or bid was received.

1871. The Committee regularized the para and directed the department to refer the case of privatization of hotels to Privatization Commission with the recommendation of the Public Accounts Committee to expedite the case.

1872. **(Para 104, page 83-ARPSE)-** The Public Accounts Committee directed Audit to provide findings of inquiry report in detail regarding the para to the Committee.

1873. **Infructuous expenditure due to ill-planned construction of a shopping plaza (Para 107, page 85-ARPSE)-** PTDC in 1985-86 undertook to construct a shopping plaza on the place of old flight kitchen. 103 staff quarters were dismentelled and employees were given compensation totalling Rs.3.213 million. Permission was not seeked from Cantonment Board/Military Estate Officer. Total loss of Rs.4.94 million is suffered due to mismanagement and ill planning.

1874. The departmental representative informed that Begum Waqar-un-Nisa Noon was Chairperson of the Board, Mr. Masood Nabi Noor was Secretary and M/S Rock Well was the private company to develop the project. Military Estate Officer sent the notice after the demolition of quarters and cylaimed that as this construction is not approved, the work should be stopped. There was no malafide intention involved.

1875. The amount paid in excess of compensation is the house rent which is payable to Government Servants in absence of accommodation provided by the Government and totally justified. Cantonment Board tried to take possession of the land but PTDC took stay order from the court and case is still in court of law. The Committee did not make any observation.

1876. **Non-recovery of dues amounting to Rs.2.972 million on account of hotel charges (Para 108, page 86-ARPSE)-** Audit pointed out that outstanding dues against 775 debtors were Rs.2.771 million as on March, 1987 and amount of Rs.0.201 million was written off on 28th December, 1985. Nominal amount of Rs.0.251 million is recovered during last five years.

1877. The departmental representative informed that 83% of these debts have been recovered. Regarding the writing off of debts Principal Accounting Officer informed the Committee that Board has the power to write off the debts that are considered as bad. This percentage is normally accepted upto 1-2% and department have a lower percentage.

1878. The Committee directed the department to write letters to defaulters and publish the list of defaulters in the newspapers. If these actions do not bear results than go into court and file civil suits as a last resort.

Associated Hotels of Pakistan Limited

1879. **Working results of the Company(Para 109, page 87-ARPSE)-** Audit observed that Associated Hotels of Pakistan Ltd. was incorporated as a public limited company to run certain hotels. Upon formation of PTDC the administrative control was passed on to PTDC but company status remained as it is. Assets of company are leased out to PTDC and Rs.0.5 million annually. Separate entity of company in these circumstances is not justifiable.

1880. The departmental representative informed the Committee that the share holders of Associated Hotels of Pakistan Limited & PTDC are different and the main objectives of these companies also differ. Therefore, it is not possible to merge one into another. The Committee accepted the reply of the department and suggested those AHP Ltd. should not be merged into PTDC.

1881. **(Para 110, page 87-ARPSE)-** The Committee directed that efforts should be made to write off the amount.

PTDC Motels North (Pvt) Ltd.

1882. **(Paras 115-116, page 89-ARPSE)-** The PTDC Motels North (Pvt) Ltd. was formed in 1977 which is fully owned subsidiary of PTDC. Audit observed that accumulated losses has eroded entire equity of the company.

1883. The departmental representative informed that the Motels under this Company are in Northern Areas and work on seasonal basis and normally such Motels give profit after 2-3 initial years. Now this Company is doing very well and will improve further in future. The Committee desired that the working of the Company should be further improved.

PTDC Motels South (Pvt) Ltd.

1884. **(Paras 121-122,page 90-ARPSE)**- The PTDC Motels South (Pvt) Ltd. was incorporated as private limited company on July 16, 1977. The accumulated loss of the Motel as on 30-6-1990 was Rs.3.105 million which eroded the share capital of Rs.210,000. The management and activities of the company's motels have been transferred to the related company PTDC, Motels (North) Pvt. Limited w.e.f July,1, 1990. The Committee did not press any more.

Pakistan Tours (Pvt) Ltd.

1885. **(Paras 127-128, page 91-ARPSE)**-The Committee directed the departmental representative to write off the outstanding amount of Rs.2.250 million against the foreign contractor who left Pakistan without clearing the dues,if it is not feasible to recover from him, the issue may be settled either way.

1886. **(Para 129, page 91-ARPSE)**- The PAC was satisfied with the explanation given by the department and decided to settle the para.

ACTIONABLE POINTS 1987-88

1887. **Overpayment of Rs.228,953 to a contractor (Para 11, page 33-ARPSE)(Item 1-AP-87-88)**- The Committee did not make any observation and decided to settle the para.

1888. **Audit comments on PITHM (Para 161, page 152-ARPSE)(Item 2-AP-87-88)** The Committee decided to settle the para.

1889. **Points not discussed to be treated as settled**- The Committee did not make any observation on other points/paras in the Audit Report pertaining to Sports and Tourism Division. These would be treated as settled subject to any action as may be necessary under the rules.

NARCOTICS CONTROL DIVISION

1890. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Narcotics Control Division. The following departmental representatives were present:-

1. Mr.Muhammad Afzal Kahut, Secretary.
2. Mr.Matiullah Khan, Joint Secretary.
3. Syed Muhammad Afzal, Deputy Secretary.
4. Mr.Iftikhar Ali Shah, Director General(SDU).
5. Mr.Abdul Khaliq, Financial Adviser(SDU).
6. Mr.Masood Bangash, Chief(SDU).
7. Mr.Masud Ata Cheema, Section Officer.

1891. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Other Expenditure of Ministry of Interior (Narcotics Control Division).	99.
2.	Development Expenditure of Ministry of Interior (Narcotics Control Division).	166.

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

1892. **Grant No.99-Other Expenditure of Ministry of Interior (Narcotics Control Division)(Pages 327-328-AA)-** Audit pointed out an excess of Rs.3,857,994 under this grant. The departmental representative explained that supplementary grant of Rs.1.536 million was not accounted for in the year in which it was granted. Secondly an expenditure of Rs.1.9 million which was incurred in 1986-87 on account of aerial spray was not debited to Ministry of Defence. It was debited to the Ministry in 1988-89 when there was no allocation of this amount. It was therefore a technical excess and Audit is satisfied. The Committee accepted the explanation of the department and recommended regularization of excess expenditure of Rs.3,857,994.

1893. **Grant No.166-Development Expenditure of Ministry of Interior (Narcotics Control Division)(Pages 329-330-AA)-** There was an excess expenditure of Rs. 13,404,938 which was regularized by the Committee.

AUDIT REPORT (CIVIL)(VOL-I-1988-89)

1894. **Avoidable expenditure of Rs.94,780 on purchase of fruit plants(Para 1, page 69-AR)-** Audit reported that in a project of Narcotics Control Division a sum of Rs.258,500 was paid to a supplier in April, 1988 for the supply of plants without adopting open tender system as required under rules. These plants were supplied at lesser rate by the same supplier to an other office on the basis of open tender. Both the purchases were made in February, 1988. This resulted in an avoidable expenditure or Rs.94,780. The matter was reported to the Ministry in April, 1989 for investigation and recovery but no action has been initiated so far.

1895. The departmental representative informed the Committee that the purchase was made by Ex-Ecologist in accordance with the decision of a Committee appointed for this purpose. The activities in project had started in March, 1988 when planting season was out and plants were not available in the market and this was due to a formal decision in the meeting with USAID. The issue is being placed before the Project Review Board for regularization of payment. The explanation given by the department was accepted and the Committee decided to drop the para.

1896. **Shortage of stores worth Rs.42,228 (Para 2, page 69-AR)-** Audit pointed out that in the office of the Project Director, Gadoon Amazai Area Development Project,

231 bags of Urea, DAP & Wheat Seed valuing Rs. 42,228 were found short during physical verification of the stores. The shortage was attributed to the rebagging of old stock and rough handling. No action was taken to fix the responsibility.

1897. The department informed that the seed and fertilizer had to be kept in bulk store at Panjpir because the project area people refused to receive the wheat crop inputs and insisted in cultivating poppy. As a result there were clashes between the people and enforcement agencies and losses to life. In such circumstances the stores are liable to shortage, because of dryage, leakage, wear and tear of packing material specifically chemical fertilizer and there was no mis-appropriation. The department further informed that Project Review Board have condoned the losses in shortage. The Committee decided to drop the para.

ACTIONABLE POINTS 1987-88

1898. **Irregular purchases worth Rs.637,750 (Para 2, page 105-AR)(Item 1-AP-87-88)-** Audit pointed out irregular expenditure worth Rs. 637,750 without inviting tenders. The departmental representative informed that the Chairman, Project Review Board had approved the condonation of irregularity and directed that the officer responsible should be censured. The Committee also directed the Ministry of Finance to examine the case.

1899. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Narcotics Control Division. These would be treated as settled subject to any action as may be necessary under the rules.

1900. The Committee then adjourned to meet again at 10.00 AM. on Thursday, the 6th June, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October, 1998.

NATIONAL ASSEMBLY SECRETARIAT.

Thursday, the 6th June, 1996.
Thirty-eight Sitting (PAC)

1901. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Mr. Hamza, MNA	Member
3.	Syed Abbas Shah, MNA	Member
4.	Sahibzada Muhammad Nazeer Sultan,MNA	Member
5.	Makhdoomzada Syed Asad Hayat,MNA	Member
6.	Mr. Miangul Aurangzeb,MNA	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani,Secretary
2. Mr. Nawab Hussain,Deputy Secretary (PAC)
3. Mr. Abdul Aziz,Officer on Special Duty(PAC)
4. Mr. Abdul Saleem Sheikh, Section Officer (PAC)

Audit.

1. Mr. S.K. Mahmud,
   Auditor-General of Pakistan.
2. Mr. Muhammad Usman,
   Deputy Auditor General(GA).
3. Mr. Ali Akbar Qureshi,
   Director General (GA).
4. Mr. A.R. Arif,
   Accountant General Pakistan Revenues.
5. Mr. Badshah Gul,
   Director General Audit(Federal Government).
6. Mr. U. A. Raza,
   Director General (CA).
7. Mr. Muhammad Ibrahim Rajput,
   Deputy Director (CA).
8. Mr. Waseem Anwar,
   Director Audit (Federal Government).
9. Mr. Muhammad Naseer Khan,
   Accounts Officer(PAC).
10. Mr. Najam Iqbal,
    Accounts Officer.

11. Mr. M. I. Shahid,
Accounts Officer(AR-III)

Ministry of Finance.

1. Mr. A. Ghafoor Mirza,
Additional Secretary(Budget).
2. Mr. Mukhtar Ahmad,
Joint Secretary (Exp).
3. Mr. Dost Muhammad Khan,
DFA (Kashmir Affairs).
4. Mr. Muhammad Aslam,
Accounts Officer (Budget).

1902. **Accounts examined-** Accounts pertaining to the States & Frontier Regions Division were examined by the Committee during the meeting.

STATES AND FRONTIER REGIONS DIVISION
(Deferred Accounts)

1903. The Committee took up for its examination the Audit Reports etc. pertaining to the States & Frontier Regions Division, which were deferred on 3-2-1993. The following departmental representatives were present:-

1. Sardar Muhammad Khalid, Secretary.
2. Mr. Ismail Hassan Niazi, Joint Secretary
3. Mr. Zeb Khan, Deputy Secretary (FATA).
4. Lt.Col. Ajmal Khan, Deputy Secretary (Budget).
5. Mr. Muhammad Naeem Khan, Additional Secretary
(Home Deptt. NWFP)
6. Mr. Jamshed Ali Khan, Chief Commissioner (Afghan Refugees).
7. Mr. Zaibullah Khan, Chief Commissioner (Afghan Refugees).
8. Mr. Muhammad Ihtesham Khan, Secretary (C&W Deptt. NWFP)
9. Mr. M. Afzal Shigri, Commandant (FC)
10. Mr. Asif Ali Shah, Deputy Commandant (FC).
11. Mr. Muhammad Afzal, Chief Engineer (C&W Deptt. NWFP)
12. Mr. Samin Jan Babar, Chairman (FATA DC).
13. Mr. Muhammad Irshad Swati, Additional Secretary Finance (NWFP).
14. Mr. Abdus Sattar Khan, Section Officer (F&A).

1904. The Principal Accounting Officer informed the Committee that he is the Principal Accounting Officer of only one third of the Budget allocation as two third of the allocation is directly placed at the disposal of NWFP Government for FATA Development and the expenditure is not controlled by him. The Committee declared that the Principal Accounting Officer is responsible for the entire grant and recommended that the entire expenditure of the grant should be controlled by the Principal Accounting Officer and the funds for development expenditure of FATA should be routed through the Secretary, States and Frontier Regions Division by the Finance Division with effect from the next financial year. The issue should be resolved by the Principal Accounting Officer

with the Finance Division.

AUDIT REPORT (CIVIL) (VOL-I-1988-89)

1905. **Non adjustment of outstanding stores worth Rs.1,178,350 (Para 5, page 96-AR)**- Audit pointed out that stores worth Rs.1,178,350 issued to various contractors during 1982-83 to 1987-88 remained outstanding till March, 1990 for execution of civil works in the FATA Regions for the supply of cement, machinery and stores of certain suppliers and other Divisions from June 1978 to March 1986 remained outstanding till March, 1990.

1906. The Committee was informed that some amounts have been received from the factories and the balance amount is under correspondence with the factories concerned. On the request of the department, the committee directed to recover the balance amount within three months.

1907. **Outstanding dues of Rs.1,901,765 (Para 6, page 96-AR)**- Audit reported that Rs.1,901,765 were paid in advance for executing civil works in the FATA Regions of NWFP on behalf of States and Frontier Regions Division (three Division of C&W department) for the supply of cement, machinery and stores of certain suppliers and other Division from June, 1978 to March, 1986 but remained outstanding till March, 1990.

1908. The Division replied that in Miran Shah Division cement was erroneously shown against Mustekham Cement Factory which was actually received from D.G Khan Cement Factory and the adjustment of Rs.249,630 has been made and nothing is outstanding.

1909. The case relating to Tank Division is under active hearing in the Sindh High Court in connection with the wreckage of 20 Nos. Chinese Road Rollers in the ship which sank underway to Pakistan. Out of Rs.1,901,765, Rs.659,160 pertained to C&W Division Mohmand Agency against which a sum of Rs.428,969 has been received from the factories concerned. The balance amount of Rs.230,190 is under correspondance with the factories concerned.

1910. The Committee was not satisfied with the explanation given by the department and directed the Principal Accounting Officer to recover the outstanding amount within three months.

1911. **Non-accounting of Rs.172,028 (Para 7, page 97-AR)**- An amount of Rs.172,028 was drawn from UNHCR funds during January, 1988 to November, 1988 in the office of the Assistant Commissioner (Edu) Afghan Refugees, Thall which were neither accounted for in the cash book nor vouchers of payment were produced to Audit. The funds were mis-appropriated.

1912. The Division replied that an enquiry was held in the case and it was reported that Mr. Fayyaz Khan, Ex-Assistant Commissioner (Edu) Afghan Refugees, Thall came on deputation from Education department was responsible for mis-appropriation of Rs.143,838. The department representative informed that some money has been recovered and an amount of Rs.88,000 is outstanding. The officer retired from Government service in 1994.

1913. The Committee clarified that responsibility had been fixed after enquiry. The amount should have been recovered immediately thereafter. The amount should be recovered from Mr. Fayyaz Khan, if not possible it should be recovered from the officer who was responsible for non-recovery, the head of the department who cleared his pension. It should be done within three months.

(i) **Outstanding against other Divisions Rs.402,324 (Para 8, page 97-AR)**
(ii) **Overpayment of Rs.1222,471 (Para9,page 97-AR**
(iii) **Overpayment of Rs.86,640 (Para 10, page 97-AR)-**
(iv) **Loss of Rs.81,264 due to non acceptance of lowest rates (Para 11, page 98-AR)**
(v) **Overpayment of Rs.49,553 to a contractor due to allowing enhanced rates (Para 12, page 98-AR)**
(vi) **Less recovery of road roller charges Rs.41,344 (Para 13, page 99-AR)**

1914. The above paras were settled by the Committee as Audit verified that required action had been taken by the department.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1998-99)

FATA Development Corporation.

1915. **Working results of FATA DC (Para 908, page 631-ARPSE):-** The accounts of the Corporation for the year 1988-89 were received late as such could not be included in the ARPSE for 1988-89. However, the same were included in the Audit Report for the year 1989-90.

1916. The departmental representative requested that Audit should not insist to submit the accounts duly audited by the chartered Accountants because eight out of eleven industrial units have been disposed off and the remaining three have been closed.There is no income.The Committee allowed the department to submit the accounts through Government Audit without involving Chartered Accountants.

1917. **Loss of Rs.523,129 due to purchase of tubewell material at higher rates (Para 909, page 632-ARPSE)-** FATA development Corporation suffered a loss of Rs.523,129 on the purchase of tubewell material at excessive rates. The Committee directed the department to settle the issue with Audit. The para may be treated as settled if there is no objection by Audit.

1918. **Blockage of funds of Rs.420,992 due to unnecessary purchase of electric cable (Para 910, page 632-ARPSE);-** FATA Development Corporation (Industries Wing) purchased electric cable valuing Rs.420,992 in 1977. The material could not be consumed till 1990. The department representative intimated that the cables have already been used. The para was, therefore, settled by the Committee with the directive to avoid such irregularity in future.

(i) **FATA Bara Cigarette Factory (Para 911, page 634-ARPSE)**
(ii) **FATA Kurram Fruit Products (Para 913, page 635-ARPSE)**
(iii) **FATA Mir Ali Looms Unit (Para 917, page 637-ARPSE)**
(iv) **FATA Mohmand Glass Factory (Para 919, page 638-ARPSE)**
(v) **FATA Mullagori Marbles Factory (Para 921, page 639-ARPSE)**
(vi) **FATA Oil Expelling and Refining Unit (Para 923, page 640-ARPSE)**
(vii) **FATA South Waziristan Footwear and Leather Goods Industries (Para 925, page 641-ARPSE)**
(viii) **FATA Tochi Valley Match Factory (Para 929, page 643-ARPSE)**

1919. The Federally Administered Tribal Areas Development Corporation, Peshawar established certain industrial units in Tribal Area from 1972 to 1980. The units were subsequently closed down due to uneconomical results and operational problems. The Government investment in these units was about Rs.114,59 million whereas the accumulated loss as on June 30, 1994 stood at Rs.36.373 million. The Public Accounts Committee in its meeting held on July 19, 1990 directed the Division to operate those units which earn profit and others be disposed off by auction.

1920. The departmental representative informed the Committee that eight units have been sold and three are left. No loan is outstanding against these factories. The Committee did not press any more.

1921. **(Paras 912, 918 & 922, pages 634,637 & 643-ARPSE):-** Lease money amounting to Rs.5.760 million Rs.0.379 million, Rs.12.573 million and Rs.1.760 million are outstanding against lessees on account of leasing out Bara Cigarette Factory, Mir Ali Looms Unit and FATA Mullagori Marbles Factory. The cases of recovery are in the court of law.

1922. The departmental representative stated that efforts are being continued to recover the amounts from defaulters. The defaulters say that they cannot make payments as they have faced losses. The case is also sub-judice. the Committee directed the department to recover the amounts through Political Agent.

1923. **FATA South Waziristan footwear & Leather Goods Industries (Para 926, page 641-ARPSE):-** Advances, deposits and prepayments amounting to Rs.8.774 million were outstanding since long. The Ministry intimated that the Management committed irregularities in allowing unsecured advances, was also involved in other corruption cases and tried by Military courts and convicted to various terms of imprisonment. No recovery could be made due to bad debts. The period of imprisonment was increased as the defaulters could not make payment of fines. The Committee, therefore, settled the para.

1924. **FATA Tochi Valley Match Factory (Para 930, page 643-ARPSE):-** The advances to suppliers amounting to Rs.249,000 are outstanding against certain suppliers since long and the chances of recovery are remote as the parties are stated to be reluctant to pay and have put counter claims. The Committee directed to settle the case out of court on give and take basis under intimation to the Audit.

1925. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the States and Frontier Regions Division. These would be treated as settled subject to any action as may be necessary under the rules.

1926. The Committee thereafter, adjourned sine-die.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 14th July, 1996.
Thirty-ninth Sitting (PAC).

1927. The Public Accounts Committee assembled at 11.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee

1.	Rao Muhammad Hashim Khan,MNA	Chairman.
2.	Mr. Hamza,MNA	Member.
3.	Syed Abbas Shah,MNA	Member.
4.	Mr. Miangul Aurangzeb,MNA	Member.
5.	Sahibzada Muhammad Nazeer Sultan,MNA	Member.

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary(PAC).
3. Mr. Abdul Aziz, Officer on Special Duty(PAC).
4. Mr. Abdul Saleem Sheikh, Section Officer(PAC).

Audit.

1. Mr. Muhammad Usman, Deputy Auditor General (GA).
2. Mr. A.R.Arif, Accountant General Pakistan Revenues.
3. Mr.Ali Akbar Qureshi, Director General (GA).
4. Mr. U.A. Raza, Director General (CA).
5. Mr. Badshah Gul, Director General Audit(FG).
6. Mr. Muhammad Nazir Bhatti, Assistant Accountant General.
7. Mr. Haque Nawaz Director Foreign Audit.
8. Mr. Javaid Jahangir, Director PEC, Lahore.
9. Mr. M. Ishaq Satti, Accounts Officer.
10. Mr. Najam Iqbal, Accounts Officer.
11. Mr. M. I. Shahid, Accounts Officer.

Ministry of Finance and Planning & Development Division.

1. Mr. A. Ghafoor Mirza, Additional Secretary (Budget).
2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Yawar Zia, FA (Labour and Manpower).
4. Mr. Abdul Hayee, DFA (Labour and Manpower).
5. Dr. Ataullah Kalim, Director, Projects Wing, P&D Division.
6. Mr. Muhammad Aslam, Accounts Officer(Budget).

1928. **Accounts examined**- Accounts pertaining to the following Divisions were examined by the Committee during the meeting:-

1. Labour Division.
2. Manpower and Overseas Pakistanis Division.

LABOUR DIVISION

1929. The Committee took up for its examination the Appropriation Accounts, Audit Report pertaining to Labour Division. The following departmental representatives were present:-

1. Mr. A.Z. K. Sherdil, Secretary
2. Mr. Najamuddin Najmi, Director General (DW).
3. Mr. Muhammad Rafique Urfat, Deputy Secretary.
4. Mr. Muhammad Bashir, Section Officer (F&A).
5. Mr. Fayyaz-ur-Rehman, Secretary, WWF.
6. Mr. Khalique Ahmad Khan, Joint Secretary.
7. Mr. S. Barkatullah, Chairman, EOBI.
8. Mr. Shahid Nawaz, M.D. OPF.
9. Mr. M.Y. Bhutter, Director Finance (OPF).
10. Mr. Irfan Hussain, Financial Adviser, EOBI.
11. Mr. Goher Yaqoob Yousaf Zai, Member, NIRC.
12. Mr. Mumtaz Hussain, Admn. Officer, NIRC.
13. Mr. Abdul Matin, Admn, Officer, ITNE.
14. Mr. M. Ashraf Cheema, Director General, NTP.
15. Syed Mehr Badshah, Director General (BE&OE).
16. Mr. Falak Sher Director (HRD) Projects.

1930. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Labour Division.	103
2.	Other Expenditure of Labour Division.	104
3.	Development Expenditure of Labour Division.	167

APPROPRIATION ACCOUNTS (CIVIL) (VOL-1-1988-89)

1931. **Grant No.103-Labour Division (Pages 346-347-AA)**- In addition to an excess amount of Rs.694,911 the department also surrendered an amount of Rs. 173,646 increasing the excess to Rs.868,557. The Public Accounts Committee approved the excess expenditure with the direction to be careful in future.

1932. **Grant No. 104-Other Expenditure of Labour Division (Pages 348-349-AA)-** An amount of Rs.205,510 was surrendered in time leaving a saving of Rs.39,758,493. The Public Accounts Committee regularized the saving with the direction the amount should be surrendered in time and no explanation will be accepted in future.

1933. **Grant No. 167 Development Expenditure of Labour Division (Pages 351-352-AA)-** The grant closed with a saving of Rs.6,161,463 after the Ministry had surrendered an amount of Rs.6,352,616 in time, which is more than the actual saving converting the grant into an excess of Rs.191,153. The Public Accounts Committee approved the saving.

ACTIONABLE POINTS 1985-86

1934. **Special Study Report on Workers Welfare Fund(Grant No.97-Other Expenditure of Labour Division(Page 241-AA-85-86) (Items 1-2-AP-85-86)-** In Compliance with PAC directive performance Audit of Worker Welfare Fund falling under purview of Directorate General Audit (Federal Government) has been conducted and report has been presented before the PAC.

1935. Despite detailed discussion, the Public Accounts Committee was not satisfied with the explanation given by the Division and constituted an Inter-departmental Committee comprising Mr. Yawar Zia, Financial Adviser, Labour Division, Mr. Badshah Gul, Director General Audit (Federal Government) and Raja Khalique Ahmed Khan, Joint Secretary, Labour Division to go into more details, determine the reasons for the irregularity and submit report to the PAC within four months.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

Employees Old-Age Benefits Institution

1936. **Working results of EOBI(Para 455,pages 364-365-ARPSE)-** Audit informed the Committee that the Employees Old-Age Benefit Institution came into being under "the employees old-age benefits Act-1976". The affairs of the Institution are merged by a Board of Trustees whose members are nominated by the Government. The Board is authorized to realize 5% of the wages of each employee drawing wages upto Rs.1500 per month from the employees of an industry or establishment other than these exempted from the application of this act. The fund so created and the income generated out of its investments has to be utilized against old-age pension/grant and survivors, pension payable to he registered employees of the Institution. The financial position of the Institution seems to be satisfactory.

1937. The departmental representative informed the Committee that we have registered 32,101 employees. They also informed the Committee that there are more than 50 lacs employees in private firms. It is actually rural and urban sector statistics.The Public Accounts Committee did not press any more and para was dropped.

1938. **Loss of contribution of Rs.16.111 million due to non-registration of employees(Para 457, page 366-ARPSE:-** Audit informed the Public Accounts Committee

that EOBI is a very large number of Industrial units had not been registered although these are working with ten or more than ten employees. Taking a sample of 150 units having a total of 2406 employees. Audit worked out that, if these units had been registered with EOBI since 1976 the Institution would have received 12 years contribution to the extent of Rs.16.111 million at the existing contribution rate. The departmental representative intimated that 13 parties remained untraced out of 150 units.

1939. Audit stated if the Ministry had taken prompt and vigilant action in the beginning to trace out these units and get them registered, the loss could have been avoided/minimized. The Public Accounts Committee did not press any more and dropped the para.

1940. **Irregular direct appointment of officers/officials (Para 458, page 367-ARPSE)-** Audit pointed out that 59 officers were appointed in EOBI directly without following the prescribed procedure. The management has admitted irregularity which was subsequently got condoned by Board of Trustees and Labour Division. On the recommendation of Audit, the para was dropped by the PAC.

ACTIONABLE POINTS 1987-88

1941. **Working results of EOBI (Para 388, page 243-ARPSE) (Item 4-AP-87-88)-** Audit informed the Committee that while expressing satisfaction over the improvement of working results of the Institution, the Committee expressed the hope that the administrative expenses would be kept under control and advised to ensure reconciliation of accounts and physical verification of fixed assets.

1942. The departmental representative informed the Committee that we accepted Audit point of view and we have done reconciliation. Assets register is being updated. Audit accepted the reply given by the department and the para was dropped by the PAC.

1943. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Labour Division. These would be treated as settled subject to any action as may be necessary under the rules.

MANPOWER AND OVERSEAS PAKISTANIS DIVISION

1944. The Committee took up for its examination the Appropriation Accounts, Audit Report pertaining to Manpower and Overseas Pakistanis Division. The following departmental representatives were present:-

1. Mr. A. Z. K. Sherdil, Secretary
2. Mian Mohammad Jamil, Joint Secretary.
3. Mr. M. Aslam Khan, Deputy Secretary.
4. Mr. Muhammad Zafarullah Khan, Managing Director (OEC).
5. Mr. Sher Akbar, Director General (NTB).
6. Mr. S.H.A. Bukhari, Director General (NILAT).
7. Mirza Shahid Baig, Director (NILAT).

8. Mr. Muhammad Javaid, Deputy Director.
9. Mr. Ashiq Hussain, Deputy Director (NTB).
10. Mr. Arifullah Khan, Assistant Director (NTB).

1945. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Manpower and Overseas Pakistanis Division	105
2.	Development Expenditure of Manpower and Overseas Pakistanis Division.	168

APPROPRIATION ACCOUNTS (CIVIL)(VOL-1-1988-89)

1946. **Grant No. 105-Manpower and Overseas Pakistanis Division (Page 350-AA)** An excess amount of Rs.4,512,943 which is required to be regularized. The departmental representative stated that the total excess has been only Rs.13,79,943 and we request to regularize the excess expenditure. The Committee regularized the excess expenditure.

1947. **Grant No. 168-Development Expenditure of Manpower and Overseas Pakistanis Division (Pages 353-354-AA)-** The department was surrendered an amount of Rs.3,989,695 increasing the excess to Rs.6,431,010. The Committee made no observation.

ACTIONABLE POINTS 1985--86

1948. **Huge Financial Irregularities in National Training Bureau (Para 5, pages 94-95-AR-85-86)(Item I-AP-85-86)-** The para was discussed in PAC meeting held on 23-05-1989. The PAC directed that an enquiry Committee should be set up to investigate and report as to why the process of establishing the facts and finalizing action against an officer, who was being held responsible for very serious mal-practices, has not been initiated by the Division.

1949. The departmental representative stated that the delay in finalization of the case was that the officer concerned on having been charge sheeted on 21-5-1987. He was charge sheeted again and another inquiry was conducted against him. In the second inquiry that officer was held responsible for Government loss and minor penalty of stoppage of increments and recovery of loss of Rs.521,242 was imposed on him. Against these penalties, the officer had lodged an appeal in the Federal Services Tribunal who exonerated him from the penalty imposed by the second inquiry Committee. The recovery case is pending against the contractor in the Civil court. The amount could be recovered from the contractor who violated the contract agreement and not from the appellant who was not at fault.

1950. The Public Accounts Committee directed the Principal Accounting Officer to pursue the civil/criminal cases in the courts and decisions may be got expedited.

ACTIONABLE POINTS 1987-88

1951. **Loss of Rs.143,806 in payment of Rent of a vacant Residence (Para 1, pages 110-111-AR-87-88)(Item 3-AP-87-88)**- The Public Accounts Committee directed in its meeting held on 29-7-1992 that the investigation may be held to fix responsibility for the loss due to payment of rent of a vacant residence and necessary action be taken against the person responsible for this avoidable infructuous expenditure. The Committee also directed that names of people involved in loss to public exchequer may be published.

1952. The departmental representative explained that under the direction of PAC, we held an inquiry. As a result of inquiry no irregularity was found by the inquiry Committee. The PAC was satisfied with explanation given by the department and para was dropped.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

1953. **Overseas Employment Corporation Limited (Para 454, page 363-ARPSE)**- Audit informed the Public Accounts Committee that we have two observations about the working of the organization, first they never prepared their accounts in time and they are always behind the schedule. Second,- we analysed the accounts of the organization from the year 1987-94, the trend except two years 1991-92 and 1992-93, the operating expenses have always been more than the income. The departmental representative explained the observation made is very valid. For the last two years the Corporation has been showing a profit, now the Corporation has assets and it is trying to employee more than the target fixed annually and it is expected that in the coming years the target will be achieved. The PAC had no comments and para was dropped.

Overseas Pakistanis Foundation

1954. **(Paras 459-460,pages 368-369-ARPSE)**- Audit pointed out that expenditure of the Overseas Pakistanis Foundation is always in excess of the income. The departmental representative explained that the funds of the organization were subjected to income deduction, which was not done earlier. The Government of Pakistan decided that OPF Funds should be taxed. I think being a welfare organization this should more have been taxed. They were taken away as Taxes which are still contesting with the CBR but no decision has been taken on that. It is not Government money, It is a money we hold as a trust for the overseas Pakistani workers. If you reduced Rs.492 million from the fund then interest income should be reduced. The PAC did not press any more and the para was dropped.

1955. **(Para 461, page 369-ARPSE)**- The PAC while examining the accounts for the year 1987-88 on July 29, 1992 conveyed its displeasure on the acquisition of the sick project of Kaghan Brick Project Limited by the Foundation and formed a Sub-Committee.The Sub-Committee has submitted its report and suggested that the unit may be dis-invested.

1956. The departmental representative intimated that our department and Ministry thoroughly examined this case and there were several reasons why liquidation was not thought to be the right thing. We have found a solution and in this way the organization will benefit because it will recover its investment and the workers will be paid a Golden Handshake so they will also be compensated.The PAC made no comments and para was dropped.

1957. **(Para 462, page 369-ARPSE)-** Audit pointed out that there was no proper system of management of the welfare funds from the receipts to the deposit in the accounts and the Ministry had suggested for the direct collection of the welfare funds into the designated bank branches.

1958. The departmental representative informed the Committee that they are right, the collection procedure was not very foolproof and with the result that they could not reconcile in time to recover the amount but now they have given this task to about 350 Branches which include 150 branches by the Habib Bank, 150 Branches by the Allied Bank and 50 Branches of the National Bank. So now the reconciliation and the actual receipts will be quite updated and foolproof and there will be no leakage and they will have updated accounts. The Public Accounts Committee appreciated their work and settled the para.

1959. **(Para 463, page 369-ARPSE)-** Audit pointed out that OPF Girls College operating results have not been incorporated in the accounts of OPF. Moreover, the accounts of OPF Girls College have not so far been presented to Audit for scrutiny.

1960. The departmental representative replied that the OPF College was established initially by outright grant by the OPF, but now the OPF College is governed by a separate Board of Governors. The Secretary, Ministry of Labour is the Chairman of the Board of Governors. They have their own accounting procedure. The PAC made no comments and para was settled.

1961. **Extra Expenditure of Rs.17.215 million and blockage of funds of Rs.5.847 million in the purchase of land due to ill planning Housing Scheme at Lahore (Para 465, pages 370-371-ARPSE)-** Audit informed the Committee that the OPF was planned certain Housing Societies for the Overseas Pakistanis and their has been an extra expenditure of Rs.17.25 million in planning the Societies. If they got this land in 1981, the price of land would be cheeper.

1962. The departmental representative stated that the OPF decided for planning a Housing Colony in 1981 but unfortunately that Scheme was dropped. After that in 1982-83 we again planned a House Colony at Multan Road Lahore was not finalized also. In 1986 we planned a Housing Scheme at Raiwind Road, Lahore and this Scheme was under process. Audit pointed out that OPF bought the land at higher rate. The PAC was satisfied with the explanation given by the Ministry and the para was dropped.

1963. **Extra expenditure of Rs.15.151 million due to non-execution of contract with the lowest bidder (Para 466, pages 371-372-ARPSE)-** Audit reported that the lowest rate of Rs.18.372 million quoted by the bidder was not accepted by the Managing

Director and again decided to retender. In response the lowest rate quoted was Rs.33.473 million. The Foundation incurred extra expenditure of Rs.15.151 million. Audit was not satisfied with the rates accepted by the Foundation.

1964. The PAC directed the Principal Accounting Officer to verify the rates prevailing at that time and report the facts to the Committee within two months.

1965. **Blockage of funds amounting to Rs.5.571 million due to inadequate feasibility study for Turbat Housing Scheme (Para 467, page 372-373-ARPSE)-** Audit reported that the Foundation planned a Housing Scheme in Turbat with 366 residential plots and they paid Rs.5.571 million for the development. But they sold 13 plots only, so the funds was blocked unnecessarily for a Housing Scheme which had no buyer.

1966. The departmental representative stated that the Housing Scheme turbat was undertaken by the OPF and they thought a large number of people from this area were going to Gulf and this Scheme will sell like a hot cakes. But for various reasons they did not attract many potential investors. OPF also found it very difficult to maintain that Scheme at such a far flung place. The Committee directed that the OPF will be compensated and the amount will be well utilized.

1967. **Wasteful expenditure of Rs.16,490 on planning and designing of a covered swimming pool at OPF girls college, Islamabad (Para 468, page 373-ARPSE)-** The PAC was satisfied with the explanation given by the department and para was dropped.

Kaghan Brick Works Limited.

1968. **Working results of the works for the last four years (Para 469, pages 374-375-ARPSE)-** Audit presented the working results of the works for the last four years before the Committee. The Committee was satisfied with the explanation given by the Ministry and para was dropped.

1969. **(Para 470, page 375-ARPSE)-** This is about the physical verification of the assets, Audit informed the Committee that the department have done it. The para was dropped by the Committee.

1970. **(Paras 471, 472 & 473, page 375-ARPSE):-** The Committee was satisfied with the explanation given by the deparment and dropped these paras.

ACTIONABLE POINTS 1986-87

Overseas Employment Corporation (Pvt) Limited.

1971. **Working results of the Corporation (Paras 273-276, page 204-ARPSE)(Item I-AP-86-87)-** Audit reported that the latest picture is that upto March 1996 they have Rs.26 million as profit, which is satisfactory progress. OEC should improve its financial viability. The Committee appreciated excellent work of the OEC and settled the para.

Kaghan Bricks Works Limited

1972. **Working results of the Company (Paras 280-283, pages 206-207-ARPSE) (Item 2-AP-86-87)-** The PAC was satisfied with the explanation given by the Ministry and para was dropped by the Committee.

ACTIONABLE POINTS 1987-88

Overseas Pakistanis Foundation.

1973. **Overpayment of Rs.105,551 on account of inadmissible pay and allowances to the deputationists (Para 46, page 73-ARPSE) (Item 4-AP-87-88)-** The PAC in its meeting held on July 29, 1992 constituted a Committee to fix responsibility for allowing higher grades to deputationists and recommended how recoveries from persons held responsible be made.

1974. The Committee in its report held that as those officers directly responsible for the irregularity have retired and no recoveries are possible from retired officers under the law. The para was settled by the Committee.

1975. **(Para 395, page 245-ARPSE)(Item 5-AP-87-88)-** The PAC in its meeting held on July 29, 1992 endorsed the view point of Finance Division that corporation should pay all the Government dues in time.The departmental representative stated that corporation has fully cleared its liability on July 5, 1992. The Committee did not press more and the para was settled.

1976. **Loss of Rs. 8.001 million due to ignoring the lowest bid for construction work (Para 47, page 74-ARPSE)(Item 6-AP-87-88)-**The PAC in its meeting held on July 29, 1992 desired that Committee's displeasure be conveyed to the person responsible including the then Minister and Managing Director. The Ministry has intimated that S. Iqbal Imam, the then Managing Director, OPF had already expired.The Committee made no comments and para was settled.

1977. **Loss of Rs.3.157 million due to ill-planned scheme of travel service (Para 48, page 48-49-ARPSE)(Item 7-87-88)-** Audit pointed out that the OPF incurred a loss of Rs. 3.157 million on ill-planned travel service which was started in 1981 with 50 wagons and was closed after incurring heavy operational losses. The Committee expressed its displeasure on it. The Ministry has intimated that displeasure has been noted by the department for future compliance.The para was settled by the Committee.

1978. **Irregular placement of furniture and fixture for Rs.193,908 at the residence of Chairman (Para 49, pages 75-76-ARPSE) (Item 8-AP-87-88)-** The Committee directed the department to supply the copies of that report to the PAC members.

1979. **(Para 402, page 247-ARPSE)(Item 12-AP-87-88)-** The PAC in its meeting held on July 29, 1992 advised the Principal Accounting Officer to submit a comprehensive report to the Committee about land purchased by OPF in various cities.

1980. The Ministry has furnished a copy of OPF internal memo dated Sep 2, 1992 attaching details of OPF Housing Scheme.The Committee was not satisfied with the explanation given by the Ministry and directed to furnish legible and latest report to the Committee within one month.

(i) **Loss of Rs.10.490 million due to excess consumption of natural gas(Para 52,pages 77-78-ARPSE-87-88)(Item 13(i)-AP-87-88)**

(ii) **Blockage of Capital of Rs.2.543 million due to ill-planned and incomplete construction of kiln (Para 53,pages 78-80-ARPSE) (Item 13 (ii)-AP-87-88)**

(iii) **(a) Loss of Rs.213,500 due to unadjusted payment of discount on sale of 305,000 bricks (b) Unjustified allowance of discount of Rs.1.657 million on sale of bricks (Para 54,pages 80-81-ARPSE)(Item 13(iii)-AP-87-88)**

(iv) **(Paras, 398, 404, 405 and 407, pages 246-248-ARPSE-87-88) (Item 13(iv)-AP-87-88)**

1981. Audit reported that PAC had appointed a Sub-Committee to examine individual cases reported by Audit and what action may be taken, the Sub-Committee submitted its report. On the recommendation of Audit the above paras were settled by the Committee.

PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (VOL-IX-B) 1990

Overseas Pakistanis Foundation Islamabad.

1982. **Performance Evaluation Report on OPF (Paras 1.1 to 11, pages 53-59-PEPE)**-Audit presented Performance Evaluation Report on OPF to the Committee. Despite detailed discussion, the PAC directed the Chairman, OPF that the report of Audit be considered by the Board of Governors and the decision taken by the Board be communicated to the PAC within six months.

1983. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Manpower and Overseas Pakistanis Division. These would be treated as settled subject to any action as may be necessary under the rules.

1984. The Committee then adjourned to meet again at 10.00 A.M. on Tuesday, the 16th July, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 16th July, 1996.
Fortieth Sitting (PAC).

1985. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No. 2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan,MNA	Chairman.
2.	Mr. Hamza,MNA	Member.
3.	Mr. Hamid Nasir Chattha,MNA	Member.
4.	Sahibzada Muhammad Nazeer Sultan,MNA	Member.
5.	Mr. Miangul Aurangzeb,MNA	Member.

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary(PAC).
3. Mr. Abdul Aziz, Officer on Special Duty(PAC).
4. Mr. Abdul Saleem Sheikh, Section Officer(PAC).

Audit:

1. Mr. S. K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor General (GA).
3. Syed Mujahid Hussain, Deputy Auditor General (A&P).
4. Mr.Ali Akbar Qureshi, Director General (GA).
5. Mr. U.A. Raza, Director General (CA).
6. Mr. Badshah Gul, Director General Audit(Federal Government).
7. Mr. Iftikhar Ahmad Mir, Director Audit, Industries, Supply & Food, Karachi.
8. Mr. Javaid Jehangir, Director (PEC).
9. Mr. M. Ibrahim Rajput, Deputy Director (CA).
10. Mr. Abdul Razzaq Awan, Deputy Director (PEC).
11. Mr. Abdul Rauf Khan, Assistant Director, Industries, Supply & Food, Karachi.
12. Mr. Najam Iqbal, Accounts Officer.
13. Mr. M. I. Shahid, Accounts Officer.
14. Mr. Mazhar Ali Khan, Accounts Officer (PEC).
15. Mr. M. Ishaq Satti, Accounts Officer.

Ministry of Finance and Planning & Development Division.

1. Mr. A. Ghafoor Mirza, Additional Secretary (Budget)

2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Ziauddin Ahmad Malik, Financial Adviser (L&P).
4. Mr. Muhammad Aslam, Accounts Officer(Budget).
5. Dr. Attaullah Kalim, Director (Projects) Planning & Development Division.

1986. **Accounts examined-** Accounts pertaining to the Ministry of Industries (Deferred Accounts) were examined by the Committee during the meeting.

MINISTRY OF INDUSTRIES
(Deferred Accounts)

1987. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Ministry of Industries which were deferred on 2-2-1993. The following departmental representatives were present:-

1. Mr. Aftab Ahmad Khan, Secretary.
2. Mr. K.B.Rind, Joint Secretary (Admn).
3. Mr. Mukhtar Haider Shah, Deputy Secretary.
4. Mr. S.N. Abbasi, Director General (Supply)
5. Mr. Muhammad Sadiq Ali Khan, Managing Director (USC).
6. Mr. Manzoor Ahmad Mallal, Deputy Secretary (M/O Health).
7. Ch. A. A. Mujahid, Director Malaria (M/O Health).
8. Brig (R) Sajjad Hussain Abbasi, Director Finance (GCP).

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89).

1988. **Excess consumption of Sui Gas valuing Rs.4.695 million (Para 355, page 300-ARPSE)-** Audit informed the Public Accounts Committee that M/S A&B Industrial Gases Ltd. Multan had consumed Sui gas in excess of the standard valuing Rs.4.695 million fixed by the GCP during the year 1986-87 to 1987-88 inspite of incurring expenditure of Rs.160,867 to control the problems of excess consumption. The Ministry attributed the old boiler as the main causes of excess consumption of gas.

1989. The departmental representative replied that the position which has been stated is correct. But, the reason is that these units were nationalized in 1973 and they inherited these two boilers which were old and defective. The repairs and modifications could not be carried out in 1989 and that is why this excess consumption of Gas took place. Then we came to know that the privatization is not taking place for the remaining unit so the boilers were changed. Ministry also replied that out of 26 units, 16 units of GCP have been privatized and the production of these ten unit is given to the utility stores. The utility stores cover about 8% requirement of the public. There is two hundred crores rupees subsidy for these ten units.

1990. The PAC was not satisfied with the explanation given by the Ministry and constituted a Sub-Committee under the Chairmanship of Sahibzada Muhammad Nazeer Sultan,MNA, comprising Mr. Ziauddin Ahmed Malik, Financial Adviser, Ministry of

Industries and Mr. M.Ismail Maarif, Joint Secretary, Ministry of Industries to examine the above case and report submit to the PAC within three months.

1991. **E.M.Oil Mills and Industries Limited (Para 378, Pages 310-311-ARPSE):-** Audit pointed out that payment of bonus amounting to Rs. 6.249 million in 1988-89 to the staff was irregular.The Ministry intimated that the Industrial units are covered under IRO and in 1983 GCP did not allow bonus and this matter went to NIRC. NIRC gave an award that according to practice, GCP should pay bonus to the workers. The PAC directed Audit to verify the facts, check the relevant record and submit the report to the PAC.

1992. **Kakakhel Industries Limited (Para 386, Pages 315-316-ARPSE):-**Audit Pointed out that payment of incentive discounts to the distributors amounting Rs.7.252 million was not justified.The departmental representative intimated the reason that the sales were going down and this was given as an incentive. Similarly, another reason is that the public sector at that time was selling the oil at a cheaper rate. The Board of Directors approved it and that is competent Authority. The PAC directed Audit to verify the facts and report to the PAC.

1993. **Kohinoor Oil Mills Limited (Para 396, Page 320-ARPSE):-**Audit informed the Public Accounts Committee that the payment of bonus to the staff was irregular as the unit sustained a net loss of Rs.6.551 million during the year 1988-89. The departmental representative intimated that this was granted on account of the NIRC decision. The PAC directed the Audit to decide the issue in consultation with Finance Division.

1994. **Universal Oil and Vegetable Ghee Mills Limited (Para 422, Page 339-ARPSE)-** Audit pointed out that the payment of trade discount amounting to Rs.4.081 million during the year 1988-89 was not justified as the sales decreased. The departmental representative intimated the reason that the market was deregulated for the first time and lot of palm Oil was imported by the private sector and they were selling at cheaper rate. The PAC was not satisfied with the explanation given by the Ministry and constituted a Sub-Committee under the Chairmanship of Sahibzada Muhammad Nazeer Sultan, MNA comprising Mr. Ziauddin Ahmad Malik, Financial Adviser and Mr. M. Ismail Maarif, Joint Secretary, Ministry of Industries to examine the above case and report submit to the PAC within three months.

(i) **Irregular purchase of 16 kg tins valuing Rs.3.462 million (Para 425(i), page 340-ARPSE):-**

(ii) **Extra expenditure of Rs.187,000 (Approx) To purchase at higher rates (Para 425(ii), page 340-ARPSE):-**

1995. Audit reported that the Universal Oil and Vegetable Ghee Mills Ltd. Sheikhupura purchased 187,000 tins of 16 kg pack during 1987-88 on knock down condition at a total cost of Rs. 3.462 million for which prior approval of the purchase Committee was not obtained. Moreover, rates paid for these tins were also on the higher side which causes an extra expenditure of Rs.187,000 to the Mill. The departmental representative intimated that the case is lying with FIA, therefore, departmental action i.e. charge sheets framed against the Managing Director, Chief Accountant and Commercial Officer concerned was held in abeyance. The enquiry report was completed by the Ministry in March, 1989. Further progress of FIA is awaited.

1996. The PAC directed the Principal Accounting Officer to conduct a departmental enquiry and inform as to why the persons responsible for the losses were not departmentally punished. The Committee also directed the Ministry to expedite the above cases pending with FIA.

1997. **Avoidable expenditure of Rs. 225,986 on account of supply of electricity and Sui Gas in the Housing Colony (Para 426, page 340-341-ARPSE)-** Audit pointed out that M/S Universal Oil and Vegetable Ghee Mills, Sheikhupura incurred an extra expenditure of Rs.225,896 during the year 1987-88 on account of providing gas and electricity to the employees on fixed quantity as separate meters were not provided. The departmental representative intimated that the case was taken up with WAPDA for installation of separate meters in the housing colony. The WAPDA replied that the residential colonies alongwith the units will be charged under Tariff Act which is economical than the industrial connection. The departmental representative further stated that under the CBA agreement with WAPDA, the lower employees have the facility of free electricity.

1998. The PAC directed Audit to verify the agreement that the lower employees have been allowed free electricity.

(i) **(Para 327, pages 284-285-ARPSE)-**
(ii) **(Para 328, page 286-ARPSE)-**
(iii) **(Para 330, page 286-ARPSE)-**
(iv) **(Para 337(i)(ii),pages 289-290-ARPSE)-**
(v) **(Para 416, page 334-ARPSE)-**
(vi) **(Para 417, page 334-ARPSE)-**
(vii) **(Para 418, page 335-ARPSE)-**

1999. The above paras were settled by the PAC.

ACTIONABLE POINTS 1985-86

2000. **Audit Comments on Account of various units under Ghee Corporation of Pakistan(Paras 236, 239, 241, 242 244, 246, 249,253, 256, 260, 263, 265, 267, 269, 270, 271, 274, 275, 280, 281, 282, 283, 284, 285, 286, 287, 288,291-ARPSE(Item 1 & 2-AP 85-86)-** The paras were discussed by the PAC in its meeting held on 24-5-1989, wherein PAC emphasized the need for reducing accumulated losses and desired that a realistic position be brought before the Committee set-up by the Prime Minister. Further

the Corporation was advised by the PAC to consider adoption of signalling system developed by extra advisory cell.

2001. The departmental representative intimated that since most of units have been privatized, the adoption of signalling system may not help. The other units were going to be privatized but now that the decision of the Government is to stay with the ten units, we will go ahead and follow and improve their efficiency. The PAC did not press more.

2002. **Loss of interest amounting to Rs.55,131 due to delayed redemption of guarantee (Para 41, page 54-ARPSE) (Item 3-AP-85-86)-** The para was discussed by the PAC in its meeting held on 24-5-1989. The PAC had directed that inquiry report be made available to Audit. They conducted the enquiry and found that loss of Rs.34.985 pertains to the Siraj Ghee Mills. No action has been taken against the responsible officers.

2003. The departmental representative intimated after completion of inquiry it was observed that MD and Chief Accountant had been responsible for this delay but both officers had left GCP. So, no further action was possible. The PAC expressed its displeasure regarding the working of GCP and directed they should more vigilant in future.

ACTIONABLE POINTS 1985-86

2004. **Performance Audit Report on Malaria Control Programme (Para 8.3, page 131-AR-85-86)(Item 3-AP-85-86) (M/O Health)-** The PAC while discussing the accounts for 1985-86 of Ministry of Health, Special Education and Social Welfare, on 23rd February, 1988, desired to discuss the purchase of sub-standard/defective material worth Rs. 19,137,656 as pointed out in performance Audit Report of Malaria Control Programme, managed by the Ministry of Industries, with the Accounts of Ministry of Industries. Director General supplies intimated that these supplies were made in 1976 for malaria. All procedures were adopted, tenders were invited. They were scrutinized by us and again approvals were sought from the Ministry of Industries and then orders were placed to every internationally reputed firms. Pre-shipment inspections were made. The equipment they got was in safe and sound condition. After ten years, we received complaint that there was short supply or sub-standard supply.

2005. The Ministry of Health informed that there was some misunderstanding, the shipment came somewhere in May, 1976 and according to the procedure we have to get our supplies through department of supplies. We received complaints from Frontier and Punjab province in August 1976. There have been certain deaths due to the spray of the Malathene and when these reports came to us, we sent it to London Lab through WHO. They confirmed that the ingredients of the Malathene was not as per WHO standards. The Public Accounts Committee directed the Principal Accounting Officer to sort out the matter, fix responsibility and report the result to the PAC within one month.

2006. **Para 8.3 (1,2,3 & 6)(M/O Health)-** It was pointed out by Audit that according to World Health Organization specifications, sub-standard/defective material worth $ 1.577 million was purchased. The Ministry of Health stated that the sub-standard

quality became known directing its use and after its laboratory analysis and Director General Supplies was accordingly informed.

2007. Ministry of Industries has replied on 12.3.1989 that ingredients were supplied in May, 1976 and sprayed in June 1976. Some cases of intoxication and deaths were reported. The matter was reported to World Health Organization, their team investigated and samples were sent to Laboratory for testing Toxicity and determination of active ingredients. World Health Organization did not point out anywhere that the material was sub-standard or defective.

2008. The Public Accounts Committee directed the Principal Accounting Officer to sort out the matter, fix responsibility and report the result to the PAC within one month.

2009. **Para 8.3 (4) (M/O Health)-** Audit Pointed out the purchase of sub-standard cloth pair involving Rs.2,400,000. Ministry of Health has stated that 48,000 sets of protective clothing at a cost of Rs.2,400,000 were supplied during 1977-79 directly by Director General Supplies to the field and reports regarding their quality were received quite late.

2010. Ministry of Industries has replied that actual supply was of 16,000 sets of Khaki Shirts and 9,000 sets of Khaki Shalwar made of Poplin. Thus the total quantity was 25,000 pairs and not 48,000 pairs.

2011. The Public Accounts Committee constituted an Inter-departmental Committee under the Convenership of Mr. A. Ghafoor Mirza, Additional Secretary, Finance Division comprising Prof. Dr. Nek Muhammad Sheikh, Director General, M/O Health, Mr. S. N. Abbasi, Director General, Industries (Karachi) and Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit to look into the centralized procurement procedures of stores from Directorate General Supplies, Karachi and submit its report to the PAC within three months.

2012. **Para 8.3 (5)(M/O Health)-** Audit Pointed out that para 8.3 is also regarding sub-standard supply of Spranger Pumps. The PAC referred this issue to the above Inter-departmental Committee.

2013. **Para 8.3 (7)(M/O Health)-** Audit pointed out that this matter is also regarding sub-standard supply of the gloves. The PAC referred this matter also to the above Inter-departmental Committee.

ACTIONABLE POINTS 1986-87

2014. **Performance Audit Report of Department of Supplies (Pages 155-165) (Item 1-AP-86-87)-** Audit informed the Public Accounts Committee that the PAC had advised the Principal Accounting Officer in its meeting held on 25-11-1989 to discourage routine issuance of NOCs to individual departments. The department in their reply has informed that advise of the PAC was being followed strictly. The PAC did not press more.

2015. **Audit Comments on Ghee Corporation of Pakistan Limited (ARPSE-86-87)(Item 2-AP-86-87)**- The Committee in its meeting on 25-11-1989 had directed the Auditor General to prepare a comprehensive report on the procedure followed for

procurement/ import of major inputs like tins plates and oil by the Ghee Corporation of Pakistan. Audit submitted the report. The PAC did not press more and dropped the para.

ACTIONABLE POINTS 1987-88

2016. **Non-recovery of risk purchase amounting to Rs.7.28 million (Para 1, page 97-AR-87-88)(Item 1(i)-AP 87-88)**- The PAC in its meeting held on 9-7-1992 had directed the Finance Division to investigate whether responsibility for delay in filing a case for recovery of the amount of risk purchase and resultant loss lays with Ministry of Industries or Law and Justice Division. Ministry of Finance informed that a Council has been appointed and suit for recovery has also been initiated. No further progress has been received thereafter.

2017. The Public Accounts Committee directed the Principal Accounting Officer to take up the matter with the Law and Justice Division to finalize the case.

2018. **(Item 1 (ii)-AP-87-88):-** The Committee further directed in its meeting held on 9-7-1992 that Ministry of Industries to examine whether the case had not become time barred. The Ministry intimated that on receipt of court fee from Justice Division the Government Counsel has filed the recovery suit in the High Court of Sindh, Karachi on 19-8-1992. The Government Counsel has also informed that Government claims are not time barred and remain valid for sixty years. The Committee did not press more.

2019. **(Item 1 (iii)-AP 87-88)**- The Committee further directed in its meetings held on 9-7-1992 that Principal Accounting Officer to investigate whether contract was awarded to the firm after being black listed. The departmental representative stated that contract was placed on 25-11-1995, whereas the firm was black-listed on 26-10-1987. Audit has verified that black listing of the firm was done on 26-10-1987.The Committee dropped the para.

2020. **(Item 1 (iv)-AP 87-88):-** The Committee directed Audit to provide a list of cases involving recovery of public money through legal proceeding which were delayed by the Law and Justice Division. Audit informed the Committee that there is no case in supply department involving recovery of public money through legal proceeding delayed by Law and Justice Division. The PAC dropped the para.

2021. **Failure in exercising the proper Vigilance in the inspection of store (Para 2, page 98-AR-87-88)(Item 2-AP-87-88)**- The Committee settled the para subject to verification by Audit.

Ghee Corporation of Pakistan Seed Division.

2022. **Loss of Rs.98,212 due to non-recovery of receivable from ex-employees (Para 39, page 68-ARPSE)(Item 3-AP-87-88)**- Audit pointed out that the loss of

Rs.98,212 due to non-recovery of receivable from the ex-employees in the seed Division. After two years they referred the case to FIA and after three years a civil suit was filed. The departmental representative intimated that the case has been decreed in favour of the Seed Division but the decree has not been executed until now because there is no information about the attachable proprieties. Seed Division has been merged in Pakistan Oil Seed Development Board under the control of the Ministry of Food & Agriculture. Now Pakistan Oil Development is pursuing this case. The Committee did not press more.

Utility Stores Corporation of Pakistan (Pvt) Limited.

2023. **Working results of the Corporation (Para 277, page 199-ARPSE-87-88)(Item 4-AP-87-88)-** The Public Accounts Committee directed the Principal Accounting Officer to arrange detailed briefing on Utility Stores Corporation to the PAC members. The date and time for briefing will be intimated later.

Ghee Corporation of Pakistan (Pvt) Limited.

2024. **Names of 23 Ghee Units (ARPSE-87-88)(Item 5-AP-87-88)-** While discussing working results of 24 Ghee Units, the Committee observed that less ghee prices being charged by the Corporation in the face of higher market prices. The Committee referred the issue to the Sub-Committee constituted by the PAC under the Chairmanship of Sahibzada Muhammad Nazeer Sultan, MNA, comprising Mr. Ziauddin Ahmad Malik, Financial Adviser, Ministry of Industries and Mr.M.Ismail Maarif, Joint Secretary, Ministry of Industries to examine the above case and report to the PAC within three months.

2025. **E.M. Oil Mills and Industries Limited(Para 314, page,214-ARPSE-87-88) (Item 6-AP-87-88)-** Audit pointed out that E. M. Oil Mills paid Rs.4.953 million as bonus to the staff when they were already incurring persistent losses. The departmental representative intimated that E.M. Oil mills has certain problems. This is very bigger unit in Karachi. Labour cost is very high and four hundred people are working there. For these reasons it is not possible to convert it into profit. The PAC directed that we will make recommendation for privatization after the report comes.

2026. **Points not discussed to be treated as settled:-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Industries. These would be treated as settled subject to any action as may be necessary under the rules.

2027. The Committee then adjourned to meet again at 10.00 A.M. on Wednesday, the 17th July, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 17th July, 1996.
Forty-first Sitting (PAC).

2028. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan, MNA.	Chairman
2.	Mr. Hamza,MNA.	Member
3.	Syed Abbas Shah, MNA.	Member
4.	Sahibzada Muhammad Nazeer Sultan, MNA.	Member
5.	Maulana Abdul Ghafoor Haidari, MNA.	Member
6.	Mr.Miangul Aurangzeb, MNA.	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary (PAC).
3. Mr. Abdul Aziz, Officer on Special Duty (PAC).
4. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit:

1. Mr. S. K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General (GA).
3. Syed Mujahid Hussain, Deputy Auditor-General (A&P).
4. Mr. Ali Akbar Qureshi, Director General (GA).
5. Mr. S. M. Arif, Director General Audit, Defence Services.
6. Mr. U.A. Raza, Director General (CA).
7. Mr. M. Ibrahim Rajput, Deputy Director (CA).
8. Mr. Javaid Jehangir, Director (PEC).
9. Mr. Khurram Mahmood, Deputy Director Audit, Defence Services.
10. Mr. Abdul Razzaq Awan, Deputy Director (PEC).
11. Mr. Ziauddin, Deputy MAG.
12. Mr. Muhammad Rafiq, Deputy AMAG.
13. Mr. Asmatullah, Audit Officer, Defence Services.
14. Mr. Mazhar Ali Khan, Accounts Officer (PEC).
15. Mr. M. Ishaq Satti, Accounts Officer (PAC).
16. Mr. Najam Iqbal, Accounts Officer (AR-I).
17. Mr. M. I. Shahid, Accounts Officer(AR-III).

NATIONAL ASSEMBLY SECRETARIAT.

Thursday, the 18th July, 1996.
Forty-second Sitting (PAC).

2066. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1. Rao Muhammad Hashim Khan, MNA.	Chairman
2. Mr. Hamza, MNA.	Member
3. Syed Abbas Shah, MNA.	Member
4. Sahibzada Muhammad Nazeer Sultan,MNA.	Member
5. Mr. Miangul Aurangzeb,MNA.	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani,Secretary
2. Mr. Nawab Hussain,Deputy Secretary (PAC)
3. Mr. Abdul Aziz,Officer on Special Duty(PAC)
4. Mr. Abdul Saleem Sheikh, Section Officer(PAC)

Audit:

1. Mr. Muhammad Usman, Deputy Auditor General(GA).
2. Mr. Ali Akbar Qureshi, Director General(GA).
3. Mr. U. A. Raza, Director General (CA).
4. Mr. M. Ibrahim Rajput, Deputy Director (CA).
5. Mr.Iftikhar Ahmad Mir, Director Audit, Industries, Supply & Food, Karachi.
6. Mr. Waseem Anwar, Director Audit (Federal Government).
7. Mr. Yousaf Satti, Deputy Director, Foreign Audit.
8. Mr. Abdul Rauf Khan, Assistant Director Audit, Industries, Supply & Food, Karachi.
9. Mr. M. Ishaq Satti, Accounts Officer.
10. Mr. Najam Iqbal, Accounts Officer.
11. Mr. M.I. Shahid, Accounts Officer(AR-III).

Ministry of Finance and Planning & Development Division.

1. Mr. A. Ghafoor Mirza, Additional Secretary(Budget).
2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Muhammad Usman. D.F.A.(Food & Agriculture).
4. Mr. Abdul Hafeez Khan, Deputy Director (Projects Wing), Planning and Development Division.
5. Mr. Muhammad Aslam, Accounts Officer (Budget).

2067. **Accounts examined-** Actionable Points pertaining to the Ministry of Food & Agriculture were examined by the Committee during the meeting.

MINISTRY OF FOOD AND AGRICULTURE.
(Deferred Accounts)

2068. The Committee took up for its examination Actionable Points from 1985-86 to 1987-88 etc. pertaining to the Ministry of Food & Agriculture, which were deferred on 19-11-1992. The following departmental representatives were present:-

1. Dr. Zafar Altaf, Additional Secretary (Incharge).
2. Mr. Muhammad Izhar Khan, Joint Secretary.
3. Mr. Abdul Hameed Naqshbandi, Joint Secretary(Food).
4. Dr. A.H. Maan, Economic Consultant.
5. Mr. Abdul Haque, Deputy Secretary.
6. Mr. Humayun Ishaque Chohan, Deputy Secretary.
7. Mr. S. A. K. Rehmani, Member Finance(PARC).
8. Mr. Muhammad Shafi, Senior Director(PARC).
9. Syed Mohsin Rizvi, Director General(FID).
10. Mr. Ghulam Sarwar Khichi, Director General(Food).
11. Mr. S. M. Chaudhry, General Manager(F&A)(PASSCO).
12. Dr. G. Saeed Khan, Director General, Soil Survey ofPakistan,Lahore.
13. Syed Irfan Ahmad, Director General(FSCD).
14. Dr. S. Aualaq Hussain, Director(NSRD).
15. Mr. Shah Nawaz Khan, Zonal Head(PASSCO).
16. Mr. Muhammad Bashir, Section Officer(Council).
17. Mr. Abdul Razzaq, Section Officer.
18. Mr. Iqbal Akhtar, OSD(F&A).
19. Mr. Mashooq Hussain Bhatti, Section Officer(F&A).
20. Mr. T. H. Kardar, Accounts Officer.

ACTIONABLE POINTS 1987-88

2069. **Grant No.57-Other Agricultural Services(page 198-AA)(Item 1-AP-87-88)** -The Public Accounts Committee in its previous meeting dated 15-7-1990 had advised the department to get the incorrect payments of Import Duty, Sales Tax and surcharge refunded from Custom Department and to review the performance of clearing agent and a change effected, if necessary.

2070. The department intimated that Director Audit I.S.& F, Karachi raised debits of Rs.105,185 and Rs.163,276 on account of payment of Custom Duty/Sales Tax without their intimation. The amounts represent incorrect payments of duties and taxes on the import of items which were exempted from Custom Duty/Sales Tax. The department approached the department of Supplies and District Controller of Sales (Shipping) Pakistan Railways for refund of the above incorrect payments but according to custom law those claims had become time barred as these were not lodged within six months from the date of payments. Regarding the review of the performance of clearing Agents,

District Controller of Store (Shipping) Pakistan Railways, Karachi and Department of Supplies regretted to change clearing agents which were authorized by the Government.

2071. The Committee accepted the explanation given by the department and recommended to regularize the excess expenditure.

2072. **Performance Audit Report on Islamabad Milk Plant (Paras 1-10,pages 65-73-AR)(Item 9-AP-85-86)(Item 17-AP 87-88)-** The PAC had directed the Ministry in its meeting held on 21st March, 1989 and 15th July, 1990 to dispose off the Milk Plant. The Ministry informed that possibility of establishing a Dairy Technology Institute was being examined. The PAC directed that in that case assets of the Milk Plant may be transferred/sold to the Institute.

2073. The Ministry intimated that the Economic Affairs Division was approached to ask Swedish experts to carry out the feasibility study by financing suitable funds. But the project of establishing Institute had been dropped and Sweden had backed off. The present situation is that negotiations are going on with the Canadians to run the project. The Canadians are very eager to takeover the Dairy Milk Plant Project.

2074. The Committee directed the Principal Accounting Officer to expedite their efforts to follow the recent technology adopted by the Canadian for the development of their milk plants.

2075. **Recoveries for short receipt of store not effected US $ 772,655 (Rs.12,838,126)(Para 1, page 55-AR)(Item 5-AP-85-86)(Item 14-AP-87-88)-** Audit pointed out that shortage of Soya-Bean Oil valuing US $ 639,000 (Rs. 10,617,368) was discovered by the consignees in Pakistan in four cases. In one case fertilizer valuing US $ 133,655 (Rs.2,220,758) was also short received. Recovery of US $ 105,666 in the case of shortage of fertilizer has been deducted by USAID. The balance amount of US $ 666,988 remains to be recovered/regularized.

2076. The Ministry replied that the shortage under discussion was about one percent of the total shipment and in transportation of commodities this much loss is below the normal limit. The PAC directed the Audit to examine the contract and verify whether any percentage of loss is admissible as per contract agreement and report to the Committee within one month.

2077. **Un-economical purchase of fertilizer resulted in excess expenditure of US $ 3,841,600 (Para 3, pages 64-66-AR) (Item 4-AP-87-88)-** The Pakistan Mission in Washington invited tenders for procurement of 120,000 metric tons of DAP Fertilizer on three occasions. The rates received on 16-6-1987 and 17-8-1987 were US $ 179.81 and US $ 195.41 per Metric Ton respectively. The rate received on 5-1-1988 was US $ 214,73 per Metric Ton which was much higher than previous rates. This rate was accepted and orders for supply of 110,000 Metric Tons of DAP Fertilizer placed. The Public Accounts Committee in its last meeting dated 15-7-1990 had directed the Ministry to conduct a departmental inquiry and submit the report in the next PAC meeting.

2078. Inquiry officer had completed his inquiry and report had been filed. Inquiry report clearly stated that no criminal intention could be attributed to this activity and it was a genuine error. However, certain recommendations have been made by the inquiry officer for revamping the systems of the Ministry. Audit stressed that the Ministry should start working immediately on the recommendations of the inquiry officer.The departmental representative assured the Committee that they will be most careful in future to avoid such incidents. The para was settled by the Committee.

ACTIONABLE POINTS 1985-86

2079. **Loss due to shorthandling and damaged fertilizer and incurrence of extra expenditure Rs. 4.43 million (Para 2,page 56-AR-)(Item 6-AP-85-86)(Item 15-AP-87-88)-** Audit reported that in the case of a vessel carrying 12,905 Metric Tons imported fertilizer, shortages amounting to Rs. 4.43 million took place due to damaged fertilizer shorthandling and extra stevedoring charges. Decision of the case against responsible Ex-Deputy Director was awaited. The PAC advised the department in its last meeting dated 15-7-1990 to remind the Prime Minister's Secretariat regarding decision on the case.

2080. The Ministry informed that cases against two officers involved in this case were referred to FIA who started investigation as per intimation received vide FIA letter dated 5-7-1992.The PAC directed the Principal Accounting Officer to expedite the case and issue reminder to FIA.

2081. **Non-recovery of cost of wheat short despatched (Rs.1.06 million) by a handling agent (Para 3 (deferred)(Para 354, page 458-PAC Report 1985-86 to 1987-88)-** A ship carrying 19,998 Metric Tons imported wheat arrived in January, 1985. In the stock accounts of the handling agent a shortage of 660 Metric Tons valuing Rs.1.06 million was indicated which was not recovered. The Ministry in their reply stated that the handling agent had submitted revised accounts after amendment in despatch certificates which were under scrutiny.

2082. The Ministry in the last PAC meeting dated 21-3-1989 intimated position of another case, therefore, PAC deferred this para. In their last reply the Ministry stated that the case was under investigation. But no inquiry report was supplied to Audit by the inquiry officer.

2083. The departmental representative informed the Committee that they had given reply on 2-9-1991 to Audit stating that the despatches and actual receipts of quantity were checked and clarified and no short despatch was found. This reply was accepted by Audit at that time.The PAC directed the department that inquiry report be sent to Audit. Audit will examine the report and submit their comments to the PAC.

2084. **Loss of Rs.2,633,780 due to shortage of imported wheat (Para 4, page 57-AR)(Item 7-AP-85-86)(Item-16-AP-87-88)-** In three consignments of imported wheat handled in March and April, 1975 shortage of 1,646 Tons was indicated in the stock of handling agent. Ministry's reply indicated that shortage was adjusted in 1986 against excess in other ships handled by the agent. Adjustment of shortage against overall excess

is contravention of Reserve Stock Accounts Rules. This has been done after eleven years presumably to cover up the irregularities pointed out by Audit. The PAC had advised the department in its last meeting dated 15-7-1990 to recover the loss within two months and report back to PAC. The Ministry instituted an inquiry and the inquiry officer recommended the adjustment of shortage against excess by accepting supplementary claims which is irregular.The Committee directed the Principal Accounting Officer to recover the amount of Rs.2,633,780 immediately.

ACTIONABLE POINTS 1986-87

2085. **Loss due to shortage of imported fertilizer Rs.0.354 million (Para 3, page 55-AR)(Item 2-AP-86-87)(Item 19-AP-87-88)-** Against eight consignments of fertilizer imported by FID during 1983-84 and 1984-85 a shortage of 104 Metric Tons valuing Rs.354,000 was declared in 1984-85. The department issued revised final despatch statements after 3 years in 1988 converting shortages into excess. The Committee had directed on 15-7-1990 that there should be no inter-adjustment of cargo received on various ships.Losses and excesses against each ship should be accepted as they are in actual fact. The Ministry did not take any action to effect recovery of the shortages.

2086. The departmental representative informed the Committee that a great number of difficulties were faced by them at the port which caused the shortage problem in transportation. The Committee directed the department to hold an inquiry and case be lodged with FIA against the officer responsible for loss.

2087. **Loss of US $ 23,975 due to incurrence of demurrage (Para 4, pages 55-56-AR)(Item 3-AP-86-87)(Item 20-AP-87-88)-** A loss of US $ 23,975 was suffered in shape of demurrage incurred due to time lost at the port. The department neither fixed the responsibility on the contractor nor recovered the amount. Inquiry was ordered by the Ministry and the PAC had directed the Ministry in its last meeting dated 15-7-1990 to submit the report within two months. The inquiry officer had tried to justify the action of the department for not recovering the amount from the contractor because certain stipulation in the contract, in his view, were not justified. Audit did not accept the conclusion of the inquiry officer.

2088. The Principal Accounting Officer informed the Committee that the contractor cannot be held responsible alone because many factors like berthing position at the port, supply of certain services and goods, kind of transport available etc. play very important role in such cases. Transport facilities provided by Railways and NLC are very miserable and are not able to fulfil the requirements of the Ministry. These problems also cause delay in delivery of fertilizer to farmers. The PAC directed the Ministry of Finance to provide funds to the Ministry of Food & Agriculture for computers.The PAC dropped the para.

2089. **Purchase of Sub-standard fertilizer US $ 0.27 million (Para 5, page 56, AR)(Item 4-AP-86-87)(Item 21-AP-87-88)-** Audit informed that offer of a foreign supplier to supply 2700 Metric Tons of DAP fertilizer (Bagged) at US $ 217 per Metric Ton (C & F) Karachi from a vessel standing off port Karachi was accepted even after test

reports that the fertilizer was badly damaged. The PAC in its last meeting dated 15-7-1990 directed that responsibility for purchase of Sub-Standard fertilizer be fixed and strict action be taken. Report was to be submitted to PAC within two months. The inquiry report does not indicate the reasons as to why the substandard fertilizer was purchased. Directive of the PAC had not been complied with.

2090. The departmental representative informed the Committee that at that time fertilizer was needed badly, therefore, a vessel bound to India was directed towards Pakistan. Test of the nutrient contents showed that the nutrient contents were good to 80 per cent. The ship was paid 50% on the nutrient contents thus there is a net gain of 30% on the nutrient contents in terms of price. If the quality was not upto the mark, then price was even less.The Committee dropped the para with a warning to the department to comply with the PAC directives well within time.

ACTIONABLE POINTS 1987-88

2091. **Purchase of fertilizer NP (23:23) at un-economical rates (Para 2, pages 62-64-AR)(Item 3-AP-87-88)**- On July 31st, 1980 a letter of intent was issued to the supplier, accepting their offer to supply 1110,000 Metric Tons and 60,000 Metric Tons at same rate on option to be exercised by the buyers and sellers by 16th December, 1980 or earlier. The Ministry subsequently decided not to purchase the additional quantity of 60,000 Metric Tons but this decision was not communicated to supplier. The deal materialized. Later the supplier on their own supplied 100 Metric Tons NP fertilizer in bagged form on C&F basis free of charge after the contract had been signed.

2092. The PAC in its last meeting dated 14-7-1990 had advised that a copy of the report be conveyed to all members and the para be taken up in the next meeting. The Principal Accounting Officer informed that inquiry report was awaited. It was decided that further decision will take place on receipt of the inquiry report. The inquiry officer Mr. S. A Nizami, Additional Secretary, Establishment Division has concluded his report as follows:-

(a) The Tender Committee is responsible for its failure to compile, tabulate and discuss the available information regarding the prevalent international prices at the time of its meeting.

(b) MINFA was also responsible for its failure to make concrete efforts to ascertain the prevailing F.O.B international prices of fertilizer in time. Ministry have not agreed to the views of Audit as well as the findings of inquiry report.

2093. The Committee directed the Principal Accounting Officer to settle the issue with Mr. S. A. Nizami, Additional Secretary, Establishment Division and report within two months.

2094. **Roti Corporation of Pakistan(Pvt) Limited (Para 2.3(7), page 22-ARPSE)(Item 11-AP-87-88)**- Audit pointed out that the PAC in its meeting dated 15-7-1990 took a serious view of the fact that the Corporation had not prepared accounts for

the last 11 years and PAC directive dated 25-11-1989 had been ignored. It was directed that Principal Accounting Officer should call the explanation of 8 members of the Board of Governors of the Corporation and their explanation should be submitted in the next meeting.The Ministry informed that Ministry of Industries would report the compliance. After discussion, the Committee dropped the para.

2095. **Non-recovery of US $ 0.36 million (Rs. 6.341 million) on account of liquidated damages (Para 4, page 66-AR)(Item 5-AP-87-88)-** Audit informed that delay in supply of fertilizer for two months caused additional amount of US $ 193,519 (Rs.3,367,366) due to increase in freight rates during the period and liquidated damages of US $ 170,870 (Rs. 2,973,787) were also not recovered from the supplier. It was advised that the explanation of the Principal Accounting Officer who ignored the advice of Law and Justice Division should be called for. The Ministry had informed that the Principal Accounting Officer had retired w.e.f 15th October, 1988, hence actions desired by the PAC is not possible. The Committee settled the para.

2096. **Loss of US $ 0.30 million (Rs.4.317 million) due to acceptance of stores at higher rate(Para 6, pages 67-68-AR) (Item 6-AP-87-88)-** In April, 1984 the Ministry rejected offer of a CZECH supplier to supply DAP fertilizer of US $ 238.80 per ton for reasons that adequate quantity of fertilizer had already been acquired. Subsequently in July, 1984, the same firm was awarded a contract under which 31,300 tons DAP was purchased at a negotiated price of US $ 300,486.

2097. The Committee in its last meeting dated 14-7-1990 had directed that Tender Committee of the Ministry should comprise primarily officers of the status of Additional Secretary and an inquiry was also advised to be conducted. The Ministry had replied that Tender Committee is already composed of senior officers and no added advantage could be achieved by raising its level further. No intimation of initiation of inquiry has been given by the Ministry. The departmental representative informed the Committee that there was only one directive of PAC on this case and there was no directive for conducting an inquiry.The para was settled by the Committee.

2098. **Shortage of wheat Rs. 1.436 million (Para 7, page 68-AR) (Item 7-AP-87-88)-** A vessel carrying 22,543 Metric Tons wheat arrived at Karachi in October, 1985 and discharged its full manifested quantity. Handling Agent's Stock Account exhibited shortage of 444 Metric Tons. The Ministry tried to adjust shortage against excess of some other ship which is not permissible under the rules.

2099. The Committee had advised the Ministry in its last meeting dated 15-7-1990 to conduct an inquiry and submit the report within one month. The inquiry officer Mr. Zeenatullah Khan, Joint Secretary (Co-operation) had accepted the shortage but recommended to adjust the shortage against the overall excess in the contract. As already pointed out in other cases the rules do not permit such inter- adjustment of cargo received on various ships.

2100. The Principal Accounting Officer was directed to settle the issue with Mr. S.A. Nizami, Additional Secretary, Establishment Division within two months. It also

directed that Mr. Zeenatullah Khan, Joint Secretary (Co-operation) may appear in person before PAC in its next meeting.

2101. **Non-recovery of penalty of Rs. 1.33 million due to slow discharge of fertilizer from ship (Para 8, page 68-AR)(Item 8-AP-87-88)-** Audit contention that slow discharge of fertilizer at the port had resulted in loss of Rs.1.33 million. The Principal Accounting Officer dilated upon the various conditions at port which, he maintained, make meeting the discharge specification very difficult. The Committee in its previous meeting dated 15-7-1990 had observed that the Ministry should fix realistic standards for discharge of ships and ensure these standards are strictly enforced.The Ministry stated that standard for discharge of vessels have been replaced and situation is improving. The para was settled by the Committee.

2102. **Loss due to shortage of imported wheat Rs. 1.058 million(Para 9, page 69-AR)(Item 9-AP-87-88)-** Audit had observed that 328 Metric Tons of wheat had not been accounted for in the books of handling agent. The Committee had advised for inquiry in its last meeting dated 15-7-1990. The inquiry officer Mr. Zeenatullah Khan accepted the shortage in the vessel but had recommended adjustment against excess of another vessel though that was handled by another handling agent. This conclusion is against the rules and therefore not acceptable to Audit.The Committee directed Audit to write to Establishment Division to make Mr. Zeenatullah Khan present alongwith his ACR's in the next PAC meeting.

2103. **Non-recovery of cost of empty gunny bags Rs.0.71 million (Para 11, page 69-AR) (Item 10-AP-87-88)-** In a case, in which Rs.0.71 million were outstanding against a contractor while security of Rs. 1 million was withheld by the department, the Committee had advised on 15-7-1990 to settle the issue with the contractor and report to PAC within two months. Audit pointed out that the report is still awaited.The departmental representative informed that the money had been recovered and deposited into Government account. The para was settled by the Committee.

ACTIONABLE POINTS 1985-86

2104. **Working results of PASSCO (Paras 216-217, page 204-ARPSE)(Item 10-AP-85-86)(Item 18-AP-87-88)-** Audit placed the working results of PASSCO for the year 1985-86 indicating that the profit of the Organization was declining year by year. The PAC had directed the Ministry of Finance in its meeting held on March 21, 1989 to assist the Corporation for recovery of its outstanding amounts. The matter was further discussed in the PAC meeting held on July 14, 1990 and the representative of Ministry of Finance undertook to consult the Provinces and come up with agreed procedure for implementation of the PAC directives. The Ministry intimated that all dues of PASSCO against Provincial Governments have been cleared. The para was settled by the Committee.

ACTIONABLE POINTS 1986-87

2105. **Shortage of Rs. 983,961 (Para 17, page 41-ARPSE) (Item 10-AP-86-87)(Item 23-AP-87-88)-**Audit pointed out that the incharge of a Purchase Centre of

PASSCO misappropriated wheat and empty gunny bags valuing Rs.1.184 million during 1982, Rs.983,961 was recoverable as in March, 1983.

2106. The para was deferred in PAC meeting of November 25, 1989. The matter was again placed before the PAC on July 15, 1990 and the Ministry was advised to submit report regarding the case within two months.The Ministry informed that requisite report had been furnished Audit was satisfied and the para was settled by the Committee.

2107. **Audit Comments on RCP (Paras 2-3 (10), page 19-ARPSE) (Item 11-AP-86-87)(Item 24-AP-87-88)-** Audit observed that accounts of Roti Corporation of Pakistan were not prepared and submitted to Audit. The Committee directed the Corporation in its meeting held on November 25, 1989 to provide upto date accounts of the Corporation to Auditor-General within six weeks.

2108. The Committee in its meeting held on July 15, 1990 again directed that Audited accounts of the Corporation should be submitted to the Auditor-General immediately and detailed audit of the Corporation was also advised. The accounts have not been received however, the Corporation has since been privatized. The Committee dropped the para.

ACTIONABLE POINTS 1987-88

2109. **Irregular payment of bonus to the officers amounting to Rs.6.561 million (Para 36, pages 64-65-ARPSE)(Item 12-AP-87-88)-** Audit pointed out that PASSCO paid bonus of Rs.6.561 million to its officers during 1983 to 1988 in contravention of Government orders contained in Finance Division O.M. No.F3(5) R-12/90-436 dated December 29, 1980. The PAC had directed on 15-7-1990 for recovery but instead of recovery the Ministry get it regularized from Finance Division. The Committee dropped the para.

2110. **Unjustified payment of Rs.168,812 due to excess rebagging/ refilling of wheat (Para 37, pages 65-66-ARPSE)(Item 13-AP-87-88)-** Audit pointed out unjustified payment of Rs. 168,812 due to excess rebagging/refilling of wheat in 1985-86. The PAC had directed the Ministry on 15-7-1990 for conducting inquiry. The report suggested that extra payment of Rs.78,853 be made. Audit informed that extra payment has since been recovered. The Committee dropped the para.

(i) **Grant No. 132-A(87-88) Capital Outlay on Other Purchases (Page 205-AA) (Item 2-AP-87-88)-**

(ii) **Loss due to damage of gunny bags Rs. 2.96 million (Para 6, page 56-AR)(Item 5-AP-86-87)(Item 22-AP-87-88)-**

(iii) **Loss due to damage of imported wheat Rs.1.971 million (Para 8, page 57-AR-86-87)(Item 7-AP-86-87)(Item 22-A-AP-87-88)-**

2111. The Committee settled the above paras.

2112. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Food and Agriculture. These would be treated as settled subject to any action as may be necessary under the rules.

2113. The Committee thereafter, adjourned sine-die.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT.

Wednesday, the 9th October, 1996.
Forty-third Sitting (PAC)

2114. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88. The following members attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Mr. Hamza, MNA	Member
3.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing & Works.	Member
4.	Syed Abbas Shah, MNA	Member
5.	Mr.Miangul Aurangzeb,MNA	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani,Secretary.
2. Mr. Nawab Hussain,Deputy Secretary (PAC).
3. Mr. Abdul Aziz,Officer on Special Duty(PAC).
4. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit.

1. Mr. S.K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General(GA).
3. Mr. A.R. Arif, Accountant General Pakistan Revenues.
4. Mr. Arif Mansur, Director General (GA).
5. Mr. U.A.Raza, Director General (CA).
6. Mr. Javed Arif, Director General Audit(Works).
7. Mr. Nayyar Bakht, Director General(PEC).
8. Mr. M.Javed Siddiqui, Additional Accountant General.
9. Mr. Muhammad Munawar Hussain, Deputy Director(PEC).
10. Mr. M. Ibrahim Rajupt, Deputy Director(CA).
11. Mr.Muhammad Sharif, Accounts Officer(PAC).
12. Mr. M.I. Shahid, Accounts Officer(AR-III).
13. Syed Zamin Ali, Accounts Officer.

Ministry of Finance and Planning & Development Division:

1. Mr. A. Ghafoor Mirza, Additional Secretary(Budget).
2. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
3. Mr. Rashid Khan Ghauri, F.A.(Works).

4. Mr. Arshad Jamil Khokhar, Director General(Projects), Planning & Development Division.
5. Mr. Abdul Hafeez Khan, Deputy Director(Projects), Planning & Development Division.
6. Mr. M. Mazharul Aziz, DFA (Works).
7. Mr. Muhammad Aslam, Accounts Officer (Budget).

2115. **Accounts examined-** Accounts pertaining to the Works Division were examined by the Committee during the meeting.

WORKS DIVISION

2116. The Committee took up for its examination the Appropriation Accounts, Audit Report etc. pertaining to the Works Division. The following departmental representatives were present:-

1. Mr. Shaukat Ali Sheikh, Additional Secretary(Incharge).
2. Mr. A. Rashid Baluch, Joint Secretary.
3. Mr. Saif Ali, Deputy Secretary(Admn).
4. Syed Azmat Ali, Section Officer(F&A).
5. Mr. Muhammad Riaz, Director General(PWD).
6. Mr. Sabir P. Chohan, Managing Director(NCL).
7. Mr. Sarfraz A. Mirza, Chief Engineer(PWD).
8. Syed Aziz-ul-Hassan, Director Engineering(NCL).
9. Mr. Hasan A. Rizvi, Company Secretary(NCL).
10. Mr. Nazir Ahmed Memon,Chief Engineer Planning (PWD).
11. Mr. Abdul Waheed Khan, Chief Engineer(CZ)(PWD).
12. Mr. Nasimul Hasan Usmani, Chief Engineer(South)(PWD).
13. Mr. Mohammad Naeem Tareen, Chief Engineer(West)(PWD).
14. Mirza Muhammad Younis, Chief Admn. Officer(PWD).
15. Mr. Muhammad Nawaz Awan, Estate Officer,Islamabad.
16. Mr. Saif-ud-Din Ahmad, Senior Accounts Officer.
17. Syed Shahid Akhtar, Assistant Estate Officer(A/C).
18. Syed Ayub Ali Rizvi,Assistant Estate Officer.
19. Mr. Shaukatullah Khan,BFO (PWD).
20. Mr. Imran Iqbal, Director Budget & Accounts(PWD).

2117. This Division controlled the following grants:-

S.No.	Name of Grant	Grant No.
1.	Works Division.	75
2.	Civil Works.	76
3.	Estate Offices.	77
4.	Federal Lodges.	78
5.	Other Expenditure of Works Division.	79
6.	Development Expenditure of Works Division.	164
7.	Capital Outlay on Civil Works.	191

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89).

2118. **Grant No.75-Works Division(Page 278-AA)-** An amount of Rs. 30,000 was surrendered increasing the excess of Rs.1,629,138. The department explained that the excess expenditure was mainly due to indexation of pay and allowances of officers and staff. The Committee regularized the excess expenditure.

APPROPRIATION ACCOUNTS (PAK. PWD)(VOL-VIII-1988-89)

2119. **Grant No.76-Civil Works(Page-10-AA)-** An amount of Rs. 215,000 was surrendered in time leaving net saving of Rs. 1,798,779 under "Charged" section and excess of Rs. 46.728 million under "other than charged" section.

2120. The department explained that actual saving was only Rs.45,000 which was due to shifting of the Presidency from Rawalpindi to Awan-i-Sadr, Islamabad. In "other than charged" section there was excess of Rs.46 million which comes to 16.36%. Out of this total Rs.46.728 million, Rs.25.836 million pertains to stock suspense. The Committee did not press further and settled the grant.

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89).

2121. **Grant No.77-Estate Offices(Page 279-AA)-** The grant closed with a saving of Rs. 2,989,932. The department explained that the saving was due to non filling of vacancies. There was also a saving of Rs.2,992,271 under this grant. The Committee did not press any more and settled the grant.

APPROPRIATION ACCOUNTS (PAK. PWD)(VOL-VIII-1988-89)

2122. **Grant No.78- Federal Lodges(Page 13-AA)-** The grant closed with a saving of Rs. 199,798. The Committee made no observation.

2123. **Grant No.79-Other Expenditure of Works Division(Page 15-AA)-**There was an excess of Rs.745,559 in the grant. The Committee regularized the excess expenditure.

2124. **Grant No.164-Development Expenditure of Works Division (Page 16-AA)-** An amount of Rs.40,000 was surrendered in time leaving net saving of Rs.1,545,195.The Committee made no comments.

2125. **Grant No.191-Capital Outlay on Civil Works (Page 17-AA)-** An amount of Rs.392,000 was surrendered in time leaving net saving of Rs.4,521,891. The saving occurred because the department could not get the administrative approval of certain works. The Committees directed to be careful in future and settled the grant.

AUDIT REPORT(CIVIL WORKS)(VOL-II-1988-89)

2126. **Performance audit report on construction of residential accommodation for officers of income tax department, Faisalabad (Paras 3.1.1 to 3.4.5, pages 21-29 ARCW)-** Audit informed the Committee that the project was approved at an estimated cost of Rs.11.10 million with completion period of two years. The scheme sponsored by the CBR to solve the housing problem of the officers of the income tax department at Faisalabad, executed by the PWD.

2127. The project was approved for Rs.11.10 million including the cost of land amounting to Rs.4.38 milion. But, the sponsoring agency issued defective administrative approval for Rs.15.35 million by re-adding the cost of land. Thus original cost of the project was increased from Rs.11.10 million to Rs.15.35 million without prior approval of the competent authority.

2128. As a result of poor planning coupled with inadequate assessment of the requirements resulted in substantial deviations/changes which led to a cost over-run of 61.43%.The project was required to be completed within two years(by February, 1985)whereas it was completed with a delay of 3 years and 4 months. The abnormal delay in the completion of project caused financial loss of Rs.2.000 million by continued payment of house rent.

2129. The departmental representative informed the Committee that revised PC-I was submitted on 13-9-1996 whereas the project was completed in July, 1988. The Committee desired to intimate the reasons for delayed submission of PC-I, fix responsibility and submit report to the PAC within two months.

2130. **Shortage of stores worth Rs.124,600(Para 4.1,page 39-ARCW)-**It was reported to the Committee that stock and tools & plants articles worth Rs.124,600 were found short during physical verification in January, 1988. The departmental representative informed that these were broken and condemn articles and they were sold in open bid. The para was dropped by the Committee with a warning to the department to be careful in future.

2131. **Fraudulent payment of Rs.101,689 (Para 4.2, page 39 ARCW)-** Audit reported to the Committee that a carriage contractor actually carted 50 tons of cement from Hyderabad to Islamabad. The quantities of cement were manipulated to cover the fraudulent carriage payment of an extra quantity of 210 Metric Tons cement. The Committee directed the Principal Accounting Officer to recover the amount from the contractor and report compliance within two months.

2132. **Inspection not conducted by Superintending Engineers & XENs (Para 4.3, pages 39-40-ARCW)-** Superintending Engineers/ Executive Engineers of PWD failed to conduct regular annual inspections in disregard to the rates. This implies that loose financial control was exercised. Audit advised that action be taken against the officers responsible for non observance of rules. The department informed the Committee that the compliance has been done and all officers are giving inspection reports regularly. The Committee settled the para.

(i) **Outstanding inspection reports, audit notes etc (Para 4.4, pages 40-41-ARCW)-**

(ii) **Outstanding schedule of settlement with treasuries form CPWA 26/51 (Para 5.1, page 45-ARCW)-**

(iii) **Outstanding audit notes, inspection reports etc (Para 5.2, page 46-ARCW)-**

2133. The Committee settled above paras.

ACTIONABLE POINTS 1985-86.

2134. **Grant No.72-Civil Works(Page 198-AA)(Item 1-AP-85-86)-** Audit reported to the Committee that the previous PAC directive dated 31-5-1989 for submission of detailed explanation of the concerned officers pertaining to the excess over the grant has not been complied with by the department. The Committee directed that all the Principal Accounting Officers of Works Division should note down the directives of the Public Accounts Committee in a separate "Note Book " contain briefing of the PAC directives for immediate compliance and also for the information of the successive Principal Accounting Officers. The Committee expressed their displeasure as the directives of the previous Public Accounts Committee meeting held on 31-5-1989 were not attended to by the Works Division.

2135. **Grant No.182-Capital Outlay on Civil Works(page 204-AA)(Item 2-AP-85-86)-** On the recommendation of Audit, the Committee dropped the para.

2136. **Irregular award of work costing Rs.1.824 million(Para 6.1, pages 54-55-ARCW)(Item 3-AP-85-86)-** Audit reported that tenders were accepted at higher rates on the pretext that the contracted work would be completed within two months. The work was completed after two years but contractor was not penalized as provided in the contract.

2137. The previous PAC had directed on 31-5-1989 that disciplinary action be taken against the concerned XEN. The Principal Accounting Officer informed the Committee that a show cause notice has been issued to the contractor on 30-9-1996, whereupon he was directed to intimate the progress to the PAC.

2138. **Overpayment of Rs.641,478 to a contractor (Para 6.3, pages 56-57-ARCW)(Item 5-AP-85-86)-** Audit informed that tenders for construction work of some buildings at Kohlu were invited from the selected contractors in 1982. The lowest bidder suggested that masonary in foundation be done in bricks instead of stone and bricks of Kot Adu be used in super structures.

2139. The previous PAC in its meeting dated 31-5-1989 had directed the department to initiate action for recovery. The Principal Accounting Officer informed the Committee that a show cause notice due to overpayment of Rs.298,945 has already been issued. The Committee directed to recover the amount from the contractor and report

compliance to the PAC.

2140. **Overpayment to contractor of Rs.347,767(Para 6.4(2), pages 57-58-ARCW) (Item 6-AP-85-86)-** Audit reported that incorrect unit of payment for an item of work (per square feet instead of hundred square feet) was provided in the agreement which resulted in overpayment of Rs.347,767 to a contractor.

2141. The previous PAC in its meeting dated 31-5-1989 had directed that inquiry process to fix responsibility be expedited. The Committee directed the Principal Accounting Officer to furnish copy of the inquiry report to Audit immediately.

2142. **Non-recovery of advances from contractor Rs. 3.2 million (Para 6.6.1,page 65-ARCW)(Item 7-AP-85-86)-** Audit reported that secured advance of Rs.4.9 million was paid to a contractor by Health Division for construction of Bolan Medical College, Quetta in 1981. Project was transferred to PWD in 1983. Thus outstanding balance was reduced to Rs.2.4 million.

2143. The previous PAC in its meeting dated 31-5-1989 hoped that the remaining amount would be recovered soon. The Principal Accounting Officer was directed to follow the case for early decision by the Arbitrator. Audit was directed to associate with the department.

2144. **Non-recovery of risk and cost charges Rs.0.66 million(Para 6.8.1, page 66-ARCW)(Item 8-AP-85-86)-** Audit pointed out that Rs.661,493 were recoverable from a defaulting contractor on account of advances, cost of material and risk & cost charges.The Committee had directed on 31-5-1989 that disciplinary action on supervisory level be taken. The Principal Accounting Officer informed the Committee that show cause notice has been issued to the contractor and the case has also been filed in the court. The Committee directed the Principal Accounting Officer to follow up the case.

2145. **Loss of Rs.231, 525 due to set cement(Para 6.11, page 70-ARCW) (Item 9-AP-85-86)-** Loss of Rs.231,525 due to set cement was pointed out by Audit. An inquiry was conducted to fix responsibility for the loss. The Committee had directed the department on 31-5-1989 to provide a copy of inquiry report to Audit. The Principal Accounting Officer was directed to write off the loss.

ACTIONABLE POINTS 1986-87

2146. **Grant No.75-Civil Works (Page 206-AA)(Item 1-AP-86-87)-** The previous PAC had directed the department on 11-3-1990 that detailed report explaining excess of two consecutive years 1985-86 & 1986-87 be communicated within one month. The department informed the Committee that the directive has been complied with. The para was settled by the Committee.

2147. **Undue financial aid of Rs.200,000 by refunding security deposit before completion of work(Para 8.5, pages 76-77-ARCW) (Item 2-AP-86-87)-** Audit pointed out that after adjustment of available security,a sum of Rs.484,415 was still recoverable.

The previous PAC had directed on 11-3-1990 that results of disciplinary action initiated by the Principal Accounting Officer be communicated to the Committee.The Principal Accounting Officer informed the Committee that the case is sub-judice. He was directed to intimate the decision of the court to the Committee when arrived at.

2148. **Non-recovery of rent of Rs.51,665(Para 9.2,page 81-ARCW)(Item 3-AP-86-87)-** Audit reported that rent of hired house not vacated by an Ex-Minister of State till eleven months of relinquishing charge (26-3-1994 to 2-2-1985) was not recovered. The Committee had directed on 11-3-1990 that rent be recovered. The Ministry informed that the outstanding rent could not be recovered from the Ex-Minister during his life time or from heirs after his death. The Committee directed to write off the recoverable amount.

ACTIONABLE POINTS 1987-88

2149. **Grant No.76-Federal Lodges(Page 241-AA)(Item 3-AP-87-88)-** The position was discussed in the previous PAC meeting held on 7-7-1992.The Committee desired to know the position of Lodges and other official rest houses like Chamba House and Gulshan-e-Jinnah. At that time, the Ministry informed the Committee that Rs.8 million were outstanding for the last six years. Now it has raised to Rs. 80 million. The Committee directed that recovery should be pursued vigorously.

2150. The Committee directed that no body should be allowed to stay in the Federal Lodges without advance payment of rent. The Committee further desired that the directive of the Public Accounts Committee regarding advance payment of rent in the Federal Lodges should be notified in all the Leading "Dailies" for information of all concerned. The Committee decided to meet with the Chairman of the Standing Committee of the Senate on the subject to discuss the issue in deeper detail for setting up of guide-lines for future.

2151. **Grant No.186-Capital Outlay on Civil Works(Page 245-AA) (Item 4-AP-87-88)-** Audit pointed out saving of Rs.102,569,989, in which Rs.70,814,000 were surrendered leaving a net saving of Rs.31,755,989. The previous PAC in its meeting held on 7-7-1992 had advised that the management of grant should be improved. The Ministry replied that concerned departments were hesitant to surrender the funds in time even when chances of spending were low. The para was dropped by the Committee with a warning to the department to be careful in future.

2152. **Special Audit Report on Federal Government Employees Colony, Dhana Singhwala, Lahore(Chapter 8-PPWD)(Paras 8.1.1 to 8.6.2.7, pages 44-56-ARCW)(Item 5-AP-87-88)-** The previous PAC in its meeting held on 7-7-1992 had constituted a Sub-Committee on this project. The report of the Sub-Committee was presented before the Committee. The PAC directed the Principal Accounting Officer to examine the report of the Sub-Committee submitted in April, 1993 and suggest action to be taken against the defaulters and report to the PAC within three months.

2153. **Non-recovery from contractors Rs.628,815 (Paras 9.3 (i),(ii), (iii) & (iv),pages 58-59 ARCW)(Item 6-AP-87-88)-** Audit pointed out that final bill of six contractors turned into minus amounting to Rs.628,815 due to overpayments/non-recovery

of cost of materials and non-adjustment of secured advances. The amounts were outstanding for periods ranging from 6 to 15 years and the responsibility for the lapses has not been fixed. The position was discussed in the previous PAC meeting held on 7-7-1992 and the Ministry was directed to take action against those held responsible and pursue the recovery vigorously.

2154. The Principal Accounting Officer informed the Committee that cases were filed against the contractors in 1995. The Committee felt that the earlier directives of the Committee were not immediately and properly attended to by the Ministry and conveyed its displeasure to all the Principal Accounting Officers of the Works Division who held that charge with effect from July, 1992.

2155. **Non-recovery of Rs.2,192,325 (Para 9.4, page 59-ARCW)(Item 7-AP-87-88)-** Audit pointed out recovery of Rs.2,192,325 on account of secured advance, cost of Government materials and risk & cost charges etc. The contractor did not complete the work and when action was taken, the contractor removed the materials from site.

2156. The position was discussed in the previous PAC meeting held on 7-7-1992 and advised the Principal Accounting Officer not only make efforts to recover the money but also undertake necessary steps for overall improvement of the system. The Principal Accounting Officer informed that the case has been registered in the court of law. The Committee directed him to follow up the case.

2157. **Non-recovery of risk and cost of Rs.455,800(Para 9.7, page 60-ARCW) (Item 10-AP-87-88)-** Non-recovery on account of risk and cost charges from defaulting contractors was pointed out by Audit. The para was discussed in the previous PAC meeting held on 7-7-1992 and Committee directed Audit to watch reasons and check if the defaulting firm has been black-listed. The Principal Accounting Officer informed the Committee that the case has been filed in the court. The Committee did not press further.

(i) **Overpayment of Rs.0.8 million due to unauthorized change in the tender terms (Para 6.2, page 55-ARCW)(Item 3-AP-85-86)-**

(ii) **Expenditure incurred on works in anticipation of technical sanction(Para 6.18, page 73-ARCW)(Item 10-AP-85-86)-**

(iii) **Grant No.74-Civil Works(Page 239-AA)(Item 1-AP-87-88)-**

(iv) **Grant No.75-Estate Offices(Page 240-AA)(Item 2-AP-87-88)-**

2158. On the recommendation of Audit, the Committee settled the above paras.

(i) **Overspending against the budget grant Rs.8,916,683 (Para 9.5,page 60-ARCW)(Item 8-AP-87-88)-**

(ii) **Excess consumption of steel worth Rs.800,000(Para 9.6, page 60-ARCW)(Item 9-AP-87-88)-**

(iii) Expenditure incurred on deposit works in excess of deposits received (Para 9.16, page 65-ARCW) (Item 11-AP-87-88)-

2159. The Committee settled the above paras subject to verification by Audit.

2160. The Committee deferred remaining Audit paras of the Works Division till 13-10-1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Thursday, the 10th October,1996.
Forty-fourth Sitting (PAC).

2161. The Public Accounts Committee assembled at 10.00 A.M. in Committee Room No.2 of the Parliament House, Islamabad,to continue the examination of the Federal Accounts for 1988-89 along with Actionable Points from 1985-86 to 1987-88. The following attended the meeting:-

Public Accounts Committee:

1.	Rao Muhammad Hashim Khan,MNA.	Chairman
2.	Mr. Hamza,MNA.	Member
3.	Syed Abbas Shah,MNA.	Member
4.	Mir Altaf Ali Bhayo, Parliamantary Secretary for Housing and Works.	Member
5.	Mr. Moti Ram Malani,MNA.	Member
6.	Mr. George Clement, Parlilentary Secretary for Foreign Affairs.	Member
7.	Mr. Miangul Aurangzeb,MNA.	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Muhammad Aslam Shami, Joint Secretary (PAC).
3. Mr. Nawab Hussain, Deputy Secretary (PAC).
4. Mr. Abdul Aziz, Officer on Special Duty (PAC).
5. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit:

1. Mr. Muhammad Naseer Ahsan, Auditor-General of Pakistan.
2. Mr. Munir Ahmed, Deputy Auditor-General (CA&E).
3. Mr. Muhammad Usman, Deputy Auditor-General (GA).
4. Mr A.R. Arif, Accountant General Pakistan Revenues.
5. Mr. Shabbir Ahmad, Additional Accountant General (A/Cs).
6. Sheikh Naseer-ul-Haq, Director General Audit (Federal Government).
7. Mr. Mazhar Ali Shah, Director General (CA).
8. Mr. Nayyar Bakht, Director General (PEC).
9. Mr. Sher Khan Awan, Assistant Auditor General (GA).
10. Mr. Azhar Hameed, Assistant Auditor General (GA).
11. Mr. Muhammad Naseer Khan, Accounts Officer (PAC).
12. Mr. Manzoor Hussain Paracha, Accounts Officer (AR-I).
13. Mr. M.I.Shahid, Accounts Officer (AR-III).

Ministry of Finance and Planning & Development Division.

1. Mr. Ghazanfarullah Khan,
   Additional Secretary (Military Finance).
2. Dr. Mushtaq Ahmed,
   Economic Adviser/Additional Secretary.
3. Mr. Arshad Jamil Khokhar,
   Director General (Projects Wing),
   Planning and Development Division.
4. Sheikh Ikramullah,F.A.(Civil Aviation).
5. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
6. Mr. Muhammad Aslam, Accounts Officer (Budget).

2162. **Accounts examined**-Accounts pertaining to the Central Board of Revenue were examined by the Committee during the meeting.

CENTRAL BOARD OF REVENUES
(Deferred Accounts)

2163. The Committee took up for its examination the Appropriation Accounts, Audit Reports etc. pertaining to the Central Board of Revenue, which were deferred on 25-1-1993. The following departmental representatives were present:-

1. Mr. Shamim Ahmed Khan, Chairman.
2. Mr. M. Sarwar Khawaja, Member(IT).
3. Mr. Ahmad Khan, Member (Admn).
4. Mirza Ghazanfar Baig, Chief (DTO).
5. Mr. Salman Nabi, Chief (DTO)
6. Mr. Shaukat Ali Shaikh, Secretary (Ins)
7. Mr. Muhammad Akbar, Member (CE).
8. Mr. Muhammad Sulaiman, Member(Customs)
9. Mr. Riaz Ahmad Malik, Member (ST).
10. Mr. S. M. Kazmi, Chief (CE)
11. Mr. Shaukat Ali Bhatti, Chief (ST).
12. Mr. Muhammad Yasin Tahir, Chief (Customs).
13. Mr. M. W. Warsi, Secretary (C&A).
14. Mr. Khalid Bashir, Secretary (C&E)
15. Mr. S. M. H. Bokhari, Secretary (Admn)
16. Mr. Khalid Akbar, Secretary (A&E)
17. Mr. Maqbool Hussain Malik, Second Secretary.

AUDIT REPORT REVENUE RECEIPTS (VOL-III-A-1988-89)

2164. **Huge pendency of contravention and adjudication cases (Para 2.4, pages 11-12-ARRR)**- The departmental representative informed the Committee that 332 cases have been adjudicated and 24 cases are outstanding which will be cleared in four to six months.

2165. The PAC directed Audit to verify the adjudicated cases and inform the PAC through a note within a month. The PAC also directed that the department should clear the backlog within two to three months.

2166. **Short-realization of sales Tax through wrong composition of sales price (Para 2.6, page 12,13-ARRR)-** The departmental representative stated that the outstanding money has been recovered.The PAC directed the Principal Accounting Officer to recover the outstanding amount of Rs.1,380,525 within three month if it has not been recovered.

2167. **Non production of records (Para 2.8, pages 13-14-ARRR)-** Audit informed the Committee that during the course of audit conducted in the year 1988-89, substantial auditable records were not produced to audit by various authorities of customs and central excise department. The departmental representative stated that we will take disciplinary action against the person concerned.

2168. The PAC conveyed its displeasure against the department for not producing Auditable record to Audit and directed the Principal Accounting Officer to look into it and submit report to PAC.

2169. **Evasion of Government taxes Rs.222, 208,000 (Para 3.2, pages 17-18-ARRR)-** Audit reported that as reported in press news customs dues of Rs.203,308,000 were avoided in 358 cases. The departmental representative stated evasion was made in only 8 cases which amounting to Rs.46,412,482. Out of this amount Rs.15,767,981 has been recovered in 3 cases, while the amount of Rs.29,957,370 is under adjudication in 2 cases, recovery of Rs.312,196 is under process in our case and show cause notices vacated in two cases involving Rs.374,935.

2170. The PAC directed the department to pursue adjudicated cases vigorously and inform the PAC about the action taken against defaulting officers within one month.

2171. **Evasion of Government Taxes Rs.948,197 (Para 3.3(c), pages 18-19-ARRR)-** Audit informed the Committee that the case was adjudicated and recovery of Rs.1,706,736 and a penalty of Rs.850,000 was enforced. The importer filed an appeal. The case was remained back to Collector Customs. The case is under adjudication and decesion is awaited. The PAC directed the department to pursue the adjudicated cases for early decision.

2172. **Evasion of Government dues Rs.1.7 million (Para 3.4 page 19-ARRR)-** Audit reported this caused non-realization of Government dues of Rs.1.7 million. Out of this an amount of Rs.1.36 million has ben reported as recovered in 11 cases which needs Audit verification. The cases for two cars are sub-judice.

2173. The departmental representative stated that we have been recovered an amount of Rs.1.36 million out of Rs.1.7 million. We are also making efforts to recover the remaining amount. We will come up with the proposal for improvement to stopping the smuggling.The PAC directed the department to take suitable steps to stop smuggling. The recovery of Rs.1.36 million may be got verified by Audit.

2174. **Loss of huge amount of government revenue due to under assessment of imported cars etc (Para 3.5, page 20-ARRR)-** Audit reported that FIA seized two jeeps and five cars at Lahore. The vehicles were cleared through under assessment of customs dues at custom port, Multan. The recovery of differential amount of Rs.158,052 has been reported but detail working is not forthcoming for audit verification.

2175. The departmental representative informed the Committee that we will do our best not only to identify these peoples but also take serious action against them.The PAC directed the department to identify the persons responsible for the loss and take suitable action against them and keep the Committee informed.

2176. **Seizure/confiscation of gold weighing 33,090 tolas valuing Rs.124.7 million (Para 3.6, pages 20-22-ARRR)-** Audit pointed out that four consignments of gold weighing 33,090 tolas valuing Rs.124.7 million were seized by customs anti smuggling staff Karachi and Pakistan Rangers smuggling units Lahore.

2177. The departmental representative stated that in three cases, 50 tolas has been retained as courts samples, while the remaining quantity of 29150 deposited into Pakistan Mint. After meeting in the mint, the gold was lifted by the State Bank of Pakistan on 21-6-1992 in all cases and its value credited into Government treasury. The Committee settled the para subject to verification by Audit.

2178. **Short-realization of Government revenue of Rs.342,716 due to misclassification (Para 4.1(c), pages 25-26-ARRR)-** Audit pointed out that imported "Synchoros Moters" were misclassificated and cleared by charging lower rates of duty which resulted into short- realization of government dues of Rs.342,716. On pointing out by Audit case was adjudicated by the Deputy Collector,(Customs), Lahore who vacated the S.C. notice declaring it a time barred case. However, on establishing the misclassification he ordered to take action to fix responsibility.

2179. The departmental representative stated that disciplinary action cannot be taken because show cause notice was issued under section 32(3) of custom Act,1969. The PAC directed the department to identify the persons responsible for the loss, take action against them and keep the PAC informed.

2180. **Short-realization of Government revenue of Rs.245,291 due to misclassification (Para 4.1 (d), pages 26-27-ARRR)-** Audit pointed out that "Carded and combed raw wool" of sheep and lambs on importation was misclassified and released free of taxes.

2181. The departmental representative stated that according to our field information report, this was duty free and no duty was to be charged.The PAC directed to settle the para with Audit within one month. If Audit is correct then officer held responsible must be charge sheeted and punished.

2182. **Possible loss of Government revenue Rs.5,693,312 (Para 8.8, pages 61-62-ARRR)-** Audit pointed out that in order to secure Government interest insurance of imported goods is a pre-requisite to their warehousing . Due to lack of insurance coverage

Government revenue of Rs.5,693,312 remained un-recovered in respect of 3 units. The imported goods were washed away in floods of September/ October, 1988.

2183. The departmental representative stated that actual amount involved is Rs.54 million. This factory operated in two process, first was operated in Malakand and then it shifted to Haripur. Two cases were made for two locations.They have been conducting fraud in Malakand and continued in Haripur. It could not be done without the consensus of the customs officers and action should have been taken but no action has been taken. We will fix responsibility and take action who are responsible.

2184. The PAC directed the Principal Accounting Officer to fix responsibility for the big loss and take suitable action against the collector posted at that time.

2185. The Auditor-General proposed that CBR should make a presentation before the PAC about three subject studies on bonded warehouses on 15th or 18th November, 1996.

2186. **Study on reconciliation (Para 11.1 to 11.5)-** The study was carried out in Karachi and Lahore to pinpoint loopholes in the prescribed procedures which provided avenues of embezzlement of Government revenue besides seeing the correctness of accounts and timely re-mittance of Government account. Audit finding, were (i) non-reconciliation, (ii) non-submission of Accounts sheets, (iii) undue retention and short remittance by the National Bank of Pakistan, (iv) clearance of certain imported goods before payment of Government dues, (v) clearance of goods on bogus deposits stamps and (vi) non/improper maintenance of record.

2187. The departmental representative stated that reconciliation is being made regularly. Accounts sheets were being sent to custom treasury.PAC stated that it is fault of department because they did not collect the money for government why the action has not been taken against the concerned persons.

2188. Additional Secretary, Ministry of Finance informed the Committee that I have requested the Governor State Bank of Pakistan to set up a Committee which should visit all the National Bank Branches and check their record and find out the magnitude of the problem and also request to Auditor-General to send two or three representatives to join the Governor State Bank Committee. We will ask them to complete the report as quickly as possible. We also requested the Governor State Bank of Pakistan after completion of the report to suggest remedial measures whather those are in terms of interest or whatever.The PAC directed that the observation of the Committee should also conveyed to the Governor State Bank of Pakistan.

ACTIONABLE POINTS 1985-86

2189. **Non-realization of revenue due to shifting of responsibility (Para 1.11, page 7-ARRR-85-86)(Item 1(a)-AP-85-86)-** Audit iformed the Committee that Sales Tax was transferred from Income Tax Department to the Central Excise Department in 1981. However, the officers of Income Tax Department were to continue to exercise their powers in respect of all assessment pending on 1.7.1981. Subsequently, they were also

authorized to collect arrears up to 30-6-1981. In August, 1988, the CBR appointed the officers of the Central Excise Department as Sales Tax officers irrespective of nature and time of assessments. Due to these changes in jurisdiction, the sales Tax assessment records remained under transfer from one office to another hampering finalization of assessments and bloackage of revenue of million of rupees. The department promised before the PAC on 21-5-1989 to prepare the said lists and assess total amount involved before the next meeting of the PAC.

2190. The departmental representative stated that we have a list of 13 cases which have identified demand to the extent of Rs.4 million 65 thousand. We are trying to recover it as soon as possible and we will fix responsibility who were responsible for that. The PAC directed the Principal Accounting Officer to recover the remaining amount and action may be taken against the defaulting officer and submit report to PAC.

2191. **(Item 1(b)-AP-85-86)-** The PAC in its meeting held on 21-5-1989 desired that requirement of internal audit should be taken into account as part of the restructuring of CBR. In compliance the Finance Division(Exp-Wing) vide C.No.988-DS(Exp-93 dated 1-12-1993 has accorded sanction of the post for staff and creation of internal Audit Wing at Karachi, Lahore and Islamabad. The PAC directed the department to study the proposal as suggested by Audit.

2192. The PAC deferred the remaining Audit paras of CBR for 1988-89 and Actionable Points from 1985-86 to 1987-88. These paras will be discussed with the accounts for 1993-94.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Sunday, the 13th October, 1996.
Forty-fifth Sitting (PAC)

2193. The Public Accounts Committee assembled at 10:00 A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89. The following members attended the meeting:-

Public Accounts Committee:-

1.	Rao Muhammad Hashim Khan, MNA	Chairman
2.	Mr. Hamza, MNA	Member
3.	Syed Abbas Shah, MNA	Member
4.	Mr. George Clement, Parliamentary Secretary for Foreign Affairs.	Member
5.	Mr. Miangul Aurangzeb, MNA	Member

National Assembly Secretariat:

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary(PAC).
3. Mr. Abdul Aziz, Officer on Special Duty(PAC).
4. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit:

1. Mr. S. K. Mahmud, Auditor-General of Pakistan.
2. Mr. Muhammad Usman, Deputy Auditor-General (GA).
3. Mr. U. A. Raza, Director General(CA).
4. Sheikh Naseer-ul-Haq, Director General Audit (FG)
5. Mr. M. Javed Siddiqui, Additional Accountant General
6. Mr. Nayyar Bakht, Director General (PEC).
7. Mr. Muhammad Sharif, Accounts Officer
8. Mr. M. I. Shahid, Accounts Officer

Ministry of Finance and Planning & Development Division

1. Mr. Mukhtar Ahmad, Joint Secretary(Exp)
2. Mr. M. Mazharul Aziz, DFA (Works).
3. Dr. Ataullah Kalim Director (Projects),P&D Division.
4. Mr. Khalid Hussain Sayed, Deputy Director(Projects), P&D Division.
5. Mr. Muhammad Aslam, Accounts Officer(Budget).

2194. **Accounts examined-** Accounts pertaining to the Works Division were examined by the Committee during the meeting.

WORKS DIVISION
(Deferred Accounts)

2195. The Committee took up for its examination the Accounts of Works Division, which were deferred on 9-10-1996. The following departmental representatives were present:-

1. Mr. Shaukat Ali Sheikh, Secretary
2. Mr. Sabir P. Chohan, Managing Director (NCL).
3. Mr. Sharaft Ali Sheikh, Secretary (NCL)
4. Syed Azmat Ali, Section Officer

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-VIII-1988-89)

2196. **National Construction Limited (Para 311, page 271-ARPSE)** Audit presented an Evaluation Report on the National Construction Limited. Audit pointed out that the Company sustained losses continuously since 1981-82 and its accumulated losses stood at Rs.325 million as on June 30, 1995 resulting in the erosion of entire capital of the Company. The working of the Company has been deteriorating despite subsidy and full support provided by the Government

2197. The Company has not engaged in any worth mentioning project in near past. Manpower surplus to requirement, depreciation of assets, mark up on bank borrowing, failure to recover the receivables and above all non-awarding of contracts where the Company happened to be the lowest further aggravated the situation. Despite Bank borrowing and Government financial support to facilitate balancing, modernization and replacement of its operating assets, the Company was not able to stand at its own feet.

2198. The Audit representative submitted that in the face of the current position the Company's inability to continue as a going concern is apparent and on-realization of its objectives is evident. But the Government support to recover the outstanding amount and to award of due share of business in the public sector may help the Company to rehabilitate itself.

2199. The departmental representative in response to audit evaluation that NCL had been very instrumental in introducing System Built Technology in Pakistan and building large projects like Faisal Mosque, Nuclear Power Complex, Pakistan Steel, National Refinery, Hydel Project, Mangla Dam, etc,. But unfortunately lack of patronage from Government departments in awarding construction projects had caused great problems for NCL. Even in cases where NCL is lowest in the bids the contract is not awarded to it due to unknown reasons. Inspite of crisis being faced by NCL, it is the best equipped construction Company in the country.

2200. The departmental representative further stated that the management of the Company requested for a chance for its revival in 1994 and it was accepted that no financial support would be asked from the Government. The Prime Minister granted this chance in July, 1994. Now the Company is left on its own to raise its resources and survive.

2201. The departmental representative informed the Committee that as far as the work is concerned Company was in bad shape but during last year contracts worth Rs.70 crores were acquired by the Company. NCL is the highest tax paying construction Company in the country today. Representative of the department accepted that the Company is not serving its loan since 1991 and requested that something must be done to reschedule these loans.

2202. Audit representative pointed out that depreciation charged on the assets of the Company is around Rs.70 million per year, which further reduces there financial standing every year. When financial standings are taken into consideration while awarding the projects poor financial position of the Company becomes a hurdle in giving projects to it.

2203. The departmental representative informed the Committee that the work awarded to the Company are of such nature that its financial health will improve within a year and hopefully, by the grace of God, the Company will get back on the track of revival. Besides the effective help and assistance of PAC, Ministry of Finance and Auditor General's Office would be requested to improve the situation.

2204. There are three very serious problems faced by the Company. Firstly, over employment of manpower which has been dealt with and the force has been reduced considerably and it may be further cut down to reduce the fixed overheads.

2205. Secondly, receivables of the Company, in 1992 PAC advised to go to the adjuster for it. The Company went even to the Wafaqi Mohtasib on its own but unfortunately nothing worthwhile had happened. The list of receivable was also sent to Ministry of Finance for help but according to the Ministry the legal position is such that the settlement must be made with the clients individually, before Ministry of Finance can ask the adjuster to adjust these amounts at source.

2206. Thirdly, the case of servicing the loans had been a very serious problem for the Company and no amount is given since 1991 on the account of loan servicing. If the PAC could ask for the rescheduling of these loans from banks the Company can really gain from it. The departmental representative clearly stated that the Company is not asking for waiving off of loans but instead it requires a little time so that it can get back to its feet again.

2207. The Committee directed the Ministry of Finance to call on the clients of NCL in a meeting and try to resolve the receivable issues by constituting a Committee. The Committee gave a month time to the Ministry of Finance to come up with some proposal to help NCL.

2208. The Committee suggested that the Company should first start paying some amount of loan servicing to the banks and then they may ask the Ministry of Finance to help it in this respect on their own but Committee refused to give its comments or recommendation to the Ministry of Finance in this regard.

2209. The departmental representative informed the Committee that NCL is willing to take over National Construction Company Pakistan which is under liquidation and have operating office in Dubai and Iraq. This Company has the highest registration in 3 top Companies in the Middle East and could prove very profitable to NCL. The departmental representative asked from the Committee to recommend this proposal to the Government of Pakistan. The PAC asked the representative to give this request in writing to PAC.

2210. The Committee observed that the Company which is built for good cause of giving training to the new engineers and in the past had given better construction projects to the nation than any other Company. The Company is under pressure due to non awarding of projects to it and somehow the patronage of the Government departments has also reduced in this aspect. It is in the interest of the country that this Company should prosper and flourish. Only dedication and commitment is needed to put it back on its feet in the construction business which is a very profitable business. The Committee showed its interest in the revival of the Company and promised its assistance for the improvement of the situation.

2211. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Works Division. These would be treated as settled subject to any action as may be necessary under the rules.

2212. The meeting then adjourned to meet again at 04.00 p.m. on Wednesday, the 16th October, 1996.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October.1998.

NATIONAL ASSEMBLY SECRETARIAT

Wednesday, the 16th October, 1996.
Forty-sixth Sitting (PAC).

2213. The Public Accounts Committee assembled at 4.00 P.M. in Committee Room No.2 of the Parliament House, Islamabad and matters pertaining to the Agricultural Development Bank of Pakistan were discussed. The following members attended the meeting:-

Public Accounts Committee.

1.	Rao Muhammad Hashim Khan,MNA	Chairman
2.	Mr. Hamza,MNA	Member
3.	Mir Altaf Ali Bhayo, Parliamentary Secretary for Housing and Works.	Member
4.	Makhdoomzada Syed Asad Hayat,MNA	Member
5.	Mr.Miangul Aurangzeb,MNA	Member

National Assembly Secretariat.

1. Mr. Abdul Rauf Khan Lughmani, Secretary.
2. Mr. Nawab Hussain, Deputy Secretary (PAC).
3. Mr. Abdul Aziz, Officer on Special Duty(PAC).
4. Mr. Khalid Mehmood, Senior Research Officer.
5. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit.

1. Mr. Arif Mansur, Director General (GA).
2. Sheikh Naseerul Haq, Director General Audit (Federal Government).

Ministry of Finance and Planning & Development Division.

1. Mr. Mukhtar Ahmad, Joint Secretary (Exp).
2. Mr. Arshad Jamil Khokhar, Director General(Projects), Planning & Development Division.
3. Mr. Ghulam Sarwar Mahsud, Director (Projects), Planning and Development Division.
4. Mr. Muhammad Aslam, Accounts Officer(Budget).

Agricultural Development Bank of Pakistan.

1. Mr. Tariq Sultan, Chairman.
2. Mr. Wazir Ahmad Qureshi, Senior Executive Director(Audit).
3. Mr. S. M. Khalid, Executive Director(Planning & Cord. Div.).

4. Mr. Abdul Hamid Khan, Executive Director(Recovery).
5. Mr. S. M. H. Zaidi, Assistant Executive Director (PRD).
6. Mr. Muhammad Nadeem Chohan, Assistant Executive Director (Credit Division).
7. Mr. M. Najib Satti, Executive Assistant Director.
8. Mr. Abdul Aziz, Director (Central Accounts).
9. Mr. M. Saddique Chaudhry, Director (Finance).
10. Mr. Saleem Dar, Assistant Director.
11. Mr. Akbar Ali, Assitant Director.
12. Mr. Arshad Mahmood, Special Assistant to the Chairman.

2214. The Chairman Agricultural Development Bank (ADBP) briefed the Committee in detail about the performance of the Bank. He also informed the Committee about the Bank's different projects.

2215. In reply to different questions, the Chairman informed that the year 1995-96 was the year of fiscal consolidation in ADBP. It has been accomplished through a combination of factors including economy in expenditure and improvement in recoveries of the Bank.

2216. The Chairman further explained that the Bank maintained its position as the premier Bank of the country in the agriculture sector. ADBP boasts of about 6 lac clients/farmers with loans outstanding amounting to Rs. 59611 million served by well integrated net-work of 355 branches assisted by over 1400 Mobile Credit Officers(MCOs). The Bank disbursed Rs.10339 million during 1995-96 as compared to Rs. 14576 million disbursed during previous year. This disbursement was in line with average disbursement in past few years except for disbursement during Fiscal Year 1995 which was considered abnormal. High disbursement was accompanied by more funds provided by State Bank of Pakistan during Fiscal Year 1995 which was not the case during Fiscal Year 1996. During Fiscal Year 1996 the Management linked disbursement with recovery which proved instrumental in curbing unproductive lending, boosting recovery and consequently helped bridge the resource gap.

2217. During fiscal year 1996, ADBP consolidated its financial position by registering a "record volume" of recoveries and "control over its operational expenditures." The Bank recovered an all time record recovery of Rs. 12758 million during fiscal year 1996 against a recovery of Rs. 9810 million during fiscal year 1995. In absolute terms the recovery was higher by Rs. 2948 million over the previous period. A growth being 30% recovery of dues under agricultural loans (without reschedulement) increased to 52% during fiscal year 1996 against 48% in fiscal year 1995. This recovery level have been achieved with the minimum possible reschedulement of loans of only Rs. 478 million compared to all time high of Rs. 4731 million last year.

2218. The Bank's efforts to procure higher amount of deposits did not record any significant success. An amount of Rs. 1207 million were procured as deposit as on 30-6-1996 against Rs.1385 million procured in the corresponding period last year.

2219. The Bank's representative further stated that the major change witnessed during the period under review was the restructuring/consolidation of Head Office set-up of the Bank to meet the critical goals of improving efficiency, accountability and facilitate managerial autonomy. The decentralization process of field set-up was also in the offing with major objective to improve the service to farmers and rural poor and allow expeditious decision making in the field, upgradation of existing cadres & posting of senior level personnel as Zonal Executives in place of Vigilance and Supervision Directorates. These zonal offices will operate as the hub of all ADBP operations in the field controlling 50 Regional Offices, 354 Branches and 1400 MCOs. This will go a long way to curb down the so-called fallacies which prevail in the field.

2220. The Chairman described the following details of disbursement under various schemes/windows:-

Agricultural Loans/General Credit

2221. Loans amounting to Rs. 10254 million were disbursed to 146124 farmers under the Agricultural Loans during 1995-96. Out of this amount, Rs. 6144 million (60%) were disbursed under production loans for seed, fertilizer, pesticides etc. and Rs.4110 million (40%) were disbursed for development loans. Purpose-wise distribution of credit under Agricultural Loans shows a disbursement of Rs. 3262 million for financing of 15968 tractors followed by Rs. 3161 million for fertilizer, Rs. 1445 million for pesticides, Rs. 1045 million for hybrid/improved seeds,Rs. 467 million for dairy farming and Rs. 173 million for tubewells besides Rs. 701 million for miscellaneous items covering poultry,livestock,orchards and fisheries etc.

Kisan Banking

2222. In order to increase the access and quantum of credit to landless and subsistence farmers, ADBP established Kisan Banking Windows in all branches of the Bank on the directives of Government of Pakistan. The Kisan Banking Windows are meant to extend credit to landless and subsistence farmers. Loans amounting to Rs. 5770 million were disbursed under the Kisan Banking Windows during 1995-96. This includes Rs. 1016 million to financing of 7975 tractor units through Awami Tractor Scheme followed by Rs. 4755 million disbursed to farmers for other purposes including loans for seed, fertilizer and pesticides etc.

Rabi Lending

2223. The target of rabi lending of Rs. 2800 million allocated to ADBP by SBP was surpassed by an amount of Rs. 132 million. Rs. 2932 million were disbursed during October-February, 1996 under rabi lending. A growth of 59% in disbursement was witnessed over last year.

Agri-business

2224. Lending under Agri-business loans remained suspended since 1991 due to abysmally low recovery under this scheme. No fresh loans were sanctioned. Partial

disbursement amounting to Rs. 85.401 million in 7 already sanctioned projects was made during the period under review. Purpose-wise disbursement of project loans is given below:-

Purpose	Amount (Rs. in million)
Livestock, Production & processing	0.179
Food Production & Processing	18.764
Production of Edible Oil	39.242
Strong & Marketing	0.570
Other Agro Industries	23.146
Working Capital Loan	3.500
Total	85.401

Loans to subsistence & small farmers

2225. Lending to landless, subsistence and small farmers has been the priority areas of the Bank. During 1995-96 an amount of Rs. 5558 was channelized to landless and subsistence farmers constituting about 54.2% of general credit. Province/Area-wise details of disbursement to subsistence farmers are exhibited in the table below:-

Loans to subsistence farmers

During July-June 96 (Rs. in million)

Province/ Area	Loans to subs. Farmers	Agri Credit	% Share of Subs. Farmers
F.C.A	4.256	4.387	97.0
Punjab	4267.197	8054.885	53.0
Sindh	618.129	1438.181	43.0
NWFP	448.283	499.489	89.7
Balochistan	142.370	178.157	79.9
FANA	44.805	45.529	98.4
Azad Kashmir	32.985	33.245	99.2
Total	5558.025	10253.873	54.2

2226. Lending to small farmers operating land under 25 acres amounted to Rs. 8096 million which constitute 79% of the agricultural credit as compared to 77% share in the previous year.

Special schemes

2227. Special Schemes are the pilot projects funded by International Agencies with the aim to support income generating activities and poverty alleviation besides promotion of import substitution crops. These include on-farm as well as off-farm activities. The goal of these activities is to uplift the economic conditions of the rural poor specially landless clientele and women. Performance of these Special Schemes during the period under study is explained under "Review of foreign credit lines."

Special lending programme for women

2228. The programme aims at increasing the access of credit to rural women through MCOs (females) assisted by Village Assistant Female. This programme is being implemented in 18 regions and 33 branches with the help of 31 female MCOs and 23 Village Assistant Female(VAFs). During the year 1995-96 an amount of Rs. 92 million has been disbursed in 2777 cases as against Rs. 75 million to 2927 female borrowers in corresponding period last year. An amount of Rs. 233 million in 7931 loans cases has been disbursed since inception upto 30-6-1996.

Region-wise distribution of loans

2229. Out of total agricultural loans disbursed in the country during 1995-96, the region-wise performance shows highest disbursement by Multan Region amounting to Rs.648 million followed by Bahawalpur (Rs. 635 million), Rahim Yar Khan (Rs. 592 million), Sahiwal (Rs. 567 million) and Dera Ghazi Khan (Rs. 536 million).

Recovery

2230. On an enquiry regarding the Bank's recovery performance, the Chairman informed the Committee that in fiscal year 1996 the all time recovery was Rs.12758 million. Total recovery during the corresponding period of last year amounted to Rs. 9810 million. Thus a growth of 30.1% was attained. Recovery growth in preceding year was (-)8%. Recovery of Bank's dues of agricultural loans improved to 52.0% (before reschedulement) as compared to recovery rate of 48.3% during the corresponding period of last year.

2231. The recovery level has been achieved with the minimum possible reschedulement of loans of only Rs. 478 million compared to all time high reschedulement of Rs. 4731 million last year. Recovery details under agricultural credit and agri-business is given below:-

(*Before reschedulement)

PARTICU -LARS	1995-96 RECOVER -ABLES*	RECOV -ERY	%AGE	1994-95 RECOVER -ABLES*	RECOV -ERY	%AGE	GROWTH IN RECOV.
Agri. Loans	23972.070	12460.935	52.0	19658.448	9500.579	48.3	31.2
PROJECT LOANS	5062.101	297.526	5.9	3828.560	309.590	8.1	-3.9
TOTAL	29034.171	12758.461	43.9	23487.008	9810.169	41.8	30.1

2232. Several approaches have been used to improve the recovery of Bank's dues. A major step in this direction was the linkage of disbursement of loans with the recovery. This decision showed healthy effect on recovery of loans. It inter-alia helped in limiting the level of disbursemet within affordable levels. At the same time it conveyed a message to borrowers and the local Government that non-payment of loans will adversely affect the volume of lending in their areas. In fact, linkage has proved instrumental in enhancing recovery in all parts of the country. Policies were also introduced to take expeditious action against willful and chronic defaulters. Relaxation of reschedulement in genuine cases was also allowed.

Area/Province-wise recovery of loans

2233. A review of Area/Province-wise agricultural loans (General Credit) has revealed that the recovery rate during 1995-96 was highest at FANA (67%), 65.7% in Punjab followed by Azad Kashmir (46.5%), NWFP (36.4%), Sindh (33.6%) and Balochistan (15.0%).

2234. Increase in absolute amount of recovery during 1995-96 shows a highest growth of 69.7% attained in Sindh followed by 34.6% in NWFP, 25.6% in Punjab, 9.0% in Federal Area and 2.6% in Azad Kashmir. Growth in recovery in Balochistan and FANA has recorded decline of 16.9% and 7.3% respectively. A phenomenal growth in recovery in Sindh is the prominent feature of recovery performance which is attributable to close supervision and monitoring efforts of Management coupled with gradual improvement in law and order situation and a good agricultural year.

Factors hindering recovery

2235. Regarding the main reasons hindering the smooth recovery, the Chairman stated the following points:-

(a) Liberal reschedulements in the past on account of natural calamity and political pressure specially in Sindh province. This resulted in accumulation of installments and increase in the recoverable amount beyond the repaying capacity of the borrowers.

(b) Law and order situation in Sindh provinces especially in Karachi/Hyderabad.

(c) Disturbed political situation for enforcement of Shariah in Malakand Division.

(d) Shariat Court held interest repugnant to the injunctions of Islam. The borrowers are mis-interpreting the same and are not paying their loans as they are gaining time in the hope that they will not have to pay interest/return.

2236. When the Committee asked about the steps taken for improvement in recovery, the departmental representative informed the Committee that the Bank has been taken following steps:-

(a) Contracts intensification by Chairman, ADBP with the Chief Ministers, Chief Secretaries and Senior Members, Board of Revenue of the Provinces and Commissioners to help ADBP in recovery of its dues.

(b) Frequent visits by the Chairman to various Regional Offices/Branches and holding of mini-regional conferences.

(c) Disbursement has been linked with recovery.

(d) Regional Managers have been allocated 50 top defaulters as their personal recovery target.

(e) 3608 suits have been filed in the Banking Tribunals/special Banking Courts for recovery against defaulters.

(f) Powers of Collector have been got delegated from the Provincial Government to the Manager, Model Branch, Lahore for recovery of all ADBP loans.

(g) A campaign against combine harvester loanees was launched for recovery through attachment of machines by the Manager, Model Branch, Lahore. The confiscated combine harvesters were auctioned.

(h) Incentives in the shape of remission of interest in Pre-Islamic Banking System cases have been allowed by the Bank which are given below:-

(1) where the borrower repays the principal amount of loan plus other charges was allowed remission of interest. This proved helpful in improving recovery.

(2) where the amount of principal and other penal charges plus interest either equivalent to principal or more than principal has already been repaid, the cases closed down.

(i) promotion of the field staff has been linked with their recovery performance.

(j) Regional Managers have been delegated the powers to place right man at the right job within his Region with a view to improving operation of the Bank in general and recovery in particular.

(k) Cash awards have been announced for the best recovery performance.

(l) In calamity areas declared by the Provincial Government, reschedulement has been allowed subject to payment of 25% of the amount in default.

2237. The Committee appreciated the steps taken by the ADBP for improvement in recovery.

2238. The meeting was adjourned *sine-die* with a vote of thanks to the Chair.

ABDUL RAUF KHAN LUGHMANI,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Friday,the 25th July,1997.
Forty-seventh Sitting (PAC).

2239. The Public Accounts Committee assembled at 5.00 P.M. in Committee Room No.2 of the Parliament House, Islamabad to discuss the examination of the Federal Accounts for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88.The following members attended the meeting:-

Public Accounts Committee.

1.	Mr. Hamza, MNA	Chairman
2.	Ch. Muhammad Berjees Tahir, MNA	Member
3.	Syed Zafar Ali Shah, MNA	Member
4.	Mian Muhammad Zaman, MNA	Member
5.	Ch. Safdar Rehman, MNA	Member
6.	Kunwar Khalid Yunus, MNA	Member

National Assembly Secretariat.

1. Mr. Khan Ahmad Goraya, Secretary
2. Mian Mukhtar Ali, Joint Secretary
3. Mr. Abdul Khaliq, Deputy Secretary
4. Mr. Khalid Mehmood, Officer on Special Duty(PAC)
5. Mr. Abdul Saleem Sheikh, Section Officer (PAC)

Audit

1. Mr. Manzur Hussain, Auditor-General of Pakistan.
2. Syed Mujahid Hussain, Controller-General(Accounts).
3. Mr. M. Javaid Ilyas, Deputy Auditor General(CA&E)
4. Mr. Muhammad Shoaib Ansari, Deputy Auditor General(GA)
5. Mr. Arif Mansur, Director General(GA)
6. Mr. Muhammad Usman, Accountant General Pakistan Revenues.
7. Mr. Shah Nawaz Khan, Director General (PR).
8. Dr. Akmal Minallah, Deputy Accountant General (A/cs)
9. Sheikh Naseer-ul-Haq, Director General Audit (FG)
10. Mr. Abdul Khalique Soomro, Director General(CA)

Ministry of Finance

1. Mr. Mukhtar Ahmed, Joint Secretary (Exp)
2. Mr. M. Nasrul Aziz, Joint Secretary/Dir (BC).
3. Mr. Muhammad Aslam, Accounts Officer(Budget).

2240. **Accounts examined-** The Committee took up for its examination the Appropriation Accounts, Audit Report pertaining to the Finance Division. The following departmental representatives were present:-

FINANCE DIVISION

1. Ch. Mueen Afzal, Secretary.
2. Mr. A. Ghafoor Mirza, Additional Secretart (Budget)
3. Syed Roshan Zamir, Additional Secretary(Exp)
4. Mr. Javed Ahmad Noel, Additional Secretary(F)
5. Mr. Fida Hussain, Joint Secretary (PF)
6. Mr. Zafar Ahmad, Joint Secretary(Admn)
7. Syed Samsamul Haq, Joint Secretary (Investment)
8. Mr. Mukhtar Ali Malik, Deputy Secretary (Exp)
9. Mr. Iqbal Awan, Deputy Secretary(CF-I)
10. Mr. Tahawar Ahmad, Deputy Secretary (PF)
11. Mr. Noor Ahmad Khan, Deputy Secretary (IF)
12. Mr. Mahmood Akhtar, Deputy Secretary (BR)
13. Mr. Muhammad Sarwar, Deputy Secretary (F&A)
14. Mr. Shabbir Ahmad, Deputy Secretary (Inv-II)
15. Mr. Afzal Hussain, Managing Director (FBC)
16. Mr. Ghulam Farid Abbasi, Chairman (ADBP)
17. Mr. Feroze Bashir Ansari, Senior Exective Director (ADBP)
18. Mr. Nazar Abbas Siddiqui, Managing Director (HBFC)
19. Mr. Abdus Salam Baloch, Director General(CDNS)
20. Mr. Farhat Saeed, Director (A/cs)(SBP).
21. Mr. Tahir Abbas, Managing Director(IDBP)
22. Mr. Asadullah Khawaja, Managing Director(ICP)
23. Mr. Inamul Haque, President(BEL)
24. Mr. M. Jalil Khan, Managing Director(SBFC)
25. Mr. Zafar Iqbal, Chairman(NDFC)

2241. This Division controlled the following grants:-

S.No.	Name of Grant.	Grant No.
1.	Finance Division.	39
2.	Superannuation Allowances and Pension.	41
3.	National Savings.	42
4.	Other Expenditure of Finance Division.	43
5.	Grant-in-Aid and Miscellaneous Adjustments between the Federal & Provincial Governments.	44
6.	Grants and Subsidies to Non-Financial Institutions.	45
7.	Subsidies and Miscellaneous Expenditure.	46
8.	Federal Miscellaneous Investments.	139
9.	Other Loans and Advances by the Federal Government.	140

10.	Development Expenditure of Finance Division.	154
11.	Miscellaneous Capital Investment.	186
12.	Capital Outlay on Special Development Programme of Provinces.	187
13.	Development Loans and Advances by the Federal Government.	188
14.	Appropriation - Audit.	___
15.	Appropriation-Servicing of Domestic Debt.	___
16.	Appropriation-Servicing of Foreign Debt.	___
17.	Appropriation-Foreign Loans Repayments.	___
18.	Appropriation-Repayment of Domestic Debt.	___
19.	Appropriation-Repayment of Short Term Foreign Credits.	___

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1988-89)

1. Grant No.39-Finance Division (Pages 191-192-AA).
2. Grant No.41-Superannuation Allowances and Pension(Page 193-AA).
3. Grant No.42-National Savings (Page-13-AA-Vol-X).
4. Grant No. 43-Other Expenditure of Finance Division (Pages 194-195).
5. Grant No.44-In-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments (Pages 196-197).
6. Grant No. 45-Grants and Subsidies to Non-financial Institutions(Page 198-AA).
7. Grant No. 46-Subsidies and Miscellaneous Expenditure (Page 199-AA).
8. Grant No.139-Federal Miscellaneous Investments (Page 200-AA).
9. Grant No.140-Other Loans and Advances by the Federal Government(Page 201-AA).
10. Grant No.154-Development Expenditure of Finance Division (Pages 202-203-AA).
11. Grant No.186-Miscellaneous Capital Investment (Pages 204-206-AA).

12. Grant No.187-Capital Outlay on Special Development Programme of Provinces(Pages 207-208-AA).

13. Grant No.188-Development Loans and Advances by the Federal Government(Pages 209-210-AA).

14. Appropriation-Audit(Pages 211-212-AA).

15. Appropriation-Servicing of Domestic Debt(Pages 213-214-AA).

16. Appropriation-Servicing of Foreign Debt.(Page 214-AA).

17. Appropriation-Foreign Loans Repayments(Page 215-AA).

18. Appropriation-Repayment of Domestic Debt(Page 216-AA).

19. Appropriation-Repayment of Short-Term Foreign Credits (Page 217-AA).

2242. Audit pointed out that the excess of Rs. 7.00 billion for 1988-89 in respect of Finance Division is submitted for consideration of the PAC for regularization. The huge figures of saving are appeared in almost 13 grants. It is roughly Rs. 17 billion. This found excesses/savings, gross budgetary indiscipline/failure, Technical Supplementary grants, block allocation for unspecified excess without plausible reasoning. Finance Division would need to improve their budget planning as well as budget management.

2243. The Ministry stated that there were some demands which were not under the control of the Ministry. We accepted that the quality of budget making was not good but the actual control of expenditure is beyond control of the Finance Division. For example the expenditure relating to pensions was handled by the AGPR. We did not have any control over that expenditure.

2244. During discussion, the PAC found gross budgetary indiscipline, excessess and savings have become routine without plausible reasoning in almost all Ministries/Divisions. Sometimes it appears that Parliament was being by-passed. The PAC was absolutely unsatisfied with the state of affairs. Total financial and economic structure of the national economy depends on good budgeting and strict budgetary discipline. Therefore, the PAC constituted a Sub-Committee under the Chairmanship of Ch. Muhammad Berjees Tahir, MNA, comprising Kunwar Khalid Yunus, MNA, Mr. Manzur Hussain, Auditor-General of Pakistan, Ch. Mueen Afzal, Secretary M/O Finance, Mr. Fazlullah Qureshi, Secretary, Planning and Development Division, Mr. M. Iqbal Farid, Secretary, M/O Commerce to investigate the reasons of budgetary failure including the practice of technical supplementary grants, block allocation for unspecified uses and suggest necessary remedial measures and report to the PAC within three months. The Committee was also assigned to examine para 4(b) of the Sub-Committee report of the National Assembly regarding Grant No.107 (93-94).

AUDIT REPORT PUBLIC SECTOR ENTERPRISES(VOL-VIII-1988-89)

Agricultural Development Bank of Pakistan

2245. Audit Pointed out latest position of loan cases relating to HBFC, ADBP, IDB, ICP & NDFC.

2246. The Chairman ADBP stated that there were some cases of recovery and some cases of adjustment. These were very old cases. against the security of land.

2247. The PAC conveyed its displeasure on the performance of ADBP and formed a Sub Committee under the Chairmanship of Mian Muhammad Zaman, MNA Comprising Ch. Muhammad Berjees Tahir, MNA, Kunwar Khalid Yunus, MNA, Ch. Safdar Rehman, MNA, Mir Faridullah Khan Jamali, MNA, Mr. Arif Mansur, Director General(GA), Raja Raza Arshad, J.S(Banking), M/O Finance, Mr. Rafiq Ahmad, Director, Agriculture Credit Deptt. SBP, Karachi and Mr. Mazhar Iqbal, Executive Director, ADBP to examine the overall performance of ADBP and report to PAC within three months.

2248. Audit reported that there were some loan cases of other institutions. If PAC directs the department to re-examine the individual case and fix responsibility and report to PAC that will be a right way.

2249. The Ministry stated that we will be very happy to scrutinize and submit a report in advance for consideration. Our responsibility to scrutinize each loan case and point out (i)did they go through the right procedures? (ii) was it a reasonable case for advance? We will certainly give views on each item.

(Para 198,page 172-ARPSE)

1. National Investment Trust Limited.
2. Pakistan Industrial Credit and Investment Corporation Limited.
3. National Development Leasing Corporation Limited.
4. Pak Libya Holding Company(PVT) Limited.
5. Pakistan Kuwait Investment Company(PVT) Limited.
6. Saudi Pak Industrial and Agricultural Investment Company Limited.

2250. Audit pointed out that these were Public Limited Companies and Government share was more than 50%, so their audit comes under the purview of Government Audit. PAC may like to direct the Ministry to issue necessary instructions/directives to the respective Managements to get the accounts audited by the Auditor-General of Pakistan.

2251. The Ministry stated that this issue was discussed in the Ministry of Finance. The view developed in consultation with the Justice department was that there were Government funds involved it was obligatory on the Auditor General to Audit those funds but the other view that was discussed that in purely Commercial transactions you go by the bottom line. Audit can see the overall performance of the institutions. The PAC made no comments.

2252. Secretary, Finance Division gave an introductory briefing on the State's economy. He stated that we have been facing two problems over the year which have occurred again and again (i) connected with the budget deficit (ii) deficit in balance of payment. Our budget deficit situation has gone up in the early 1990 as nearly 9% of the domestic products of the GDP. Last year we have finished about 6% of the GDP.

2253. Now the foreign exchange reserves they have gone up and down a bit they have been very low if the reserves were one and a half billion or less than, the real problem was how did we meet the deficit of the correct account in the balance of payments. Again we are trying to borrow money. We went to the IMF for two reasons (i) the money was cheaper, (ii) if the IMF approves our programme then the rest of the International market is much more confident that Pakistan's accounts are being seen by somebody and they have given a stamp borrowing become less expensive.

2254. The crises on the deficit and balance of payment virtually started around April, May last year and continued and then the previous Government fell and the Interim Government came in and they were not able to win the confidence of either the Market or the donors. Now we have been in discussion for five or six months with IMF and World Bank and on the basis of that we have been able to tell them that their is new Government's policy and finally managed an agreement. At least bring the economy to a point that the crises situation be a vorted.

2255. On the external account basically defenats means, if we run out of Foreign exchange reserves we cannot meet our obligation. So the situation has certainly been very grime. The market was also accept the fact that the policies were broadly on the right track as you were watching that the stock market has been going up the last three four weeks specially after the budget.

2256. The year which has finished, the target for bank borrowing in the end was Rs.92 billion. we have finished by borrowing less than Rs.70 billion so that was shown that we have managed to control the Government spending with less reliance on the banking system. For the current year our target will be to borrow below Rs.58 billion which means more money for the private sector but the real challenge ahead is still(i) to revive the GDP, which means that we have to come to normal Pakistani growth rate which used to be anything from 5.5% to 6.5% and (ii) the cause of serious concern even now is our export. We feel that various policies introduced since the end of March will take 3-4 months at least before they start having effect in the system and we are waiting to see what are the signs of the revival of industry in the economy. Of course another important aspect always for the Pakistani economy is weather and cotton. We have not the idea weather conditions so far the cotton crop but a lot will depend on that.

2257. Remaining Audit paras of Finance Division for 1988-89 alongwith Actionable Points from 1985-86 to 1987-88 were deferred.

KHAN AHMAD GORAYA,
Secretary

Islamabad, the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Tuesday, the 16th December, 1997.
Forty-eight Sitting of (PAC).

2258. The Public Accounts Committee assembled at 10.00. A.M. in Committee Room No.2 of the Parliament House,Islamabad to continue the examination of the Federal Accounts for 1988-89. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Mian Muhammad Zaman, MNA	Member
3.	Nawab Salahuddin Abbasi, MNA	Member
4.	Ch. Muhammad Berjees Tahir, MNA	Member
5.	Mian Muhammad Farooq, MNA	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mian Mukhtar Ali, Joint Secretary(PAC).
3. Mr. Abdul Khaliq, Deputy Secretary(PAC).
4. Mr. Khalid Mahmood, Officer on Special Duty(PAC).
5. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit:

1. Mr.Manzur Hussain, Auditor-General of Pakistan.
2. Mrs. Sumbul Nazar Sheikh, Controller General (Accounts).
3. Mr. Mueen Aftab Sheikh, Accountant General Pakistan Revenues.
4. Mr. M. Y. Khattak, Director General.
5. Mr. Muhammad Sharif, Accounts Officer.

Ministry of Finance:

1. Syed Roshan Zamir, Additional Secretary(E).
2. Mr. Mukhtar Ahmed, Joint Secretary (Exp).
3. Mr. M. Nasrul Aziz, Joint Secretary/Dir (BC)
4. Mr. Ansar Hussain Shamsi, Joint Secretary (CF).
5. Mr. Yawar Zia,FA, Communications.
6. Mr. Muhammad Aslam, Accounts Officer (Budget).

2259. **Accounts examined-** Accounts pertaining to the Ministry of Communications were examined by the Committee during the meeting.

MINISTRY OF COMMUNICATIONS
(Deferred Accounts)

2260. The Committee took up for its examination the Appropriation Accounts, pertaining to the Ministry of Communications which were deferred on 20-11-1995. The following departmental representatives were present:-

1. Sheikh Inamul Haq, Secretary
2. Mr. Maqbool Akhtar, Deputy Secretary (Admn).
3. Rear Admiral Khalid Wasay, Director General(P&S Wing) Karachi.
4. Mr. Naseem S. Mirza, Chairman (PTCL)
5. Mr. Mujahid Uwais Agha, Member (F)(PTCL).
6. Mr. S. N. K. A. Ghaznavi, General Manager (Finance).
7. Mr. Saeed Wazir, Chief Engineer (Dev).
8. Ch. Muhammad Sarwar, Director General (PPO).
9. Mr. S. Altaf Hussain Shah, Additional Director General(PPO).
10. Mr. Badshah Gul, Chief Accounts Officer(PPO).
11. Mr. Muhammad Mushtaq Swati, Accounts Officer (PAC).

2261. This Ministry controlled the following grants:-

S.No.	Name of Grant	Grant No
1.	Ministry of Communications.	19
2.	Department of Shipping Control and Mercantile Marine.	22
3.	Light Houses and Light Ships.	23
4.	Other Expenditure of Ministry of Communications.	24
5.	Development Expenditure of Ministry of Communications.	148
6.	Capital Outlay on Ports and Shipping.	182
7.	Capital Outlay on Communication Works.	183
	Pakistan Post Office Department	
1.	Pakistan Post Office Department	20
2.	Capital Outlay of Pakistan Post Office Department	180
	Pakistan Telegraph & Telephone Department	
1.	Pakistan Telegraph & Telephone Department	21
2.	Capital Outlay of Pakistan Telegraph & Telephone Department	181

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2262. **Grant No.19-Ministry of Communications (Page 112-AA)-** Audit pointed out that original grant was Rs.14,641,000, supplementary grant Rs.463,000 and actual expenditures were Rs.28,259,939. Thus there was an excess of Rs.13,155,939. The PAC made no comments and regularized the excess expenditure.

2263. **Grant No.22-Department of Shipping Control and Mercantile Marine (Page 114-AA)-** Audit pointed out that an excessive amount of Rs. 457,538 was surrendered converting the grant to be closed into excess of Rs. 17,939.The PAC directed the Ministry that the excessive amount may be shown in the Excess Budget Statement.

2264. **Grant 23-Light Houses and Light Ships (Page 116-AA)-** Audit pointed out that an amount of Rs.3,153 was surrendered leaving net saving of Rs.97,336. The Committee was satisfied with the explanation given by the Ministry and regularized the saving.

2265. **Grant No.24-Other Expenditure of Ministry of Communications (Page 118-AA)-** An amount of Rs. 15,100 was surrendered leaving net saving of Rs. 369,991. Remaining saving should also have been surrendered in time. It was surrendered on 4th June, 29th June.

2266. The PAC conveyed its displeasure on the matter. The Committee directed the Principal Accounting Officer to examine the case and take action against concerned officials,why they did not surrender the saving in time and report to PAC.

2267. **Grant No.148-Development Expenditure of Ministry of Communications (Page 120-AA)-** An amount of Rs. 49,443,500 was surrendered increasing the excess to Rs. 160,766,264. Excess is required to be regularized. Department either overspent or did not cater for the debit advice in the budget allocation which reflects bad planning.The PAC conveyed its displeasure on the poor performance of the Ministry's officials for mis-appropriation of accounts and irregularities.

2268. **Grant No.182-Capital Outlay on Ports and Shipping (Page 121-AA)-** Audit pointed out that an amount of Rs. 49,142,000 was surrendered leaving net saving of Rs. 217,813,617. The PAC was not satisfied with the explanation given by the Ministry and directed the department to examine the case and take action against concerned officials, report to the Committee within one month. The PAC also directed the Ministry of Finance to review the matter.

2269. **Grant No.183-Capital Outlay on Communication Works (Page 123-AA)-** Audit pointed out that the final grant was Rs.7,568,000, actualexpenditure was Rs.5,810,000 and saving of Rs.1,758,000. The entire saving was surrendered. The PAC made no comments and regularized the saving.

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2270. **Grant No.20-Pakistan Post Office Department (Page 27-AA-PPO)-** Audit pointed out that saving of Rs. 6.907 million has not been surrendered in time. The PAC directed the department to examine the case, fix responsibility, take action and report to the Committee within one month.

2271. **Grant No.180-Capital Outlay of Pakistan Post Office Department (Page 30-AA-PPO)-** Audit pointed out that there was a saving of Rs.2,617,391 or Rs.2.617 million which was 3.68% of the final grant. But after printing of Audit Report, the department requested for reopening of accounts to reflect the unbooked capital expenditure upto the concerned year. The request was accepted by the Auditor-General. As a consequence, an adjustment of Rs.2,634,597 was carried out which led to an excess of Rs.17,206 which requires regularization. The Committee regularized the excess expenditure.

APPROPRIATION ACCOUNTS (PT & T) (VOL-IV-1988-89)

2272. **Grant No.21-Pakistan Telegraph & Telephone Department (Page 19-AA-PT&T)-** Audit pointed out that supplementary grant of Rs.110.514 million shown in the appropriation accounts is not correct as no supplementary grant has been authorized in the supplementary schedule of authorized expenditure for the year.

2273. The PAC formed an Inter-departmental Committee comprising a nominee from Audit Department, a nominee from Finance Division and a nominee from Ministry of Communications to examine the issue and report to the Committee within two months.

2274. **Grant NO.181-Capital Outlay of Pakistan Telegraph & Telephone Department (Page 21-AA-PT&T)-** Audit pointed out that in order to avoid surrender of funds the department diverted its overall saving of Rs. 1638.750 million to another sub-head of Grant No. 181-Capital Outlay.

2275. The PAC directed the Principal Accounting Officer to examine the case, fix responsibility, take action against the concerned officials and report to PAC within one month.

2276. **Points not discussed to be treated as settled-** The Committee did not make any observation on other points/paras in the Audit Report pertaining to the Ministry of Communications. These would be treated as settled subject to any action as may be necessary under the rules.

KHAN AHMAD GORAYA,
Secretary

Islamabad,the 17th October,1998.

NATIONAL ASSEMBLY SECRETARIAT

Friday, the 19th December, 1997.
Forty-ninth Sitting of (PAC).

2277. The Public Accounts Committee assembled at 09.30. A.M. in Committee Room No.2 of the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1988-89. The following members attended the meeting:-

Public Accounts Committee:

1.	Mr. Hamza, MNA.	Chairman
2.	Mian Muhammad Zaman, MNA	Member
3.	Nawab Salahuddin Abbasi, MNA	Member
4.	Ch. Muhammad Berjees Tahir, MNA	Member
5.	Mr. Adnan Aurangzeb, MNA	Member

National Assembly Secretariat:

1. Mr. Khan Ahmad Goraya, Secretary.
2. Mr. Abdul Khaliq, Deputy Secretary(PAC).
3. Mr. Khalid Mahmood, Officer on Special Duty(PAC).
4. Mr. Abdul Saleem Sheikh, Section Officer (PAC).

Audit:

1. Mr.Manzur Hussain, Auditor-General of Pakistan.
2. Mr. Muhammad Shoaib Ansari, Deputy Auditor-General.
3. Sheikh Naseer-ul-Haq, Director General Audit (FG).
4. Mr. Muhammad Sharif, Accounts Officer.

Ministry of Finance:

1. Syed Roshan Zamir, Additional Secretary(E).
2. Mr. Mukhtar Ahmed, Joint Secretary (Exp).
3. Mr. M. Nasrul Aziz, Joint Secretary/Dir (BC)
4. Mr. Hamidur Rehman, SED (YIPS).
5. Mr. Muhammad Saleem, DFA(Youth Affairs).
6. Mr. A. Rauf Khan, Deputy Secretary(Invt.)
7. Mr. Muhammad Aslam, Accounts Officer (B).

2278. **Accounts examined**-Accounts pertaining to the Youth Affairs Division were examined by the Committee during the meeting.

YOUTH AFFAIRS DIVISION
(Deferred Accounts)

2279. The Committee took up for its examination the accounts of Youth Affairs Division which were deferred on 24-4-1996. The following departmental representatives were present:-

1. Saiyed Zafar Ali Naqvi, Acting Secretary.
2. Malik Yasrib, Joint Secretary.
3. Ms. Shagufta Khanum, Deputy Secretary (Admn).
4. Peer Bakhsh Jandan, Senior Research Officer.

2280. Audit informed that performance audit report on Youth Affairs Division have been printed with the Accounts for 1992-93 which will be examined when the accounts will came under discussion before PAC. In reply to an observation regarding retention of Youth Affairs Division as an independent Division, it was indicated that this Division has since been merged and ceased to be an independent Division now.

2281. The departmental representative indicated that Youth Investment Promotion Society (YIPS)is now going to be merged with Small Business Finance Corporation, a financial institution under Ministry of Finance, hence further deliberations will be attended by that Division. It was observed that after sustaining losses during 1990,1991 and 1992 the Society turned into profit in 1992-93. Audit further informed that accounts of the Society for the years 1993-94 and 1994-95 have not been make available to the Director General(CA). The Committee directed the department to submit their accounts to Audit well in time.

2282. The Committee thereafter, deferred the examination of accounts for 1988-89 of Youth Affairs Division for the next meeting.

KHAN AHMAD GORAYA,
Secretary

Islamabad,the 17th October,1998.

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