



**REPORT**

**OF THE**

**PUBLIC ACCOUNTS COMMITTEE**

**ON THE**

**ACCOUNTS OF 1953-54**

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(1)

**COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE ELECTED  
BY THE NATIONAL ASSEMBLY OF PAKISTAN (ELECTION  
NOTIFIED ON THE 13TH APRIL, 1956, AND \*29TH APRIL, 1957)  
UNDER SUB-RULE (2) OF RULE 94 OF THE RULES OF PROCE-  
DURE OF THE NATIONAL ASSEMBLY OF PAKISTAN**

*Chairman*

1. Syed Amjad Ali, Minister for Finance.

*Members*

2. Mr. Yusuf A. Haroon.
3. Mirza Mumtaz Hasan Kizilbash.
4. Chaudhri Muhammad Hussain Chattha.
5. Mr. Farid Ahmad.
- \*6. Sheikh Mujibur Rahman.
7. Mr. Bhupendra Kumar Dutta.

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\*Elected on 29th April, 1957, to fill the vacancy caused by the resignation of Mr. Abul Mansur Ahmad, M.P.

## PART I—REPORT

### INTRODUCTORY

WE were called to meet at Karachi on the 20th July, 1957, for examining the Appropriation Accounts for the year 1953-54 and the Comptroller and Auditor General's Report thereon. We held seventeen sittings in all spread over three sessions. In the first session, we held only two meetings, on the 20th and the 22nd July, 1957, with a view to deciding the important points on which clarification or further information was required to be obtained from the Ministries responsible for the control of expenditure under the various Grants. We approved, in these meetings, the questionnaire to be issued to the various Ministries so that they may be ready with the required information and prepare themselves for answering any further questions that might arise during the course of our examination of the Accounts pertaining to the grants for which they were responsible. The detailed examination of the Accounts and the Audit Report was conducted by us in the subsequent two sessions. The 2nd session commenced from the 8th August and ended on the 18th August, 1957, in which we held nine sittings and the third session commenced on the 18th November and ended on the 25th November, 1957, in which we held six sittings. We met again on 28th August, 1958 to finalize our report.

2. We append in Part II the proceedings of our meetings dealing with the Appropriation Accounts for the year under report and the Comptroller and Auditor General's Report thereon. As usual, these proceedings and the specific recommendations and observations contained therein may be regarded as part of our report.

3. In scrutinizing the Appropriation Accounts and the Audit Reports, we have observed the principles laid down in rule 116 of the Rules of Procedure and Conduct of Business of the National Assembly, which defines the scope of our duties and, which, for convenience of reference, is reproduced below :

“ 116. *Control of Committee on Public Accounts.*—(1) In scrutinizing the Appropriation Accounts of Government of Pakistan and the report of the Comptroller and Auditor General thereon, it shall be the duty of the Public Accounts Committee to satisfy itself—

- (a) that the moneys shown in the accounts as having been disbursed were legally available for and applicable to 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 such rules as may prescribed by the Finance Ministry.
- (2) It shall also be the duty of the Public Accounts Committee—
- (a) to examine such trading, manufacturing and profit and loss accounts and balance-sheets as the President may have required to be prepared, and the Comptroller and Auditor General's report thereon ; and
  - (b) to consider the report of the Comptroller and Auditor General in cases where the President may have required him to conduct an audit of any receipts or to examine the accounts of stores and stock.”

4. We must express our thanks to the Comptroller and Auditor General for his bold and lucid exposition of the important irregularities coming to the notice of his department and for his and his officers' assistance throughout our examination of the Accounts and the Audit Report. We are also thankful to the officers of the Ministry of Finance and of the National Assembly Secretariat for their diligent work relating to drawing up of minutes of our meetings and for drafting the Report.

5. *Compliance Reports.*—We scrutinized also the compliance reports submitted by the various Ministries and the Comptroller and Auditor General with respect to the recommendations made and directives given by us in our reports on the Accounts for the years 1951-52 and 1952-53 and in the report of the previous Committee on the Accounts for the year 1950-51. Where any of these recommendations or directives were either partially or fully not complied with by the Ministries, etc., concerned, we have mentioned the fact and indicated the required further action in the proceedings of our meetings in Part II.

6. In the past, the Committee has been reviewing the difficulties faced by the Audit and Accounts Departments in the correct and timely compilation and submission of the Accounts. These were due mainly to the shortage of trained staff and lack of office accommodation, and inordinate delays in the reconciliation of departmental figures of accounts with the Audit Office figures. As a result of the measures already taken, these difficulties have to a large extent been overcome and efforts are being continued to remove them completely. The attainment of normal conditions will, however, take some time. We have been assured by the Comptroller and Auditor General that no effort would be spared to clear the back-log in the accounts and to bring them up to date as expeditiously as the conditions permit. The Accounts for 1954-55 have already been compiled and those for 1955-56 are in hand.

## GENERAL REVIEW OF THE RESULT OF APPROPRIATION AUDIT

### Overall Position

7. *Examination of Appropriation Accounts.*—The following table summarizes the overall result of the appropriation audit during 1953-54 :

	Original Grant or appropriation	Final Grant or appropriation	Actual Expenditure	Savings (—) Excess (+)	Percentage
(In lakhs of rupees)					
<b>Voted</b>					
Expenditure met from Revenue :					
Civil ... ..	29,04	36,48	36,17	—31	0.85
Defence ... ..	60,10	63,32	65,31	+1,99	3.14
Railways ... ..	35,44	35,44	34,69	—75	2.12
Posts and Telegraphs	5,75	5,75	5,75	...	...
	1,30,33	1,40,99	1,41,92	+93	0.66

			Original Grant or appropriation	Final Grant or appropriation	Actual Expenditure	Savings (—) Excess (+)	Percentage
(In lakhs of rupees)							
Expenditure met from Capital—							
Civil	...	...	19,42	19,90	—17,84*	—37,74	Over 100 per cent.
Defence	...	...	19,90	19,90	14,92	—4,98	25.03
Railways	...	...	15,22	15,22	9,48	—5,74	37.75
Posts and Telegraphs			2,50	2,50	2,10	—40	1.59
			57,04	57,52	8,66	—48,86	84.94
Disbursement of Loans and Advances ...			4,21	9,97	8,03	—1,94	19.46
Total, Voted ...			1,91,58	2,08,48	1,58,61	—49,87	23.92
Charged							
Expenditure met from Revenue :							
Civil	...	...	9,34	9,45	9,45	...	...
Railways	...	...	4,82	4,82	4,27	—55	11.44
Posts and Telegraphs			24	24	19	—5	21.2
			14,40	14,51	13,91	—60	4.14
Disbursement of Loans and Advances ...			16,08	45,83	40,40	—5,43	11.85
Total, Charged ...			30,48	60,34	54,31	—6,03	9.99
Total expenditure met from Revenue ...			1,44,73	1,55,50	1,55,83	+33	0.21
Total expenditure met from Capital ...			57,04	57,52	8,66	—48.96	84.94
Total disbursement of Loans and Advances ...			20,29	55,80	48,43	—7,37	13.21
GRAND TOTAL ...			2,22,06	2,68,82	2,12,92	—55,90	20.79

\* Minus expenditure represents the excess of recoveries over gross expenditure.

8. The following table gives the analysis of savings and excesses by main Departments, that is, Civil, Defence, Railways and Posts and Telegraphs.

(a) Without taking into account the surrenders made :

	Grant	Expen- diture	Savings(—) Excess(+)	Percentage
(In lakhs of rupees)				
Civil ... ..	1,21,63	76,21	—45,42	37.34
Defence ... ..	83,22	80,23	—2,99	3.59
Railways ... ..	55,48	48,44	—7,04	12.69
Posts and Telegraphs ... ..	8,49	8,04	—45	5.3
	2,68,82	2,12,92	—55,90	20.79

(b) After taking into account the surrenders made :—

	Grant	Expen- diture	Savings(—) Excess (+)	Percentage
Civil ... ..	1,04,22	76,21	—28,01	26.87
Defence ... ..	80,85	80,23	—62	0.87
Railways ... ..	51,64	48,44	—3,20	6.20
Posts and Telegraphs ... ..	8,43	8,04	—39	4.6
	2,45,14	2,12,92	—32,22	13.14

9. The following table further analyses the savings and excesses separately under Revenue, Capital and Loans and Advances :

	Original Grant or Appro- priation	Final Grant or Appro- priation	Actual Expen- diture	Savings (—) Excess (+)	Percentage
(In lakhs of rupees)					
CIVIL					
Expenditure met from Revenue :					
Voted ... ..	29,04	36,48	36,17	—31	0.85
Charged ... ..	9,34	9,45	9,45	...	...
Total ... ..	38,38	45,93	45,62	—31	0.67

			Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Savings (-) Excess (+)	Percentage
(In lakhs of rupees)							
Expenditure Capital :	met	from					
Voted	...	...	19,42	19,90	-17,84	-37,74	Over 100 per cent.
Disbursement of Loans and Advances :							
Voted	...	...	4,21	9,97	8,03	-1,94	19.46
Charged	...	...	16,08	45,83	40,40	-5,43	11.85
Total	...	...	39,71	75,70	30,59	45,11	59.59
GRAND TOTAL	...	...	78,09	1,21,63	76,21	-45,42	37.34
DEFENCE							
Expenditure Revenue :	met	from					
Voted	...	...	60,10	63,32	65,31	+1,99	3.14
Expenditure Capital :	met	from					
Voted	...	...	19,90	19,90	14,92	-4,98	25.03
Total	...	...	80,00	83,22	80,23	-2,99	3.59
RAILWAYS							
Expenditure Revenue :	met	from					
Voted	...	...	35,44	35,44	34,69	-75	2.12
Charged	...	...	4,82	4,82	4,27	-55	11.44
Total	...	...	40,26	40,26	38,96	-1,30	3.23
Expenditure Capital :	met	from					
Voted	...	...	15,22	15,22	9,48	-5,74	37.75
GRAND TOTAL	...	...	55,48	55,48	48,44	-7,04	12.69
POSTS AND TELEGRAPHS							
Expenditure Revenue :	met	from					
Voted	...	...	5,75	5,75	5,75	...	...
Charged	...	...	24	24	19	-5	21.2
Total	...	...	5,99	5,99	5,94	-5	0.83
Expenditure Capital :	met	from					
Voted	...	...	2,50	2,50	2,10	-40	15.9
GRAND TOTAL	...	...	8,49	8,49	8,04	-45	5.3



## GENERAL OBSERVATIONS

10. The overall savings in the final grants and appropriations amount to Rs. 55.90 crores or 20.79 per cent. After taking into account the surrenders of Rs. 23.68 crores made during the year, the saving would be Rs. 32.22 crores or 13.14 per cent. of the final modified grants and appropriations. It should be noted that in the case of the grant for Capital Outlay on Schemes of State Trading, only a token vote of the Legislature for Rs. 1,000 was obtained as the net budget provision was a minus figure of Rs. 24.04 crores, which represented the excess of recoveries over the gross expenditure. If this fact is taken into consideration, the savings in the aggregate and final modified grants and appropriations would work out to 13.01 per cent. and 3.69 per cent. respectively. In the year 1952-53, there was an overall saving of 7.03 per cent. of the aggregate amount of final grants and appropriations and after taking into account the surrenders made during that year, there was an excess of 3.36 per cent. Judging only from the percentage of overall variations, it would appear that the budgeting for the year under review was more defective than in the previous year but the control over expenditure somewhat was better. As observed by us in our last report, however, percentages alone cannot be guiding factor and our examination of the accounts in details indicates that there is much scope for improvement both in regard to budgeting as well as control over expenditure. We would, therefore, emphasize that the Ministry of Finance and the administrative Ministries should pay greater attention to accuracy in budgeting and effective control over expenditure, so as to avoid large disparities between the budget provisions and the actual expenditure.

## UNCOVERED EXPENDITURE REQUIRING REGULARISATION

11. The statement in Annexure I gives the particulars of voted grants and charged appropriations for the year 1953-54, the expenditure incurred against them and the variations between the two. In certain cases the actual expenditure has exceeded the final grant for appropriation as indicated in the statement below :

*A—Statement showing the excesses over the voted grants which require excess votes of the Parliament*

Serial No.	No. and name of Grant	Final Grant	Actual expenditure	Excess requiring vote of the Parliament
		Rs.	Rs.	Rs.
1.	2—Central Excise and Salt ... ..	91,84,000	93,77,541	1,93,541
2.	3—Taxes on Income, Corporation Tax and Sales Tax ... ..	43,57,000	43,62,771	5,771
3.	6—Stamps ... ..	1,000	6,86,832	6,85,832
4.	16—Ministry of Law ... ..	4,00,000	4,05,356	5,356
5.	18—Ministry of Kashmir Affairs ... ..	9,40,000	9,56,265	16,265
6.	20—Ministry of Finance ... ..	34,98,000	35,17,144	19,144
7.	24—Ministry of Health and Works ... ..	5,00,000	5,03,602	3,602

Serial No.	No. and name of Grant	Final Grant	Actual expenditure	Excess requiring vote of the Parliament
		Rs.	Rs.	Rs.
8.	26—Ministry of Defence ... ..	9,29,000	9,98,186	69,186
9.	27—Ministry of States and Frontier Regions	4,67,000	4,88,486	21,486
10.	30—Payments to other Governments, Departments, etc., on account of the administration of Agency subjects and management of Treasuries ...	24,000	84,029	60,029
11.	32—Administration of Justice ... ..	73,000	1,05,882	32,882
12.	33—Police ... ..	1,46,51,000	1,81,37,429	34,86,429
13.	40—Zoological Survey ... ..	1,00,000	1,00,702	702
14.	41—Geological Survey ... ..	6,00,000	6,04,214	4,214
15.	48—Agriculture ... ..	46,00,000	88,27,289	42,27,289
16.	62—Superannuation Allowances and Pensions ... ..	42,00,000	46,45,089	4,45,089
17.	63—Stationery and Printing ... ..	36,00,000	38,30,685	2,30,685
18.	65—Expenditure connected with Kashmir Refugees ... ..	2,11,78,000	3,12,56,399	1,00,78,399
19.	66—Miscellaneous ... ..	3,42,28,000	3,76,50,429	34,22,429
20.	67—Defence Services ... ..	63,32,00,000	65,31,40,434	1,99,40,434
21.	68—Miscellaneous Adjustments between the Central and Provincial Governments.	16,000	29,987	13,987
22.	74—Capital Outlay on Civil Aviation ...	1,47,80,000	1,57,27,376	9,47,376

*B—Statement showing the excesses over charged appropriations which required the sanction of the Government of Pakistan, Ministry of Finance*

Serial No.	No. and name of Grant	Final Appropriation	Actual expenditure	Excess requiring the sanction of the Government of Pakistan
		Rs.	Rs.	Rs.
1.	11—Cabinet ... ..	8,51,000	8,61,139	10,139
2.	71—Karachi ... ..	...	52,000	52,000
3.	Interest on Debt and other obligations and Reduction or Avoidance of Debt ...	7,71,74,000	7,73,82,274	2,08,274
4.	Staff, Household and Allowances of the Governor General ... ..	7,88,000	7,93,286	5,286
5.	Pakistan Public Service Commission ...	5,00,000	5,00,729	729

The excesses were the result of inevitable expenditure and we recommend that the excesses over the voted grants may be regularised by excess votes of the Parliament, under Article 67 of the Constitution of the Islamic Republic of Pakistan read with rule 114 of the Rules of Procedure and Conduct of Business of the National Assembly of Pakistan.

### APPROPRIATION ACCOUNTS (CIVIL)

12. The position of the Civil Appropriation Accounts is as follows :

			Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Savings (-) Excess (+)	Percentage
(In lakhs of rupees)							
<b>Expenditure Revenue :</b>	met	from					
Voted	...	..	29,04	36,48	36,17	-31	0.85
Charged	...	...	9,34	9,45	9,45	...	...
	Total	...	38,38	45,93	45,62	-31	0.67
<b>Expenditure Capital :</b>	met	from					
Voted	...	...	19,42	19,90	-17,84	-37,74	Over 100 per cent.
<b>Disbursement of Loans and Advances :</b>							
Voted	...	...	4,21	9,97	8,03	-1,94	19.46
Charged	...	...	16,08	45,83	40,40	-5,43	11.85
	Total	...	39,71	75,70	30,59	-45,11	59.59
<b>GRAND TOTAL</b>	...	...	78,09	1,21,63	76,21	-45,42	37.34

The overall savings work out to 37.34 per cent. of the aggregate final grants and after taking into account the amounts surrendered before the close of the year, the saving comes down to 26.87 per cent. of the modified grants. However, as mentioned earlier, there was a net budget provision of minus Rs. 24.04 crores under the grant for Capital Outlay on Schemes of State Trading, against which a token vote of the Legislature for Rs. 1,000 was obtained. Taking this factor into consideration, the real savings would be 21.91 per cent. of the aggregate grants and 4.98 per cent. of the modified grants. Savings have occurred in 58 out of 81 grants and in 8 out of 13 charged appropriations. In 21 cases the individual grants have been exceeded and require regularization by excess votes of the Parliament. In five cases the expenditure under the charged appropriations has exceeded the final modified appropriations requiring regularization by the Ministry of Finance.

13. *Supplementary Grants.*—Thirty-five supplementary demands for grants aggregating Rs. 13.67 crores were moved in the Legislature during

March, 1954 and voted by that body. Out of these, two were for entirely new demands. In two cases the supplementary grants proved wholly unnecessary, while in 21 cases the expenditure under the grants concerned remained uncovered for want of supplementary grants indicating that the supplementary grants were obtained without carefully assessing the requirements. In a number of cases, the additional funds obtained by means of supplementary grants under the various sub-heads were wholly or partly unnecessary and similarly under a number of sub-heads the excess expenditure remained uncovered.

While we recognise that the demands for supplementary grants cannot be eliminated altogether, as certain items of expenditure of unavoidable nature do arise during the course of the year which cannot be foreseen at the time of framing the original budget estimates, we feel that the number and amounts of such demands can be considerably reduced if the administrative Ministries prepare the original estimates on a realistic basis, keep a constant watch on the progress of expenditure and make earnest efforts to accommodate the additional items of expenditure, not provided for in the original budget, by effecting all possible economies or by a judicious postponement of new schemes of lesser importance. We have, however, noticed that there is a tendency on the part of administrative Ministries to go in for supplementary grants as a matter of course, without making a thorough assessment of their requirements. The supplementary grants which prove wholly or largely unnecessary are indefensible and are obviously the result of improper control over expenditure. We would do no better than to reiterate the observations made by us in our report on the Accounts for 1951-52, that the Ministries should carefully assess their requirements from time to time during the course of the year and should ask for supplementary grants only when these are unavoidable. In doing so, they must obtain all relevant data from the various agencies concerned and should see that the assessment of additional requirements is made as accurately as possible rather than on mere assumptions.

### CONTROL OVER EXPENDITURE

14. Some of the more important instances of defective control over expenditure mentioned in the Audit Report are :—

- (i) *Unnecessary supplementary grants.*—There were two cases namely, Grants Nos. 1—Customs and 79—Capital Outlay on Civil Works in which the supplementary demands presented to the Legislature proved wholly unnecessary. In the case of Grant No. 61—Civil Works, except for a small amount, the supplementary grant proved unnecessary.
- (ii) *Irregular re-appropriations.*—As in the previous years, there were some cases of re-appropriations under individual sub-heads which proved excessive or were in the wrong direction. Instances of these have been mentioned in the notes below the Appropriation Accounts of the Grants or Appropriations concerned, for example, Grants Nos. 1—Customs, 7—Forest, 9—Irrigation, Navigation, Embankment and Drainage Works, 20—Ministry of Finance, 34—Ports and Pilotage, 36—Frontier Regions, 37—Foreign Affairs, 46—Medical Services, 51—Industries, 52—Aviation, 53—Pakistan Broadcasting Service, 57—Miscellaneous Departments, 61—Civil Works, 70—Baluchistan, 71—Karachi, 78—Capital Outlay on New Federal Capital, 79—

Capital Outlay on Civil Works and 84—Capital Outlay on Development.

(iii) *Surrenders made in excess of total savings in voted grants :*

No. and name of Grant	Amount of saving	Amount surrendered
	Rs.	Rs.
14—Ministry of Information and Broadcasting ... ..	42,302	1,46,200
17—Ministry of Foreign Affairs and Commonwealth Relations ...	75,314	97,000
25—Ministry of Communications ... ..	47,589	48,518
34—Ports and Pilotage ... ..	3,48,644	3,72,500
38—Survey of Pakistan ... ..	3,92,575	17,26,900

(iv) *Surrenders made even though the net result was an excess :*

No. and name of Grant	Amount of excess	Amount surrendered
	Rs.	Rs.
40—Zoological Survey ... ..	702	2,640
48—Agriculture ... ..	42,27,289	10,79,117
63—Stationery and Printing ... ..	2,30,685	27,200

(v) *Utilization of unanticipated credits.*—The following cases of unanticipated credits under Voted grants having been utilised towards additional expenditure were noticed. The amount utilized is shown against each grant :

No. and name of Grant	Amount
	Rs.
2—Central Excise and Salt ... ..	3,71,096
20—Ministry of Finance... ..	6,321
61—Civil Works ... ..	63,07,456
80—Capital Outlay on Pensions ... ..	63,702

(vi) *Overall variations under sub-heads.*—The following table gives the statistical position of the sub-heads containing variations between final grants and actual expenditure, sub-heads containing excesses over one per cent., or savings over two per cent.

of the final grants and also the percentage of each category of subheads to the total number of sub-heads :

	Voted	Charged
1. Total number of sub-heads ... ..	1,837	79
2. Number of sub-heads containing variations ... ..	1,696	68
3. Number of sub-heads containing excesses over one per cent. ... ..	488	26
4. Number of sub-heads containing savings over two per cent. ... ..	807	33
5. Percentage of 3 to 1 ... ..	26·56	32·91
6. Percentage of 4 to 1 ... ..	43·93	41·77

The percentages shown against items 5 and 6 also are pretty large and suggest the necessity of more effective control over expenditure.

14. The control over expenditure, so as to keep it within the authorised limits, is a very important duty of the Heads of Departments and administrative Ministries. This can be exercised effectively only if the departmental accounts are maintained properly and these are reconciled regularly with the figures of expenditure in the Accounts Offices. The Committee has all along been emphasizing the importance of this matter in its reports for the past years but we regret to note that the accounts of the years under report, as will be observed from the instances mentioned above, showed little improvement in this respect as compared to those of the previous years. Lately, a special officer was appointed by the Ministry of Finance for a period of about one year with a view to educating the staff of the controlling officers in the maintenance of departmental accounts and their reconciliation with the accounts booked in the Accounts Offices. We learn that this arrangement proved very helpful in imparting the necessary guidance and training to the staff concerned of the various Ministries and Departments situated in Karachi and also in clearing a sizable amount of arrears of the reconciliation work. As recommended by us in our report on the Accounts for 1951-52, the Ministry of Finance have also recently issued detailed instructions on the subject for the guidance of the drawing and disbursing and the controlling officers. These instructions should be strictly observed by all concerned. We would like it to be understood that in future the Secretaries of the Ministries would be held personally responsible for any laxity in the matter of control of expenditure on the part of their subordinate officers.

15. *Non-utilization of funds provided for nation-building activities.*—The following table would show that in the year under report large savings occurred in the grants for nation-building activities, as in the previous year :

Name of Grant	Percentage of savings in the Final Grant
9—Irrigation, Navigation, Embankment and Drainage Works ... ..	21·65
38—Survey of Pakistan ... ..	16·54
44—Meteorology ... ..	30·22

Name of Grant	Percentage of savings in the Final Grant
45—Education ... ..	20·75
46—Medical Services ... ..	9·05
47—Public Health ... ..	36·59
49—Civil Veterinary Services ... ..	25·36
52—Aviation ... ..	11·29
61—Civil Works ... ..	41·66
75—Capital Outlay on Broadcasting Service ... ..	46·34
76—Capital Outlay on Ports ... ..	78·25
78—Capital Outlay on New Federal Capital ... ..	35·81
79—Capital Outlay on Civil Works ... ..	26·93
81—Capital Outlay on Printing Presses ... ..	25·36
84—Capital Outlay on Development ... ..	54·52

Large percentages of savings in the grants for nation-building activities has been a common feature of the budgets for the past years. In view of the very wide scope for improvement in social and economic activities in the country, the Committee has been emphasizing the desirability of full utilization of the funds provided for those purposes from year to year, but we are disappointed to note that there has been little improvement in this respect. As pointed out by us in our report on the accounts for 1951-52, the large savings are generally the result of providing funds for half-baked schemes without proper planning and preparatory work. It appears that the administrative Ministries are more anxious to secure funds than to utilize them properly. Such a tendency cannot but be deprecated. We would reiterate our previous recommendation in this respect that the Ministry of Finance should refuse to provide funds in the budget, until it is fully satisfied that planning and preparatory work has advanced to such an extent as to justify reasonable prospects of the expenditure being actually incurred during the year.

Heavy savings have persistently occurred in the past in the grants for works, more particularly in those relating to Capital works. We discussed the matter in some details with the representatives of the Ministry of Works and the Financial Adviser, Works, to find out the real causes for such large savings. It was explained to us that previously the budget estimates for works used to be prepared hurriedly and provision was included therein even for works for which administrative approval had not been accorded. We were informed that the procedure has been changed with effect from the year 1957-58 and that provision is now being made only for such works as have been administratively approved. The Comptroller and Auditor General expressed the view that administrative approval alone was not enough to ensure that expenditure would be really incurred, as there had been cases in the past in which after the administrative approval had been accorded the site required for the work could not be acquired because of various difficulties. According to him it was necessary that detailed technical sanction should also be

available and there should be a reasonable prospect of acquiring the site during the course of the year before the budget provision was made for any work. The Financial Adviser advised that action had been taken to expedite in the Ministry of Finance, the disposal of proposals for construction of buildings, etc., and the decision already taken to restrict provision in the budget for only such works as were administratively approved was an important measure, the result of which should be watched before tightening up the procedure any further. We agree with the Financial Adviser and suggest that the effect of the new measures should be reported to the Committee when it examines the accounts for the year 1957-58 onwards.

#### COMMENTS ON INDIVIDUAL ACCOUNTS

16. Our detailed comments on the individual accounts, points raised in the Audit Report and other connected matters are contained in the proceedings of our meetings in Part II, which as stated earlier, form part of our report. Important observations and recommendations have been made in the succeeding paragraphs.

17. *Unauthorised assignments of the proceeds of sales tax for the Years 1948-49 to 1951-52 to Provinces and States and retention by the Central of the entire proceeds of income-tax for the years 1947-48 to 1951-52.*—The Comptroller and Auditor General has reported that a portion of the proceeds of sales tax for the years 1948-49 to 1951-52 was distributed to Provinces and acceded States while the entire proceeds of income-tax for the years 1947-48 to 1951-52 were retained by the Central Government, without the issue of an order of the Governor General as required by sections 140-A and 138 of the Government of India Act 1935 (as adapted), which was in force at the relevant time. He is of the opinion that although this arrangement was agreed to by the Provinces and the States concerned, the action of the Central Government in both the cases was irregular and requires to be regularised. We recommend that the matter should be examined by the Ministry of Finance in the light of Article 118 of the new Constitution and legal advice should be obtained on the point whether it would be necessary to resort to legislation or to issue the President's Order with a view to supplying the omission. A report on the action taken in this regard may be submitted to us at the time of our next session.

18. *Audit of the accounts of finance and development corporations sponsored by Government.*—We were informed by the representatives of the Ministry of Industries, Finance and Commerce, that a decision had already been taken to entrust to the Comptroller and Auditor General the audit of the Pakistan Industrial Development Corporation, the Refugee Rehabilitation Finance Corporation and the Pakistan Insurance Corporation by amending the relevant Acts and that the question of entrusting the audit of Small Industries Corporation to the Comptroller and Auditor General was also under active consideration. We recommend that the decision in regard to the last named corporation should also be expedited and explicit provision should be made in the statutes of all the corporations in which majority shares are owned by Government to the effect that their audit would be entrusted to the Comptroller and Auditor General. The position in this respect of all the statutory corporations should be reported to the Committee.

19. *Grant No. 1—Customs.*—It has been mentioned in paragraph 48 of the Audit Report that without consulting the Audit Department the Central Board of Revenue decided to raise the limit for raising objections by the Internal Audit Party of the Customs Department from



Rs. 15 to Rs. 75 and also issued orders that the objections involving Rs. 1,000 or less raised by the Internal Audit Party during the years 1947—1954 should be dropped without any further action and that the cases involving more than Rs. 1,000 should be examined and dropped with the exception of those where the supposed underpayment was due to fraudulent, misleading or incorrect declaration or statement on the part of the importer or the clearing agent. The departmental representative explained to us that the above-mentioned action was taken in order to clear the arrears and to utilise the available staff in detecting non-payments of substantial amounts. He also contended that the Central Board of Revenue was competent to regulate the measure of internal audit and that it was not necessary for it to consult the Audit Department. We do not agree with this contention of the departmental representative. Our view is that as the question of statutory audit by the Audit Department is largely dependent on the arrangements for internal audit and control, it was not proper for the Central Board of Revenue to have raised the limits for internal audit without consulting the Comptroller and Auditor General. We recommend, therefore, that the whole matter should be reviewed by the Board of Revenue in consultation with the Comptroller and Auditor General and the limits refixed accordingly. We would like to be advised of the result of the proposed review.

20. *Grant No. 3—Taxes on Income, Corporation Tax and Sales Tax.*—During the course of examination of the Appropriation Account of this Grant, it was brought to our notice by the Comptroller and Auditor General that during the year 1953-54 remissions of revenue, writes off, etc. were sanctioned in 271 cases involving Rs. 99.140 as compared to 49 cases involving Rs. 17,000 in 1952-53 and only one case involving Rs. 2.195 in 1951-52. The departmental representative explained that the increase in the number of cases of revenue remissions was mainly due to more effective control of assessment. Although this reason may in part account for the increase, we would recommend that the Central Board of Revenue should exercise stricter control over such cases.

21. *Grant No. 48—Agriculture.*—The expenditure under this Grant exceeded the budget provision by Rs. 42.27 lakhs but instead of obtaining a supplementary grant to cover this excess an amount of Rs. 10.79 lakhs was surrendered. During our discussion with the departmental representative it transpired that this happened due to the fact that the position of the Grant as a whole was not assessed and the savings under certain sub-heads were surrendered without taking into account the excesses under other sub-heads. This was a glaring mistake. To avoid such irregularities in future, the Grant as a whole should be reviewed very carefully well before the close of the year and the savings and excesses under the different sub-heads should be regularised by re-appropriation, surrender or by obtaining a supplementary grant as the case may require.

The statement at page 237 of the Appropriation Accounts, 1953-54, shows that out of the total contribution of Rs. 35.48 lakhs payable by the former Units in West Pakistan towards the Coordinated Locust Control Scheme, up to the period ended 31st March, 1956, a sum of Rs. 30.26 lakhs was outstanding. We take a serious view of the fact that the recoveries due from the participating units were not effected concurrently and were allowed to accumulate to such a heavy amount. The Ministry of Agriculture should take up the matter with the West Pakistan Government without further delay and, if need be, the possibility of adjusting the amount against the amounts due to the Provincial Government from the Central Government should be considered.

22. *Grant No. 83—Capital Outlay on Schemes of State Trading—Purchases by the Ministry of Food and Agriculture.*—There was saving of about Rs. 65 lakhs under the sub-head "C-1(1)—Gross Expenditure" which was not surrendered. This irregularity has been explained in the Appropriation Accounts as mainly due to non-adjustment of expenditure for the cost of Baluchistan paddy on account of discrepancy in the rates fixed by the Central Government and the rates at which it was actually procured by the Baluchistan Administration. The facts of the case have been discussed in paragraph X of the minutes of our meeting held on the 12th August, 1957, which show that the Local Administration procured the paddy at the maximum rates fixed by the Central Government instead of at the lower rates prevailing at the relevant time, due firstly to defective instructions issued by the Ministry of Food to the Local Administration and secondly to inordinate delay on the part of the Ministry in making enquiries from the Local Administration as to the rates at which the procurement was actually being made. Such a situation could have been avoided if the Ministry of Food had exercised due care. We suggest that steps should be taken to ensure that such a situation does not arise in future.

In paragraph 45(c) of the Audit Report, it has been mentioned that a net loss of Rs. 1,50,385 was incurred by Government in a contract placed by the Ministry of Food on a certain firm for supply of Gram to the Pakistan Army, which could not be recovered due to the whereabouts of the firm not having been traced out. The enquiries made by us have disclosed that a fictitious firm submitted the lowest tender for the contract in question, which was accepted by the Ministry of Food without ascertaining its antecedents. When the so-called firm failed to carry out the contract, the Ministry of Food set about to find out its whereabouts but could not trace it. In our opinion, this is a case of gross neglect of public interest. We recommend that in future antecedents of the contractors should be verified and their financial status ascertained before placing contracts with them.

23. *Grant No. 17—Ministry of Foreign Affairs and Commonwealth Relations.*—A sum of Rs. 97,000 was surrendered whereas the amount of saving available in the Grant was Rs. 75,314 only. This is a clear case of defective control over expenditure. The expenditure furnished by the departmental representative, that the surrender was made in pursuance of the recommendation of the Administrative Enquiry Committee, indicates that the Ministry did not understand the exact import of the aforesaid recommendation and implemented it merely by surrendering the funds instead of by effecting economy in expenditure as was the intention. The Ministry should exercise more effective control over expenditure in future.

24. *Grant No. 37—Foreign Affairs.*—The explanations for the final savings and excesses under quite a number of sub-heads were not furnished by the Ministry of Foreign Affairs and Commonwealth Relations to the Accountant General, Pakistan Revenues, for incorporation in the Appropriation Accounts. On our questioning, the departmental representative explained that this could not be done because the reconciliation of the departmental and the Audit Office figures had not been carried out. We take a serious view of such omissions, as in the absence of essential information the Committee's time is wasted in making enquiries from the departmental representatives who appear before it. We would, therefore, recommend that the departmental and the Audit Office figures of expenditure should invariably be reconciled well before the accounts are finally closed and all the information

required by the Accountant General, Pakistan Revenues, for incorporation in the Appropriation Accounts should be furnished to him in time.

It has been mentioned in paragraph 22(d) of the Audit Report that the periodical certificates for the checking of the furniture in Pakistan Missions abroad have not been furnished regularly to Audit and that out of 242 certificates required to be submitted for the years 1947-48 to 1955-56, certificates for 11 Missions only have been received by Audit. Even these certificates do not indicate the year to which they pertain. This is a very unsatisfactory position. The Ministry of Foreign Affairs and Commonwealth Relations should supply the outstanding certificates to Audit forthwith and submit a compliance report to the Committee at its next session.

In our report on the Accounts for 1951-52, we had opined that the rates of foreign allowance paid to the Pakistan based staff of the various Missions abroad were on the high side and needed to be scaled down suitably so that these should not be a source of profit to the recipients. We had recommended that the matter should be given urgent consideration, but to our disappointment nothing has been done so far. In his Audit Report, the Comptroller and Auditor General has also drawn our attention to the fact that the foreign allowances were fixed provisionally in December, 1949, following the devaluation of pound sterling and other currencies, and were intended to be subjected to a comprehensive review thereafter, but actually, no review took place till our own currency was also devalued in August, 1955. We have been informed that for the purpose of reviewing the foreign allowances, a Joint Secretary each of the Ministry of Finance and the Ministry of Foreign Affairs and Commonwealth Relations was sent round the various Pakistan Missions abroad. They returned in January, 1956 and submitted their report but no decision has yet been taken. We would strongly urge that both the Ministries of Finance and Foreign Affairs and Commonwealth Relations should expedite the final decision in the matter and report compliance to the Committee at its next session.

The financial irregularities in the Pakistan Missions abroad mentioned in paragraphs 28 to 32 of the Audit Report were discussed by us with the departmental representatives and our comments and recommendations in regard to each of these are recorded in the proceedings of our meeting held on the 13th August, 1957. The Ministry of Foreign Affairs should implement the recommendations made by us in each case and submit a detailed compliance report to the Committee at its next session. We have observed, *inter alia* that long delays occur in investigating the irregularities detected by Audit, with the result that not only the persons at fault escape due consequences owing to the passage of time, but the realisation of the losses incurred by Government due to wrong or fraudulent payments also becomes extremely difficult. We feel that the state of affairs cannot be improved unless the Ministry of Foreign Affairs and Commonwealth Relations take special steps to enforce strict financial discipline in the Missions abroad. We would like to know during the next session of the Committee the steps taken in the matter.

25. *Grant No. 45—Education.*—There has been a saving of Rs. 15.69 lakhs in the gross provision voted by the Legislature. The departmental representative listed several factors leading to this saving, the important being deferment of grants to certain Universities and literary institutions due to non-fulfilment of the requisite conditions, non-utilisation of the provision for establishment of new institutions and development of the existing ones and non-utilisation of the provision for award of

scholarships to students for higher studies abroad, because of delay in making selections and securing placement in Universities abroad. We were not satisfied with the explanation of the departmental representative. It is a matter of concern that the provisions made by the Legislature for nation-building activities are not being utilised in full whereas there is a crying need for stepping up the tempo of such activities. The schemes for scholarships were contemplated during the year 1952-53 and the grants were actually sanctioned in 1953. We, therefore, fail to understand why the students could not be sent abroad during 1953. We would like to have a report indicating *inter alia* the reasons for the non-implementation of scholarship schemes, where and how the delays took place, what steps have been taken or are proposed to be taken to avoid such delays in future.

It has been mentioned in note 3 below the Appropriation Account of this Grant that the explanations for final variations under a number of sub-heads were not furnished to the Accountant General, Pakistan Revenues, for incorporation in the Appropriation Accounts. As pointed out earlier, we take a serious view of such omissions. In future necessary information on all points should be furnished to the Accountant General, Pakistan Revenues, in time.

26. *Grant No. 83—Capital Outlay on Schemes of State Trading—Scheme for the purchase of Jute.*—A number of financial irregularities alleged to have been committed by the Jute Board have been mentioned in paragraph 35 of the Audit Report. At the time of our examination of the accounts the departmental representative could not furnish us with full details of each case. He, however, maintained that the criticism by Audit was not wholly justified and was not based on proper appreciation and a working knowledge of the practices of the jute trade. We are unable to make any comments at this stage without knowing the full facts. The Ministry of Commerce should submit a detailed note at the time of our next session, stating the latest position of all the cases mentioned in the Audit Report and the steps taken to recover or regularise the losses.

27. *Grant No. 11—Cabinet—Secret Service Expenditure.*—The departmental representative informed us that the requisite certificates in all the cases had been furnished to Audit in 1954. The position should be verified by Audit.

In our report on the accounts for 1951-52, we had recommended that all public servants, Ministers and other nominees of Government, who receive presents from foreigners, whether in this country or otherwise, should be required to declare such presents and to return them to Government. We were informed by the representative of the Cabinet Secretariat that orders on this subject had already been issued. According to these orders, all gifts received by Ministers and Government servants are required to be declared by them to Government. The gifts of the value of Rs. 250 and above are required to be deposited in the Government Toshakhana and those of lesser value are allowed to be retained by the recipients. As suggested in paragraph 21 of the Audit Report, 1955, the Cabinet Secretariat should review the position of the gifts received by the Ministers, etc. in the light of the orders on the subject, and report the result to Audit. It should also be enquired whether all the gifts which should have been deposited in the Toshakhana have actually been so deposited.

28. *Grant No. 53—Pakistan Broadcasting Service.*—It was brought to our notice that there had been delays in the past on the part of the Public Works Department in executing works even when sanctions for

the works had been issued. This indicates lack of coordination and team work among the various departments. We recommend that necessary steps should be taken to secure greater coordination in this respect so that firstly no provision is made in the budget for a work unless a proper programme for its execution has been prepared and secondly when budget provision has been made it is ensured that the amount is, as far as possible, fully utilised.

29. *Grant No 83—Capital Outlay on Schemes of State Trading—Purchases by the Department of Supply and Development.*—In 1949, five jute baling presses and four electric generating sets were imported for East Pakistan and were sold to private parties on credit. Despite repeated instructions of the Public Accounts Committee in its reports on the accounts for the past years for the expeditious recovery of the cost from the parties concerned, a substantial amount still remains unrealised. We regard it as a very unsatisfactory position. The Ministry of Industries should submit a detailed report to us at our next session, indicating *inter alia* (1) the total recoveries made, (2) the losses incurred and the reasons therefor, (3) whether the losses cannot be made good, and (4) whether responsibility for the neglect of financial interest of Government cannot be fixed and, if not, what are the reasons.

At the time of examination of the Accounts for 1949-50, it was brought to the notice of the Public Accounts Committee that certain stores were imported for the Government of East Pakistan without first ascertaining the specifications required by the Provincial Government. As the stores did not suit the requirements of the Provincial Government they did not accept them. The Ministry of Industries has not so far been able to report to us the facts of the case. Urgent steps should now be taken by that Ministry to investigate the circumstances under which the stores of specifications not required by the indentors were imported, to ascertain the losses and to fix responsibility for the mistake. A detailed report of the action taken should be submitted to the Committee during its next session.

In paragraph 5(1) of the notes on page 494 of the Appropriation Accounts for 1953-54, it has been reported that during 1950-51 a sum of Rs. 1,51,732, representing the sale proceeds of steel rods, was deposited in the National Bank of Pakistan in the name of the officer concerned instead of depositing it in the Government Treasury. As a result the amount remained outside the Public Accounts up to May, 1955. According to the rules, all public moneys must be brought into the Government Account with the least possible delay. This should be brought to the notice of all concerned to avoid such mistakes in future.

In paragraph 22 of our report on the Accounts for 1951-52, we had recommended that the existing system of centralised purchases of stores should be thoroughly reviewed with a view to consider whether it should be continued or whether the pre-War practice of permitting each department to make purchases of its specialised requirements should be revived. The departmental representative informed us that the position was examined by a Committee in 1954 who suggested that the existing system of centralised purchases through the Director General of Supply and Development should be continued but the procedures for indenting, procurement, financial control and payment should be streamlined. We would like to have a detailed note indicating the procedure followed right from the receipt of indents up to the payment of the suppliers' bills, showing bottlenecks, if any, in the procedure and how these are proposed to be removed.

COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS  
(CIVIL), 1953-54

30. Government have declared 19 institutions, as commercial undertakings, the accounts of which are required to be maintained in commercial form and exhibited in the Commercial Appendix, with the connected financial reviews and audit comments. The Appendix under review, however, contains the pro forma commercial accounts of only seven institutions for the year 1953-54. The remaining 12 institutions whose accounts for 1953-54 have not been exhibited in the Appendix are listed below:—

- (1) Lighthouses and Lightships Department.
- (2) Jute Board.
- (3) Scheme for the exploitation of Ephedra and Asafoetida plants in Baluchistan.
- (4) Stations of Radio Pakistan including High Power Transmitter, Central News Organisation, Maintenance Department and Radio Journals.
- (5) Medical Stores Depots at Karachi and Lahore.
- (6) Sharigh Mines in Baluchistan.
- (7) Government Coal Briquetting Plant, Quetta.
- (8) Makerwal Collieries, Mari Indus.
- (9) Cattle Farm, Malir.
- (10) Government Sales Depots, Display Centres, etc.
- (11) Poultry Farm, Landhi.
- (12) Bureau of Laboratories, Karachi.

We understand that the accounts of items (1) and (4) have been compiled but these could not be incorporated in the Commercial Appendix due to their late receipt in the office of the Accountant General, Pakistan Revenues. The accounts of item (3) could not be compiled because the relevant records were taken over by the police in connection with an alleged defalcation of Government money. In the case of other institutions, the administrative Ministries could not furnish any plausible reasons for the non-compilation of their accounts in the requisite form. We would urge the Ministries concerned to get the accounts of these institutions completed with the least possible delay so that it could be judged whether they are working satisfactorily or not.

31. The following statement compares the profit and loss of some of the institutions during the years 1951-52, 1952-53 and 1953-54:

	Profit (+) Loss (—)		
	1951-52	1952-53	1953-54
(i) Central Excise and Salt Department, Lahore	—2,82,984	—5,78,656	+3,35,710
(ii) Government owned Salt Stores at Saran ...	+3,371	+5,496	+3,546
(iii) Government Opium Factory, Lahore ...	—35,320	—89,939	+20,399
(iv) Makerwal Collieries, Mari Indus ...	+2,37,691	—58,613	(Not known)
(v) Government Sales Depots ...	+1,79,865	—2,22,235	(Not known)
(vi) Mechanical Cultivation Scheme in Baluchistan ...	—1,77,962	—1,41,198	—1,27,462

We have reviewed the position in respect of profit and loss of the various institutions in the course of examination of the Appropriation Accounts and our comments have been incorporated in the proceedings of our meetings in Part II.

32. The Government of Pakistan Presses, the Central Stationery Office and the Central Publication Branch are not commercial concerns in the real sense as they do not charge for the service rendered or supplies made by them to the service departments. The accounts of these institutions in the Commercial Appendix show only their stores accounts and give certain statistical information in regard to their working. The departmental representative submitted a note to us showing the comparative costs of printing in the Central Government Presses and in private presses in Pakistan. The note showed that the cost of printing in private presses was generally more than at the Government Presses.

### APPROPRIATION ACCOUNTS (DEFENCE SERVICES) AND COMMERCIAL APPENDIX THERETO

33. The position of the Defence expenditure incurred during the year 1953-54 compared with the original and final grants is as follows :

			Original Grant	Final Grant	Actual Expenditure	Savings (—) Excess (+)	Percentage
(In crores of rupees)							
Expenditure	met	from					
Revenues	...	...	60.10	63.32	65.31	+1.99	3.14
Expenditure	met	from					
Capital	...	...	19.90	19.90	14.92	—4.98	25.03
Total	...		80.00	83.22	80.23	—2.99	3.59

There is an excess of Rs. 1.99 crores under the Revenue Account and a saving of Rs. 4.98 crores under the Capital Account. The excess under the former is mainly due to the cost of certain stores issued for works not having been transferred to the works accounts, additional expenditure on the deployment of Defence Forces in aid of civil authorities and increased pensionary liabilities on account of the personnel released as a result of the economy drive. The saving under the Capital Account has been ascribed to show progress of works, non-adjustment of the cost of stores issued to works in the accounts of works and delay in the deliveries of stores, etc. As usual, there were large variations in expenditure under the individual sub-heads as compared to the original as well as the final modified grants. Heavy amounts of excesses and savings under the various sub-heads remained unregularised. There were also a few cases of unnecessary or excessive re-appropriations. These facts point to the need for improvement in budgeting and more effective control over expenditure. In this connection, it was explained to us by the departmental representative that whenever large recruitment or demobilization occurred, variation between the budget grant and the actual expenditure was unavoidable, because it was not possible to pre-determine the particular men who would be retrenched and what their length of service and other factors

to be taken into account would be. We are not convinced by this explanation. We consider that it should be possible to adjust the budget provision during the course of the year in the light of the recruitment or demobilization programme. We recommend that the position in this respect should be carefully reviewed by the Financial Adviser, Military Finance, and a procedure should be evolved whereby it should be possible to estimate with a reasonable amount of accuracy the funds that would be required during the year and to arrange for the surrender of savings or to obtain supplementary grants whenever necessary. The result of the review should be reported to the Committee at its next session.

34. *Unusual extension of time of a contract.*—In paragraph 22 of the Audit Report, a case of unusual extension of time of a contract, giving undue advantage to the contractor, has been mentioned. The facts of the case are that the construction of a building was to be completed within four months of the signing of the contract. The contractor failed to complete the work within the stipulated period. The contract was consequently cancelled and the portion of the work which had not been completed was required to be carried out at the risk and expense of the contractor according to the terms of the contract. But in actual fact the contractor continued to carry out the work even after the cancellation of the contract. When this irregularity came to the notice of Audit, the officer concerned cancelled his orders rescinding the contract and sought to amend the contract by extending the time of the contract. By the time the matter was reported to the Engineer-in-Chief, the work had been completed. Government accordingly revived that contract as a special case and extended the period of the contract from four months to 16 months. The revival of the contract gave undue advantage to the contractor in permitting him to complete the job in 16 months instead of in four months and also saved him from the penalty which would have been levied under the terms of the agreement for the delay in the completion of the work. No disciplinary action was taken against the officer responsible for the irregularity. Time is the essence of a contract and is an important factor in the assessment and tendering of rates. The relaxation of such important terms of a contract is a serious matter and should not normally be allowed. We recommend that the above-mentioned case should be investigated and it should be considered whether disciplinary action should not be taken against the officials concerned so as to prevent the recurrence of such neglect of the financial interests of the State. A report of the action taken in this case should be made to the Committee at its next session.

35. *Defence Stores Accounts.*—The deficiencies in stores found as a result of the stock-taking during the four years ended 1953-54 have been shown in paragraph 23(ii) of the Audit Report. The deficiencies relating to the year 1953-54 were the largest and amounted to Rs. 40.23 lakhs. The departmental representative explained that the large deficiencies shown to have been dealt with finally during 1953-54 did not represent the deficiencies detected in that year only but also included deficiencies detected in earlier years and written off during 1953-54. He further stated that these deficiencies were largely due to wrong identification and incorrect accounting of stores and there were corresponding surpluses also which were taken on books. In view of the increasing deficiencies from year to year, a stricter control over store-keeping and store-accounting is called for. We recommend that special steps should be taken to minimise deficiencies in stocks. The action taken in the matter and the results obtained should be reported to the Committee during its next session.



36. *Lands reserved by the Army for breeding of animals.*—We consider that due to the increased use of mechanical devices in the Army, there should be a considerable reduction in the requirements of animals and it should be possible for the Army to surrender the large pieces of land reserved for breeding of horses and mules. We recommend that this question should be thoroughly looked into by the Ministry of Defence and a report submitted to the Committee at its next session.

37. *Accounts of the Canteen Stores Department.*—In paragraph 55 of the report on the Accounts for 1951-52, the Committee had expressed the opinion that the accounts of the Canteen Stores Department should form part of the Government accounts and should be audited by the Comptroller and Auditor General. During the course of examination of the accounts of the year under review, we were informed by the Financial Adviser, Military Finance, that the position of the Canteen Stores Department had not been fully explained to the Committee earlier because the relevant facts were not then known. He explained that Pakistan's share of the funds of the Canteen Stores Department of undivided India was not transferred to Pakistan through the Government accounts but it was paid direct to the Canteen Stores Department. He further informed us that it had been found that 40 per cent of Pakistan's share of the funds of the pre-Partition Canteen Stores Department was to be given to the Defence Welfare Fund and it was this 40 per cent which had been received and the remaining amount was yet to be received from India. Thus, according to the information given to us by the Financial Adviser, Military Finance, no Government funds have been invested in the Canteen Stores Department so far but it has been financed entirely out of Pakistan's share of Defence Welfare Fund. We would urge that the full facts of the transactions relating to the Canteen Stores Department should be carefully ascertained and a firm decision should be taken at an early date on the question whether its accounts should be incorporated in the Government accounts and audited by the Comptroller and Auditor General or not.

#### APPROPRIATION ACCOUNTS (RAILWAYS)

38. The position of the expenditure incurred as compared to the original and final grants during the year 1953-54 is as follows :

			Original Grant or Appropriation	Final Grant or Appropriation	Actual Expendi- ture	Saving (—) Excess (+)	Percentage
(In crores of rupees)							
Expenditure	met	from					
Revenue :							
Voted	...	...	35·44	35·44	34·69	—·75	2·12
Charged	...	...	4·82	4·82	4·27	—·55	11·44
			40·26	40·26	38·96	—1·30	3·23
Expenditure	met	from					
Capital	...	...	15·22	15·22	9·48	—5·74	37·75
	Total	...	55·48	55·48	48·44	—7·04	12·69

In the voted section of the Revenue Account there was a saving of Rs. 75 lakhs (rounded) or 2.12 per cent. of the final grant and in the charged section of that Account the saving was Rs. 55 lakhs or 11.44 per cent of the final appropriation. In the Capital Account there was a saving of Rs. 5.74 crores equal to 37.75 per cent. of the final grant. The overall savings in the final grants works out to 12.69 per cent. as compared to a saving of 10.63 per cent. in 1952-53 and of 3.34 per cent. in 1951-52. There has thus been a gradual deterioration in estimating. There were substantial amounts of savings and excesses under a number of sub-heads which remained unregularised. This indicates the necessity of a greater measure of control over the progress of expenditure.

The question of achieving accuracy in budgeting and effective control over the expenditure was discussed by us with the departmental representative. He explained that the Railway Budget had to be prepared much in advance and could be upset by certain unforeseen contingencies like floods, unusual movement of foodgrains and other factors. The position could not be entirely set right even at the time of the final modifications, as in a number of cases the actual accounts adjustments were not known until six months after the close of the year. The time lag involved in adjustment in accounts in the case of supplies from abroad was particularly uncertain. For those considerations, he maintained that there were little prospects for improving the conditions of budgeting. As for accounting, the main difficulty was stated to be in the adjustments with other accounting departments. The debits were held up sometimes in U. K., sometimes in U. S. A. and sometimes in the Accounts Offices in Pakistan with the result that adjustments could not be made in the final Railway accounts in time. The departmental representative stated that all possible arrangements were being made to remove the above-mentioned difficulties. He, however, suggested that in view of the nature of services that the Railways had to perform and the numerous uncertain factors they had to encounter, the Committee, instead of laying emphasis on the variations between the actual expenditure and voted amounts, should examine how far the Railways had acquitted themselves of the task entrusted to them. He further agreed that, as in other advanced countries, the Parliament should attach more importance to the performance side of the budget rather than to mere accounting aspect. The departmental representative also expressed the view that the time allowed to the Railways after the funds had been voted was insufficient for planning and execution of the schemes, particularly as the main sources of Railway supplies lay outside the country.

While we appreciate the performance of the Railways and the difficulties faced by them in the matter of budgeting and accounting, we see no reason why the Parliament should absolve itself of its duty of exercising control over the exchequer. The amounts voted by the Parliament have a constitutional and legal sanction behind them and unless the executive attach to the vote of the Parliament the importance that it deserves, the whole constitutional scheme of finances would collapse. The Committee cannot, therefore, view with equanimity and facile attitude on the part of the Executive to treat the vote of the Parliament lightly. We feel that in spite of all that the departmental representative has stated, there is a clear need for strengthening the departmental machinery for the control over expenditure and for improving the budgeting procedures. As a matter of fact, the measures being taken towards improving the state of accounting, to which the departmental representative made a reference, would by themselves result better budgeting. As regards the time available for the execution of the schemes, the Committee has from year to year laid emphasis on proper planning. If, as

has been stressed by the Committee on various previous occasions, the necessary preparatory work is carried out in advance without waiting for the formal passing of the budget, it should be possible to make use of the funds voted by the Parliament within the financial year without loss of valuable time over settling the preliminaries.

39. *Financial irregularities.*—In paragraph 14(a) of the Audit Report, a case of a contract has been mentioned in which two orders were placed on a local firm in 1951 for purchase of 471 wagons at a cost of Rs. 64.66 lakhs. These wagons were to be imported from Belgium in a partially dismantled condition and were to be erected in Pakistan before delivery to the Railways. A sum of Rs. 44.78 lakhs was advanced to the firm but the firm has not delivered a single wagon so far. Audit has listed the following irregularities in this case :

- (1) The contract was placed against an unsolicited revised tender of the firm a month after the public opening of the tenders when its previous tender had been rejected.
- (2) The capacity of the firm to undertake such a heavy contract was not properly assessed at the time of placing the orders. The firm neither possessed necessary workshops nor equipment for the erection of wagons.
- (3) Change in specifications was allowed within a month of the placing of the orders.
- (4) Advance payment of Rs. 44.78 lakhs was made to the firm without obtaining any security or guarantee.
- (5) Although the firm failed to deliver the wagons on the due dates the Government did not exercise the option to recover the liquidated damages or to purchase elsewhere at the risk and expense of the firm according to the terms of the contract.

We have been informed that civil and criminal proceedings have been instituted against the firm in a court of law and the case is *sub judice*. We are extremely unhappy over the whole affair and would urge that a departmental inquiry should be made into the case forthwith and the officials found at fault should be suitably dealt with. We also recommend that special care should be taken in future to safeguard the interests of Government in placing orders for such heavy amounts.

The Audit Report has mentioned another case of contract for supply of 200 wagons placed on a Pakistani firm. In this case the wagons were supplied by the firm after a delay of 23 months, as a result of which, liquidated damages to the extent of Rs. 10.55 lakhs became recoverable from the firm. But a recovery of Rs. 5,000 only was made from the firm and the balance of Rs. 10.5 lakhs was remitted. We were not satisfied by the explanation given to us by the departmental representative. A report should be submitted to us at our next session, indicating why proper legal advice was not obtained before waiving the liquidated damages and also whether any loss was sustained by Government on account of late delivery of the wagons.

A case of misappropriation of mica amber worth Rs. 8,649 by a ward keeper of a power house was also brought to our notice. We learned from the departmental representative that the case was referred to a departmental enquiry committee for investigation and the committee took two years to submit its report. We consider the delay to be unusual and unsatisfactory and recommend that steps should be taken to finalise enquiries and to assess departmental responsibility as speedily as possible.

**APPROPRIATION ACCOUNTS (POSTS AND TELEGRAPHS)**

40. The position of the expenditure on the Posts and Telegraphs Department during the year 1953-54 as compared to the original and final grants is as under :

			Original Grant or Appropriation	Final Grant or Appropriation	Actual Expenditure	Savings (-) Excess (+)	Percentage
(In crores of rupees)							
Expenditure Revenue :	met	from					
Voted	...	...	5.75	5.75	5.75	...	...
Charged	...	...	.24	.24	.19	-.05	21.2
			5.99	5.99	5.94	-.05	0.83
Expenditure Capital	met	from					
	...	...	2.50	2.50	2.10	-.40	15.9
	Total	...	8.49	8.49	8.04	-.45	5.3

There is an overall saving of 5.3 per cent in the grant, taking both the Revenue and Capital sections together, as compared to a corresponding saving of 4.4 per cent in 1952-53 and of 3.5 per cent in 1951-52. The Audit Report has mentioned 4 cases of re-appropriations made unnecessary or in excess of requirements, 5 cases of injudicious re-appropriations causing excess over the allotment, 8 cases of non-surrender of savings and 4 cases of uncovered excesses. The departmental representative explained that most of those unsundered savings and unregularised excesses occurred due to the fact that the Public Works Department did not inform the Posts and Telegraphs Department of the progress of expenditure. This explanation is not acceptable. It was the duty of the Posts and Telegraphs Department to take steps to ascertain the progress of expenditure from all sources from time to time and to regulate the budget provision accordingly.

41. The results of the working of the various Branches of the Department for the years 1951-52, 1952-53 and 1953-54 compare as follows :

			Profit (+) Loss (-)		
Branches			1951-52	1952-53	1953-54
(In thousands of rupees)					
Post Office	...	...	+21,74	+48,52	+26,36
Telegraphs	...	...	+32,07	+15,41	+4,10
Telephones	...	...	+54,80	+97,86	+1,06,25
Radios	...	...	-14,21	-1,84	+5,33
	Total	...	+94,40	+1,59,95	+1,42,04

The above statement shows a fall in the profit of the Department for the year 1953-54 as compared to the previous year. On enquiry from the departmental representative, we were, however, informed that there was actually no fall and that the comparatively larger profit shown during 1952-53 was due to the fact that a sum of Rs. 58 lakhs pertaining to deposits was adjusted on the revenue side, resulting in a fictitious exaggeration of the account of profit.

42. *Financial irregularities.*—The annexure to the Appropriation Accounts, 1953-54, includes a long list of financial irregularities which have remained uninvestigated and unregularised for a long time. We have noticed that considerable delay occurs in the investigation of such cases. We would urge that measures should be taken to expedite the investigation and prosecution wherever necessary. We would suggest that the desirability of appointing more Magistrates and Prosecutors for trying exclusively cases against the Central Government servants should be considered by the appropriate Ministry in order to expedite the disposal of such cases. We are also of the opinion that even though an official may be under prosecution in a court of law, this should not unduly delay the initiation of departmental proceedings against him or against other officials responsible for dereliction of duty leading to loss of government money. The departmental proceedings should proceed side by side with the criminal prosecution.

SYED AMJID ALI,  
*Chairman.*

BHUPENDRA KUMAR DUTTA,  
*Member.*

SHEIKH MUJIBUR RAHMAN,  
*Member.*

FARID AHMAD,  
*Member.*

YUSUF A. HAROON,  
*Member.*

CHAUDHRI MUHAMMAD HUSSAIN CHATTHA,  
*Member.*

K. M. SHAMEEM,  
*Secretary of the Public Accounts Committee.*

KARACHI :

*The 28th August, 1958.*

## PART II—PROCEEDINGS

### Proceedings of the first meeting of the Public Accounts Committee held on Saturday, the 20th July, 1957, at 10 a.m.

The first meeting of the Public Accounts Committee was held at 10 a.m. on Saturday, the 20th July, 1957, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :

1. Mr. Farid Ahmad, Member.
2. Mr. Bhupendra Kumar Dutta, Member.
3. Mr. M. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. S. M. Ahmad, Deputy Comptroller and Auditor General.
5. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
6. Mr. Nasim Ahmed Khan, Deputy Secretary, Ministry of Finance.
7. Mr. M. Alimuddin, Assistant Secretary, Ministry of Finance.

#### *Secretary of the Public Accounts Committee*

8. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The Committee confirmed the proceedings of the meeting held on the 27th December, 1956.

3. The Chairman read out a telegram received from Mr. Mujibur Rahman, expressing his inability to attend the meeting and requesting for postponement up to the middle of August, 1957. Mr. Farid Ahmad observed that considerable delay had already taken place in convening this meeting of the Committee, which was scheduled to meet immediately after the budget session. It was, therefore, he added, not desirable to postpone the meeting further. Moreover, as the present session of the Committee would be confined only to a preliminary examination of accounts, the Members who were not present would again have the opportunity of participating in the detailed examination of accounts during the next session. The Committee, therefore, decided to continue with the preliminary examination of accounts.

4. The Committee then took up the consideration of compliance reports of the various Ministries on the recommendations of the Public Accounts Committee on the Accounts of 1950-51, 1951-52 and 1952-53. The Chairman suggested that it would be more useful if these reports were examined in the presence of the departmental representatives at the time of detailed examination in the next session so as to obtain further elucidation wherever necessary. The Committee accepted the suggestion and directed that the Departments should be given notice that they should come prepared for answering the questions arising from the replies given by them in their Compliance Reports. Mr. Farid Ahmad observed that he had gone through certain reports hurriedly and found that the information furnished by some of the Ministries in respect of irregularities noted by the Committee was vague and lacking in essential detail so that the Committee could not draw any conclusion. For example, he cited the case of postal defalcations by the extra-departmental Post-master, Abu Turab Post Office, in which he had pointed out last year that only the postmen were being prosecuted for default and no action had been taken against the Inspector who was responsible for the supervision. The department

had come with a belated explanation that the Post Master General had initiated necessary action and that the matter was under examination in the Office of the Director General, Posts and Telegraphs. The Committee had desired to know as to whether the Post Master General had framed the charge-sheet before or after the directive given by the Committee and also what were the reasons for delay in taking action against the Inspector. The compliance report submitted by the Department was silent on all these points. Similarly, in the case of compliance report submitted by the Railways regarding the mustard oil case, the information given was so sketchy that it did not lead to any conclusion. For example, it was stated that a firm was ordered to deliver certain quantity of mustard oil for the East Bengal Railway which was checked and accepted by the Doctor, Assistant Store Keeper and Food Supply Inspector, Chittagong, but even then the Railway Sectional Officer issued instructions to hold up payment of the bills until the mustard oil was examined and the permission obtained from the Superintendent of Police, Special Police Establishment, Dacca. It was further stated that all the barrels were issued to the various shops and consumed with the exception of 46 barrels. It was not clear at all from these facts as to whether the supply had been examined and accepted by the authority specified in the purchase order and, if so, why the Sectional Officer, issued the instructions for non-payment; how the Special Police Establishment, Dacca, came into the picture and on what date the barrels were issued to the shops. It was also not clear as to why the unconsumed barrels were not detected earlier, when the employees refused to accept the oil and what was the time taken between the examination of the oil and the refusal of the employee. It was decided to ask for further information from the departments concerned in these cases indicating full facts with the dates of various events and the names of the officials responsible so as to enable the Committee to go into the merits of the case more fully. Mr. Farid Ahmad said that there were also some cases in which the Committee had recommended some action last year but in the compliance reports the Ministries had said "noted" which meant that no action had been taken by them. The Committee did not regard it as satisfactory compliance report and directed that in future their recommendations should be brought to the notice of the Minister concerned personally for his consideration and action.

5. The Committee then took up the consideration of the Appropriation Accounts (Civil) for the year 1953-54 and examined the Audit Report, 1955.

6. *Paragraph 7 on page 4 of the Audit Report—General review of the results of Appropriation and Audit.*—It was observed by the Committee that the total supplementary appropriation to meet the expenditure charged on the supplementary appropriation to meet the expenditure charged on the revenues of the Federation was Rs. 29.86 crores. This was a big amount compared to the total original charged appropriation of Rs. 25.41 crores and the Committee, therefore, desired to know how the supplementary appropriation was distributed over the various Ministries. It was pointed out by the Comptroller and Auditor General that the bulk of the supplementary appropriation (Rs. 29.75 crores) related to the sub-head "D1—Advances to Provincial Governments" in Grant No. 85—Interest-Free and Interest-Bearing Advances. The Committee desired to know the reasons for this excess and also why this could not be provided in the budget. It was pointed out by the Chairman that the excess was mainly due to the grant of medium dated loans to the Governments of Punjab and East Bengal to enable them to clear their outstanding liabilities on account of supplies of foodgrains and capital goods purchased

through the Director General, Supply and Development. This was an unforeseen contingency and no provision could, therefore, be made in the original budget estimates. The Committee were satisfied with this explanation.

7. *Paragraph 8 on page 5 of the Audit Report—Savings in voted grants.*—The Committee observed that the savings against demands Nos. 61—Civil Works and 76—Capital Outlay on Ports should have been surrendered. In regard to the former, Mr. Farid Ahmad raised the point whether some steps could be taken to improve the accounts. The Comptroller and Auditor General explained that there was nothing wrong in regard to the method of maintenance of accounts. One of the reasons for savings in works expenditure was non-receipt of debits for stores. This was not, however, a cogent reason. The Pakistan Public Works Department could make special arrangements for the supply of their orders and the adjustments of the debits in respect thereof. Secondly, according to the prescribed procedure, the cost of stores should be charged to the works even if the debits have not been received. Another remedy for eliminating heavy savings year by year was to impose a lump sum cut on Works budget. The Committee decided that so far as the variations under different grants were concerned, the departmental representatives should come prepared with answers to further questions, if any.

8. *Paragraph 12 on page 11 of the Audit Report—Savings or Excesses in the voted grants and charged appropriations as compared with the previous years.*—The Finance Minister desired to have a statement of savings under the various grants and appropriations prepared by the Comptroller and Auditor General from 15th August, 1947, onwards.

9. *Paragraph 12 on page 11 of the Audit Report—Excesses over voted grants.*—The Chairman observed that after the accounts had been gone through these excesses will have to be recommended to the National Assembly for regularisation.

10. *Paragraph 13 on page 14 of the Audit Report—Excesses over charged appropriations.*—The Committee desired to know the particulars of the excess of Rs. 10,139 against S. No. 1, Grant 11—Cabinet which was paid to be due to compensation paid to a Minister for the destruction of his car.

11. *Paragraph 16 on page 16 of the Audit Report—Review of accuracy of budgeting of works expenditure.*—The Committee observed that the table given in this paragraph showed that the estimates were not being prepared properly. Mr. Farid Ahmad pointed out that at the time of last examination the Ministry of Works had stated that they were doing everything possible to achieve accuracy and the fault did not lie with them. The Comptroller and Auditor General remarked that the fault was in the execution of works and could be removed only if the Pakistan Public Works Department determined the programme before the commencement of the year.

12. Mr. Farid Ahmad then mentioned about the provision of Rs. 72,500 for a meteorological observatory at Cox's Bazar which was being repeated for the last two or three years and so far even the land had not been acquired. The Committee directed that the representative of the Ministry of Works should come fully prepared with the facts of this case when he appears before them.

13. *Paragraph 17 on page 17 of the Audit Report—Control over expenditure—(i) Unnecessary supplementary grants.*—The Committee



desired to know as to how the supplementary grants proved unnecessary and directed that the representatives of the Customs and Public Works Departments should be asked to come prepared with full facts of the cases.

14. *Paragraph 20 (b) on page 20 of the Audit Report—Audit of stores and stock accounts.*—This paragraph revealed that the physical verification of stocks was not carried out in respect of 35 departments during 1953-54. The Committee desired to know the present position which the Comptroller and Auditor General promised to furnish.

15. *Paragraph 21 on page 20 of the Audit Report—Breach of rules regulating the acceptance of gifts by dignitaries of the State.*—The Committee desired to know whether all the gifts had been deposited with the Government. The Comptroller and Auditor General replied that this information was not available with him. The Committee then desired that the representative of the Cabinet Secretariat when he appears before them should bring with him a review of the position of the gifts received by Ministers, etc., in the light of the latest Government orders and whether all the gifts received after the 13th June, 1951, except (i) those received between 14th April and 11th August, 1955, and (ii) the gifts valued at less than Rs. 250 were deposited with the Toshakhana.

16. *Paragraph 22 on page 22 of the Audit Report—Audit of accounts of furniture in the residence of high officials, etc.*—The Committee enquired from the Comptroller and Auditor General whether the requisite certificate in respect of all officers entitled to free furnished quarters had been submitted to Audit. The Comptroller and Auditor General replied in the negative and the Committee, therefore, desired it to be included in the questionnaire to be issued to the Ministry of Works and the Ministry of Foreign Affairs and Commonwealth Relations asking them to state the present position and fix responsibility for this glaring omission which is mandatory appearing in the audit report from year to year.

17. *Paragraph 24 on page 24 of the Audit Report—Unauthorised assignments of the proceeds of sale tax for the years 1948-49 to 1951-52 to the Provinces and acceded States.*—The Committee desired that the representative of the Ministry of Finance should explain the matter fully when he appears for evidence.

18. *Paragraph 25 on page 24 of the Audit Report—Unauthorised retention by the Centre of the whole of the net proceeds of taxes on income other than agricultural income collected during the years 1947-48 to 1951-52.*—(Same remarks as in the case of paragraph 16 above.)

19. *Paragraph 26 on page 25 of the Audit Report.*—The Committee observed that last year while discussing the affairs of the Pakistan Industrial Development Corporation they had recommended that the Comptroller and Auditor General should have access to the accounts of the organisations in which the major portion of the funds was invested by Government. After some discussion it was decided to repeat the recommendation that the Comptroller and Auditor General should audit the accounts of all corporations in which majority shares were owned by the Government and the representatives of the Ministries should be asked to state the latest position in respect of the corporations with which they were concerned.

20. *Paragraph 28 on page 26 of the Audit Report.*—The Committee decided to include all the cases of losses, irregularities, etc., pointed out in this paragraph in the questionnaire to be issued to the Ministry of Foreign Affairs and Commonwealth Relations with the directive that the departmental representatives should come fully prepared with the latest factual

position in respect of each case. Further observations will be made after hearing the representative concerned.

21. *Paragraph 31 on page 27 of the Audit Report—Cases of misappropriation and other serious irregularities noticed in the accounts of a Mission.*—It has been stated in this paragraph that the results of investigation were still awaited in audit. The Committee observed that the investigation should have been finalised long ago and desired this to be included in the questionnaire to be issued to the Ministry of Foreign Affairs and Commonwealth Relations.

22. *Paragraph 33 on page 29 of the Audit Report—Irregularities noticed in the accounts of Commercial Division of an Embassy.*—Mr. Farid Ahmad enquired from the Comptroller and Auditor General that in the case of item (b), if no tenders had been invited, what was the basis of calculation of the loss of Rs. 4.5 lakhs. The Comptroller and Auditor General promised to give this information later. The Chairman remarked that a special investigation was ordered by Government in this case, as a result of which the officer concerned was suspended but later on reinstated. The Committee were not satisfied with the action taken by the department and directed that the Ministry of Industries should furnish full facts of the case when their representative comes up for giving evidence.

23. *Paragraph 34(a) on page 30 of the Audit Report.*—The Committee desired the Comptroller and Auditor General to give the particulars of the offices in which the various irregularities mentioned in this paragraph were noticed so as to enable them to question the representatives of the Departments concerned when they appear before them.

24. *Paragraph 35 on page 31 of the Audit Report.*—Mr. Farid Ahmad pointed out that there was an overall loss of Rs. 13 crores on account of Jute Scheme and last year the Ministry of Commerce had promised an enquiry, but in the compliance report they have said that the enquiry was not necessary as Government notifications were responsible for the loss. The recommendation of the Committee for an enquiry had been repeated in the House as well and the Minister-in-charge had also made a promise to that effect.—The Committee, therefore, desired that the representative of the Ministry of Commerce should bring full facts of the case when he appears before them.

25. *Paragraph 47 on page 36 of the Audit Report—Abnormal delay in the receipt of bills of entry in respect of stores imported on Government account.*—It was stated in this paragraph that 5,500 bills involving customs duty and sales tax amounting to some crores of rupees were still pending settlement. The Committee desired that the representative of the Central Board of Revenue when he appears before them should apprise them of the latest position.

26. *Paragraph 48 on page 36 of the Audit Report.*—The Committee desired that the Central Board of Revenue should be asked to explain the full facts of the case during the next session.

27. *Paragraph 49 on page 37 of the Audit Report.*—It had been stated in this paragraph that an amount of Rs. 26,505 had not yet been recovered. The Committee desired to know the reason for it and the present position of the recovery.

28. *Paragraph 50 on page 37 of the Audit Report.*—It is stated that the Revenue Division decided to approve the free assessment of an ocean-going vessel as a special case and also exempted such vessels

from customs duty in future. The Committee desired to know the full reasons of it from the Revenue Division.

29. *Paragraph 52 on page 37 of the Audit Report.*—It is stated that a formal demand notice issued for the recovery of Rs. 2,575 on account of drums of kerosene oil which were found dutiable as durable containers, was withdrawn by the Assistant Collector on accepting the importer's statement that the drums were not of a durable nature and the Collector later on requested for a voluntary payment from the importer but did not succeed. The Committee desired to know the full facts and the latest position of the case, and in particular, whether the firm concerned was still trading and had connections with the Government.

30. *Paragraph 55 on page 38 of the Audit Report.—Disposals organisation.*—The Committee directed that the representative of the Ministry of Industries should be asked to bring with him full information regarding the time usually taken in the disposal of stores from the date they were reported surplus by the department concerned and whether it does not lead to any loss on account of delay, etc.

31. *General.*—Mr. Farid Ahmad said that whenever the Public Accounts Committee or the Ministry of Finance pointed out any financial irregularity and suggested regulatory action the Ministry concerned was usually inclined to shield the defaulter. This was an unhealthy practice. The proper course in such cases was to bring the defaulter to book and to improve the procedure leading to the irregularity. This would not only tone up the administration but would also add to the good name of the department. As a case in instance, he pointed out that the Committee had last year asked for a note from the Coal Commissioner regarding an emergency contract of handling coal at Chittagong which was continued for long without proper justification. This note had not yet been furnished. It was decided to ask the department to furnish that note immediately. (The note has been furnished by the department as Annexure 'C1' of their compliance report for the year 1951-52.)

32. Mr. Farid Ahmad also desired the details of expenditure of Rs. 1,50,000 incurred on improvements of the Mazars of Quaid's.

The Committee decided that the questionnaire to be issued to various Ministries should ask for the following information in respect of the financial irregularities for which they are responsible :

- (i) Full particulars of each case indicating dates, etc.
- (ii) Who was responsible, that is particular officer who committed the irregularity and also the officer whose negligence resulted in commitment of the irregularity.
- (iii) Action taken, that is legal or otherwise, against the officers responsible.
- (iv) Whether any recovery was made and, if not, the reasons therefor.
- (v) Reasons for not taking deterrent action.
- (vi) Reasons for delay, if any, on the part of the authority to finalise the case.
- (vii) Steps taken to prevent recurrence of such irregularities in future.

33. The Committee then adjourned to meet again at 10 a.m. on Monday, the 22nd July, to consider the Accounts of Defence Services, Railways and Posts and Telegraphs.

**Proceedings of the second meeting of the Public Accounts Committee held on Monday, the 22nd July, 1958, at 10 a.m.**

The Public Accounts Committee met at 10 a.m. on Monday, the 22nd July, 1957, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :

1. Mr. Farid Ahmad, Member.
2. Mr. Bhupendra Kumar Dutta, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
5. Mr. Rana Mohd. Yasin, Director of Audit, Defence Services.
6. Mr. Riaz-ul-Hasan, Deputy Director of Audit, Defence Services.
7. Mr. S. M. Ahmad, Director of Railway Audit.
8. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
9. Mr. M. Alimuddin, Assistant Secretary, Ministry of Finance.

*Secretary of the Public Accounts Committee*

10. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The Chairman initiated the meeting by inviting comments on the Audit Report of Defence Services, 1955.

3. *Paragraph 5 on page 1 of the Audit Report.*—Referring to the last sentence of this paragraph the Comptroller and Auditor General pointed out that the percentage of the number of sub-heads containing excesses over 1 per cent. or savings over 2 per cent. of the final grant as compared with the total number of sub-heads were 30.77 per cent. and 57.69 per cent., respectively. This indicated lack of control over expenditure. The Committee directed that the Ministry of Defence should be asked to explain the position.

4. *Paragraph 7 on page 2 of the Audit Report—Excesses over voted grants.*—The Chairman observed that the total amount of excesses, namely, Rs. 1,99,40,434 was very large. The Comptroller and Auditor General said that this position was better than the last year in which the excesses were Rs. 10 crores. The Committee directed that the Ministry of Defence should explain the reasons leading to the excesses.

5. *Paragraph 10 on page 4 of the Audit Report—Audit and settlement of Her Majesty's Governments' claims on account of pay and allowances of British Service Personnel on loan to Pakistan Armed Forces.*—It was stated in this paragraph that further negotiations with the Comptroller and Auditor General of the United Kingdom for the requisite audit certificate were pending till the finalisation of the question of agreed terms of service regarding the employment of British Service personnel in Pakistani Armed Forces. The Committee desired to know the present position from the Comptroller and Auditor General, who replied that the Ministry of Defence had informed during the last meeting that some agreement had been reached between the two Governments but the same had not yet been communicated to Audit. The Committee desired that the agreement in question should be asked for from the Ministry of Defence. In addition, they should explain as to why they issued instructions in 1951 prescribing the terms of pay and allowance without the concurrence of the lending Government.

6. Paragraph 13 on page 5 of the Audit Report—Works started without obtaining the technical sanctions.—The Committee desired to know the reasons for executing the works without obtaining technical sanctions.

7. Paragraph 14 on page 5 of the Audit Report—Excesses over administrative approvals.—It was not certain from this paragraph whether action to obtain revised administrative approval had been taken. The Committee desired to know the latest position in this respect.

8. Paragraph 15 on page 5 of the Audit Report—Cases of defective drafting of tenders.—The Committee desired to know the total amount of the contract and whether any action was taken to find out how this gross error was committed and who was at fault, and whether any action was taken to make good the loss suffered by Government.

9. Paragraph 18 on page 6 of the Audit Report—Investment of a large sum in a private bungalow on additions, alterations and repairs.—The Comptroller and Auditor General observed that the total expenditure in this case amounted to Rs. 2 lakhs. Since the first expenditure of Rs. 30,000 exceeded, the power of the Head of the Service, the expenditure was sanctioned piecemeal. This also involved an overpayment to the extent of Rs. 41,600 which was still recoverable. The Committee desired to have full report as to why this was done and whether any attempt had been made to fix the responsibility. They directed that the representative of the Ministry of Defence should come up fully prepared with the facts of the case. If need be, the Committee would themselves fix the responsibility.

10. Mr. Farid Ahmad observed that he had seen in many cases that according to Audit Reports certain irregularities had been committed and then to regularise them the Ministry of Finance sanctioned the expenditure incurred as a *fait accompli*. He thought that this was not a very happy situation and in many cases he had seen that due to lengthy proceedings and the delay in tracing the culprit, no proper action had been taken at the appropriate time, resulting in non-recovery of the amount of loss to Government. In his view such cases should be re-opened, if necessary, because unless some check was put somewhere this tendency for irregularities would not be curbed. Some discussion ensued about this matter in which the Chairman pointed out that if the Ministry of Finance had agreed to something wrong, the Members could take up the matter on the floor of the House.

11. Paragraph 19 on pages 7-8 of the Audit Report—Investment of a large sum in another private bungalow for additions, alterations and repairs.—This paragraph related to another case of an "appropriated bungalow" in a Cantonment leased by the Station Commander on "repairable" basis. The bungalow was selected for the residence of a high-ranking official and it was decided to resume it on payment of Rs. 56,623 as compensation. The owner submitted an appeal and offered to carry out all reasonable repairs to the bungalow and in return to accept the rent to be fixed under Government rules. Government agreed to this proposal and accorded sanction to the execution of the work at an estimated cost of Rs. 71,500, of which Rs. 40,000 was borne by Government and the balance by the owner. About 2½ months later, the original estimate was raised by Rs. 84,209. An additional sum of Rs. 50,000 only was, however, sanctioned by Government, of which Rs. 32,157 was to be borne by Government and the balance by the owner. It was also stated in this paragraph that disciplinary action was being considered against the person responsible for the perfunctory preparation of the original estimates.

12. The Comptroller and Auditor General pointed out that according to his information no disciplinary action had been taken against the persons responsible for the extra expenditure. When the irregularity was pointed out by Audit, they were informed that disciplinary action was being considered against the persons concerned. The Committee recommended that in such cases the Ministries concerned should themselves proceed with necessary action as soon as an irregularity is noticed by them. They directed that the Ministry of Defence should come fully prepared to answer all the questions arising out of the issues raised in the audit report about this case.

13. At this stage, the general question regarding control over expenditure came up for discussion. The Committee observed that the Ministries had a general tendency to overspend and did not pay proper attention to the maintenance of accounts. They also observed that as the controlling officer of each Ministry, the Secretary should be responsible for the control over expenditure.

14. Mr. Farid Ahmad observed that although a strict control over expenditure was necessary, there should be no delay in the execution of development projects. As regards Development Expenditure by the Provinces, the Chairman explained that as soon as the Development Loan for the year was sanctioned, 25 per cent. of the money was placed at the disposal of the Provincial Governments. The Provincial Governments could draw more amounts when they had utilized the amount placed at their disposal. So far as the Central Government was concerned, there was no delay in placing the requisite funds at the disposal of the Provincial Governments.

15. Mr. Farid Ahmad also pointed out that last year the Secretary of the Works Ministry had informed the Committee that the examination of their proposals in the Ministry of Finance took an inordinately long time. It was decided to examine the Financial Adviser on this point in the presence of the Secretary (Works).

16. The Committee then took up the examination of the Appropriation Accounts of Defence Services for 1953-54. It was observed that the Departmental Representatives should come fully prepared with reasons for variations under the various sub-heads.

17. *Commercial Appendix to the Appropriation Accounts of Defence Services for 1953-54.*—The Comptroller and Auditor General observed that in the case of Ordnance Factories, the estimated cost was Rs. 23 crores whereas the expenditure up to 1953-54 amounted to Rs. 23 crores only. The estimates were under further revision. The Committee directed the Ministry of Defence to furnish to it information on the following points:

- (i) the original programme for the completion of Ordnance Factories;
- (ii) the extent to which the programme had been completed and the remaining phases to be completed;
- (iii) the causes of delay in the implementation of the programme and the present prospect of its completion; and
- (iv) the reasons for revising the estimates of cost from time to time and whether according to the latest estimate the project could be considered as financially sound.

18. The Committee next examined the Railway Audit Report, 1955, and their observations thereon are summed up in the following paragraphs.

19. Paragraph 4(e) on page 3 of the Audit Report.—The Comptroller and Auditor General pointed out that there had been a saving in the provision for amenities to lower class passengers to the extent of 29.92 per cent. and suggested that the Committee might like to draw the attention of the Director General, Railways, to the desirability of utilising the amount provided for this item in full. The Committee agreed to the suggestion and also directed that the Ministry of Communications should furnish reasons for the savings.

20. Paragraph 5(b) on page 4 of the Audit Report—*Unnecessary or excessive re-appropriations.*—This paragraph revealed that the original appropriations were increased by re-appropriations at the close of the year, although the actual expenditure fell short of even the amount originally provided for. The Committee desired that the Railway Administration should be asked to account for the irregularity.

21. Item (iii) of paragraph 10(b) on page 8 of the Audit Report—*Operation other than staff and fuel (East Bengal Railway).*—An excess of Rs. 1,90,000 over the final estimate has been attributed to the adjustment of debits on account of diesel oil supplied by certain firms towards the close of the year. The Comptroller and Auditor General remarked that probably the Department was expecting these payments to occur in the following year but the bills came at the close of the year. It was decided to ascertain details from the Railway Division.

22. Item (iii) under paragraph 10(b) on page 10 of the Audit Report—*Miscellaneous expenses (Chittagong Port).*—It is stated that the decrease of Rs. 8,66,000 in the final estimates was due to absence of final decision on the question of recovery of the cost of Tea Shed from the Commerce Ministry. The Committee desired to know the full facts and the reasons for delay in the final decision from the Railway Division.

23. Paragraph 11(c) on page 11 of the Audit Report.—This paragraph indicated certain savings on account of non-receipt of materials and machinery for certain works by East Bengal Railway and North Western Railway. The Committee desired to know the particulars of the materials and the reasons for their non-receipt.

24. Paragraph 12 on page 15 of the Audit Report.—This paragraph mentions certain subsidiary registers of stores in transit being incomplete. The Committee desired to know the reasons for this and also whether the registers were now being properly maintained.

25. Paragraph 14(a) on page 16 of the Audit Report—*Irregularities in the contract for the purchase of Railway wagons.*—After some discussion it was decided to include this item in the questionnaire to be issued to the Railway Division specially impressing upon them to come fully prepared with the facts of the case.

26. The Committee also directed to include items (b) on page 19 and (c) on page 20 in the questionnaire. In addition, they desired to know the reasons as to why the percentage of irregularities now was more than in the immediate post-Independence period when the staff was inadequate/untrained. They also observed that in the case of loss due to supply of lower quality of mustard oil, the East Bengal Railway had expressed their inability to fix responsibility on any individual. There were contractual obligations on the Government as well as on the contractor and, if possible, the Railway Division should come with a copy of the contract and explain how it was time-barred and what were the reasons for delay, etc.

27. Lastly, the Committee examined the Posts and Telegraphs Audit Report, 1955. The Comptroller and Auditor General pointed out that the amount of profits from Post Offices and Telegraphs this year were Rs. 26 lakhs and Rs. 4 lakhs, respectively, as compared to Rs. 48 lakhs and Rs. 15 lakhs, respectively, in the last year. He suggested that the Committee might like to know the general reasons for decrease in the profits. This was agreed.

28. The Committee adjourned *sine die* and requested the Chairman to call the next session from the 8th August, 1957, when the detailed examination of the accounts and the representatives of the various Ministries would be taken up.



**Proceedings of the third meeting of the Public Accounts Committee held on Thursday, the 8th August, 1957, at 10 a.m.**

The Public Accounts Committee met at 10 a.m. on Thursday, the 8th August, 1957, with Mr. Bhupendra Kumar Dutta in the Chair.

The following were present :

1. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
2. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
3. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
4. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
5. Mr. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

6. Mr. Mumtaz Mirza, Managing Director, Agricultural Development Finance Corporation.
7. Mr. A. A. Burney, Financial Adviser, Military Finance.
8. Mr. Vaqar Ahmad, Joint Secretary, Ministry of Finance.
9. Mr. Hafeez Ahmad, Financial Adviser (Supply and Works).
10. Mr. M. A. Mozaffar, Joint Secretary, Ministry of Finance.
11. Mr. Wazir Ali, Joint Secretary, Revenue Division.
12. Mr. A. M. Jalaluddin Ahmed, Joint Secretary, Revenue Division.
13. Mr. M. Raza Ali, Deputy Financial Adviser (Supply and Works).
14. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.
15. Mr. Munzir Ahmad, Joint Financial Adviser (Communications).
16. Mr. M. S. Khan, Deputy Secretary, Ministry of Finance.
17. Mr. Kh. Ferozuddin, Master of the Mint, Pakistan Mint, Lahore.

*Secretary of the Public Accounts Committee*

18. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The examination of the accounts was conducted with reference to the questionnaire issued to the Ministry of Finance (Main Secretariat).

3. *Paragraph 24 on page 24 of the Audit Report, 1955—Unauthorised assignments of the proceeds of the sales tax for the years 1948-49 to 1951-52 to the Provinces and the acceded States.*—As desired in the questionnaire, the position with regard to this paragraph was explained by the representatives of the Ministry of Finance. It was stated that in accordance with the provisions of the Government of India Act, 1935 (as adapted), it was, no doubt, necessary to issue a Governor General's Order proscribing the arrangement for the distribution of the net proceeds of taxes on sales of goods between the Centre and the Provinces and the acceded States. This Order could not, however, be issued and when the omission came to notice, the new Constitution had been enforced. Under Article 118 of the Constitution, a fresh Order could only be issued after the National Finance Commission was appointed and had submitted its report. The Ministry of Law, who were consulted in the matter, advised that the best course would be to bring the omission to the cognizance of the Public Accounts Committee and through them to the National Assembly by insertion of a paragraph to this effect in the Audit Report.

4. The Comptroller and Auditor General raised the points as to what precise action was to be taken to regularize the position. The Committee desired that the matter should be examined *de novo* and legal advice obtained as to whether it would be necessary to bring out legislation or to issue the President's order with a view to supplying the omission.

5. *Paragraph 25 on page 24 of the Audit Report—Unauthorised retention by the Centre of the whole of the net proceeds of the taxes on income, other than agricultural income, collected during the years 1947-48 to 1951-52.*—The Comptroller and Auditor General pointed out that the decision to retain the income-tax proceeds was in contravention of the constitutional requirements as the proceeds did not form part of the Central Revenues. The view of the Central Government that the share was retained with the concurrence of the Provincial Government was not relevant to the issue, as no Central or Provincial Government was competent to arrive at any decision deviating from the provisions of the Constitution, without the concurrence of the Legislature. The Committee recommended *de novo* examination of the whole case by the Ministry of Finance.

6. *Paragraph 26 on page 25 of the Audit Report.*—The departmental representatives explained that necessary provision had been made in respect of audit by the Comptroller and Auditor General in the Acts of all Corporations, except the Refugee Rehabilitation Finance Corporation, the Insurance Promotion Corporation, the Pakistan Industrial Development Corporation, and the Small Industries Corporation. Government had also taken a decision regarding the amendment of the Acts of the remaining Corporations as well, with the exception of the Pakistan Industrial Development Corporation, which is now receiving active consideration. The Committee directed that this matter should also be expedited. The Committee recommended that explicit provision should be made in the Acts of all the Corporations, in which majority shares were owned by Government, to the effect that their audit would be entrusted to the Comptroller and Auditor General.

7. The Appropriation Accounts for the past years showed persistent savings in the grants for Civil Works. One of the reasons for this was stated to be the delays in sanctioning works expenditure. In the questionnaire issued to the Ministry of Finance, the Committee, therefore, desired to know the reasons generally for delays in sanction for works expenditure resulting in savings every year and the measures which had been taken or were proposed to be taken to eliminate them. It was explained by the Financial Adviser, Works, that the delay did not occur in the Ministry of Finance, but in the administrative Ministries themselves; they were not able to explain the reasons for change in the cost of construction, deviations from general standards, or other pertinent details. A further reason for delay was that the administrative departments started preliminary work only after the budget was sanctioned, although directives had been issued by the Public Accounts Committee from year to year that the Ministries and Departments should make proper planning in respect of the schemes for which budget provision had been made and carry out necessary preparatory work in advance. The Committee decided to take up this question further when the examination of the grants controlled by the Ministry of Works was taken up.

8. The Committee then took up the examination of the compliance reports of the Ministry of Finance and Comptroller and Auditor General on the recommendations contained in their reports on the Accounts for 1950-51, 1951-52 and 1952-53 and their observations thereon are summed up in the succeeding paragraphs.

9. In paragraph 4 of their report on the Accounts for 1950-51, the Public Accounts Committee had pointed out certain basic defects in the preparation of budget estimates and had recommended their removal. It was explained by the representative of the Ministry of Finance that that Ministry had been issuing instructions from time to time for guidance of the Ministries in the detailed procedure for the preparation of budget estimates. Renewed instruction had been issued to the Administrative Ministries in July, 1957, in accordance with the recommendation of the Public Accounts Committee.

10. During the course of examination of the Appropriation Accounts of Grant No. 77—Capital Outlay on Schemes of State Trading for the year 1950-51, the departmental representative had stated that the expenditure pertaining to sub-heads D-1(4), D-1(5) and D-1(6) had been booked under the sub-head D-1(3) of the grant, thereby leading to saving under the former and excess under the latter. The Committee then directed that this statement of the departmental representative should be verified by Audit. In this compliance report, the Comptroller and Auditor General had stated that the matter was under investigation in the office of the Accountant General, Pakistan Revenues. The Committee desired to know the present position and were informed by the Comptroller and Auditor General that the matter was still under discussion with the Ministry of Industries, as full particulars were not available with Audit. The Committee desired that the matter should be expedited.

11. A Supplementary Grant of Rs. 467 lakhs was obtained in 1950-51 for contribution to the expanded programme of the United Nations Technical Assistance for Economic Development, which remained unutilised. During the course of examination of the Appropriation Account of the Grant, the departmental representative stated before the Public Accounts Committee that an authority for the payment of amount had been issued in time to the Accountant General, Pakistan Revenues, and the State Bank, but it could not be acted upon. The Committee had then directed that the reasons leading thereto should be examined by Audit. In his compliance report, the Comptroller and Auditor General stated that the matter was under correspondence between the Accountant General, Pakistan Revenues and the State Bank and that a final reply from the latter was still awaited. The Committee directed that the matter should be expedited.

12. In paragraph 27(6) of their report on the Accounts for 1950-51, the Public Accounts Committee had directed that the running accounts of Iron and Steel supplied by the Department of Supply and Development to both Wings of Pakistan should be completed and this fact should be verified and reported by Audit. In the compliance report of the Comptroller and Auditor General, it was mentioned that the Iron and Steel Controller had furnished a consolidated stock account of both Wings up to the year 1953-54 in the prescribed form, that the stock accounts for West Pakistan had been checked and reconciled and that the accounts for East Pakistan were still under audit scrutiny. The Committee directed that these accounts should be completed expeditiously.

13. *Paragraph 46 on page 35 of the Audit Report.*—It was stated in this paragraph that out of 855 audit objections referred to in the Audit Report, 1954, 613 were still awaiting final disposal. The Committee desired to know the latest position with regard to those audit objections. It was explained by the Comptroller and Auditor General that there had been no change in the position as indicated in the Audit Report. The Committee directed that the Departments concerned should expedite the clearance of the objections.

14. *Paragraph 47 on page 36 of the Audit Report—Abnormal delay in receipt of bills of entry in respect of stores imported on Government account.*—It was stated in this paragraph that in the beginning of 1955 it was noticed that bills of entry for Government stores were not regularly presented for check by Statutory Audit and that not less than 10,000 bills were awaiting completion in the Customs House, some of them dating back to the years before 1949. The Committee desired to know the full facts of the case. It was explained by the departmental representative that under the system obtaining during the War, Government stores were allowed to be cleared without the presentation of documents on which assessments were made. This system continued even after Partition and the District Controller of Stores who acts as clearing agent for Government went on clearing stores on the understanding that he would present the documents later on, as the documents were to be received from the purchasing organisations abroad. It was only at the instance of Audit that the matter was taken up two years ago and a sum of about Rs. 23.5 crores representing assessment had been recovered but still a large number of cases were pending for settlement. It has also been pointed out that the procedure had also been applied to certain non-Government parties from whom a sum of Rs. 30 lakhs was recoverable. Further, the departmental representative said that the procedure was applied to those non-Government purchasers who placed their orders through the Director General, Supply and Development and for whom goods were cleared by the District Controller of Stores, so that neither the Director General, Supply and Development nor the District Controller made a distinction between Government and non-Government stores. Action was being taken to recover the amount of Rs. 30 lakhs from the various parties. The Committee was further informed that as from 1st July, 1956, the exemption procedure had been discontinued and all relevant documents were required to be produced before the clearance of goods. The Committee felt greatly perturbed over the whole affair and directed that immediate action should be taken for the clearance of outstanding dues and the matter reported to them in the next meeting.

15. *Paragraph 48 on page 36 of the Audit Report.*—Without consulting the Audit Department beforehand, the Central Board of Revenue, in November 1956, decided to raise the minimum limit for the raising of objections by the Internal Audit Party of the Customs House from Rs. 15 to Rs. 75. Similarly orders had been issued by the Board, in December, 1956, to the effect that objections involving Rs. 1,000 or less raised by Internal Audit during 1947—54 (inclusive) should be dropped without further enquiry and in cases involving Rs. 1,000 and more the cases should be examined and objections dropped except where the supposed under-payment was due to fraudulent, misleading or incorrect declaration of statement on the part of importer or the clearing agent. The departmental representative explained that there was no rule under which previous sanction of Audit was necessary for raising the limits. This had been done in order to meet a situation arising out of the arrears of work, and with a view to ensuring that the available staff was utilised in detecting non-payment of substantial amounts rather than small sums. The Comptroller and Auditor General said that although there was no specific provision in rules the previous sanction of Audit was necessary for raising the limits in view of conventions previously followed and other practical considerations. The Departmental representative, however, held that the Board was competent to regulate the measure of Internal Audit and the limit would be lowered again by December, 1957, if they found that they had cleared the arrears. The Committee was not

satisfied with the explanation of the departmental representative. They held the view that scheme of statutory audit by the Audit Department was inextricably linked up with and depended upon the arrangements for Internal Audit. It was, therefore, not correct for the Central Board of Revenue to raise the limits in an arbitrary manner. The Committee, therefore, directed that the Central Board of Revenue should re-examine the whole matter in consultation with the Comptroller and Auditor General and refix the limits according to his advice.

16. *Paragraph 49 on page 37 of the Audit Report.*—Two consignments of imported matches, which were assessable to customs duty at the rate of Rs. 2-8-0 per gross, were actually assessed at lower rate of Rs. 1-12-0 per gross resulting in short recovery of duty amounting to Rs. 26,505. It was explained to the Committee that a demand order had been issued on the person concerned failing which the goods imported by him in future would be impounded against compliance of this liability.

17. *Paragraph 50 on page 37 of the Audit Report.*—An ocean-going vessel imported in 1952 with a view to being broken up before clearance was passed free of duty. As the vessel was not a scrap at the time of importation the assessment was considered objectionable by Audit. It was explained by the departmental representative that at that time no duty was charged on old steel and iron and it was not fair to charge duty on a vessel which was being brought for breaking up. The Committee was satisfied with the explanation.

18. *Paragraph 52 on page 37 of the Audit Report.*—Six hundred drums of power kerosine oil were passed free of duty resulting in short recovery of Rs. 2,575. The Committee desired to know whether the firm concerned was still continuing its trade. It was explained that the firm, the Standard Vacuum Oil Company, had not gone out of business but the demand was not made within the prescribed time of three months and could not, therefore, be enforced. The Committee directed that sufficient care should be taken to avoid recurrence of such cases in future.

#### COMMERCIAL APPENDIX TO THE APPROPRIATION ACCOUNTS (CIVIL) 1953-54.

19. *Government Opium Factory, Lahore—Section 2 Audit Comments (para. 67).*—The working of the Opium Factory, Lahore, resulted in a net loss of Rs. 89,939 during the year 1952-53. This was primarily due to the cost of production of excise and medical opium being more than sanctioned issue rate of the two categories. The loss could have been avoided if the issue rate had been suitably revised in time. It was explained by the departmental representative that the expenditure incurred during the year was not known till the year was over. It was only in the following year that the real cost of production was known, at which time the price was actually raised. The Committee observed that the procedure was faulty and warranted improvement.

20. (a) *Grant No. 1—Customs : page 49 of Appropriation Accounts.*—No explanation for the savings under the sub-head A-1—Pay of Officers, A-2—Pay of Establishment, A-4—Other Allowances and Honoraria, etc., had been furnished in the Appropriation Accounts. It was explained by the departmental representative that the savings were due to certain posts remaining vacant during the course of the year. The Committee observed that the explanation should have been furnished to Audit for incorporation in the Appropriation Accounts and that if proper care had been

*taken the savings could have been surrendered in time.*

(b) *Note No. 2 below the Appropriation Accounts (page 52).*—The supplementary grant under a number of sub-heads under this grant proved partly or wholly unnecessary. It was explained by the departmental representative that the savings occurred mainly due to non-receipt of debit from Posts and Telegraphs Department and due to certain debits from the Government of East Pakistan remaining unadjusted. The Committee observed that the amounts should have been surrendered in case the debits were not received by the end of the year. It was, they felt, a clear case of defective budgeting and ineffective control over expenditure. They further directed that steps should be taken to improve the position and to avoid recurrence of such instances in future.

21. *Grant No. 3—Taxes on Income, Corporation Tax and Sales Tax (page 61 of Appropriation Accounts)—Notes below the Appropriation Accounts—Item No. 4.—Remission of Revenues, etc.*—The Comptroller and Auditor General quoted the following figures to prove that the number of cases of remissions of revenue, etc., and the amounts involved were on an increase from year to year :

Year							No. of cases	Amount
								Rs.
1951-52	...	...	...	...	...	...	1	2,195
1952-53	...	...	...	...	...	...	49	17,000
1953-54	...	...	...	...	...	...	271	99,140

22. It was explained by the departmental representative that the increase in the number of cases of revenue remissions was mainly due to more effective control of assessment. Although this reason may in part account for the increase, the Committee held the view that the Central Board of Revenue should exercise more strict control over such cases.

23. *Grant No. 20—Ministry of Finance, (page 104 of Appropriation Accounts)—Sub-head A-1—Pay of Officers.*—The Committee desired to know the reasons of the final excess of Rs. 23,755 under the sub-head. It was explained that the excess was due to inevitable payments to officers abroad towards the close of the year which were not foreseen at the time of regularisation of excesses.

24. *Sub-head A-3—Allowances, Honoraria, etc.*—The Committee desired to know the reasons for the excess of Rs. 18,623 under this sub-head. It was explained that as a result of an economy campaign some staff had to be retrenched, but later on it was decided that they should be absorbed elsewhere. The pay and allowances of the staff were debited to this sub-head resulting in the excess.

25. In both the above cases the Committee felt that proper regularising action should have been taken in time.

26. *Grant No. 59—Mint (page 292).*—*Sub-head A-5—Other Charges.*—This sub-head revealed a final saving of Rs. 83,249, although the original grant had been increased by Rs. 82,000. It was explained that the original grant was increased to provide for payment of rent of vaults of the Central Ordnance Depot, Rawalpindi. Contrary to the expectations, the debits from the Military authorities for the rent were not received till the close of the year. Further, there was some controversy

about the actual amount of the debit. This resulted in the saving of Rs. 83,249 which could not be surrendered before the close of the year.

27. The Committee felt that with proper vigilance on the part of the administrative department, regulatory action could have been taken in time.

28. *Audit Notes (page 294 of the Appropriation Account)*—*Audit Note 1.*—The value of the closing balance of consumable stores, as on 31st March, 1954, was not agreed with the aggregate of the individual value balances shown in the price stores ledgers. It was explained by the departmental representative that these had since been reconciled and the discrepancy adjusted in the accounts for 1954-55.

29. *Audit Note 2.*—The excess and shortage of stores disclosed by physical verification were neither reported nor accounted for in the stores ledgers. The departmental representative explained that losses revealed by physical verification were fictitious and not real, in so far as the rectifying action consisted of only making adjustment under the proper heads, which had since been done.

30. *Grant No 31—Audit (page 137 of Appropriation Account).*—Almost all the sub-heads under this grant indicated savings which had not been surrendered. It was explained by the Comptroller and Auditor General that the savings were reported late to the Ministry of Finance and were not, therefore, accepted by them.

31. *Grant No. 66—Miscellaneous (page 362 of Appropriation Accounts)*—*Sub-head E-2—Small Savings Schemes.*—The final saving of Rs. 10,600 was not explained in the Appropriation Accounts. The departmental representative explained that this sub-head accommodated payments made to Provinces on the basis of information furnished by them. The savings was due to certain posts under the Provincial Governments remaining vacant during the course of the year.

32. *Sub-head E-5—Payments to Provincial Governments of outstanding claims.*—The Committee desired to know why the huge excess of Rs. 9,14,566 under this sub-head was not covered by a supplementary grant. It was explained that the actuals on the basis of which the position had to be regularised became available too late to allow for regularisation in time. The Committee was satisfied with the explanation.

33. *Sub-head F—Block grant for transfer to Special Fund for Rehabilitation of Refugees.*—The Committee desired to know the reasons for the excess of Rs. 35,72,333 under this sub-head. It was explained that the expenditure under this sub-head depended on the receipts realised under the Supplementary Finance Act, 1950. The excess was due to realisation of more taxes and duties levied under that Act than were anticipated at the time of fixing the final grant.

34. *Sub-head P—Loss by Exchange.*—The Committee desired to know the reasons for the final saving of Rs. 10,66,163 under this sub-head. It was explained that in accordance with the recognised practice no explanation for loss or gain by exchange had, in general, been recorded in the Appropriation Accounts. The position in this regard was fully explained in paragraph 59 of the Audit Report, 1955.

35. The sub-head is required when the rate of exchange differs from the official rates. The rate of exchange is difficult to forecast in advance. The saving in this case was not surrendered as the correct position was not known till the close of the year. The Committee, however, observed

that the expenditure booked under the two heads amounted only to Rs. 1.40 lakhs compared to average of Rs. 10 to 12 lakhs during the past years. They directed that the figures should be further checked in audit.

36. *Grant No. 71—Karachi (page 403 of Appropriation Accounts)—Major heads “8—Provincial Excise”—Sub-head B-3—Other Charges.*—The original grant under this sub-head was increased by a re-appropriation of Rs. 25,700. The actual expenditure, however, indicated a saving of Rs. 40,601. The Committee desired to know the reasons for the variation. It was explained that the saving was mainly due to non-utilisation of provision for the cost of opium. The Committee felt that with proper vigilance, necessary regularising action could have been taken in time.

37. *Interest on debt and other obligations and reduction or avoidance of debt (page 428 of Appropriation Accounts)—Sub-head A-1—Interest on permanent debt.*—It was explained by the departmental representative that the final excess of Rs. 10,96,039 under this sub-head was due to non-drawal of the interest by the parties concerned. The Committee felt that this was a simple explanation and should have been furnished in time for incorporation in the Accounts.

38. *Sub-head A-3—Miscellaneous expenses—A-3(2)—Expenditure connected with the issue of new loans.*—It was explained by the departmental representative that the final saving of Rs. 2,64,155 was due to non-adjustment of expenditure on certain advertisement bills during the year.

39. *Item No. 13 (page 564 of the Appropriation Accounts).*—A Collector of Customs accorded expenditure sanction, for the purchase of furniture in excess of his financial powers. It was explained by the departmental representative that the sanction was accorded during the years 1948-49 and 1949-50 when a good deal of land customs work was done in East Pakistan. A number of offices were opened to check jute smuggling and the Collector had to provide some furniture. The departmental representative, however, agreed that the Collector should have simultaneously applied for Government sanction. The Committee directed that steps should be taken to avoid such recurrences in future.

40. *Item No. 14 (page 565 of the Appropriation Accounts).*—This related to misappropriation of Government money amounting to Rs. 9,491 by a clerk of the Office of Superintendent, Land Customs. The Committee desired to know what action had been taken in the matter. It was explained that the clerk concerned, who was taken on loan from the Provincial Government, was charge-sheeted and dismissed by the Provincial Government. The Officer-in-Charge of the Customs House, who was partly responsible for the misappropriation, was also punished.

41. *Item No. 15 (page 565 of Appropriation Accounts).*—This referred to a fraud by forging Customs refund voucher resulting in a loss of Rs. 50,529 to Government. It was explained by the departmental representative that the persons concerned were being prosecuted by the police and certain amounts had been recovered. The Committee directed that the further progress of the case should be reported to them in due course.

42. The proceedings of the first meeting of the Committee held on 20th July, 1957, were confirmed.

43. The Committee then adjourned to meet again on Friday, the 9th August, 1957, at 10 a.m.



**Proceedings of the fourth meeting of the Public Accounts Committee held on Friday, the 9th August, 1957, at 10 a.m.**

The Public Accounts Committee met at 10 a.m. on Friday, the 9th August, 1957, with Mr. Bhupendra Kumar Dutta in the Chair. The following were present :

1. Mr. Mohd. Husain Chattha, Member.
2. Mr. Ghulam Abbas, Comptroller and Auditor General.
3. Mr. S. M. Ahmad, Director of Railway Audit.
4. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
5. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
6. Mr. Mohd. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

7. Mr. E. A. Suhrawardy, Director General, Railways.
8. Mr. A. Hamid Ghani, Director of Mechanical Engineering and Stores.
9. Mr. A. S. Farooqi, Director (Civil Engineering).
10. R. A. Siddiqi, Joint Director, Traffic.
11. Mr. M. A. W. Siddiqui, Joint Director, Development.
12. Mr. M. S. H. Bashir, Deputy Director, Establishment.
13. Mr. M. M. A. Farookhi, Deputy Director, Civil Engineering.
14. Mr. Mushtaq Ahmad, Financial Adviser, Communications.
15. Mr. Munzir Ahmad, Joint Financial Adviser, Communications.

*Secretary of the Public Accounts Committee*

16. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The Chairman suggested that the examination of the Railway Accounts may be postponed for a day and may be taken up on the 10th August, 1957, when Mr. Farid Ahmad was also expected to be present. This was agreed to and the Committee was adjourned to meet again at 10 a.m. on Saturday, the 10th August, 1957.

**Proceedings of the fifth meeting of the Public Accounts Committee held on Saturday, the 10th August, 1957, at 10 a.m.**

The Fifth meeting of the Public Accounts Committee was held at 10 a.m. on Saturday, the 10th August, 1957, with Mr. Farid Ahmad in the Chair. The following were present :

1. Mr. Bhupendra Kumar Dutta, Member.
2. Chaudhri Muhammad Husain Chattha, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. S. M. Ahmad, Director of Railway Audit.
5. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
6. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
7. Mr. Mohammad Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

8. Mr. E. A. Suhrawardy, Director General, Railways.
9. Mr. A. Hamid Ghani, Director of Mechanical Engineering and Stores.
10. Mr. A. S. Faruqi, Director, Civil Supplies.
11. Mr. R. A. Siddiqui, Joint Director, Traffic.
12. Mr. M. A. W. Siddiqui, Joint Director, Development.
13. Mr. M. S. H. Bashir, Deputy Director, Establishment.
14. Mr. M. M. A. Farookhi, Deputy Director, Civil Engineering.
15. Mr. Mushtaq Ahmad, Financial Adviser, Communications.
16. Mr. Munzir Ahmad, Joint Financial Adviser, Communications.

*Secretary of the Public Accounts Committee*

17. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The proceedings began with the examination of the compliance reports relating to the Railway Appropriation Accounts for the years 1950-51, 1951-52 and 1952-53. The Chairman observed that the Committee was very much perturbed on the tendency of the various Ministries and Departments to treat their recommendations lightly and to repeat year after year the irregularities pointed out and deprecated by them. The departmental representatives gave a detailed account of the various factors which led to more important irregularities, namely instances of bad budgeting, improper spending, variations in expenditure from the authorised allotments, non-surrender of savings in time and obtaining of unnecessary supplementary grants. They emphasized that the Railway Budget was prepared a year and a half in advance and could be upset by certain unforeseen contingencies like floods, unusual movement of foodgrains and other facts. The position could not be entirely set right at the time of final modifications as well as in a number of cases, the actual accounts adjustments were not known until six months after the close of the year. The time lag involved in adjustment in accounts in the case of supplies from abroad was particularly uncertain. For these considerations they maintained that there were little prospects for improving the conditions of budgeting. As regards accounting, necessary efforts

were being made to improve them and the results would be visible in about two years' time. The main difficulty in accounting was the adjustment with other accounting departments, because debits were held up sometimes in U. K., sometimes in U. S. A., and sometimes in the Accounts Offices in Pakistan, with the result that adjustment could not be made in the final Railway accounts in time. They are trying to make all arrangements by which these difficulties would be removed and the present state of accounting would improve.

3. Proceeding further, the departmental representative explained that the variations in expenditure from the authorised allotments were bound to occur in view of the working conditions of the Railways, the nature of services that they had to perform and the present set-up of the accounts organisation. They maintained that they had to meet emergent situations involving the movement of goods and traffic and repairs to permanent way and rolling stock necessitated by floods and other natural calamities. They, therefore, commended that the Committee, instead of laying emphasis on the variations between the actual expenditure and the voted amounts should examine how far the Railways had acquitted themselves of the task entrusted to them. They reiterated that, as in other advanced countries, the legislature should attach more importance to the performance side of the budget rather than mere accounting aspect. They further submitted that the period of a year allowed to them after the funds had been voted was insufficient for planning and execution of the schemes particularly as the main sources of Railway supplies lay outside the country.

4. The Committee while appreciating the efforts made by the Railway administration in the matter of improvement of accounts could not see eye to eye with them in so far as the variations in expenditure were concerned. They no doubt valued the importance of the performance aspect of the budget, but could see no reason why the legislature should absolve themselves of their authority of exercising control over the purse. As a matter of fact, the improvement in accounting to which a reference had been made by the departmental representatives should by itself result in better budgeting. The matter no doubt presented some difficulty but, given the necessary will and method, it was entirely capable of solution. The Legislature did not expect cent. per cent. reconciliation of the expenditure figures with the authorised allotments, but they were naturally perturbed over large and persistent variations between the two. The amounts voted by the Legislature had a constitutional and legal sanction behind it and unless the Executive attached to the vote of the legislature, the importance that it deserved, the whole constitutional scheme of finances would collapse. The Committee could not, therefore, view with equanimity and facile attitude on the part of the Executive to treat the vote of the Legislature lightly. As regards the time available for the execution of the schemes, the Committee had from year to year laid emphasis on proper planning. If, as had been stressed by the Committee on various previous occasions, the Ministries and Divisions carried out necessary preparatory work in advance without waiting for the formal passing of the budget, it should be possible to make use of the funds voted by the Legislature within the financial year without loss of valuable time over settling the preliminaries.

5. The Committee then took up the examination of Railway Audit Report, 1955.

6. Paragraph 4(d) on page 2 of the Audit Report—Savings under voted Grants.—Under Grant No. 72—Capital Outlay on Pakistan Railways

the percentage of savings to the original and modified grants amounted to 37.75 and 26.25 respectively. The Committee observed that compared to the years 1951-52 and 1952-53 when the savings were only 1.94 per cent. and 2.29 per cent. respectively, the savings during the year 1953-54 had shown a great increase. It was explained by the Departmental representatives that the savings were caused by the late receipt of deliveries on account of a labour strike in Canada which could not be anticipated. The Committee were not impressed with the reason given and held that the Railway Division could without doubt regularise the position at the time of making final modifications.

7. *Paragraph 5(a) on page 4 of the Audit Report—Injudicious re-appropriations and surrenders.*—In the cases cited in this paragraph, reductions were made in the final estimates at the close of the year, although the actual expenditure exceeded the amount originally provided. The departmental representatives explained that the reductions were made on the basis of the accounts figures available at that moment which by the time the accounts were closed recorded some excesses on account of certain unforeseen items. This again was an instance of defective control over expenditure. The Committee felt that in spite of all that the departmental representatives had stated in the beginning that there was a clear need of strengthening of the departmental machinery for the control over expenditure and of improving their budgetary procedures.

8. *Paragraph 5(b) on pages 4-5 of the Audit Report—Unnecessary or excessive reappropriations.*—These were the cases where additional amounts were provided at the close of the year by re-appropriation although the actual expenditure fell short of even the original budget grant. The departmental representative attributed these savings to the non-receipt of locomotives and debits from abroad and partly due to non-adjustment of debits actually received. This was another instance where a proper care in the assessment of final position on the part of the Railway Administration could have avoided the irregularities.

9. *Paragraph 5(c) on pages 5-6 of the Audit Report—Uncovered excesses or unsurrendered savings.*—The instances enumerated in this paragraph have been explained as due to unexpected receipt or non-receipt of expected debits respectively from other Government Departments. The Committee referred the departmental representatives to the explanation given under column 4 on page 6 of the Audit Report against "Eastern Bengal—Grant No. 72—Capital—Rolling Stock" and observed that at the end of the year the Railway Administration should have been in a position to ascertain more correctly the status of the debits from the High Commissioner. They were of the view that a little more vigilance on the Railway Administration could surely have avoided a number of irregularities.

10. *Paragraph 10(b) on pages 7 to 10 of the Audit Report (North Western Railway)—Item No. (vi)—Amenities to lower class passengers and staff welfare works.*—A saving of Rs. 3.39 lakhs has been ascribed to non-completion of certain works for want of material. The Committee desired to know the amenities for which this provision was made in the budget and the particulars of the materials on account of which the same could not be provided. The departmental representatives said that these amenities were in the shape of sheds, shelters, benches, etc., and necessary raw materials required for them were not available and had to be procured from outside. The Committee regarded it as very unsatisfactory that funds provided by the Legislature for amenities to lower class passengers were not utilized in time.

## CHITTAGONG PORT

11. (ii) *Item (ii) (1)—Operation other than staff and fuel.*—An additional provision of Rs. 10 lakhs in the final estimates for expected payment of wagon hire charges proved entirely unnecessary as no such payment could be made owing to non-finalisation of the matter due to certain difficulties. The Committee desired to know the difficulties referred to in this paragraph and whether the adjustment had now been made. The departmental representatives informed that the difficulties were in regard to fixation of the rates of hire charges and probably the matter was still not finally settled. They promised to look into it and report to the Committee separately. The Committee also wished to be apprised of the arrangements that the Railway Administration has made to avoid such irregularities in future.

12. (iii) *Item No. (iii)—Miscellaneous expenses.*—Decrease of Rs. 8,66,000 in the final estimates on account of expected credits from the adjustment of cost of tea shed recoverable from the Commerce Ministry proved unnecessary as no such credit could actually be adjusted for want of final decision in the matter. The Committee asked for full facts of the case and the circumstances under which the cost would not be recovered from the Commerce Ministry. The departmental representatives explained that originally the Ministry of Commerce had asked for construction of the sheds on their behalf and had given an undertaking for the payment of cost. They, however, declined to make the payment when the construction was completed. It was, therefore, decided by the Railway to retain the ownership of sheds. In reply to question by the Committee, whether there was any loss to the Railways in this matter, it was stated by the departmental representatives that the sheds were rather an asset to the Railways as they were getting Rs. 15,000 per month per shed on account of hire charges. The Committee observed that if the Ministry of Commerce had ordered for them, they should have been ready to pay. After some discussion it was decided to question the representatives of the Ministry of Commerce about this matter.

13. The Committee discussed with the departmental representatives the general working of Chittagong Port and the necessity for a separate port railway with full paraphernalia. The departmental representatives stated prior to the development of the Port the jetties used to be run by the Railway Administration and the waterside by the Port Commissioner. When the development scheme came up involving enormous amount of capital work it was decided to create the post of one General Manager to look after the jetty portion of the development of the port as it was thought that the Railway Administration would not be in a position to undertake the additional responsibilities. The Committee expressed the view that there should not be a separate organisation for Pakistan Railway. The departmental representatives informed that an expert committee had already been appointed to look into this matter and they would examine the question of future organisation. The expert committee was expected to start working in October, 1957, on the arrival of foreign experts. The Public Account Committee wished to be apprised of the findings of the expert committee in due course.

14. *Paragraph 11(e) on page 12 of the Audit Report—Eastern Bengal Railway—(1) Item No. (ii) (1)—Works.*—A decrease of Rs. 9,82,000 was made in the final estimates on account of expected delay in the finalisation of the Diesel Shop plant. It was further augmented to the extent of Rs. 2.48 lakhs due to the same cause. Similarly, the entire provision of

Rs. 7,20,000 made in the original estimates for the construction of Diesel locomotive heavy workshop Repairs and servicing depot at Pahartali was surrendered in the final estimates as the scheme was not expected to be finalised during the year. The Committee desired to know further reasons for these savings and also invited attention to the percentage of savings in the East Bengal Railway indicated in the table below para. 11(d) of the Audit Report.

15. The departmental representatives said that the percentage in the year 1953-54 in the table referred to by the Committee showed that there had been great deal of improvement over the past years. They repeated the arguments summarised by them in the beginning as justifying these variations. For reasons which have already been stated the Committee did not feel satisfied with these arguments. They maintained that under the existing constitutional provisions the administrative Ministries owed a duty to the Parliament to give a proper account of the funds voted for them. The Railway Administration should make suitable arrangements to achieve the objective.

16. (2) *Item No. (vi)—New Constructions.*—An excess of Rs. 1,57,000 over the final estimates had been explained as due to more expenditure in the finalisation of contractors' bills and for manufacture of bricks in respect of Sylhet-Chatak Railway construction. The Committee desired to know why no provision was made in the budget when the bill was expected to be paid during the year. The departmental representatives could not furnish satisfactory answer to this question and promised to submit a report in due course.

17. *Paragraph 12(i) on page 15 of the Audit Report.*—The Committee desired to know the present position in regard to the subsidiary registers of stores in transit which were stated to be incomplete. The Director of Railway Audit informed that according to the latest information received from the Eastern Bengal Railway only a portion was still incomplete. The departmental representatives related the difficulties encountered by them in store accounting. They had obtained the services of an expert from the British Railways for the purpose of advising them in the matter. A wholetime officer has also been placed on special duty and the Railway Administration were trying to complete all the accounts which included completion of the registers in question. The Committee directed that the position should be verified by Audit and reported to them in due course.

18. *Paragraph 14(a) on page 16 of the Audit Report—Irregularities in the contract for the purchase of Railway wagons.*—This paragraph related to two orders placed on a local firm in 1951 for the purchase of 471 wagons at a cost of Rs. 64.66 lakhs. These wagons had to be imported from Belgium in a partially dismantled condition and erected in Pakistan before delivery to the Railways. The following irregularities were committed in this case:

- (1) The contract was placed against an unsolicited revised tender of the firm and a month after the public opening of the tenders when its previous tenders had been rejected. The appropriate course under the circumstances was to call for fresh and open tenders once again.
- (2) The capacity of the firm to undertake such heavy contract was not properly assessed at the time of placing orders. The firm neither possessed necessary workshop nor equipment for the erection of wagons.

- (3) The change in specifications was allowed within a month after placing the orders.
- (4) Relaxation in the specifications are stated to have been allowed in the interest of early deliveries but in spite of that delivery has not been effected even now. Although the firm failed to deliver the wagons on the due dates the Government did not exercise the option to recover the liquidated damages or to purchase elsewhere on contractor's risk according to the terms of the contract.
- (5) In spite of the failure of the firm to supply the wagons according to the schedule, certain advance payments were made to them. The position as it stood at present was that the Government had paid a sum of Rs. 44.78 lakhs to the firm without obtaining any security deposits or bankers' guarantee and not a single wagon has so far been supplied.

19. The departmental representatives intimated that civil and criminal proceedings had been instituted against the contractor. They therefore pleaded that it was not in the best interest of Government to put on record anything by way of detail for scrutiny by the Public Accounts Committee at this stage. After the case had been decided by the Court the Committee could go into the relevant details and fix responsibility. After some discussions it was decided to examine the matter further in a meeting which would be presided over by the Finance Minister. (Please see also paragraphs 1—4 of the proceedings of the meeting held on the 18th August, 1957, and paragraph X of the proceedings of the meeting held on the 19th November, 1957.)

20. Paragraph 14(b) on page 19 of the Audit Report—North Western Railway—Waiver of the liquidated damages and other irregularities in the purchase of wagons.—This paragraph related to the waiver of the liquidated damages amounting to Rs. 10,50,236 in connection with the purchase of 200 wagons, order for the supply of which was placed by Government on a Pakistani firm in January, 1951, at a cost of Rs. 32,39,418. The Committee desired to know why the liquidated damage was written off when the firm actually failed to supply the wagons in time. It was explained by the departmental representatives that the relevant clause relating to liquidated damages in such contracts was never practically enforced for two reasons. First, if the case came to be tried in a court of law, it would be difficult to prove that Government really suffered any damage, and secondly, the imposition of such penalties worked very harshly against the firm. If insisted upon, the penalty would lead a number of firms into liquidation and make bidding for Government contracts a very unattractive affair. Government had also to bear in mind the conditions obtaining at that time when the contract has to be performed. For example, during the period under review, there was world wide shortage of material and the supply position was difficult. The Committee observed that the amount recovered from the firm was very small and as the wagons were not supplied for a long period of time Government was put to loss. The Committee also felt that the contract should have been revised after foreseeing the practical difficulties in the execution of contract. It was explained by the departmental representatives that in accordance with the existing terms of the contract it was open to Government to cancel the contract and make risk purchases against the contract or to impose liquidated damages. As already explained, there were practical difficulties in imposing any of these penalties. The Committee were not satisfied with the explanation given and desired to know why proper

legal opinion was not obtained before waiving the liquidated damages and also whether any loss was incurred on account of non-receipt of the wagons. It was promised by the departmental representatives that information on all these points would be furnished to the Committee during the course of its current session.

21. *Item (c) on page 20 of the Audit Report—Theft of mica from the petty stores of the Power House.*—This paragraph related to misappropriation of mica amber worth Rs. 8,649 by a ward-keeper of a power house. On a question from the Committee, the departmental representatives explained that an inquiry in the matter was held in February, 1952, immediately after the misappropriation came to notice and the report was submitted by the Committee after two years. The Committee felt that the Department Enquiry Committee should not have taken so long to finalise its report.

22. It was also stated in this paragraph that the ward-keeper was dismissed from service and his special contributions as well as the Government contributions to his provident fund which had been forfeited by the Railway Administration were paid to him in full on his appeal. The Committee observed that in such cases of misappropriation of public funds most stringent action should be taken against the officers concerned. The departmental representative explained that payments of Government contribution to the provident fund were made as an exceptional case on compassionate grounds and recoveries were generally effected in all such cases. The Committee observed that in all such cases in future, steps should be taken to finalise inquiries without loss of time and to assess departmental responsibility.

23. *Paragraph 15(a) East Bengal Railway—Shortage of cash in a pay and cash office (page 21 of the Audit Report).*—It has been stated in this paragraph that on the 15th November, 1948, as Assistant Payment Master while checking the cash balance of an Assistant Pay Clerk noted a shortage of Rs. 34,822-7-0. The Committee noticed that the departmental enquiry was instituted in this case after the lapse of about one year from the date of occurrence. The departmental representative explained that this was due to the fact that important documents were taken over by the Police for investigation. The Committee was not satisfied with the explanation. The Railway authorities could retain copies of the relevant documents which would have enabled them to proceed with the inquiry. The Committee desired that a detailed report should be submitted to them in the matter indicating how long the inquiry in this matter would take, whether personal responsibility has been fixed, when loss to Government has been made good and what steps the Administration has taken to avoid such recurrence in future.

24. *Paragraph 17—North Western Railway—Irregular payment of hill allowance to certain Railway staff (page 23 of the Audit Report).*—This paragraph related to over-payment of hill allowance in a certain Division in contravention of clear Government orders on the subject. The departmental representative accepted that this was a case of a clear mistake on the part of the controlling officer who should have taken proper care in getting the correct interpretation of the Governmental orders. The Committee directed that the Railway Administration should report to them after fixing the responsibility in the matter.

25. *Paragraph 18(1)—Unsanctioned expenditure (page 24 of the Audit Report).*—This paragraph lists out the items of the unsanctioned expenditure from year to year. The amount of such expenditure outstanding



on 31st January, 1956, was shown as Rs. 8,57,85,000. The Committee desired to know why the expenditure had not been regularised and why this was incurred without proper sanction. It was explained by the departmental representative that except for an amount of Rs. 85,000 the balance had been regularised.

26. The Committee observed that the practices of incurring expenditure without proper sanction could be justified during the period immediately after Partition (when there were a number of pending emergent works and the departmental machinery was not properly established), but there was little justification for such cases now. They, therefore, indicated that they would be forced, to take a very serious view of the matter if the practice was not discontinued forthwith and if proper financial procedures were not followed by the Railway Administration in future.

27. *List of cases of serious financial irregularities not finalised—Annexure to the Audit Report—East Bengal Railway—Item No. 1.*—It was stated under this item that the work of pay and cash of the East Bengal Railway was entrusted to a cash contractor with effect from 15th August, 1947. The accounts with the contractor were not finalised with the result that some cases of irregularity that occurred during the regime of the contractor were still pending. The Committee desired to know why no decision had been taken in the case. It was explained by the departmental representative that the irregularity had been cleared leaving only a small amount to be regularised. The Committee directed that this should also be cleared and compliance report submitted to them in due course.

28. *Item No. 2.*—This relates to certain irregularities in the sale of empty drums in the Stores Department resulting in a loss of Rs. 17,023 to Government. It was explained by the departmental representative that the irregularity had occurred mainly due to lack of experience and it was not a case of malpractice. The Committee directed that personal responsibility should be fixed in the matter and a compliance report submitted to them.

29. *Item No. 3.*—This relates to shortage of permanent way material in a section of certain engineering subordinates of Chittagong Port construction resulting in a loss of Rs. 79,016 to Government. The Committee directed that a full report in this case should be submitted to them indicating how far the loss has been made good by recoveries and what proposals the Railway Administration has in view for the recovery of balance amount.

30. *Item No. 4.*—This relates to a fraud in the preparation and payment of overtime bill to station staff from station earnings which was detected by the Office of the Superintendent, Traffic, Dacca. The Committee was informed that an inquiry was being conducted in the case. The departmental representatives promised to submit a full report in this case too.

#### NORTH WESTERN RAILWAY

31. *Item No. 1.*—This relates to loss of stores of the value of Rs. 3,83,719-11-0 in transit. The Committee were informed that the matter had been under investigation of an Inquiry Committee. This is yet another case in which an inordinately long time has been taken in inquiry. The Committee directed that full report in this case as also the other items in the Annexure to the Railway Audit Report, 1955, be submitted to them during the course of its current session.

32. *Splitting up of the present demand of Railway Revenue Expenditure into five separate Demands.*—A memorandum showing recommendations and suggestions made and directions given by the Public Accounts Committee in their Report on the Accounts for 1951-52 and 1952-53 with regard to the splitting up of the Railway demand and the Report of the Director General, Railways, indicating the action taken thereon was placed before the Committee. The Comptroller and Auditor General explained that in order to have better parliamentary control over expenditure the existing grant which covered about Rs. 36 crores should be split up into at least five separate demands. The departmental representatives referred to the experiments made in the past in undivided India in this connection and held that the action proposed by the Comptroller and Auditor General would lead to additional work all round and would not serve any useful purpose. A reference was also made to the decision taken by the Public Accounts Committee in paragraph 56 of their Report on the accounts for 1950-51, in pursuance of which the present arrangements were being followed by the Railway Administration.

33. It was explained by the departmental representative that in spite of the best efforts for quick movement of wagons and thereby ensuring ample supplies at all times, the position nevertheless became difficult at certain stages due to emergent, unforeseen and uncertain imports and movements of foodgrains, industrial machinery and other merchandise. The Committee felt that this was a problem which vitally affected the economy of the country. They felt that even if allowances were made for exceptional circumstances, proper planning could ensure a uniform supply of wagons all round. They, therefore, desired that the Railway Administration should subject this matter to a special study and submit to them a report on the subject in due course. (Please see also paragraph 10 of the proceedings of the meeting held on the 19th November, 1957.)

34. *Freight rates on East Bengal Railway.*—Mr. Farid Ahmad observed that the freight rates on the East Bengal Railway were comparatively higher which resulted in discouragement in the use of the railways. It was explained by the departmental representative that the East Bengal Railway was still a losing concern, and everything possible was being done to make self-supporting. The Committee desired to have a report on the subject indicating what concrete steps have been taken in this direction, how far they have succeeded to achieve the objective in view and what further action is contemplated.

35. The Committee adjourned to meet again on Monday, the 12th August, at 10 a.m.

**Proceedings of the sixth meeting of the Public Accounts Committee  
held on Monday, the 12th August, 1957, at 10 a.m.**

The sixth meeting of the Public Accounts Committee was held at 10 a.m. on Monday, the 12th August, 1957. In the absence of the Chairman, Mr. Farid Ahmad, M.P., was voted to occupy the Chair. The following were present :

1. Mr. Bhupendra Kumar Dutta, Member.
2. Mr. Mohd. Husain Chattha, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
6. Mr. N. A. Chaudhri, Audit Officer, Industries, Supply and Food.
7. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
8. Mr. Mohd. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

9. Pir Ahsanuddin, Secretary, Ministry of Agriculture.
10. Mr. M. Y. Qureshi, Deputy Secretary, Ministry of Agriculture.
11. Mr. Ahmad Tamizuddin, Director Accounts, Ministry of Food.
12. Mr. Hafeez Ahmad, Joint Secretary, Ministry of Finance.

*Secretary of the Public Accounts Committee*

13. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The day's proceedings began with an examination of the Audit Report, 1955, relating to the Ministries of Food and Agriculture.

3. *Paragraph 45(c), page 35—Failure to enforce terms of contracts.*—A contract was placed on a certain firm by the Ministry of Food for supply of gram (whole) to Pakistan Army. The firm failed to execute the contract which was subsequently cancelled, involving an extra cost of Rs. 1,55,385 to Government. As the whereabouts of the firm or its proprietor could not be traced, it was decided to forfeit the deposit of Rs. 5,000 and the remaining amount was written off. The Committee desired to know the full facts of this case. The departmental representative explained that there were two systems of giving out contracts. Under the first system, which was mostly in force in the Public Works Department, the tenders were restricted to registered contractors. Under the other system, which was in force in the Ministry of Food, there was no restriction on the issue of tenders and the lowest tender was accepted. In the case under review as well, the lowest tender was accepted and therefore it was not possible to verify the antecedents of the contractor, as he had deposited an earnest money which was subsequently forfeited. Attempts were, however, made by the Ministry of Food, through the Karachi Administration and the Criminal Investigation Department, to find out the contractor but it appeared that he had come to Karachi from some other place and could not, therefore, be traced out. The Committee observed that the Ministry of Food had not taken proper care in ascertaining the financial status of the tenderer and had failed to verify his antecedents before giving out the contract. They recommended that in future antecedents of the contractors should be verified and their financial status ascertained before placing the contracts with them.

4. The Committee was informed that the relevant file in this case was missing in the Ministry of Food. They, therefore desired that an enquiry should be made and responsibility for the loss of the particular file fixed.

5. The Committee then took up the examination of the Appropriation Accounts relating to the grants controlled by the Ministry of Food.

6. *Grant No. 83—Capital Outlay on Schemes of State Trading (page 487)—C—Purchase of food stuffs and other commodities—C-1—Purchases by the Ministry of Food and Agriculture—C-1(1)—Gross expenditure.*—The final saving of Rs. 65,06,977 appearing under this sub-head was explained to be mainly due to non-adjustment of expenditure for the cost of Baluchistan paddy on account of certain discrepancies in rates fixed by the Central Government and rates at which it was actually procured by the Baluchistan Administration. Explaining the case, the departmental representative said that a telegram was issued by the Ministry of Food on the 18th October, 1949, to the Baluchistan Administration intimating to them that the procurement price for Kangni rice was Rs. 6 per maund and for Sukhdasi rice it was Rs. 9-8-0 per maund. This telegram gave an impression to the Baluchistan Administration that they were to procure at those rates. The Ministry of Food sent another telegram on 22nd of October, 1949, correcting the previous direction and stating that the prices intimated in the earlier telegram were the maximum prices and the Baluchistan Administration should fix the prices for the purchase of rice within the maxima fixed. They, therefore, asked the Baluchistan Administration to let them know the prices at which the rice was being procured. Unfortunately, however, the Baluchistan Administration procured the rice at the maximum permissible rates considering them to be the procurement price and not the statutory maximum. There followed a dispute between the Central Government (Ministry of Food) and the Baluchistan Administration which kept on going for quite a long time. It was only in 1953 that finally, in consultation with the Ministry of Finance, it was decided to find out the profit and loss account of the purchases which had been made from Baluchistan since 1947. The profit and loss account revealed a profit of about Rs. 4 lakhs in the total purchases. The matter had been finally closed with the concurrence of the Finance Ministry in July, 1956. The relevant file on this subject was placed before the Committee for examination. It was observed that the Baluchistan Administration had sent a telegram asking the Food Ministry if they accepted the prices given by them as the original prices and since no reply had been issued from the Central Government it appeared that the telegram had been lost. The Ministry of Food, however, themselves realised their mistake and made an enquiry in their telegram of the 22nd October, 1949, about the prices at which rice was actually being procured by the Baluchistan Administration. It appeared from the file placed before the Committee that a period of six months intervened between the original telegram intimating statutory maximum prices and the second telegram making inquiries about the actual procurement price. No attempt had been made during the intervening period to find out the procurement prices. The Committee, therefore, concluded that the Ministry of Food had failed in exercising due care and the irregularity would not have occurred in case the matter had been followed up by them after the issue of a telegram on the 22nd October. They directed that in future due care should be taken in such matters.

7. *Financial review by the Ministry of Food, purchase of food stuffs during the year 1953-54 (page 519)—Audit Notes (page 528)—Note No. 1.*—The general state of the accounts of stockists was reported to be

unsatisfactory as no proper stock ledgers had been maintained by them and accounts were incomplete. The Accounts were not kept in the prescribed forms and were not up to date. It was explained by the departmental representative that this was due to the fact that the agents were maintaining their accounts in their own ledgers according to the procedure suggested by the Food Ministry which had been revised afterwards in 1952. The situation had improved considerably and nearly 300 accounts were being maintained in the prescribed form. The Committee directed that the latest position should be checked by Audit and incorporated in their next report.

8. *Note No. 3.*—During the year 1953-54, wheat weighing 547.99 tons valuing at Rs. 1,90,906 were reported to be damaged during voyage and the loss had not been written off. It was explained that this related to the American gift which was damaged and dumped into the sea. The question regarding regularization of the loss had been referred to the Ministry of Finance. The Committee desired to know why so much delay had occurred in regularising the matter. The departmental representative stated that under the terms of the agreement with the International Co-operation Administration the accounts had to be audited by their staff before regularising action could be taken. This could be done only in 1956. The Committee observed that even after the finalisation of the accounts by the International Co-operation Administration the Food Ministry had taken an inordinately long time to refer the case to the Ministry of Finance. They directed special despatch in such cases in future.

9. *Note No. 4.*—During the year 1953-54, a shortage of 222.319 tons of sugar valuing Rs. 1,50,865 was reported, out of which cost of 0.196 tons was recovered and cost of 84.539 tons amounting to Rs. 31,944 had been written off. The claim for the balance quantity of 137.584, tons valuing Rs. 53,059 was being pursued. The Committee desired to know the circumstances in which the shortage had taken place. It was explained that this was the normal shortage in transit which had been assessed in consultation with Audit and the Ministry of Finance and was recognised as the normal loss. The Committee directed that a final decision should be taken quickly about the balance of the amount as well.

10. *Audit notes at page 538 of the Appropriation Accounts—Note No. 2.*—The verification of the stocks of foodstuffs at the close of the financial year had not been carried out physically by the Karachi Administration but only the book balances had been taken as the closing stock, which was incorrect and contrary to rules. The departmental representative explained that physical verification of stock was being carried out and it was hoped that it would be brought up to date. The Committee directed that Audit should check up and indicate the latest position in their next report.

11. The Committee took up the examination of Annexure 'A' to the Appropriation Accounts relating to cases of serious financial irregularities which had not been finalised.

12. *Item No. 16.*—1,086 bags of wheat weighing 2,844 maunds and 28 seers had been overdrawn from the godowns of the Director of Civil Supplies of a Local Administration resulting in a loss of Rs. 37,627. It was explained by the departmental representative that the case had gone to the court of law and action was being taken to prosecute the persons involved. The Committee directed that departmental responsibility should be fixed in the matter without further loss of time and the Committee informed.

13. The Committee then took up the examination of the Accounts relating to the Ministry of Agriculture.

#### AUDIT REPORT

14. Paragraph 17(iv)—*Surrenders made even though the net result was an excess (page 18 of the Audit Report).*—The amount surrendered during the year in Grant No. 48—Agriculture was Rs. 10,79,117 although the net result was an excess of Rs. 42,27,289. The Committee desired to know why, instead of making a surrender, a supplementary grant was not obtained during the year.

15. Attention of the departmental representative in this connection was invited to the detailed accounts of the grant under sub-head D—Grants-in-aid at page 234 of the Appropriation Accounts where it was stated that the excess remained unregularized through an oversight and was mainly due to cost of 15,000 tons of ammonium sulphate acquired from a fertilizer factory in India, in connection with the supply of stores under Technical Co-operation Administration. The departmental representative explained that in this case the accounting procedure relating to foreign aid had not been finalised by the Ministry of Finance with the result that it was not possible to recover the cost from the Provincial Government. As regards the provisions of funds through a supplementary grant, the relevant file on the subject was shown to the Committee. The departmental representative stated that they had applied for a supplementary grant of Rs. 68 lakhs. On the basis of the note recorded by the Ministry of Finance on that file, it was explained by Mr. Nasim Ahmad Khan that the Ministry of Agriculture had only sought their advice with regard to the classification of the expenditure and it was explained to them that the freight charges were to be separated from the cost and were to be charged to the foreign aid deposit account. There was no refusal for the supplementary grant, for which a case had not appropriately been made out by the Ministry of Agriculture. As regards instructions relating to the accounting procedure in respect of foreign aid, the relevant orders had been issued and were shown to the Committee.

16. During the discussion it was brought to the notice of the Committee by the departmental representative that the position in respect of different sub-heads of the grant was checked up by the close of the year separately and surrenders had been made in some cases without taking into account the position under other sub-heads. It was pointed out by Mr. Nasim Ahmad Khan that this was not the correct procedure and that it was necessary to review the position of the grant, as a whole, by the end of the year and if there were savings under certain sub-heads and excesses under other heads the position was required to be regularised by reappropriation. The overall savings or excesses which might be noticed, after this review, were required to be surrendered or regularised by supplementary grant. The attention of the departmental representative was also drawn to the standing instruction on this subject as contained in Chapter V of the General Financial Rules. The Committee directed that in future these instructions should be scrupulously followed by the Department concerned.

#### ANNEXURE ' B '

17. *Statement showing Civil Departments which have not conducted the physical verification of stocks of stores handled by them and have not furnished the requisite certificates to the Audit Offices concerned—Items*

1 to 3 (page 571).—The Committee desired to know why physical verification of stock, as pointed out in this Annexure, had not been carried out. It was explained that it had not been possible to do so, due to the shortage of staff, as most of the officers had been out on field duty. The Committee was not satisfied with this explanation. It was explained that physical verification was not being conducted regularly since the year 1955. The Committee desired the position to be checked up by Audit and reported to them in due course.

18. *Grant No. 4—Agriculture—Co-ordinated locust control scheme.—Statement showing the amounts recoverable from the participating units up to the period ending 31st March, 1956 (page 237).*—The Committee desired to know the position with regard to the contribution recoverable from the participating units in respect of the expenditure incurred by the Central Government in connection with the co-ordinated locust control scheme. It was stated in note 4 below the Appropriation Accounts of this Grant at page 236, that the Plant Protection Department is required to keep a running *pro forma* account of the expenditure incurred on the scheme by each Province and State and of the contribution paid by them. It was explained by the departmental representative that it had not been possible to maintain the Running Accounts, because it was not possible to demarcate the operation by particular areas. The Ministry of Finance had since agreed to maintain an overall Expenditure Account for West Pakistan and only the account of contribution to be made by the various units was to be maintained separately. In the statements showing the amounts recoverable from the participating units, the total balance recoverable was stated to be over Rs. 30,00,000. The Committee desired to know the reasons for which it had not been possible to recover this balance. It was explained that in accordance with the procedure 75 per cent. of the contribution was to be made by a Provincial Government, who had refused to pay. The matter was again being taken up with them. The Committee took a very serious view of the matter and directed the Ministry of Agriculture to settle the matter with the Provincial Governments without further delay. If need be, the amount could be adjusted against the amounts due to the Provincial Governments from the Central Government.

19. The Committee then took up the examination of the Commercial Appendix of the Appropriation Accounts.

20. *Mechanical cultivation scheme in Baluchistan—Paragraph 181 (page 135 of the Commercial Appendix).*—The closing balance of the stock was stated to have been physically test-checked to the extent of 90 per cent. during course of the year. The entire ground balance at the close of the year should have been physically verified. It was explained by the departmental representative that the scheme was run by the Deputy Director of Agriculture in Baluchistan, who had not been under the direct administrative control of the Ministry of Agriculture. No action had been taken by this officer in spite of a number of directives given to him by the Ministry of Food. The scheme was now under the administrative control of the West Pakistan Government.

21. *Paragraph 182—Sundry debtors (Rs. 1,50,197).*—The major portion of the outstanding against the various parties was reported to be very old, and some of these outstandings were in arrears from before Partition. Special efforts were needed to have these outstanding amounts realised as arrears of land revenue from the zamindars concerned. It was explained that recoveries have now to be made by the Provincial Government, to whom the scheme had been transferred.

22. *Grant No. 19—Ministry of Food and Agriculture (page 99)—A-4—Other Charges.*—The details of actual expenditure relating to this sub-head given in the footnote included a sum of Rs. 15,549 on account of Office Expenditure. The Committee desired to know its details. It was explained that this expenditure related to cartage, conveyance and hire charges, repairs of staff cars, cost of petrol, repairs of office cycles, typewriters and pay of sweeper, etc.

23. *C-1—Pay of Officers.*—The final saving of Rs. 3,933 was explained to be due to the suspension of an officer and performance of the suspended officer's duties by another officer, whose pay was chargeable to a different sub-head. The provision under this sub-head was, however, inadvertently retained under the expectation that the suspended officer would be reinstated and the arrears paid to him. The Committee observed that it should not have been possible to anticipate the final outcome of the proceedings against the suspended officer and the provision should not have been retained. They maintained that in this case proper control over expenditure had not been exercised.

24. *C-4—Other Charges.*—Against the original provision of Rs. 23,58,300, a sum of Rs. 8,32,800 was surrendered, leaving the final appropriation at Rs. 15,25,500. Even so the actual expenditure amounted only to Rs. 4,08,556, thereby ending in a saving of Rs. 11,16,944. It was stated that the saving occurred mainly due to non-adjustment of the cost of gunny bags during the year. The Committee observed that it was a grave failure on the part of the Ministry of Agriculture not to follow the course of adjustment. In the first instance it was their duty to ensure the adjustment, within the course of the year by getting into contact with the supplying agency. If, however, such an adjustment was not possible, steps should have been taken to surrender the whole of the amount.

25. *Grant No. 48—Agriculture (page 229)—A-5(4)—Other Charges.*—The details of the expenditure appearing under this sub-head, as given in the footnote at page 230 of the Appropriation Accounts, included a sum of Rs. 36,732 on account of transport and camel hire. The expenditure was connected with the Co-ordinated Locust Control Scheme.

26. The Committee desired to know the reasons for incurring this huge expenditure on transport. It was explained that the expenditure was incurred for the transportation of insecticides, sprayers, etc., to a place where jeeps could not be used and camels and carts had to be hired.

27. The original grant under this sub-head was reduced by a surrender of more than Rs. 6 lakhs but the actual expenditure yielded a further saving of Rs. 1,88,501. The Committee desired to know the circumstances under which the final saving had not been surrendered. It was explained that the saving could not be surrendered due to the fact that certain debits were awaited from the Director General, Supply and Development, and could not be adjusted during the course of the year. The Standing Agricultural Committee had recommended that in future purchases by the Ministry of Agriculture should be made by the Ministry itself and not through the Director General, Supply and Development. If this recommendation was implemented there would be no chances of such irregularities in future. The Committee observed that the Ministry of Agriculture should in future take appropriate steps to regularise savings and excesses before the close of the year.



28. *C—Agricultural Marketing (page 233)—C-1(1)—Pay of Officers.*— Among the reasons for the final saving appearing under this sub-head, it had been stated that the pay of an officer had been debited to the sub-head Pay of Establishment for want of Government decision to gazette the post. The Committee observed that in the first place no budget provision should have been made under this sub-head in the absence of Government orders and secondly it should not have taken so long to arrive at a decision whether the post should be gazetted or non-gazetted.

29. The Committee adjourned to meet again on Tuesday, the 13th August, 1957, at 10 a.m.

**Proceedings of the seventh meeting of the Public Accounts Committee held on Tuesday, the 13th August, 1957, at 10 a.m.**

The Public Accounts Committee met at 10 a.m., on Tuesday, the 13th August, 1957, with Mr. Farid Ahmad in the Chair. The following were present :

1. Mr. Bhupendra Kumar Dutta, Member.
2. Mr. Mohd. Husain Chattha, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
6. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
7. Mr. Mohd. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

8. Mr. M. S. A. Baig, Secretary, Ministry of Foreign Affairs and Commonwealth Relations.
9. Mr. J. G. Kharas, Joint Secretary, Ministry of Foreign Affairs and Commonwealth Relations.
10. Mr. M. Aslam Malik, Deputy Secretary, Ministry of Foreign Affairs and Commonwealth Relations.
11. Mr. M. A. Ahmad, Deputy Secretary, Ministry of Foreign Affairs and Commonwealth Relations.
12. Mr. M. S. Khan, Deputy Secretary, Ministry of Finance.

*Ministry of Education*

13. Dr. M. Ahmad, Educational Adviser and *ex-officio* Joint Secretary, Ministry of Education.
14. Mr. A. R. Khan, Under Secretary, Ministry of Education.

*Secretary of the Public Accounts Committee*

15. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The proceedings commenced with the examination of the compliance report by the Ministry of Foreign Affairs and Commonwealth Relations on the recommendations of the Public Accounts Committee on the Accounts for the years 1950-51, 1951-52 and 1952-53.

3. In their proceedings of 30th August, 1954, relating to the Accounts of Missions abroad for the year 1950-51, the Public Accounts Committee had recommended that the relationship between the Head of a Diplomatic Mission and a Purchase Mission should be clearly defined so as to avoid any possible confusion. The Committee desired to know the present position in regard to that recommendation. The departmental representative said that the matter had not been finally settled so far and was under reference to the Ministry of Industries. The Committee directed that its settlement should be expedited and compliance reported to them in their next session.

4. In paragraph 41 of their report on the Accounts for 1951-52, the Public Accounts Committee had directed that the Ministry of Foreign Affairs and Commonwealth Relations should arrange for the posting of qualified Accountants to the various Embassies abroad as early as possible. The Committee was informed by the departmental representatives that they had already come to an agreement with the Comptroller and Auditor General to post some trained Subordinate Accounts Service Accountants to various Missions and were awaiting financial sanction. The Committee directed that the matter should be expedited.

5. In paragraph 41 of their report on the Accounts for 1951-52, the Public Accounts Committee had recommended that the Comptroller and Auditor General, the Ministry of Foreign Affairs and Commonwealth Relations and the Ministry of Finance should meet together and evolve a system for reconciliation of the figures of accounts as maintained by the Missions abroad with those compiled by the Accountant General, Pakistan Revenues. The Comptroller and Auditor General informed the Committee that necessary procedure had already been decided and was awaiting confirmation of the Ministry of Foreign Affairs and Commonwealth Relations since May, 1957. The Committee asked the departmental representatives to finalise the procedure expeditiously and report compliance to them in the next session.

6. In their proceedings of 14th November, 1956, relating to the Accounts for 1951-52, of the Ministry of Foreign Affairs and Commonwealth Relations, the Committee had recommended that the final settlement of the audit objections in respect of the irregularities relating to the Mission in Australia, mentioned in paragraph 19 of the Audit Report, 1953, should be expedited and if negotiations failed legal action should be taken to recover Government funds. On being enquired of the present position, the departmental representative said that necessary action to arrange a meeting to discuss this question was being taken. The Committee directed that the matter should be expedited and the compliance reported to them in the next session.

7. The Committee had also recommended that the matter regarding the regularisation of unauthorised expenditure on the hire charges of a Chandelier by the Head of a Mission and irregular medical expenses in the Deputy High Commissioner's Office, Calcutta, mentioned in paragraph 19 of the Audit Report, 1953, should be looked into and necessary action should be taken to effect recoveries of wrong payments from the persons concerned. The departmental representatives informed the Committee that they had now decided to take legal action wherever recoveries were possible. In other cases, they had approached the Ministry of Finance for giving *ex post facto* sanction. The Committee directed that the matter should be expedited and a final compliance report submitted to them in due course.

8. The Committee had also directed that the irregularities committed by Embassies and Missions abroad in the use of foreign currencies, as reported in paragraph 20 of the Audit Report, 1954, should be carefully examined both by the Ministry of Foreign Affairs and the Ministry of Finance and the responsibility of the individual officers should be fixed and suitable action taken against them. The departmental representative stated that the irregularities had been carefully examined in the Ministry of Foreign Affairs but no case of *mala fide* intention or misuse of foreign exchange on the part of any officer could be proved. The Committee observed that in accordance with their recommendations the matter

should have been examined in consultation with the Ministry of Finance before finalising the case. They directed that it should be re-examined in consultation with the Ministry of Finance and a report submitted to them in due course.

9. The Committee then took up the examination of Appropriation Accounts, 1953-54 and Audit Report, 1954.

10. *Paragraph 22(d) on page 23 of the Audit Report.*—The periodical certificates in respect of the checking of the furniture in Pakistan Missions abroad have not been submitted regularly to Audit. As against 242 certificates required to be submitted for the years 1947-48 to 1955-56, certificates for 11 Missions only have been submitted and these too do not indicate the year to which they pertained. The departmental representative stated that the certificates had not been issued on the basis of the six-monthly reports of the Missions and were not, therefore, in the *pro forma prescribed by Audit*. The Committee directed that all the outstanding certificates should be submitted in proper form without further delay and compliance reported to them.

11. *Paragraph 23 on page 23 of the Audit Report—Delay in reviewing the rates of foreign allowance following devaluation of pound sterling and other soft currencies.*—This related to certain decisions taken in December, 1949, in respect of pay and allowances to be paid to the Government employees, serving in Pakistan Embassies and Missions abroad. These decisions were to remain in force until a comprehensive review of foreign allowance had been undertaken. The payment of foreign allowances, etc., however continued to be regulated by those decisions till 1st August, 1955, when the Pakistani rupee was also devalued. Audit has pointed out that it had not been possible to establish as to how far the financial interests of Government were adversely affected on account of non-finalisation of the projected review up to the date of devaluation of the Pakistani rupee. The departmental representatives explained that only four or five Missions were involved in this matter. In 1955 a mission consisting of a Joint Secretary each of the Ministry of Finance and the Ministry of Foreign Affairs and Commonwealth Relations was sent to revive the question of foreign allowances. They returned in January, 1956, and submitted their report which was still under Government consideration. The Committee directed that both the Ministries of Finance and Foreign Affairs and Commonwealth Relations should expedite the finalisation of the matter and report compliance in the next session.

12. *Paragraph 28 on page 26 of the Audit Report—Cases of losses, irregularities noticed in the Missions.*—The Committee asked the departmental representatives as to what action the Ministry had taken or proposed to take in respect of various irregularities pointed out in this paragraph. They replied as follows:

- (a) (i) It was a *bona fide* mistake to draw the daily allowance for the day of arrival and departure at the out-station whenever a Government servant was away from his headquarters for eight consecutive hours on a certain day. Many officers were involved in this and actually what they did was that instead of allowing 1½ rail fare to the persons they allowed one rail fare and one full daily allowance and this was going on till the time this mistake was pointed out by Audit. Actually in the case of railway journey no daily allowance was admissible for the day of departure at a place other than headquarters. Rules were being framed to place these matters

beyond doubt so that such cases were eliminated in future. Necessary action was also being taken to regularise these irregularities. The Committee observed that the matter should be examined by the Ministry of Finance and a decision taken regarding the recovery or waiver of the outstanding amount. As regards future, it was of utmost importance that clear orders should issue immediately so as not to leave any room for ambiguity.

- (ii) According to Audit this irregularity resulted in an overpayment of Rs. 739. The departmental representative, however, maintained that the rate of daily allowance payable both in case of transfer and tour were the same and therefore no overpayment was involved. The Committee directed that the position should be further verified by Audit.
- (iii) This was an irregularity and recovery would be made from the person concerned.
  - (b) This was also an irregularity and recovery would be made from the person concerned.

The Committee directed that action in respect of (a) (iii) and (b) should be taken expeditiously and compliance reported to them.

- (c) The departmental representative stated that the matter had been taken up with the Embassy in the United States of America and the result will be reported to the Committee in the next session.
- (d) The Committee directed that the irregularity mentioned in this paragraph, should be jointly investigated by the Ministries of Education and Foreign Affairs and Commonwealth Relations and a report submitted to them indicating the full facts of the case and particularly why the allowances were paid in excess of the requirements. They also wanted to know what action had been taken to rectify the position.

13. *Paragraph 29 on page 27 of the Audit Report—Sub-paragraph.—*

(a) This related to irregular payments of house rent allowance made to the staff of an Embassy. The Financial Adviser said that it had already been pointed out to the Ministry of Foreign Affairs and Commonwealth Relations that the position under Government orders was quite clear and there was no justification for having paid these charges. The departmental representatives promised to look into the matter and to send a report to the Committee.

(b) The head of a Mission drew, while on tour, hotel accommodation charges in addition to the daily allowance admissible whereas he was entitled for daily allowance only according to the Government orders. The departmental representatives stated that no action had been taken so far and promised to expedite the same for recovering the overpayment. The Committee took a serious view of the delay which has occurred in finalising this matter.

14. *Paragraph 30 on page 27 of the Audit Report.—*(a) In an Embassy the daily allowance in lieu of foreign and house rent allowance was paid to an officer and members of the staff of the Mission for themselves and their families newly arriving on transfer at a station, in excess of the limits prescribed by rules. The Committee were informed by the departmental representative that recovery from the individuals concerned had been held up pending a decision on a general basis about which a reference

had been made to the Ministry of Finance. Observing generally the Committee indicated that the Ministry of Foreign Affairs and Commonwealth Relations did not attach due importance to financial discipline. The over-payments made have remained unrecovered for years together. In spite of clear directives given by the Committee each year, the same type of irregularities were repeated from time to time. They observed that the state of affairs could not be improved unless the Ministry of Foreign Affairs and Commonwealth Relations made special arrangements to keep a watch over the progress of the clearance of outstanding Audit objections and enforced financial discipline strictly. The Committee directed that they would like to have in due course a detailed report from the Ministry of Foreign Affairs and Commonwealth Relations indicating what steps they had taken to achieve this objective.

(b) A private servant of the head of a Mission was allowed to travel in a class higher than that to which he was entitled and overpayment amounting to Rs. 713 on this account had not been regularised or recovered. It was explained by the departmental representatives that there was no question of travelling by third class as the servant concerned travelled by tourist class in the ship which had no other lower class. The Committee observed that this information should have been furnished to the Accountant General, Pakistan Revenues, in time for incorporation in the Audit Report.

(c) A ticket for the mother of the head of the Mission for journey from Paris to Bombay at a cost of Rs. 1,689 in July, 1953, was purchased. The departmental representatives agreed that the expenditure was inadmissible and would have to be recovered. The Committee observed that the payment should not have been made in this case as it was not admissible under rules and directed them to take early steps for the recovery of the outstanding amount. The compliance should be reported to the Committee in due course.

15. *Paragraph 31 on page 29 of the Audit Report.*—(a) The monetary transactions for the period from 7th to 30th June, 1952, had not been recorded at all in the cash book maintained in a Mission. A separate cash book had been started from July, 1952, by adopting an arbitrary opening balance of Rs. 10,000 against an actual opening balance of Rs. 32,221. Subsequently, other irregularities had been noticed in the maintenance of the cash book resulting in a shortage of Rs. 63,190, which appeared to have been misappropriated. This had been pointed out by Audit as far back as 25th January, 1955. The Mission had intimated in May, 1955, that the matter had been reported to the administrative Ministry. The result of the investigation was, however, still awaited. The departmental representative explained that disciplinary action had been taken against the Accountant-cum-Cashier concerned so far as the defalcation was concerned and departmental proceedings were still going on. For the recovery of the amount the Committee observed that the Ministry of Foreign Affairs and Commonwealth Relations should not have taken so long to finalise the matter and that effective steps should now be taken to recover the amount and/or to issue orders to regularise the loss. The Committee also wanted to know why action had not been taken in the court of law.

(b) In the same Mission, amounts aggregating Rs. 1,332 were neither accounted for nor paid into the bank by the Cashier who had received them. Orders of the Government for regularising the loss were still awaited by Audit. The explanation of the departmental representative and the observation of the Committee were the same in this case as in para. (a) above.

(c) A sum of Rs. 2,55,562 had been credited against the collection of passport fees amounting to Rs. 2,91,538 for 67,603 passports and the balance of Rs. 35,976 appeared to have been misappropriated in the same Mission. The result of the investigation and orders of the Government thereon were still awaited by Audit in this case too. The explanation furnished by the departmental representative and the observation of the Public Accounts Committee in cases referred to in sub-paragraphs (a) and (b) above also applied in this case as well.

(d) In a Mission the hire of fans and furniture was being paid at the average rate of Rs. 1,100 and Rs. 6,500 per month, respectively; in some cases the hire charges so paid nearly equalled or exceeded the price of articles hired. In the interest of economy the articles should have been purchased or as to alternative the hire-purchase system could at least have been resorted to. The matter had been brought to the notice of the Ministry of Foreign Affairs and Commonwealth Relations as far back as April, 1953, but was still under their consideration. The departmental representative stated that he was not aware of the exact position of the case as the matter had been referred of the head of the Mission. The Committee observed that instead of spending huge amount on hiring of articles it would have been better to spend a little more and to make outright purchases. The Committee directed that the Ministry of Foreign Affairs and Commonwealth Relations should submit a report in this case indicating *inter alia* the date on which the matter had been referred by them to the head of the Mission after the irregularity was pointed out by the Accountant General, Pakistan Revenues, in April, 1953, and the subsequent action taken. The Committee felt that it was a failure of duty on the part of the Mission concerned that the same amount of prudence was not applied in the case of Government purchases which a person of ordinary discretion should have applied in the case of his personal purchases.

(e) It has been reported by Audit that the cost of accommodation provided for two officers was disproportionately high in comparison to their status and emoluments. The departmental representative explained that the High Commissioner who had got full powers in the matter, had satisfied himself that there was no alternative accommodation and only after he had done so had he permitted the officers to occupy the accommodation. The Committee observed that in this case too, the position should have been explained to the Accountant General, Pakistan Revenues, in time for incorporation in the Appropriation Accounts.

16. *Paragraph 32 on page 28 of the Audit Report.*—(a) In a Mission certain payments had been made to a local citizen on account of hire of a car used by the head of the Mission before the arrival of the official car. It, however, transpired later on that the payee was a fictitious one and the amount shown as paid to him was misappropriated by certain officials of the Mission. It was explained by the departmental representative that the Ambassador was recalled and the officer concerned discharged from service.

(b) In the same Mission large advances were made to certain officers at a time when the exchange value of the local currency was expected to be depreciated after the introduction of the free market rate of foreign exchange in that country. The advances were repaid in terms of the local currency when the free market came into force, resulting in a loss of Rs. 8,035 to Government. The departmental representative stated that the matter had been referred to the Ministry of Law but there was no hope of any amount being recovered in this case. The Committee

directed that the Department should fix personal responsibility in the matter and attempt to recover the amounts involved.

17. *Paragraph 34(a) (ix) on page 31 of the Audit Report.*—This was a general paragraph stating that the log books in respect of staff cars placed at the disposal of various Government Departments were not maintained properly inasmuch as full particulars of the journey and recoveries for private journeys, etc., were not shown. The Committee observed that the exact nature of the journey has got to be stated in accordance with the standing instructions on the subject. The Departmental representative stated that the instructions would be followed in future.

18. *Annexure 'A' to the Appropriation Accounts indicating cases of serious financial irregularities which were not finalised—Item 17 on page 565.*—This related to fraudulent payments amounting to Rs. 81,483 made in a certain High Commission of Pakistan. The person responsible for the fraud had absconded and the case was being pursued by the Special Police. The Committee desired to know why the case had not been regularised if there was no chance of the official concerned being apprehended. It was stated that he might come back to Pakistan and would then be prosecuted.

19. The Committee then took up the examination of the Appropriation Accounts relating to the Grants controlled by the Ministry of Foreign Affairs and Commonwealth Relations.

20. *Grant No. 37—Foreign Affairs—Note 3 below the Appropriation Accounts.*—The explanation for the final variations under certain sub-heads and the reasons for the non-regularisation of final excesses under certain other sub-heads had not been furnished to the Accountant General, Pakistan Revenues, for incorporation in the Appropriation Accounts. It was explained that it was difficult to furnish these explanations without reconciliation of the figures which had not been carried out. The Committee directed that in future reconciliation would be carried out by the Ministry of Foreign Affairs and Commonwealth Relations in time and all information required by the Accountant General, Pakistan Revenues, furnished to him for incorporation in the Accounts.

21. *Grant No. 17—Ministry of Foreign Affairs and Commonwealth Relations (page 95)—Note 1 below the Appropriation Accounts.*—The Committee desired to know the circumstances under which a sum of Rs. 97,000 had been surrendered in this Grant converting the saving of Rs. 75,314 into an excess of 0.8 per cent. of the modified Grant. It was stated that the amount had been surrendered in pursuance to the recommendations of the Administrative Enquiry Committee. The Committee felt that the recommendations of the Administrative Enquiry Committee could not be given effect to simply by surrendering funds but by actual making economies. The amount to be surrendered should have been determined on the basis of the departmental actuals.

22. The Committee then took up the examination of the Appropriation Accounts and Audit report relating to the Ministry of Education.

23. *Annexure 'B' to the Appropriation Accounts—Statement showing Civil Departments which had not conducted physical verification of stocks of stores handled by them and had not furnished the requisite certificates to the Audit Officers concerned, page 572—Items 6 and 7.*—It was explained by the departmental representative that physical verification of stores was now being conducted as required under the rules.



The Committee directed that this should be verified by Audit and reported to in the next Audit Report.

24. *Audit Report—Paragraph 34(ix) on page 31.*—Log books in respect of staff cars placed at the disposal of various Government Departments were not maintained properly inasmuch as full particulars of the journey were not shown and recoveries for private journeys were not effected expeditiously. The departmental representative said that there was no such case in the Ministry of Education. The Committee directed that the Accountant General, Pakistan Revenues, should point out the specific cases, if any, to the Ministry of Education so that they could explain the position and take necessary action in the matter.

25. *Grant No. 43—Archaeology and Museums—Page 204—Note 2 below the Appropriation Accounts.*—In the light of the actual expenditure under sub-heads A-2, A-3, D-2 and F the re-appropriations under them proved partly or wholly unnecessary. It was explained by the departmental representative that the variations were due to some unforeseen expenditure on account of payment of substitutes in leave vacancies towards the close of the year. The Committee felt that this irregularity could have been avoided if a realistic appraisal of the position of the Grant had been made before the close of the year.

26. *Grant No. 45—Education—Page 208—Note 1 below the Appropriation Accounts.*—The Committee desired to know the reasons for the saving of Rs. 15,69,245 appearing under this Grant. The departmental representative listed out several factors which led to these savings. Certain conditions had to be fulfilled for making Grants to the Universities and literary institutions, but as their conditions were not fulfilled the payment of the Grants had to be deferred during the year under review. Again, provisions made for the establishment of the new institutions for development could not be fully utilised when the schemes did not materialise during the financial year. Similar was the case with regard to the provision for award of scholarships to the students going overseas. During the year 1953-54, it was estimated that a certain number of scholars would be sent abroad but because of delay in making selections and securing placement in Universities abroad, the required number of students could not proceed. The amounts provided during the year 1953-54 could not, therefore, be utilised in full. The Committee observed that the schemes for scholars were contemplated during the year 1952-53 and the Grants were actually sanctioned during the year 1953. It should, therefore, have been possible to send the scholars abroad during the year 1953. The Committee, therefore, directed that the Ministry of Education should submit a complete report indicating *inter alia* why the scholarship schemes were not implemented and the reasons where and how the delays took place should be fully explained. The departmental representative promised to send this report. Speaking generally, the Committee felt that it was a matter of concern that the provisions made by the Legislature for nation-building activities were not utilised fully, whereas there was a crying need for stepping up the tempo of such activities.

27. *Note 3 below the Appropriate Accounts.*—The explanations for the variations between the actual expenditure and the final Grant and details of expenditure by broad categories in respect of certain sub-heads had not been furnished to the Accountant General, Pakistan Revenues, for incorporation in the Appropriation Accounts. The Committee took a very serious view of this omission and directed that the information on all the points should in future be furnished to the Accountant General, Pakistan Revenues, in time.

28. *Sub-head 'A-1'—Grants to Universities.*—The Committee desired to know the circumstances under which the explanation for the final variations appearing under this sub-head had not been furnished to the Accountant General, Pakistan Revenues. It was stated by the departmental representative that according to the departmental figures the expenditure under this sub-head was Rs. 10,87,958 as against Rs. 10,51,377 booked by the Accountant General, Pakistan Revenues. The figures could not be reconciled due to certain difficulties in the office of the Accountant General, Pakistan Revenues, which were explained to the Committee. The Comptroller and Auditor General pointed out that in cases of any difficulty in the office of the Accountant General the correct course was to approach the Accountant General, Pakistan Revenues, or the Deputy Accountant General. The Committee directed that steps should be taken to ensure regular reconciliation of figures in future in order to avoid the recurrence of such irregularities.

29. *A-2(2)—Pay of Establishment.*—The final excess of Rs. 6,580 was explained to be due to omission to provide funds for leave salary. The departmental representative stated that this had occurred through an oversight and that they would be careful in future.

30. *A-2(4)—Other Charges.*—The final saving of Rs. 45,170 was explained by the departmental representative to be due to non-availability of scientific apparatus and books till the close of the year. The amount could not be surrendered because orders had been placed for the apparatus and books and it was hoped that payment would materialise before the close of the year. The Committee felt that a more realistic appreciation of the position could have avoided this irregularity.

31. *F—Charges in England—F-1—Scholarships and fees for advance studies abroad—F-3—Grants-in-Aid.*—The final savings appearing under these sub-heads were stated to have been intimated to the Ministry of Education by the High Commission but were not surrendered. It was stated by the departmental representative that the reasons for the savings as given in the Appropriation Accounts were furnished by the High Commissioner's Office and were not acceptable to the Ministry of Education. The position was that the finally revised estimates sent by the High Commissioner to the Ministry of Education were raised by them to provide for certain scholarships. The accounts for the expenditure were not submitted by the High Commissioner in time to the Ministry of Education and the amounts could not, therefore, be surrendered. The Committee observed that a better measure of co-ordination between the Ministry of Education and the High Commission could have avoided such a situation. They directed that the Ministry of Education should in future ensure proper co-ordination.

32. *F-4—Stores for Pakistan.*—An expenditure of Rs. 7,265 was incurred under this sub-head although there was no budget provision. It was explained by the departmental representative that the expenditure did not relate to this sub-head. It related to the sub-head F-5—Other Charges where a corresponding saving had been shown in the Appropriation Accounts. This should be checked up and verified in Audit.

33. *Note 5 below Grant No. 19—Ministry of Commerce and Education, at page 92 of the Appropriation Accounts for 1951-52.*—The Chairman enquired about the case of embezzlement committed by a Cashier in the Karachi Polytechnic Institute, which came to notice in April, 1954. It was explained by the departmental representative that the case started in 1954 and was still under Police investigation. It had not been referred to a court of law as the Cashier concerned had

escaped with the amount to a foreign country. The loss involved to Government had, however, been written off. The Committee desired that particulars of the case should be furnished to the Accountant General, Pakistan Revenues, for incorporation in the Accounts.

34. The Committee adjourned to meet again at 10 a.m. on Thursday, the 15th August, 1957.

**Proceedings of the eighth meeting of the Public Accounts Committee held on Thursday, the 15th August, 1957, at 10 a.m.**

In the absence of the Chairman, Mr. Farid Ahmad was voted to the Chair. The following were present :

1. Mr. Bhupendra Kumar Dutta, Member.
2. Mr. Mohd. Husain Chattha, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
6. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
7. Mr. M. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

8. Mr. Hafiz Abdul Majid, Secretary, Ministry of Labour.
9. Mr. M. A. Khaliq, Director-General, Manpower and Employment.

*Secretary of the Public Accounts Committee*

10. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The first item on the agenda for the day was the compliance report by the Ministry of Labour for the year 1951-52.

3. While examining the Accounts of group-head Emigration External of Grant No. 54—Miscellaneous Departments for the year 1951-52, the Public Accounts Committee had suggested that the Ministry of Labour should consider the problem of getting East Pakistani jute growers employed in Brazil. The Committee desired to know whether the matter had been taken up with the Government of Brazil. The departmental representative could not explain the position and promised that a report would be furnished to the Committee in due course.

4. The Committee had also recommended that the Ministry of Labour should look into the statistics of Pakistani employees of Oil Companies and explore the possibility of encouraging the employment of East Pakistanis in the Middle-East Oil Companies. On enquiring about the progress made in the matter, the departmental representative explained to the Committee that the matter had been discussed with the representatives of the Oil Companies but they expressed their inability to recruit East Pakistanis due to the fact that they could not stand the climate and the rigours of the living conditions there and had to be repatriated after short service. Again, there was no law requiring the companies to recruit from a particular area. He added that the matter would, however, be taken up again with the Companies. The Committee felt that the Ministry of Labour should pursue the matter further with the Oil Companies. The excuse put forward by them was not very convincing and if further efforts were made, there were reasonable prospects of success. The Committee wished that further compliance report in this matter may be submitted to them in their next meeting.

The Public Accounts Committee had desired to have a note showing full details of the case regarding the shortage of Rs. 10,496 mentioned against item 4 of Annexure 'A' to the Appropriation Accounts for 1951-52. The attention of the departmental representative in this connection was drawn to item No. 25 of the Annexure to the Appropriation Accounts, 1953-54, relating to cases of serious financial irregularities which had not yet been finalised. It was explained by the departmental representative that the particular office in which the shortage had occurred was not known to the Ministry of Labour and despite repeated letters and reminders the office of the Accountant General, Pakistan Revenues, also failed to throw any light in the matter. The Comptroller and Auditor General promised to look into the matter and desired that a copy of the communication addressed by the Ministry of Labour to the Accountant General, Pakistan Revenues, in this connection may be furnished to him. The Committee directed that the matter should be finalised between the Ministry of Labour and the Accounts Department and a report submitted to them in due course.

5. The Public Accounts Committee had recommended that a note giving details of the case mentioned against item 37 of Annexure 'A' to the Appropriation Accounts for 1951-52, regarding shortage of articles in an office under the Ministry of Labour, should be submitted to them. This discussion and observations that followed in this case were the same as mentioned in the preceding sub-paragraph.

6. The Committee then commenced the examination of the Appropriation Accounts for the year 1953-54 in respect of the Grants controlled by the Ministry of Labour.

7. *Grant No. 15—Ministry of Labour—Sub-head A-2—Pay of Establishment—Page 91.*—This sub-head revealed a saving of Rs. 5,464. The Committee desired to know the reasons for the saving and the circumstances under which it had not been surrendered before the close of the year. The departmental representative explained that the saving was mainly due to appointment of persons in receipt of lower pay than the original incumbents of the posts who were drawing higher pay and who were transferred and the non-filling of certain posts. The Committee observed that in view of this position, the Ministry of Labour could have foreseen the saving and surrendered it before the close of the year. It was a clear case in which the Ministry of Labour had failed to take regularising action. The Committee observed that care should be taken to avoid such recurrences in future.

8. *Sub-head A-4—Other Charges.*—The Committee desired to know the reasons under which the final saving of Rs. 4,006 under this sub-head had not been surrendered before the close of the year. The departmental representative explained that it was hoped that certain contingent bills which were submitted to the Accountant-General, Pakistan Revenues, would be passed by the end of the year. The bills were, however, actually passed by the Accountant General, Pakistan Revenues, after the close of the year. Again, certain telephone bills which were received sometimes in August—October, 1953, were actually adjusted by the Accounts Office during the year 1954-55. The savings could not, therefore, be surrendered before the close of the year. The Committee desired to know whether there was any lacuna in the procedure followed in the Accountant-General, Pakistan Revenues' Office due to which payments were delayed and debits in certain cases were not

adjusted in time. The Comptroller and Auditor General explained that in spite of the best efforts made in the Accountant General, Pakistan Revenues' Office, certain bills were bound to remain unpaid by the end of the year due to the rush of work during the month of March. In some cases the bills submitted by the Departments were incomplete and had to be returned resulting in delays in payments. The Committee desired that the Ministry of Finance and the Comptroller and Auditor General should evolve a procedure to ensure that cases of such delays are as few as possible.

9. *Note 1 below the Appropriation Accounts, page 93.*—The original Grant of Rs. 7,00,000 was increased to Rs. 7,67,000 although there was a saving of Rs. 57,257 as revealed by the actual expenditure. The Committee desired to know why the supplementary Grant had been obtained unnecessarily. The departmental representative explained that after they had asked for a supplementary Grant, they found that certain posts could be filled, some bills could not be paid, and in case of certain posts appointment of persons drawing pay at lesser rates had to be made. This resulted in this saving out of which a sum of Rs. 34,072 was surrendered before the close of the year. The Committee was not satisfied with the explanation and observed that the irregularity could have been avoided with a better and timely appraisal of the situation.

10. *Grant No. 42—Mines, page 203—Note 1 below the Appropriation Accounts.*—Out of the saving of Rs. 21,944 revealed by the accounts, a sum of Rs. 17,780 only was surrendered before the close of the year. The Committee desired to know the circumstances under which the unspent amount was not surrendered in full before the close of the year. It was explained by the departmental representative that the entire Grant related to one office where only one officer was working. Due to the reorganisation of the office during the course of the year, the saving was not expected and was not therefore surrendered. This was also evidently a case of bad budgeting.

11. *Grant No. 57—Miscellaneous Departments—Notes 1, 3 and 4 below the Appropriation Accounts, page 284.*—The original grant of Rs. 24,50,000 was increased to Rs. 26,97,000 by a supplementary Grant of Rs. 2,47,000 under the various sub-heads. The actual expenditure, however, yielded a net saving of Rs. 68,639. Certain reappropriations were sanctioned by the Department during the course of the year and were modified by them after the close of the year by a fresh order which, for obvious reasons, was not accepted by the Accountant General, Pakistan Revenues. In note 4, it has been stated that explanation for the final variations under certain sub-heads had not been furnished in time for incorporation in the Appropriation Accounts. The Committee desired to know why unnecessary supplementary Grant had been obtained and why the unspent amount was not surrendered before the close of the year. They also desired to know the reasons for which acceptance of the figures of actual expenditure had not been communicated to Audit. It was explained by the departmental representative that after the budget for the year had been voted, certain, re-appropriations over the various sub-heads were made by the Ministry according to the requirements which were assessed subsequently. The Ministry of Labour had been working on these figures throughout the year. Regularisation of savings and excesses was also done by them on the basis of the figures which had been adopted by them and not on the figures which had been voted under the various sub-heads. The Committee observed that in order to regularise the position a formal reappropriation order should have been issued by the Ministry of Labour before the close of the year.

The departmental representative agreed that the Ministry of Labour were responsible for this omission. The Committee took a very serious view of the irregularity and desired to know the circumstances under which it had not been possible to issue a formal reappropriation order in time. It was stated that proper arrangements did not exist in the Ministry of Labour for dealing with the budget and account matters and that they would now have to consider the desirability of opening a separate branch for this purpose. The Committee observed that the omission to issue the reappropriation order indicated lack of control over expenditure by the Ministry of Labour. They directed that the matter should be examined in full details by the Ministry of Labour and a report sent to the Committee indicating the arrangements that have been made to avoid such irregularities in future.

#### ANNEXURE ' B '

12. *Statement showing Civil Departments, etc., which had not conducted the physical verification of stores handled by them and had not furnished the requisite certificate to the Audit Officer concerned—Serial No. 21.*—The Committee desired to know the circumstances under which the physical verification had not been carried out in time in the case of the offices mentioned in this item. It was explained by the departmental representative that it was only during the year 1953-54 that physical verification of stores could not be carried out due to the shortage of staff and certain other difficulties, but that the work has since been completed. The Committee desired that Audit should verify the position and report to them in due course. They further recommended that in case of failure of the Department concerned in carrying out physical verification of stores, the reasons should be communicated by them to the Accounts Officer concerned for incorporation in the Appropriation Accounts. They maintained that they attached great importance to the periodical physical verification of stores and would take a serious view of the failure if it could not be justified by any unavoidable circumstances.

13. The Committee then adjourned to meet again, on Friday, the 16th August, 1957.

**Proceedings of the ninth meeting of the Public Accounts, Committee held on Friday, the 16th August, 1957, at 10 a.m.**

In the absence of the Chairman, Mr. Farid Ahmad was voted to occupy the Chair. The following were present :

1. Mr. B. K. Dutta, Member.
2. Mr. Mohd. Husain Chattha, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
6. Mr. Mohd. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives—Ministry of Commerce*

7. Mr. S. Osman Ali, Joint Secretary, Ministry of Commerce.
8. Mr. S. M. Yusuf, Officer on Special Duty, Ministry of Commerce.
9. Mr. A. Majid, Joint Secretary, Ministry of Commerce.
10. Mr. Saudur Rahman, Deputy Secretary, Ministry of Commerce.
11. Mr. K. M. Iftikharullah, Deputy Controller of Imports and Exports.

*Secretary of the Public Accounts Committee*

12. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The proceedings commenced with an examination of the compliance report by the Ministry of Commerce on the directions given by the Public Accounts Committee in their report on the Accounts of 1952-53.

3. In paragraph 35 of their report on the Accounts for 1952-53, the Committee had recommended that an Enquiry Committee should be appointed by Government to look into the matter regarding the loss of Rs. 7,09,99,161 disclosed by the Jute Board. The Chairman observed that the Minister for Commerce had also announced in the House that such an Enquiry Committee would be appointed. The departmental representative explained that the case was under submission with the Minister for Commerce. It had been decided in principle to appoint the Enquiry Committee but no decision about its members had yet been taken. The Public Accounts Committee recommended that the matter should be expedited and a report submitted to them in due course.

4. The Committee then took up the examination of the Audit Report 1955, relating to the Ministry of Commerce.

5. *Paragraph 26 (page 25 of the Audit Report).*—This relates to the entrusting of the accounts of the statutory corporations to the Comptroller and Auditor General. The departmental representative explained that the Ministry of Commerce concerned with the Pakistan Insurance Corporation and its name was incorrectly shown in the Audit Report as Insurance Promotion Corporation. He added that proposals for entrusting the audit of accounts of this Corporation to the Comptroller and Auditor General had been submitted to the Cabinet and necessary legislation would be brought out to implement the suggestion. The Committee desired that the matter should be expedited and a report submitted to them in due course.



6. Paragraph 33 (page 29).—This relates to certain irregularities in the Accounts of Commercial Division of an Embassy, in regard to the purchase of coal, etc. It was explained by the departmental representative that this was the concern of the Ministry of Industries who had posted their officers abroad for the purpose of making purchases. These officers were also designated Commercial Secretaries and the Ministry of Industries had therefore been requested to redesignate them in order to eliminate the confusion. The Ministry of Industries would be requested to explain the irregularities.

7. Paragraph 35 (pages 31-33).—This paragraph related to the financial irregularities noticed in the accounts of Government commercial undertakings. In certain cases losses had occurred to Government which had to be written off while in other cases recoveries had not yet been effected. The departmental representatives stated that as the notice given was too short, they were not fully prepared with the details of all the cases. They, however, maintained that the audit notes made in these paragraphs were not fully justified in respect of the alleged irregularities in the working of the Jute Board. They urged that the criticism by Audit was not correct as it was not based on proper appreciation and a working knowledge of the practices of the jute trade. They particularly pleaded for the Committee's sympathies in view of the difficult conditions regarding jute trading prevailing during the period under review. The jute prices had practically crashed due to India's withdrawal from the market and the Jute Board was faced with the stupendous task of maintaining the prices. The administrative machinery had to be improvised to meet the emergent situation. In certain cases purchases were made on an *ad hoc* basis on the strength of the declaration by the parties concerned, which declaration did not ultimately prove to be correct. The Jute Board always tried to observe the prescribed financial formalities and to achieve this objective an officer of the Ministry of Finance was co-opted as a member of the Board. Certain cases, however, might have occurred, in which despite the best of intentions and efforts, certain financial regulations might not have been observed, but this was the product of circumstances and not the result of any wilful default on the part of anybody. No personal responsibility could, therefore, be fixed in respect of overpayments made in certain cases and of the losses that occurred in others. In their view, therefore, it would have been much better if the officers in the Audit Department could have held discussions with the officers of the Jute Board or settled the matter by correspondence before incorporating their notes in the Audit Report. The Comptroller and Auditor General stated that the paragraphs incorporated in the Audit Report were in all cases referred to the Ministries concerned. The experience of the Audit Department was that the officers in the Ministry of Commerce were not usually available for discussion and replies to the communications on this subject were also not forthcoming despite repeated reminders. It was open to Audit Department to insert their comments in the Audit Report in case replies were not received within a reasonable time from the Ministries concerned. The Committee while appreciating the difficulties enumerated by the departmental representatives, held that the Comptroller and Auditor General was completely within his rights to include the irregularities in the Audit Report with a view to bring it to the knowledge of the Public Accounts Committee and the Parliament. The proper time for the Ministry of Commerce to meet the audit objections was when the draft paragraphs of the Audit Report were referred to them for comments. The Committee had the impression which was based on a number of instances that the accounts matters and the Audit

Reports were not dealt with in the Ministries and Departments at appropriate levels, but were left to the junior officers. The Committee felt that it was time that the Ministries and Departments felt their responsibility in the matter and attached to the accounts and audit matters the importance they deserved.

8. The departmental representatives stated that action had been initiated to effect recoveries or to regularise the position in all cases. The Committee desired to leave a note from the Ministry of Commerce stating the latest position of all cases referred to in this paragraph and also what steps had been taken by that Ministry to regularise the position. The departmental representative promised to submit a detailed report to the Committee in due course.

9. The Committee took up the examination of the Commercial Appendix and the Audit Report thereon.

10. *Paragraph 18(a)—Pages 4 to 5 of the Commercial Appendix.*—The *pro forma* accounts for the year 1953-54 of Light Houses and Light Ships Department and the Jute Board, Narayanganj, had not been compiled. The departmental representative stated that the accounts of Light Houses and Light Ships Department were completed in September last year. The Accountant General, Pakistan Revenues, explained that the accounts were received in September and were audited in November by which time the Commercial Appendix under review had gone to the Press. As regards the accounts of the Jute Board, the departmental representative expressed his inability to explain the position and promised to send a separate report on all the points in this connection.

11. The Committee then commenced examination of the Appropriation Accounts in respect of the Grants controlled by the Ministry of Commerce.

12. *Grant No. 21—Ministry of Commerce—page 110—A-3—Allowances and Honoraria, etc.*—The original Grant had been increased by a reappropriation of Rs. 42,100. The actual expenditure, however, resulted in an excess of Rs. 14,055. The Committee observed that this was a case of unsatisfactory estimation. If the Departmental accounts had been properly maintained and regularly reconciled with the Audit Office figures the Ministry would have been aware of the correct position and could have taken proper regulatory action in time. They directed that the Ministry of Commerce should make necessary arrangements to ensure the proper maintenance of accounts in future and should report compliance to the Committee in due course.

13. *A-4—Other Charges.*—The original Grant was increased by a supplementary grant of Rs. 19,800 and a reappropriation of Rs. 6,200 but the actual expenditure yielded a saving of Rs. 42,890. The departmental representative explained that the saving could not be surrendered through an omission. The Committee took a very serious view of this irregularity and observed that the amount of saving was quite large and should have been surrendered before the close of the year.

14. *B-4—Other Charges.*—The original Grant was increased by a supplementary grant of Rs. 86,000 whereas there occurred a final saving of Rs. 24,395 in the actual expenditure. The departmental representative explained that the saving was due to several factors as explained in the Appropriation Accounts. The Committee observed that the position in respect of each item of expenditure should have been known to the Ministry of Commerce by the end of March and the unwanted amount should have been surrendered before the close of the year.

15. *F—Cotton Board—F-1—Pay of Officers, page 113.*—The final saving of Rs. 1,330 was explained to be due to delay in the selection for the post of Secretary for one month and change in the incumbency of the post of Executive Officer. The Department had failed to surrender the saving without any valid reason. The departmental representative accepted the position and stated that the irregularity had occurred for want of staff trained in accounts work in the Ministry of Commerce. The Committee did not accept the explanation given by the departmental representative and held that in accordance with the instructions issued by the Ministry of Finance from time to time, the Heads of Departments were personally responsible for such irregularities and omissions. The departmental representative promised that efforts would be made to ensure that such irregularity did not occur in future.

16. *Grant No. 34—Ports and Pilotage, page 146—D-1(4)—Other Charges.*—It was explained in the Appropriation Accounts that a saving of Rs. 5,631 occurred due to non-receipt of debit on account of telephone rent and less expenditure on service postage stamps and liveries which remained unsurrendered through an oversight. The departmental representative gave no explanation for this irregularity. The Committee observed that the non-surrender of the saving indicated slack control of expenditure which was required to be tightened up in the Ministry of Commerce.

17. *Grant No. 35—Light House and Light Ships, page 151. C-4—Other Charges.*—The original Grant had been augmented by a supplementary grant of Rs. 40,000, which amount was reduced by Rs. 8,640 by reappropriation. The actual expenditure, however, revealed a saving of Rs. 39,625 which was not surrendered before the close of the financial year. The departmental representative explained that the saving was mainly due to non-receipt of debits from the Pakistan High Commissioner in the United Kingdom in respect of two life-boats and certain petty stores and non-receipt of accounts from the Port Director, Chalna Anchorage. The Committee was not satisfied with the explanation and observed that in case the debits were not forthcoming from the Pakistan High Commissioner, etc., the amount should have been surrendered before the close of the year. The Committee directed that the Ministry of Commerce should be careful in taking regulatory action in future.

18. *D-1—Stock.*—Under this sub-head too the original grant was increased by a reappropriation of Rs. 13,400 whereas the actual expenditure yielded a saving of Rs. 30,996 which was not surrendered before the close of the year. The departmental representative explained that in this case too the saving was due to non-receipt of certain bills. The Committee was not satisfied with the explanation and held that the amount which was not expected to be utilised should have been surrendered before the close of the year.

19. *Grants No. 55—Commercial Intelligence, page 270—A-4—Other Charges.*—It was explained that an excess of Rs. 1,163 occurred due to unavoidable expenditure incurred on the dispatch of "Pakistan Trade" and other publications to Pakistan Missions abroad and could not be regularised as the expenditure could not be anticipated in time. The Committee desired to know at what time the publications were sent to Pakistan Missions abroad. It was explained that the publications were sent regularly and in this case these were sent before the issue of reappropriation order. The Committee observed that in that case, the amount of excess should have been correctly anticipated and regularised in time. The departmental representative agreed that proper action taken by the Ministry of Commerce in time could have avoided this irregularity.

20. *Grant No. 66—Miscellaneous (page 362)—Note 3 below the Appropriation Accounts, page 369.*—The explanation for the final variations under certain sub-heads and reasons for the non-surrender of the final savings under some other sub-heads and details of broad categories of expenditure under sub-head E-3(4)—Other Charges, had not been given for incorporation in the Appropriation Accounts. The Committee desired to know why this information was not furnished to the Accountant General, Pakistan Revenues, in time. The departmental representative stated that the information was not ready at that time. He promised to send a note indicating the reasons for the non-surrender of final savings under the various sub-heads. The Committee directed that the Ministry of Commerce should in future ensure that the information required to be furnished to Audit was sent in time.

21. *O—Riot and Civil Commotion Insurance Scheme.*—This sub-head recorded an expenditure of Rs. 3,38,642 against a nil budget provision. The excess had been explained as due to omission to provide funds through a misapprehension. The Committee observed that the amount of excess was quite large and was required to be fully explained. They, therefore, desired to know at what time the scheme was initiated. The departmental representative was not in a position to furnish the requisite information. On an enquiry made by the Committee it was stated that several officers in the Ministry of Commerce were responsible for the omission to provide funds. The Committee took a very serious view of the irregularity. In this view this omission was indicative of the tendency to treat the approval of the Legislature lightly, which they strongly deprecated. They directed that the Ministry of Commerce should submit a report indicating what steps they had taken to ensure that such irregularities do not recur in future.

22. *Grant No. 83—Capital Outlay on Schemes of State Trading (page 491)—E—Scheme for the purchase of jute.*—The Committee desired to know the circumstances under which the final savings of Rs. 8,92,988 and Rs. 10,75,077 under the sub-heads E-1(4)—Other Charges, and E-2(2)—Other Incidental Charges respectively had not been surrendered before the close of the year. It was explained that the surrender could not be made due to non-receipt of requisite information from the Jute Board. This is a case similar to those which have been discussed earlier. The position of accounts as a whole is very unsatisfactory. The Committee directed that the Ministry of Commerce should take early action to set right the state of affairs and report compliance to them in due course.

23. The Committee then took up the examination of Annexure 'A' to the Appropriation Accounts dealing with cases of serious financial irregularities which were not finalised.

24. *Item No. 9.*—This related to defalcation of a sum of Rs. 8,51,105 by the Cashier of an office. It was explained that the case was still pending with the Police who had approached the Ministry of Interior for sanctioning of prosecution. The Committee directed that the Ministry of Interior should expedite decision in the matter. The departmental representative promised to approach the Ministry of Interior in this connection.

25. During the course of examination of the Railway Division's accounts it was brought to the notice of the Public Accounts Committee in sub-paragraph (iii) of paragraph 3 on page 10 of Railway Audit Report, 1955, that the Ministry of Commerce had requested the Railway authorities to get a shed constructed immediately for the storage of tea at Chit-tagong and the Ministry of Commerce had undertaken to pay for the cons-

truction. The Railway Division had reported that when the sheds were constructed at a cost of about Rs. 12 lakhs, the Ministry of Commerce, did not make the payments as originally committed and consequently the Railway Administration had to bear the entire cost. The Public Accounts Committee had directed that the representatives of the Ministry of Commerce, when they appeared before them, should be asked to give an account of the case explaining *inter alia* the reasons for non-payment and non-acceptance of the debit representing the cost of construction which ultimately resulted in a decrease of Rs. 8,66,000 in the final estimates of Railways. The Directive of the Committee had been communicated to the Ministry of Commerce in the National Assembly Office Memorandum No. F. 25(II) |57-Com., dated 12th August, 1957. The departmental representative stated that he was not in a position to place the full facts of the case before the Committee as he had not been able to find out complete papers on the subject. He requested the Committee to give him some time to find out the facts and to submit a note as desired by the Committee. He added that according to the information available with him, a decision had been taken at one time to have tea sheds in Chittagong and as that area fell under the Chittagong Port Trust they were asked to build the sheds. There was nothing on record to show that the Ministry of Commerce had obtained appropriate budget sanction for the execution of this work, but there were references from which it appeared that the question of separate payment by the Ministry of Commerce in respect of these sheds had been shelved due to the fact that it was held at one time that the sheds had been built in the Chittagong Port Trust Area and the construction was, therefore, to be treated as part of Port Development. The Committee accepted the request made by the departmental representative for the submission of a separate note indicating the details of the case.

26. The Committee then adjourned to meet again on Saturday, the 17th August, 1957, at 10 a.m.

**Proceedings of the tenth meeting of the Public Account Committee held on Saturday, the 17th August, 1957, at 10 a.m.**

The tenth meeting of the Public Accounts Committee was held at 10 a.m. on Saturday, the 17th August, 1957, under the chairmanship of Mr. Farid Ahmad. The following were present :

1. Mr. Bhupendra Kumar Dutta, Member.
2. Mr. Mohd. Husain Chattha, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
6. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
7. Mr. Mohd. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

CABINET SECRETARIAT

8. Mr. Agha Abdul Hamid, Joint Secretary, Cabinet Secretariat.
9. Mr. A. M. Rodpath, Joint Secretary (Establishment Division).
10. Mr. Masrur Hasan Khan, Secretary, Karachi Administration.
11. Mr. P. Mammu, Director, Department of Cypher.
12. Mr. Y. A. Sayeed, Deputy Director, Intelligence Bureau.
13. Mr. Hafiz Ahmad, Joint Secretary, Ministry of Finance.

FEDERAL PUBLIC SERVICE COMMISSION

14. Mr. Sardar Ahmad, Acting Secretary.
15. Mr. G. H. Kazmi, Assistant Secretary.

PRESIDENT'S SECRETARIAT

16. Mr. Q. U. Shahab, Secretary to the President (Public).
17. Mr. A. Ghafoor, Assistant Secretary, President's Secretariat.

*Secretary of the Public Accounts Committee*

18. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The day's proceedings began with an examination of the Audit Report, 1955.

3. *Paragraph 21 (pages 20-21).*—The Committee desired to know the up-to-date position of the gifts received by Ministers, etc., in the light of

the latest Government rules mentioned in this paragraph, regulating the acceptance by the Government servants of gifts and rewards, etc. It was explained that proper arrangement would be to keep a regular record of all the presents and gifts received by the Ministers and other dignitaries. A summary had been put up to the Prime Minister asking for his approval to the effect that in future the Cabinet Secretariat should be informed of the acceptance of gifts in all cases so that they could maintain a proper record. No records existed in respect of the period referred to in the Audit Report. The normal practice was that when Ministers received presents, they informed the Prime Minister and if the present was valued more than Rs. 250 it went to the Toshakhana otherwise it was kept by the person concerned with the approval of the Prime Minister. The departmental representative promised to furnish a note showing the number of presents that had been deposited and accounted for in the Toshakhana. As regards high Government officials, it was stated by the representative that a large number of officers had actually reported to the Cabinet Secretariat about these gifts. The position had been reviewed and orders passed for the retention of gifts of the value of less than Rs. 250 while in other cases the officers concerned had been directed to deposit them in the Toshakhana. The general instructions regarding the acceptance of gifts were being followed it was stated.

4. The Committee directed that the review asked for by Audit in respect of the position of the gifts received by the Ministers, etc. In the light of the latest Government orders should be expedited. It should also be inquired whether all the gifts, etc., which in accordance with the latest Government orders should have been deposited in the Toshakhana, have actually been so deposited.

5. *Paragraph 54—Secret Service Expenditure (page 37).*—The Audit certificates of check in the prescribed forms in respect of secret service expenditure had not been furnished to Audit in 17 cases. It was explained by the departmental representative that the certificates had been furnished in 1954 and it was not clear why this fact had not been mentioned in the Audit Report. The Comptroller and Auditor General stated that he would review the matter in consultation with the Cabinet Secretariat and appraise the Committee of the latest position.

6. The Committee then took up the examination of Annexure 'A' to the Appropriation Accounts relating to cases of serious financial irregularities.

7. *Item 12—Misappropriation by a Cashier (page 564).*—A Cashier of an office under the Karachi Administration had absconded with a sum of Rs. 17,670. The Committee desired to know whether sanction to write off the loss had been finalised. It was explained by the departmental representative that the case was being retried in a court of law by the Anti-Corruption Special Judge on an appeal lodged by the accused.

8. *Item 19 (page 567).*—The staff car placed at the disposal of Karachi Administration was used by the Head of the Department who was not entitled to its use according to Government rules. It was explained by the departmental representative that in the appointment letter issued to the Chief Commissioner, two alternatives were offered. Either he could draw a pay of Rs. 3,000 per month, a conveyance allowance of Rs. 250 per month and a free furnished house or a consolidated pay of Rs. 4,000 without conveyance allowance and rent-free house. He accepted the second alternative and therefore, his contention was that he was entitled to the use of staff car. The Committee observed that the orders of

appointment of the Chief Commissioner were quite clear. The conveyance had been merged in the consolidated pay of Rs. 4,000 per month and there was no justification for the use of staff car. A further audit objection was that the staff car had been used by the Head of the Department for all purposes. It was explained that the log-book had been checked up and it showed that the staff car was used for official purposes only. The Committee directed that the matter should be investigated further by the Cabinet Secretariate and the responsibility should be fixed on the person concerned. The rules for the use of staff cars should also be reviewed and ambiguities, if any, should be removed. A compliance report on the subject should be submitted to the Committee in due course.

9. *Item No. 29 (page 567).*—In the office under the Karachi Administration, a clerk had absconded with a sum of Rs. 4,500. The Committee desired to know the position of this case and whether any steps had been taken to make any recovery. It was explained that the clerk concerned had been convicted but no amount could be recovered from him as he was arrested a long time after the commission of this offence and had no property. The question regarding the writing off of the loss had been referred to the Ministry of Finance. The Committee was not happy over the position in which much of the valuable time during which recovery could be effected was lost. They directed that Government should issue orders to guard against such contingencies in future.

10. *Item No. 21 (page 567).*—In the course of local audit in June, 1956, it was noticed that articles of furniture numbering 344 were short resulting in a loss of over Rs. 1,500. The matter had been reported to the Controlling Department for investigation and the result was awaited. It was explained by the departmental representative that the report of the Enquiry Committee was still awaited due to the fact that the furniture consisted of a large number of items which had been damaged or destroyed during this period. The enquiry was expected to be finalised shortly and would be submitted to the Accountant General, Pakistan Revenues, in due course. The Committee was very dissatisfied over the manner in which the matter had been delayed and directed that the enquiry should now be finalised without further loss of time.

11. The Committee then took up examination of the Appropriation Accounts in respect of the grants controlled by the Cabinet Secretariat.

12. *Grant No. 11—Cabinet (page 77)—B—Discretionary Grants by Ministers.*—The excess of Rs. 17,115 was explained to be due to omission to provide funds. The Committee desired to know the reasons for which the funds had not been provided. It was explained that the decision to place discretionary grants at the disposal of the Ministers was taken after the finalization of the budget estimates of the year. The supplementary grant was asked for but not provided by the Ministry of Finance. The departmental representative promised to furnish full particulars of the case to the Ministry of Finance to enable them to check up the circumstances under which the demand for supplementary grant had not been agreed to by them.

13. *G—Miscellaneous (page 82).*—The excess of Rs. 18,933 was explained as due to Government decision to accommodate expenditure relating to the compensation for the destruction of the car of a Minister during the students agitation in the year 1953-54. The Committee desired to know whether the car was insured and a claim had been made against the Insurance Company and whether the owner received anything on this account from the Company. They also desired to know the reasons for which the expenditure was not provided through a supplementary grant. It was



explained by the departmental representative that insurance did not cover riots. It was, however, not known whether position with regard to the query made by the Committee had been checked up before sanctioning the expenditure. The Accountant General, Pakistan Revenues' communications in this connection had also not been answered by the Ministry of Interior. As regards the provision of funds through a supplementary grant, it was explained that sanction in this case was issued by the Ministry of Interior and the expenditure debited to the Cabinet Secretariat. The case was, therefore, referred to the Ministry of Finance for getting a decision with regard to the appropriate head of account. The Ministry of Finance decided that the expenditure was to be met by the Cabinet Secretariat. By that time, however, it was too late to apply for a supplementary grant.

14. The Committee observed that in sanctioning the amount, account had not been taken of all the relevant factors mentioned above. Further the Parliament had not been given an opportunity to discuss the propriety of expenditure by the exclusion of this item from the supplementary demands for grants for that year. The Committee directed that when the representative of the Ministry of Interior appeared before them he should come prepared to explain the position with regard to the points raised by the Committee, particularly why the queries made by the Accountant General, Pakistan Revenues, had not been answered.

15. *H—Charges in England—H-1 Leave and deputation salaries, sterling overseas pay, etc.*—The original grant was increased by a supplementary grant of Rs. 61,700 although the year closed with a final saving of Rs. 86,721. The Committee desired to know the circumstances under which the final savings were not surrendered before the close of the year. It was explained that the position could not be regularised due to the fact that the expenditure pertaining to this sub-head had been wrongly adjusted by the Pakistan High Commissioner under another sub-head.

16. *Note 3 below the Appropriation Accounts (page 83).*—The reasons for the non-regularization of the final savings and excesses under certain sub-heads had not been furnished to Audit for incorporation in the Appropriation Accounts. The departmental representative explained that the position in respect of these sub-heads could not be regularised before the close of the year due to non-receipt and non-adjustment of certain debits expected during the course of the year. This was a stock explanation which the Committee was most reluctant to accept. They directed that the department should make arrangements for the proper maintenance of departmental accounts and their periodical reconciliation with the Audit Office figures. They should also keep themselves acquainted with the status of the various amounts payable by them and the debits to be received and adjusted, etc. If these arrangements had been made the Department would have been in a position to know the correct position of accounts before the close of the year and could have taken regulatory action in time. The Committee desired that suitable arrangements should now be made in this regard and a compliance report submitted to them.

17. *Grant No. 66 Miscellaneous (page 367)—M—Expenditure on Inter-Provincial Contacts.*—The final saving of Rs. 2,29,577 was explained to be due to less expenditure than anticipated. The Committee desired to know the reasons for which the saving was not surrendered before the close of the year. It was explained that an intimation to the Ministry of Finance was sent in this connection but they did not accept the surrender as the last date prescribed by them for the acceptance of the

surrender as the last date prescribed by them for the acceptance of the surrenders had expired.

18. The Committee directed that in future the Chief Commissioner should also be present when the appropriation accounts pertaining to the Karachi grant were discussed by the Public Accounts Committee.

19. The Committee then took up the examination of the *Compliance Report by the Federal Public Service Commission on the recommendations and directions given by the Public Accounts Committee on the Accounts of 1951-52*.—In paragraph 40 of their report on the Accounts for 1951-52, the Public Accounts Committee had recommended that the Federal Public Service Commission should give a serious consideration to the matter of delays that occurred between the various processes through which the selection of a candidate had to undergo with a view to reducing them to the minimum and report the result of the review and the steps taken to improve the existing position. The compliance report furnished by the Federal Public Service Commission in this connection, indicating the various steps taken by them, was examined by the Committee and they desired to know the existing position in this regard. It was explained by the departmental representative that as stated in the compliance report they were making best efforts to expedite selections but sometimes delays did occur mainly due to inter-departmental correspondence and non-supply by the Ministries and Departments concerned of full information called for by the Commission. Instructions had been issued by the Commission on different occasions to heads of the Ministries and Departments in this connection and there had been some improvement. The Committee directed that the Federal Public Service Commission should furnish a report on some typical cases in which the Ministries had failed to furnish to the Commission the information called for by them. The departmental representative promised to send this report. At this stage the Comptroller and Auditor General pointed out that the case of promotion of officers of the Pakistan Audit Department to the Pakistan Audit and Accounts Service took nearly two years to finalize and the Federal Public Service Commission might investigate and report as well the reasons for this delay. The departmental representative promised to do so on receipt of particulars from the Comptroller and Auditor General.

20. The Committee then took up the examination of the charged Appropriation of the Pakistan Public Service Commission.

21. *Pakistan Public Service Commission (page 439)—E—Charges in England—E-2—Other Charges*.—The Committee desired to know the reasons for which necessary funds were not provided to meet the expenditure of Rs. 10,897 appearing under this sub-head. It was explained that budget provision under this sub-head was made on the basis of the information supplied by the Pakistan High Commission in the United Kingdom. In the present case necessary information was not furnished in time by the Pakistan High Commissioner to enable the Federal Public Service Commission to regularise the expenditure. The Committee felt that the expenditure could not be incurred by the High Commissioner on behalf of the Federal Public Service Commission without their knowledge or sanction. At any rate the Federal Public Service Commission should have taken steps to maintain proper liaison with the High Commissioner. The High Commissioner should also be instructed that he should send timely intimation to the Departments concerned about budget provision and actuals of expenditure in order to enable them to take regulatory action in time.

22. *President's Secretariat (Personal)*.—The Military Secretary to the President was not present, nor had any intimation been received from him. The Committee observed that in accordance with the directives given by them in the past, the Military Secretary should have personally come to attend the meeting. It was decided that another date should be fixed on which the Military Secretary and also the representative of the Cabinet Secretariat who had in the past been controlling the expenditure relating to Governor General's Secretariat (Personal) should be asked to appear before the Committee.

23. The Committee observed that in their report on the Accounts for 1951-52 it had been recommended that steps should be taken to ensure that unauthorised provisions were not made in future in respect of the President's Secretariat and that there the actual expenditure exceeded the statutory limit, it should always be regularised. It was explained that the statutory limits were controlled by the Cabinet Secretariat who should be asked to explain the position when they appear before the Committee on another date in accordance with the decision taken in the day's meeting.

24. *President's Secretariat (Public)*.—*Staff household and allowances of the Governor General (page 433)*.—*Note 3 below the Appropriation Accounts (page 436)*.—The Committee desired to know the reasons as to why the savings and excesses appearing under the various sub-heads as indicated in this note had not been regularised before the close of the year. The departmental representative explained that this was an omission on the part of the Secretariat. The Committee directed that steps should be taken to avoid such recurrences in future.

25. During the course of examination of the Railway Audit Report the Committee had desired that the Comptroller and Auditor General should re-examine the position with regard to paragraph 14(a) of the Report relating to the non-supply of railway wagons by a firm resulting in a loss of about Rs. 45 lakhs to Government. A note on this subject had been furnished by the Comptroller and Auditor General and had been circulated to the Members for consideration. As it had been decided in the previous meeting to discuss this matter with the Finance Minister who was not present in that day's meeting, it was decided that the Committee should meet again on Sunday, at 10 a.m. to discuss this matter.

26. The Committee then adjourned to meet again at 10 a.m. on Sunday, the 18th August, 1957.

**Proceedings of the eleventh Meeting of the Public Accounts Committee held on Sunday, the 18th August, 1957, at 10 a.m.**

The Public Accounts Committee met at 10 a.m. on Sunday, the 18th August, 1957, under the chairmanship of Syed Amjad Ali, Minister for Finance. The following were present :

1. Mr. Farid Ahmad, Member.
2. Mr. Bhupendra Kumar Dutta, Member.
3. Mr. Mohd. Husain Chattha, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General.
5. Mr. S. M. Ahmad, Director of Railway Audit.
6. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
7. Mr. Nasim Ahmad Khan, Deputy Secretary, Ministry of Finance.
8. Mr. Mohd. Alimuddin, Assistant Secretary, Ministry of Finance.

*Departmental Representatives*

9. Mr. S. A. Suhrawardy, Director General, Railways.
10. Mr. M. A. W. Siddiqui, Joint Director, Railway Division.
11. Mr. Mushtaq Ahmad, Financial Adviser, Communications.
12. Mr. Munzir Ahmad, Joint Financial Adviser, Communications.

*Secretary of the Public Accounts Committee*

13. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. *Irregularities in the contract for the purchase of Railway wagons—paragraph 14(a) of Railway Audit Report, 1955.*—During the course of the examination of the Railway Audit Report in the meeting of the Public Accounts held on the 10th August, 1957, the irregularities in the contract for the purchase of Railway wagons mentioned in paragraph 14(a) of the Railway Audit Report, 1955, had come up for discussion. The Financial Adviser, Communications, had stated that the case being *sub judice*, a detailed consideration of the issue was likely to prejudice the final decision. The consideration of the matter had been deferred pending discussion with the Finance Minister. The aspect of the matter had been in the meanwhile further considered by the Comptroller and Auditor General with reference to the rules on the subject and a note containing his views in the matter was circulated amongst the Members for consideration in the day's meeting.

3. *Initiating the discussion* Mr. Farid Ahmad explained the purpose of the day's meeting and requested the Finance Minister to inform the Committee about his views in the matter. The Chairman stated that the case had been discussed by him with the Financial Adviser, Communications. He agreed with the Financial Adviser, Communication, that since civil and criminal proceedings had been instituted against the contractor it was not in the best interests of the Government to put anything by way of detail on record for scrutiny by the Public Accounts Committee at this stage. The Chairman added that after a decision had been taken either by arbitration or by the court of law the case could be referred to the Public Accounts Committee and the officials concerned called upon to explain the irregularities after which the responsibility could be fixed.

4. The Members of the Committee and the Comptroller and Auditor General however held that the question regarding direct responsibility of the officers concerned with the irregularity, if any, committed by them was not a subject-matter of the enquiry by the court of law or the arbitrator. It was held by them that the rules embodied in paragraphs 1822 and 1823 of the State Railway General Code, Volume I (copies of which had been circulated with the Comptroller and Auditor General's note) were quite clear in this regard and in accordance with these rules in all cases where a number of persons were involved, one or more criminally and others in such circumstances as show negligence, criminal prosecution of one or more and a departmental enquiry against others should be undertaken as soon as the irregularity resulting in loss came to notice. The underlying idea in these paragraphs was that in all cases of negligence, fraud or similar offences, departmental proceedings should be instituted with strict adherence to rules and carried to a stage as far as possible before the prosecution of any of the delinquents actually started. The Comptroller and Auditor General also read out the relevant provisions of the State Railway General Code, Volume I, stating that an enquiry should not be withheld in such cases lest the evidence might disappear. As the case involved a loss of about Rs. 45 lakhs it seemed necessary, as had been pointed out in the note circulated to the Members, that a High-powered Committee consisting of the officials of the Ministry of Communications, Finance and Law should be appointed immediately to determine if any of the officers of the Government who handled the case were at fault, so that further action as envisaged in the rules could be taken without any loss of time. After some discussion it was agreed that a Committee on the lines suggested above should be set up to go into this matter and that the question regarding the personnel of the Committee and the character of the enquiry should be left to the discretion of the Government. It was also decided that the Minister for Communications should be informed about this and the exact terms of reference of the Committee should be prescribed in consultation with the Ministry of Law. (Please see also paragraph 8 of the proceedings of the meeting held on the 19th November, 1957.)

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5. The question regarding the splitting up of the demands for grant for Railways then came up for consideration. It was decided that this would be taken up during the next session of the Public Accounts Committee. (Please see also paragraph 10 of the proceedings of the meeting held on the 19th November 1957.)

6. The Committee then adjourned *sine die*.

**Proceedings of the twelfth meeting of the Public Accounts Committee held on Monday, the 18th November, 1957, at 10 a.m.**

The twelfth meeting of the Public Accounts Committee was held at 10 a.m. on Monday the 18th November, 1957. Mr. Yusuf A. Haroon was voted to occupy the Chair in the absence of the Chairman of the Committee.

The following were present :

1. Mr. Yusuf A. Haroon, Member.
2. Chaudhuri Mohammad Hussain Chattha, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
7. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

MINISTRY OF INTERIOR

8. Mr. Hameeduddin Ahmad, Deputy Secretary, Ministry of Interior.
9. Mr. S. M. Ayub, Deputy Secretary, Ministry of Interior.
10. Mr. S. B. Hussain, Deputy Director General, Civil Defence.

MINISTRY OF ECONOMIC AFFAIRS

11. Mr. A. H. Qureshi, Joint Secretary, Ministry of Economic Affairs.
12. Mr. S. M. Raza, Financial Adviser (Development).
13. Mr. M. Y. Butt, Deputy Secretary, Ministry of Economic Affairs.

MINISTRY OF HEALTH

14. Lt.-Col. M. Jafar, Director General of Health and *ex officio* Joint Secretary, Ministry of Health.
15. Mr. W. F. Grossman, Administrative Officer, Ministry of Health.

*Secretary of the Public Accounts Committee*

16. Mr. K. M. Shameem, Officer on Special Duty, Parliament Secretariat.

2. The Chairman stated at the commencement of the meeting that Mr. A. T. Naqvi, Secretary, Ministry of Interior, had written to the Finance Minister that owing to his illness he would not be present at the meeting. The Committee agreed, accordingly, to examine the other representatives of the Ministry of Interior, who were present in the meeting.

MINISTRY OF INTERIOR

3. The Committee took up the examination of the compliance report of the Ministry of Interior on the recommendations of the Committee relating to the Accounts for 1950-51, 1951-52 and 1952-53.

4. With reference to the suggestion in paragraph 14 of the Committee's proceedings of the 26th August, 1954, relating to the Appropriation Accounts for 1950-51, to the effect that the Police should, in particular, make investigations about persons who are ostensibly living beyond their means, the Ministry of Interior had stated in its compliance report for 1950-51 as follows:—

“The Special Police Establishment do make investigations about persons living beyond their means. For this purpose, special rules known as the Civil Services (Prevention of Corruption) Rules, 1953, have been framed. Under these rules, an officer can be compulsorily retired or dismissed. The Special Police Establishment initiated action against a number of officers under these rules but the final decision rested with the Ministries concerned. Special staff has recently been appointed for Screening Officers in some Departments.”

5. The Committee desired to know if any results had been achieved from the screening referred to above. The departmental representative explained that the Special Police Establishment had made reports in a number of cases, in which officers were found living beyond their means but the action to be taken on such reports rested with the Ministries concerned. Generally speaking, the explanations of the officers concerned were that they brought money or jewellery when migrating from India, and there was no means of disproving the explanations. The departmental representative added that he could give a summarised list of the cases in which the Special Police Establishment had made reports, if the Committee so desired. The Committee recommended that it should be considered whether it would not be desirable that in the declarations required to be given by Government servants under the Government Servants' Conduct Rules and by persons holding Key Political positions, the value of jewellery, cash, bank accounts should also not be given. The Committee also desired that a summarised note of explanations generally furnished by the concerned officers should be submitted to it during its next session.

6. In their meeting held on the 26th August, 1954, the Public Accounts Committee had directed that the physical verification of stocks held by the Karachi District Jail should be conducted forthwith and a certificate given to Audit by the end of December, 1954. The Committee desired to know whether the Chief Commissioner had made the required report. The departmental representative explained that Karachi Administration was now under the Cabinet Secretariat, who should be called upon to furnish the required report. The Committee decided that the Chief Commissioner should be asked to furnish the requisite report during its next session.

7. In paragraph 17 of their report on the Accounts for 1952-53, the Public Accounts Committee had directed that a note giving reasons for the delay in the submission of the annual certificate of check in respect of the cases referred to in paragraph 22 of the Audit Report, 1954, should be submitted to them in the next session. The Committee desired to know whether the certificates had been furnished to the Audit authorities. The departmental representative stated that the certificates had since been furnished to the Accountant General, Pakistan Revenues, who confirmed the statement of the departmental representative.

8. The Committee then took up the examination of the Appropriation Accounts for 1953-54, and the Audit Report thereon relating to the Ministry of Interior with reference to the questionnaire issued by the Committee.

9. *Paragraph 12 on page 12 of the Audit Report—Excesses over voted Grants No. 33—Police—Rs. 34,86,429.*—The questions were what were the circumstances leading to the excess and why the excess could not be regularized during the course of the year. The Comptroller and Auditor General further pointed out that under this Grant the excess were rather a usual feature, for instance, the excess during 1951-52 was Rs. 21 lakhs and during 1952-53 it was 7 lakhs. The departmental representative explained that the excess during 1953-54 was due mainly to incorrect debits raised by the Government of East Pakistan on account of the cost of the Border Police. Suitable action had been taken to ensure that such errors did not occur in future. The Committee desired that the position of the excess under this Grant should be watched by the Audit Department and if these continued also in future, the matter should be brought to its special notice.

10. *Note 1 on page 136 of the Appropriation Accounts for Grant No. 30—Payments to other Governments, Departments, etc., on account of the Administration of Agency subjects and managements of Treasuries.*—The excess was 250.12 per cent of the grant. The questions were: why the excess could not be anticipated and regularised during the course of the year and what action had been taken against the officials concerned for their failure. The departmental representative stated that the excess remained unregularised, because the former Government of Sind did not report their requirements in time and the question of fixing responsibility for the failure had been taken up with the Government of West Pakistan. A detailed report on the subject would be made to the Committee on receipt of the information from the Government of West Pakistan. The Committee was not satisfied with the explanation furnished by the departmental representative and observed that the Ministry of Interior should have taken action in the matter much earlier. The Committee desired that a full report in the matter should be made to it during its next session.

11. *Note 2 of page 136 of the Appropriation Accounts for Grant No. 30—Payment to other Governments, Departments, etc., on account of the administration of Agency subjects and managements of Treasuries.*—It was stated in this note that the actual expenditure had not been accepted by the Controlling Officer. The questions were: what were the reasons for the non-reconciliation of the departmental figures with those in the books of the Accounts offices? What steps had been taken to reconcile the discrepancies and what was the present position in that respect? The departmental representative stated that the non-reconciliation of the discrepancies was due mainly to certain details awaited from the Comptroller, Southern Area. The Committee desired that expeditious action should be taken in the reconciliation of the discrepancies and a report of the completion of the reconciliation should be made to it during its next session.

12. The Committee then took up the examination of the items relating to the Ministry of Interior in the list of cases of unfinalized financial irregularities given in Annexure 'A' to the Appropriation Accounts for 1953-54.

13. *Items 19 to 21 relating to irregular expenditure, misappropriation and loss of articles of furniture of the total value of Rs. 26,299*



*relating to the Ministry of Interior (Karachi Administration).*—The Committee desired to know the reasons for the delay in the investigations of these losses, etc. The departmental representative stated that the items related to the Karachi Administration which was now under the control of the Cabinet Secretariat. The Committee desired that the Chief Commissioner should be requested to furnish a detailed report with reference to the following questionnaire:—

- (1) What are the full facts of the cases referred to in these items?
- (2) Whether responsibility in each case has been determined; if not, the reasons for not doing so.
- (3) What steps have been taken to make good the loss to Government; in case of inordinate delay in the finalization of cases the reasons must be stated.
- (4) What action has been taken against those responsible as a penal measure and also with a view to preventing recurrence of such losses in future.

14. The Committee's attention was drawn, at this stage, to the excess of Rs. 18,933 under sub-head G—Miscellaneous of the Appropriation Account of Grant No. 11—Cabinet. According to the explanation given below the sub-head the excess was caused due to Government's decision, after submission of application for supplementary appropriation, to accommodate the expenditure relating to the compensation given for the destruction of the car of a Minister. It was revealed that the Minister concerned was the then Minister for Interior whose car was burnt at Arambagh, Karachi, during 1953-54. The Committee desired to know whether the car was insured and why the Insurance Company did not pay the compensation. The Committee further desired to know whether at the time the car was destroyed the Minister was on official duty or had gone to attend a party meeting. Who decided to make good the loss to the Minister and whether the Ministry of Finance had been consulted before the decision was taken? The departmental representative explained that the whole case was dealt with at a high level. He added that the file on the subject in the Ministry of Interior started with a note recorded by the then Secretary of the Ministry. "The question was discussed with Honourable the Prime Minister who considers that the car was destroyed when the Honourable Minister was on duty." He added that the Ministry of Finance also concurred in the decision. The Committee was not satisfied with the explanation furnished by the departmental representative and desired that a detailed report of the circumstances in which the car was destroyed and of the justification for the payment of the compensation should be made to it during its next session. The Committee further desired that a report as regards the disposal of the destroyed car showing whether the sale-proceeds of the destroyed car were credited to Government or appropriated by the Minister concerned should also be made to it during its next session.

15. *Grant No. 56—Census (pages 271-272)—Sub-head A-4—Other Charges.*—The original grant of Rs. 12,700 was reduced by a re-appropriation to Rs. 6,802 against which the actual expenditure was Rs. 18,325 resulting in a final excess of Rs. 11,523. The Committee desired to know the reasons for the unregularised excess. The departmental representative explained that the excess was due to the debit for the rent of building occupied by the Census Officer in Punjab and on account of

purchase of calculating machine, etc., relating to the year 1952-53 being adjusted during 1953-54. These belated adjustments were not anticipated.

16. *Grant No. 66—Miscellaneous (page 367)—Sub-head K—Expenditure in connection with State Prisoners and Detenus.*—The original provision of Rs. 17,000 was increased to Rs. 27,107 against which the expenditure was only Rs. 20,731 resulting in a final saving of Rs. 6,376. The re-appropriation was stated to be due to more expenditure on State Prisoners and detenus. But no explanation was given for the final saving of Rs. 6,376. The Committee desired to know the reasons and the details for the re-appropriation and also the reasons for not furnishing the explanation for the final saving. The departmental representative stated that the re-appropriation was made to meet expenditure on the installation of cooling plant and radio set and intensive medical treatment of a state prisoner and also due to increase of the maintenance allowance of the same prisoner. A part of the re-appropriation was also due to renting of costlier building for certain state prisoners. The departmental representative further explained that the final saving was due to less number of security prisoners than anticipated. The Committee noted the explanation furnished by the departmental representative and observed that the explanation could have been given in time, to the Accountant General, Pakistan Revenues, for incorporation in the Appropriation Accounts.

17. *Grant No. 69—Extraordinary Charges—Sub-head C-2—Civil Defence Training Schools—C-2 (4)—Other Charges.*—The details of the expenditure of Rs. 98,762 were not furnished in the Appropriation Accounts. The Committee desired to know the reasons for the omission and also whether the details could be furnished to it now. The departmental representative explained that the omission to furnish the details was due to the fact that the expenditure was booked by both the Accountant General, Pakistan Revenues and the Accountant General, West Pakistan. The requisite details had since been collected and would be submitted to the Committee at its next session.

#### MINISTRY OF ECONOMIC AFFAIRS

18. After examining the Appropriation Accounts for 1953-54 and the Audit Report thereon relating to the Ministry of Economic Affairs, the Committee discussed at length the arrangements for the accounting of the aids in various forms received from foreign countries. It was explained by the departmental representative that the work of compiling the accounts in question was in hand and sufficient progress had been made in the matter. The Committee desired that a report stating the detailed position in connection with these accounts should be submitted to it during its next session.

#### MINISTRY OF HEALTH

19. The Committee then took up the examination of the compliance report of the Ministry of Health on the recommendations of the Committee relating for the Accounts for 1950-51, 1951-52, and 1952-53.

20. In paragraph 27(1) of its report on the Accounts for 1950-51, the Committee had *inter alia* observed, as regards the state of affairs in the Medical Stores Depot, that proper action had not been taken to effect recoveries of amounts due from various parties. In the compliance

report, the Ministry of Health stated that the indentors were being pressed to return the priced vouchers to the Medical Stores Depots and the defaulters were being repeatedly reminded to return the issue vouchers so that the recoveries could be effected and book adjustments made. The Committee desired to know the result of the action taken by the Ministry of Health. The departmental representative stated that the amount outstanding at the end of 1956 was Rs. 1,48,052, which had been reduced to Rs. 93,834. He added that the procedure for recovery had been further changed as regards the supplies made from the Medical Stores Depots to Local Bodies and other private institutions. Formerly, the Local Bodies and other private institutions were paying for the supplies on presentation of bills to them. The procedure now introduced was that no indent from Local Bodies and private institutions was complied with, unless it was accompanied by treasury challan showing the deposit of the requisite amount into the Government Treasury. In the case of Government institutions, however, the old practice of raising book debits was being followed.

21. In paragraph 2 of the proceedings of its meeting held on the 30th August, 1954, the Committee had expressed its disapproval as regards the failure to maintain proper stock accounts of the Jinnah Central Hospital and the Civil Hospital, Karachi and had directed that necessary stock verification should be conducted and the required certificate submitted to the Audit Department.

22. In the compliance report of the Ministry of Health with reference to the above observations of the Committee, it was explained that there was some misunderstanding in the matter, because Government had exempted the two hospitals from the verification of their stores for the years 1947-48 to 1951-52. The Comptroller and Auditor General had then stated that, according to his information the stock verification had not been done even from 1952-53 onwards. Later on, the Ministry of Health intimated to the Committee that the institutions mentioned above were further exempted from the compilation of the stock accounts for the years 1952-53 to 1954-55 and that the accounts were being maintained with effect from the year 1955-56. The position was not clear to the Committee and in paragraph 47 of its report on the Accounts for 1951-52 it observed as follows:—

“There are three points involved (1) maintenance of initial accounts of the stores namely, stock books, etc., (ii) physical verification of the stores balances as shown in the accounts and (iii) rendering of the compiled accounts of the stocks to the Audit Department for exhibition in the Appropriation Accounts. Exemption from process (ii) above for valid reasons is understandable but exemption from process (i) would be a serious matter. So long as processes (i) and (ii) are carried out there would be no serious objection to exemption from process (iii). We would, therefore, suggest that the Director General of Health and the Accountant General, Pakistan Revenues, should jointly arrange to verify the facts and submit a report to the Committee during its next session. The report should clearly indicate the process or processes, from the carrying out of which, the institutions have been exempted, the reason for the exemption and the authority under whose orders the exemptions have been granted.”

23. In the compliance report now submitted to the Committee, the Comptroller and Auditor General had observed as follows:—

“It has been intimated by the Director General of Health that the physical verification of the stocks has all along been carried out. The exemption was granted only in respect of rendering the compiled accounts of the stocks to the Accountant General, Pakistan Revenues, for exhibition in the Appropriation Accounts. The Director General, Health, has also stated that the question of granting similar exemption from the compilation of the accounts of the stores and stocks of these two institutions for the years 1952-53 to 1954-55 is also under consideration in consultation with the Ministry of Finance.”

24. In a note now submitted to the Committee by the Ministry of Health the following explanation had been furnished:—

“(i) *Jinnah Central Hospital and Civil Hospital, Karachi*: Exemption for the years 1947-48 to 1951-52 in respect of process (iii) (rendering of compiled accounts) has been accorded by the Ministry of Health in consultation with the Ministry of Finance.

*Reasons for Exemption.*—It was in November, 1954 that the question of compilation of accounts of stores and stocks in the Jinnah Central Hospital, etc., was taken up by the Accountant General, Pakistan Revenues, Karachi. As the requirements of keeping accounts of stores was not brought to notice before this period by the Audit authorities, accounts for the period earlier than 1955 were not prepared.

*Other remarks.*—The question of exemption of the Civil Hospital, the Jinnah Central Hospital (and also Dow Medical College), Karachi, from the compilation of accounts for the years 1952-53 to 1954-55 is under consideration in consultation with the Ministry of Finance.

2. Instructions have been issued to the Director of Health Services, Federal Area, Karachi, for the preparation of accounts of the stores and stocks with effect from the year 1955-56.
3. Process (i), as pointed out by the Public Accounts Committee, has been done throughout by the above two institutions.
4. The question of exempting these institutions from the process of physical verification of stores and the rendering of compiled accounts for the years 1947-48 to 1954-55 has been taken up with the Ministry of Finance.

(ii) *Dow Medical College, Karachi.*—The question of compilation of accounts of stores at the Dow Medical College was brought to notice by the Accountant General, Pakistan Revenues, only recently. For the reasons mentioned in the cases of Jinnah Central Hospital and the Civil Hospital exemption in the case of Dow Medical College up to the year 1954-55 is necessary and the question has already been taken up with the Ministry of Finance. Processes for which the exemption will be required will be the same as in the case of Jinnah Central Hospital and the Civil Hospital, Karachi.

25. The Committee desired to know whether, irrespective of the verification of the stocks being conducted or not, the initial accounts of the stocks were maintained. The departmental representative replied in the affirmative. In answer to the further question as to the reasons for exempting these institutions from the physical verification of the stocks and rendering the compiled accounts of the stocks to the Accountant General, Pakistan Revenues, the departmental representative stated that one of the reasons was that the Civil Hospital and the Dow Medical College were not under the control of the Central Government till 1951 and it was not possible for the department to go back. It was considered, therefore, that the stock verification should be conducted when the initial accounts had been brought up to date. The question of rendering compiled accounts to the Accountant General, Pakistan Revenues, for incorporation in the Appropriation Accounts also did not arise, because the necessity of preparing such accounts was not brought to notice by the Audit authorities until November, 1954. Now the position had been regularised and the physical verification of the stocks was being conducted regularly. The compiled accounts also would be rendered regularly to the Accountant General, Pakistan Revenues, in future. The Committee recommended that a final report of the position, as regards the maintenance of priced initial accounts of the stocks, the periodical physical verification of the stocks and the exhibition of the compiled and audited accounts of the stocks in the Appropriation Accounts should be made to it during its next session.

26. In paragraph 7 of its proceedings of the meeting of 30th August, 1954, the Committee had recommended that no expenditure should be incurred from the Central funds for the Provision of sanitary and water services in Quaidabad and Khudadad colonies, and the Karachi Municipality should charge taxes on all buildings in these colonies and provide them with necessary municipal services. In paragraph 47 of its report on the Accounts for 1951-52 the Committee had observed that immediate steps should be taken to come to final settlement with a view to fix the responsibility on the proper authority for the sanitary arrangements, etc., in the Quaidabad and Khudadad colonies. The Committee desired to know the position in respect of the expenditure incurred from the Central funds on the sanitary arrangement in the abovementioned colonies. The departmental representative stated that the expenditure was still continuing but the Ministry of Health as such, had no direct responsibility in the matter. The Ministry of Health merely acted at the instance of the Ministries of Works and Rehabilitation. He further stated that the Ministry of Health had now nothing to do with the matter and the sanitary arrangements in the colonies in question had been taken over by the Ministry of Rehabilitation. The Committee desired that the Ministry of Rehabilitation should be asked to give a detailed report on the subject during its next session.

27. The Committee then took up the examination of the Appropriation Accounts for 1953-54 and the Audit Report thereon relating to the Ministry of Health with reference mainly to the questionnaire already issued by it.

28. *Grant No. 71—Karachi (page 404)—(a) Sub-head F2 (4)—Other Charges and G1 (4)—Other Charges.*—The details of the expenditure of Rs. 1,38,030 and Rs. 1,11,702 under these heads had not been furnished. The departmental representative was unable to give reasons for the omission. The Committee observed that in future details of expenditure exceeding Rs. 50,000 under the sub-heads Other charges should be given according to the existing orders on this subject.

(b) *Sub-head F3—Lump sum provision for Schemes financed from the Fund for Social Uplift Schemes.*—Against a provision of Rs. 39,84,000 no expenditure was incurred during the year. The departmental representative was unable to explain the reasons as to why the provision was allowed to lapse and promised to furnish to the Committee a detailed report on the subject during its next session.

(c) *Note 6 (on page 404) of the Appropriation Accounts.*—In this note it was brought to notice that a lady doctor was appointed in a Karachi Hospital from 5th January, 1954, without the post having been sanctioned. Later on, a post was created after five months of the lady doctor's appointment but the required concurrence of the Ministry of Finance was not obtained. Eleven months after the issue of the defective sanction and 16 months after actual taking over charge of the post by the incumbent, the Ministry of Health issued orders, in consultation with the Ministry of Finance, that the lady doctor be paid provisionally at a flat rate of Rs. 1,000 per month. The lady doctor thus received no salary for 16 months while the post was formally sanctioned 20 months after the appointment. The Committee desired to know the full facts of the case and the reasons for the delay in finalizing the case.

29. The departmental representative stated that the then Chief Commissioner of Karachi had appointed a lady doctor without proper sanction of Government. Only one lady doctor was required as Professor of Gynaecology for the Dow Medical College but the Public Service Commission recommended two names without fixing the order of merit. The Ministry recommended one of the doctors for the approval of the Prime Minister who considered that the other candidate should be appointed. Later on, a compromise was arrived at and it was decided that both the candidates should be appointed, one to the advertised post and the other to an additional post with the same emoluments. The Ministry of Finance took objection to the arrangement mentioned above and a lengthy discussion between the Ministry of Health and the Ministry of Finance ensued and this caused delay in the issue of formal orders. The departmental representative added that the appointment of the second lady doctor was irregular from the very beginning and this occurred because the Public Service Commission made its recommendation without fixing the order of merit. To a question put by the Committee whether in the opinion of the Director General of Health (the departmental representative) two lady doctors were necessary, he replied that only one appointment was required and the other appointment was created just to accommodate the second candidate. After taking into consideration the full facts of the case, the Committee recommended that the Public Service Commission should be advised to either recommend the requisite number of candidates or, when it recommends more candidates than required, it should fix the order of merit of the candidates and that the Ministries should not normally go against the recommendations of the Commission. The Committee also felt concerned over the irregular appointment of the second lady doctor when there was no necessity for her appointment and recommended that immediate steps should be taken to abolish the second and the unnecessary post.

30. The departmental representative further stated the case referred to above was not the only case where payment of salaries had been delayed but there were other several cases in which delays of this kind had occurred. The Committee desired that a detailed report of such cases showing *inter alia* who were responsible for the delays or irregular appointments should be made to the Committee during its next session.

31. Grant No. 83—*Capital Outlay on Scheme of State Trading* (page 484)—

(a) *Sub-head A(2)—Purchase of Quinine and Quinine Substitutes.*—The entire provision of Rs. 4 lakhs under this sub-head was not utilized. The departmental representative stated that this was due to the fact that the expenditure under this sub-head was amalgamated under the sub-head A(5)—Purchase of medical stores, and the requisite reappropriation was not made through a misapprehension.

(b) *Paragraph 3(1) of the notes on pages 495-496 of the Appropriation Accounts.*—It was stated in the note that the *pro forma* Commercial Accounts for the year 1953-54 of the Medical Stores Depots had not been compiled by the department and therefore the accounts could not be exhibited in the Commercial Appendix. The departmental representative explained that it was decided to have separate *pro forma* Commercial Accounts for the Medical Stores Depot, Lahore Cantonment, and of the Depot in Karachi with effect from 1953-54 but in spite of repeated requests the Audit Department could not spare a qualified Accountant for pricing vouchers, calculating issue rates and compiling the accounts. A senior Upper Division Clerk had been spared by the Accountant General, Pakistan Revenues, from the 13th July, 1957, instead of a qualified Accountant asked for. Another difficulty in respect of the Depot at Karachi was that its accounts were not subjected to a concurrent audit as is the case in the Medical Stores Depot, Lahore Cantonment. This point had been taken up with the Director of Commercial Audit and a final decision in the matter was awaited. However in spite of the difficulties the accounts have since been compiled.

32. In connection with the observation of the departmental representative about the question of sparing an Accountant from the Audit Department, the Comptroller and Auditor General observed that his Department was not bound to provide accounting staff required by the various Ministries and Departments. The departments themselves must arrange to recruit and train the staff required by them. He will continue to assist the other departments as much as possible consistent with the essential requirements of the Pakistan Audit Department but the other departments must realise their own responsibility in the matter. He further observed that the question of concurrent audit or post-audit should not affect the preparation of the accounts. The Committee observed that a better course would be for the various departments to recruit men with requisite qualification and to have them trained in the Audit and Accounts Offices.

33. The Comptroller and Auditor General further observed that the Commercial Accounts of the Bureau of Laboratories had not been compiled right from the date of partition, although it had been declared as a Commercial Organization by Government. The departmental representative promised to get the accounts compiled as early as possible. The Committee desired that a report of the progress in this respect should be made to it during its next session.

34. Grant No. 47—*Public Health*—

(a) *Sub-head E—Clearance Charges on Stores Supplied to U.N.I.C.E.F.*—No provision was made under this sub-head but an expenditure of Rs. 13,827 was incurred. The departmental representative stated that the excess related to customs duty sales tax on stores imported for supply to U.N.I.C.E.F. The information about this expenditure was received in the Ministry of Health too late for regularization.

(b) Note 3 on page 228 of the Appropriation Accounts.—It was stated in the Note that the reasons for non-regularization of final savings and excesses under a number of group heads could not be given in the Appropriation Accounts, as the information was not made available in time to the Accountant General, Pakistan Revenues, by the Ministry of Health. The departmental representative explained that these surrenders were actually made by the Ministry of Health on the 31st March, 1954, but were not accepted by Government owing to their late receipt in the Ministry of Finance. The Committee observed that the surrenders should have been made in time and that steps should be taken to ensure that delays of this kind did not occur in future.

35. The Committee decided that paragraph 23 of its proceedings of the 22nd July, 1957, should be replaced by the following:—

“23.—The Committee adjourned *sine die* and requested the Chairman to call the next session from the 8th August, 1957, when the detailed examination of the accounts and the representatives of the various Ministries would be taken up.”

36. The Secretary of the Committee brought to its notice the fact that the Military Secretary, President's Secretariat (Personal) was on tour overseas and would not be able to attend the meeting on the 25th November, 1957. The Committee decided that the Assistant Secretary, President's Secretariat (Personal) should be authorised to represent the Military Secretary.

37. The Committee then adjourned till 10 a.m. on Tuesday, the 19th November, 1957.



**Proceedings of the thirteenth meeting of the Public Accounts Committee held on Tuesday, the 19th November, 1957, at 10 a.m.**

The thirteenth meeting of the Public Accounts Committee was held at 10 a.m. on Tuesday, the 19th November, 1957, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. Chaudhari Mohammad Husain Chattha, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General of Pakistan.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Rana Mohammad Yasin, Comptroller, Posts and Telegraphs.
7. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
8. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

9. Mr. Nasir Ahmad, Secretary, Ministry of Communications.
10. Mr. Mushtaq Ahmad, Financial Adviser (Communications).
11. Mr. Shamoon Ahmad, Deputy Financial Adviser (Communications).
12. Mr. M. N. Mirza, Director General of Posts and Telegraphs.
13. Mr. M. S. Kari, Deputy Director General, Posts and Telegraphs.
14. Mr. H. B. Kazi, Deputy Director General, Posts and Telegraphs.
15. Mr. Ghulam Abbas, Director, Posts and Telegraphs Accounts.

*Secretary of the Public Accounts Committee*

16. Mr. K. M. Shameem, Deputy Secretary, Parliament Secretariat.

2. The proceedings began with the examination of the compliance report of the Ministry of Communications on the recommendations of the Committee on the Accounts for 1950-51, 1951-52 and 1952-53.

3. In paragraph 5 of its proceedings of the 8th September, 1954, the Committee had desired that a report should be submitted to it regarding the state of roads constructed in East Pakistan from the allocations out of the Road Development Fund under the contract with an Italian firm. The Committee had further desired that the report should give full information about the terms of the contract, the work done so far, whether the work had been carried out according to specifications and how these roads had withstood the floods. In its compliance report now before the Committee the Ministry of Communications reported as follows :—

“In April, 1952, the East Pakistan Government forwarded to this Ministry a scheme for the construction of 755 miles of roads at an estimated cost of Rs. 75 crores within a period of six years by Messrs.

Pakistan Italian Development Limited. The salient features of the contract, which had already been concluded, were :—

- (1) The contractor would be employed for a period of six years in the first instance, commencing from the 1st of January, 1953, for the construction of 550 to 750 miles of road ; at least 50 miles to be constructed in the first year and at least 100 miles in each succeeding year.
- (2) The equipment needed for the execution of the projects would be made available by the East Pakistan Government. The machinery would on delivery be made over to the contractor, who would execute a bond to repay to the East Pakistan Government, by deductions at the rate of 25 per cent. from the monthly bills, the entire cost of the machinery, including the cost of transport and interest at 6 per cent.
- (3) The contractor would construct the roads and bridges with materials supplied by the East Pakistan Government at specified rates. He would present at least six months before the commencement of every working season a forecast of the quantities required, and the East Pakistan Government would supply them at a commencement of each working season.
- (4) The work on the project would commence at Faujdarhat about 14 miles north of Chittagong on the Chittagong-Comilla road, and extend northwards to Sylhet on the one side and Dacca and Mymensingh on the other. Should the Government decide upon an alteration or interruption, the expenses incurred by the contractor to move his equipment, personal, etc., would be refunded to him.
- (5) The road metal required would be quarried by the contractor at the Sitakunda quarry, but an access road from the main road to the site of the quarry would be built by the East Pakistan Government.
- (6) The East Pakistan Government would, within one month of signing the contract deliver to the contractor a statement of the roads to be constructed in the first year, and thereafter, in the month of January, proceeding each working season, similarly furnish a list of roads to be taken up during that working season.
- (7) It would be open to the East Pakistan Government at any time during the subsistence of the contract to make alterations in the list of roads to be constructed according to the exigencies of the public interest, but not so appreciably to reduce the total mileage.
- (8) In the case of failure by the East Pakistan Government to deliver the materials referred to in (3) above the Government would compensate the contractor with a sum equal to pay of the staff remaining without work for the duration of the enforced idleness. If, as a result of such failures the stoppage is extended over a period of 60 days, the contractor would be entitled to terminate the contract and, after a settlement of account to receive Rs. 3 lakhs compensation and a refund of such advance paid by him as might be in excess of the depreciation on the machinery.

According to the information available, the Company did Rs. 28 lakhs worth of work in 1953-54 and about Rs. 17 lakhs in 1954-55. Since the work done by the Company was most unsatisfactory, a dispute arose between the two parties and the Company suspended the entire work in May, 1954. In February, 1955, largely as a result of dislocation of road construction the Central Government decided to set up a Committee of engineers to study the entire programme of East Pakistan and the terms of reference of the Committee included the Pakistan Italian Development contract. Efforts to settle the dispute proved abortive ultimately.

4. In September, 1955, an Italian Mission led by His Excellency Augusto Assettati came to Pakistan and made an offer for the settlement of dispute. This offer was gone into a series of meetings by the Central Government and the proposals as elaborated in these discussions were:—

- (1) Cancellation of the contract.
- (2) Withdrawal of claims by both the parties arising from the contract.
- (3) No further payment by either side arising from the contract.
- (4) All machinery, equipment, tools and plant spare parts, etc. purchased out of the loan advanced by the Government to be handed over in full ownership to the Company subject to the Company undertaking to repay the entire amount. The undertaking of the company to repay the amount would be secured by sufficient Bank guarantee. The equipments, machinery, etc. would not be allowed to be taken out of the country until full and final payment was made.

5. The Central Government considered that the offer was advantageous and recommended to the East Pakistan Government for acceptance in November, 1955. The Italian offer, was, however withdrawn as the Provincial Government took a long time to signify their acceptance of the offer. The matter was then referred to arbitration which also failed. The Company have now taken up the matter with the court of law. According to the latest report, the Provincial Government have taken over the possession of the entire machinery and equipment imported by the Company for this work.

6. The Chairman observed that actually in regard to the contract with the Italian firm the Central Government could do very little; this was an agreement between the firm and the Government of East Pakistan. The departmental representative informed the Committee that a compromise had since been arrived at between the two parties, under which the Provincial Government had taken over the machinery and paid to the firm a sum of Rs. 48 lakhs.

7. In paragraph 46 of its report on the Accounts for 1951-52, the Committee re-emphasized its earlier recommendation that the Ministry of Communications should examine why large unspent balances remained in the Central Road Fund, with a view to re-ascertain the real causes relating to the accumulation of the funds, to take measures for the speedy disbursements of moneys to the various units. It had then been explained to the Committee that the difficulty was that after the projects were initially approved by the Ministry of Communications, the Provincial Government delayed the submission of the relative detailed estimates with the result that the grants could not be paid to the Provinces to the extent desired. The Committee had accordingly desired that the unsatisfactory position should be brought prominently

to the notice of the Provincial Governments and they should be persuaded to undertake their road projects by adhering to the prescribed procedure. The departmental representative now reported to the Committee that in spite of the fact that the Committee's recommendations were brought to the notice of the Provincial Governments the position still continued to be unsatisfactory, because the Provincial Governments considered that the road projects were constitutionally their concern and the Central Government should confine itself to making allocations from the Road Development Fund and the further progressing of the road projects should be entirely the concern of the Provincial Government. He further added that the large accumulation of unspent amount the Road Development Fund cannot be helped in view of the attitude of the Provincial Governments, because under the prescribed procedure 50 per cent. of the estimated costs of the projects could be paid to the Provincial Governments only when detailed estimates relating to the projects had been scrutinized and approved by the Central Government and the remaining 50 per cent. could be paid only after a satisfactory completion report of the project had been received by the Central Government. The Provincial Governments not only delayed submission of detailed estimates of their projects but also were slow in the execution of their projects and in their completion. The Committee, in the circumstances, observed that the Ministry of Communications, should continue bringing pressure on the Provincial Governments to adhere to the prescribed procedure and to progress the road development projects in a more satisfactory manner.

8. The Committee then took up the examination of the Appropriation Accounts relating to the Ministry of Communications with reference to the questionnaire issued by it.

9. In paragraph 17(iii) of the Audit Report of the Appropriation Accounts for 1953-54, it was brought to the notice that against a total saving in Grant No. 25—Ministry of Communications of Rs. 47,589, a sum of Rs. 48,518 was surrendered. The departmental representative explained that this was due mainly to certain unanticipated adjustments made after the close of the financial year.

10. *Sub-head E—Miscellaneous of Grant No. 76.—Capital Outlay on Ports.*—The original provision of Rs. 25,000 was reduced to Rs. 100 by means of re-appropriation. The actual expenditure under the sub-head was Rs. 18,576 resulting in a final un-regularized excess of Rs. 18,476. The Committee desired to know the reasons for non-regularization of the excess and what steps had been taken to prevent recurrence of such irregularities. The departmental representative explained that the expenditure related mainly to the development of the Port of Chalna. The work was executed by the Central Engineering Authority under the Ministry of Industries and the Ministry of Communications was not in direct touch with the progress of expenditure under this sub-head. The Ministry of Industries did give timely intimation of the expenditure to the Ministry of Communications but due to a misapprehension the latter did not regularize the excess.

11. At this stage the Chairman referred to the proceedings of the meeting held on the 18th August, 1957, in which the irregularities connected with the purchase of railway wagon was discussed. He desired to know if any progress had been made in the implementation of the Committee's recommendation to investigate and fix the responsibility of the officers concerned with the irregular contract. The departmental representative explained that the whole case was under arbitration and it might prejudice the arbitration proceedings if the proposed

investigation was taken in hand at this stage. To a further question as to how long the arbitration proceedings would take, the departmental representative stated that two or three months should be more than adequate. The Committee felt that action should have been taken according to its earlier recommendation and it was decided that the Secretary of the Committee should bring the matter to the personal notice of the Minister for Communications and add that the Committee felt that the question of fixation of responsibility of the officers concerned in the matter should be considered immediately.

12. The Comptroller and Auditor General drew the attention of the Committee to the Appropriation Accounts of Grant No. 76—Capital Outlay on Ports (on pages 454-455) and observed that against a grant of Rs. 20 lakhs the expenditure was only 4,35,096 resulting in a saving of 78.25 per cent. He added that during the previous year (1952-53) also the saving amounted to 92.75 per cent. of the grant. The departmental representative explained that these large savings were due to the fact that there was certain amount of uncertainty regarding the location of Chalna Port. The Ministry of Communications had been budgeting in the hope that a final decision about the exact location of the Port would be arrived at during the course of the year, but for one reason or the other the question still remained undecided. Accordingly, the Ministry of Communications had to surrender the large savings. The Financial Adviser (Communications) added that the general position regarding budgeting for capital projects was far from satisfactory. The Ministries conceived some kind of a scheme and felt that they would spend a certain amount without having any plan or any clear conception of what they wanted to do. The Ministry of Finance does try to examine the cases but very often it has to yield to the pressure of the executive Ministries. The Committee recommended that it should be impressed on all the Ministries that only well-prepared schemes should be put up to the Ministry of Finance for inclusion in the budget. Provision should not be made in the budget for any scheme unless the Ministries are confident that expenditure would be incurred on the implementation of the Scheme during the course of the year.

13. The Chairman drew attention to the discussion relating to the splitting up of Railway revenue expenditure into five separate demands in the Committee's meeting held on the 10th August, 1957, and desired to know if any decision had since been taken in the matter. The Financial Adviser (Communications) again stressed the undesirability of splitting up the Railway revenue expenditure demands into a larger number of demands. After some discussion of the question, the Committee decided that since a Committee was at present examining the question whether the Railways should remain with the Central Government or should become a Provincial subject it would be desirable to leave this question undecided for the present and to continue the existing system of having only one demand for Railway revenue expenditure. The question should be considered further when the main question as regards the control over the Railways by the Centre or the Provinces had been settled. This Committee would be concerned if it is decided to continue the control of the Railways by the Central Government.

14. *Posts and Telegraphs Department.*—The Committee then took up the examination of the compliance report of the Director General of Posts and Telegraphs on the recommendations of the Committee on the Accounts for 1950-51, 1951-52, and 1952-53.

15. In paragraph 60 of its report on the Accounts for 1950-51, the Committee had recommended that a detailed report indicating (i) the position of the working of the Postal Department in East Pakistan and the factors contributing to the present deficit; (ii) the steps taken to make it self-supporting; and (iii) an appreciation of the position as to when and what means would be possible to make it self-supporting should be submitted to the Committee. The required report was made to the Committee in which it was stated that a Committee was appointed to ascertain the cost of Postal Service in East and West Pakistan and to determine the exact causes which led to disparity between the rate of expenditure in the two zones as well as to suggest remedial measures to improve the position. This Committee had submitted its report and a note of the findings was circulated to the Members of the Public Accounts Committee. The Committee felt that it would take some time more before the disparity in the working expenses of the Posts and Telegraphs services between West Pakistan and East Pakistan could be removed. Improvement in this matter could be expected with the increase of communications and other facilities in East Pakistan.

16. In paragraph 67 of its report on the Accounts for 1951-52, the Committee had recommended that the procedure for the collection of licence fees of radio sets and renewal thereof from year to year should be carefully examined by the Financial Adviser (Communications) with a view to tighten up the procedure and that, for this purpose, it should be considered in particular, whether the assistance of the Customs authorities should not be sought. The departmental representative explained that the question had been considered in detail in this respect and it had been found that the activities of the Postal Department and the Customs authorities could be co-ordinated in such a way as to eradicate the possibility of any evasion of the payment of licence fees for radio sets. The details of the procedure in this respect were under examination in the Ministry of Finance and it was hoped that an effective system would be laid down in this respect shortly.

17. In paragraph 14 of its proceedings of the 21st November, 1956, the Committee had recommended that the Director General, Posts and Telegraphs should look into the question of procurement of postal bags and suggest to the Director General of Supply and Development the desirability of making the bags required in East Pakistan in that zone. The Committee desired to know what had been done in the matter. The departmental representative stated that the matter was being attended to and in future the mail bags required for East Pakistan would be procured in that zone only.

18. The Committee then took up the examination of the Appropriation Accounts for 1953-54 and the Audit Report thereon of the Posts and Telegraphs Department with reference to the questionnaire issued by the Committee.

19. In Annexure 20 to the Report of the Public Accounts Committee on the Accounts for 1951-52 the full facts of the case relating to the misappropriation of Rs. 29,985-10-9 by the Extra-departmental Post Master, Abu Turab Post Office were detailed by the Director General of Posts and Telegraphs. The Committee desired to know the date on which the Post Master General, East Pakistan Circle, charge-sheeted the Inspector, that is, before or after the examination of the accounts by the Public Accounts Committee. The departmental representative stated that the charges were framed on the 15th October, 1955, and the Public Accounts Committee examined the Accounts for 1951-52 on the 21st November, 1956,

and, therefore, the charges were framed before the examination of the accounts by the Public Accounts Committee but the charges were actually served on the Inspector in 1957. It was also revealed during the discussion of this case that before the charge-sheet was actually served on the Inspector he had been promoted as a Superintendent. The Committee felt that there was little use in serving charge-sheet on officers after several years of the event relating to dereliction of duty and that pending service of charge-sheets the officers should not, as far as possible, be promoted to higher grades. In any case, the Committee recommended that steps should be taken to ensure that, as a general measure, if any officer was found guilty of lack of responsibility then the investigation of the case must be done most expeditiously.

20. The statement showing the profit and loss compared with capital investment of the Posts and Telegraphs Department on page 7 of the appropriation accounts of the Posts and Telegraphs Department for 1953-54 indicated a decrease in the profits in the Posts and Telegraphs Department during 1953-54 as compared with 1952-53. The Committee desired to know the reasons for this decrease. The departmental representative explained that there was actually no decrease and that the comparatively larger profit shown during 1952-53 was due to the fact that a sum of Rs. 58 lakhs pertaining to deposits was misposted to the revenue side resulting in a fictitious exaggeration of the account of profit.

21. The Committee then examined the important cases of financial irregularities listed in the Annexure to the Appropriation Accounts and observed that there was considerable delay in the investigation of the cases and means should be adopted to expedite the investigation and prosecution wherever necessary. It was also suggested by the Committee that the desirability of appointing more Magistrates and Prosecutors for trying exclusively cases against the Central Government servants should be considered by the appropriate Ministry in order to expedite the disposal of such cases. The Committee also observed that even though an officer may be under prosecution in a court of law this should not unduly delay the initiation of the departmental proceedings against the officer himself and against the supervisory staff responsible for dereliction of duty leading to loss of Government money. The departmental proceedings should proceed side by side with the criminal prosecution.

22. The Chairman pointed out that a General examination of the Appropriation Accounts of the Posts and Telegraphs Department revealed that quite a number of unnecessary reappropriations were made and savings were not surrendered. The departmental representative explained that most of these unsurrendered savings and unregularized excesses occurred due to the fact that the Public Works Department did not inform the Posts and Telegraphs Department the progress of expenditure from time to time. The Committee was not satisfied with the explanation of the departmental representative and observed that means should be adopted to ascertain the expenditure from all sources from time to time and to regulate the provision in the budget accordingly.

23. The Comptroller and Auditor General drew attention of the Committee to paragraph 22 of the Audit Report which revealed that a provision of Rs. 35 lakhs sanctioned for payment towards the Government's share of the capital of the Telephone Industries of Pakistan was funded without the cognizance of the Legislature. The Committee agreed that it was highly irregular to have funded the amount without the cognizance of the Legislature.

24. At this stage, the Chairman mentioned that in the course of the examination of the Accounts last year, he had raised the question whether it would not be cheaper to have cement telegraph poles in place of metal telegraph poles and the answer given was that the cement poles were very bulky and they broke easily. It was also explained that whether they used cement poles or metal poles the expenditure on foreign exchange remained more or less the same. The Chairman desired to have an examination conducted of the comparative costs of the two kinds of poles from the point of view of total cost and the foreign exchange component, as well as from the point of view of the durability of the two kinds of poles. The departmental representative stated that the position had been examined by the Department and it was found that, on the whole, it was better to have metal poles. However, as desired by the Committee a detailed report on the subject would be submitted to it during its next session.

25. The Chairman suggested that the meeting scheduled to be held on the morning of the 21st should be held in the afternoon, as he had a meeting of the Cabinet in the morning.

26. The Committee then adjourned to meet again on Wednesday, the 20th November, 1957 at 10 a.m.



**Proceedings of the fourteenth meeting of the Public Accounts Committee  
held on Wednesday, the 20th November, 1957, at 10 a.m.**

The following were present:—

1. Mr. Yusuf A. Haroon, Member.
2. Ch. Mohammad Husain Chattha, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
7. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

MINISTRY OF INFORMATION AND BROADCASTING

8. Mr. M. W. Abbasi, Secretary, Ministry of Information and Broadcasting.
9. Mr. Mohammad Sabir, Deputy Secretary, Ministry of Information and Broadcasting.
10. Mr. Z. A. Bokhari, Director General, Radio Pakistan.

MINISTRY OF REHABILITATION

11. Mr. Abbas Khaleeli, Secretary of Rehabilitation.
12. Mr. A. R. Qureshi, Deputy Secretary, Ministry of Rehabilitation.
13. Mr. Motakar Husain, Deputy Secretary, Ministry of Rehabilitation.

MINISTRY OF LAW

14. Sir Edward Snelson, Secretary, Ministry of Law.

*Secretary of the Public Accounts Committee*

15. Mr. K. M. Shameem, Deputy Secretary, Parliament Secretariat.

## MINISTRY OF INFORMATION AND BROADCASTING

2. The proceedings began with the examination of the compliance report of the Ministry of Information and Broadcasting on the recommendations of the Committee relating to the Accounts for 1950-51, 1951-52 and 1952-53.

3. In paragraph 22 of its proceedings of the 26th August, 1954, the Committee has suggested that the Controlling Officers under the control of the Ministry of Information and Broadcasting should take immediate steps to complete the reconciliation of accounts and submit a report to it. The Comptroller and Auditor General stated that according to the latest reports available to him the reconciliation had been completed up to the year 1953-54, except for a few items relating to that year, the reconciliation in respect of which was in hand.

4. It had been pointed out in the Audit Report on the Commercial Appendix for 1950-51 that the value of fixed assets of the Dacca Radio Station had been reduced by Rs. 1.64 lakhs with a view to starting the Depreciation Fund with a nil balance on the 15th August, 1947. The Committee had recommended that the validity of this adjustment should be settled expeditiously. The Comptroller and Auditor General stated that the matter had since been settled.

5. In paragraph 3 of its proceedings of the 20th November, 1956, the Committee had desired that the Ministry of Information and Broadcasting should submit a note to it showing the excesses and shortages of stores found at the time of physical verification conducted during the year 1955-56, showing how these variations were dealt with. In the compliance report now submitted to the Committee by the Ministry of Information and Broadcasting it was *inter alia* stated that the up-to-date position in respect of physical verification of the stores conducted during 1955-56 was that the net balance of shortages and unaccounted items showed a credit of Rs. 22,740 which was the result of surpluses amounting to Rs. 45,843 and shortages aggregating Rs. 23,103. It was further stated in the compliance report that every possible effort was being made to reconcile the discrepancies and a departmental Committee had been constituted to conduct the physical verification and to reconcile the discrepancies and a report on the subject would be available within three months. The Public Accounts Committee desired that the result of the investigation by the departmental committee should be reported to it during its next session.

6. In paragraph 4 of its proceedings of the 20th November, 1956, the Committee has suggested that the Ministry of Industries should consider the possibility of not granting any more licences for assembly plants of radio sets so as to reduce the cost of radio sets assembled in larger numbers by a limited number of concerns and that one of the assembly concerns should be persuaded to shift to East Pakistan so as to reduce the element of freight in the price of the receiving sets sold in that zone. On enquiry whether any progress had been made in the implementation of the Committee's recommendation, the departmental representative stated that he had moved the Ministries of Industries and Commerce in the matter and they were seized of the problem. The exact progress so far made was not known to the Ministry of Information and Broadcasting and a report in the matter would be made to the Committee during its next session.

7. The Comptroller and Auditor General pointed out that the main point made by the Committee in its report on the Accounts for 1951-52 was that the number of manufacturers should be reduced so that larger production by a smaller number of manufacturers should lead to reduction in the price of radio sets. The departmental representative stated that the idea of compulsorily shifting one of the Assembly plants to East Pakistan or arbitrarily reducing the number of licences was not acceptable to the Ministry of Commerce and they thought that it would smack of discrimination, which it would be difficult for Government to defend. The Ministry of Commerce were, however, trying to reduce the minimum price of radio sets which was at present on the excessive side. The Ministry of Information and Broadcasting had also been pursuing the matter with the result that the prices were likely to be reduced to about Rs. 200 per set. The Committee desired that the result of the discussions in regard to the prices of radio sets should also be reported to it during its next session.

8. The Committee then took up the examination of the Appropriation Accounts for 1953-54 and the audit report thereon relating to the Ministry of Information and Broadcasting with reference, particularly, to the questionnaire issued by it.

9. Item 17 of Annexure B to the Appropriation Accounts revealed that the physical verification of the Central Stores of the Radio Pakistan, Karachi, had not been carried out. The departmental representative stated that there was delay in conducting the physical verification, because the crates containing the machinery and machine parts were kept in an improvised accommodation. Proper accommodation has since been made available and physical verification was being carried out.

10. In paragraph 13(b) (ii) of the Commercial Appendix to the Appropriation Accounts for 1953-54, it was stated that the Commercial Accounts of Radio Pakistan for 1953-54 were received by the Accountant General, Pakistan Revenues, too late for incorporation in the Appendix. The departmental representative explained that his information was that the Commercial Accounts were made available to the Accountant General, Pakistan Revenues, on the 14th November, 1956. The Comptroller and Auditor General pointed out that it was too late for incorporation of the accounts in the Appendix. The Committee recommended that in future steps should be taken to ensure that the Commercial Accounts are rendered to the Accountant General, Pakistan Revenues, in time for incorporation in the Appendix.

11. *Sub-head B-7—Central Stores—of the Appropriation Accounts of Grant No. 53—Pakistan Broadcasting Service (page 255).*—The final appropriation under this sub-head was Rs. 3,65,000 against which actual expenditure was only Rs. 2,64,013, resulting in a final unsundered saving of Rs. 1,00,987. It was explained in the Appropriation Accounts that the saving could not be surrendered due to non-receipt of debits up to the close of the year in respect of certain stores procured in England. The departmental representative further explained that up to the close of the year the debits were not received from the High Commissioner in the United Kingdom in spite of repeated reminders. The value of the stores received during the year was Rs. 3,63,632 against which the expenditure booked by the Accountant General, Pakistan Revenues, was only Rs. 2,64,013. The Committee observed that the Ministry of Information and Broadcasting should have ascertained from the High Commissioner in the United Kingdom whether the debits would be adjusted in the accounts of 1953-54 and should have surrendered the savings accordingly.

12. The Chairman observed that there were large savings against Grant No. 75—Capital Outlay on Broadcasting, and this would show that there was no proper planning before making provision in the Budget. The departmental representative explained that firstly there was always considerable delay in acquiring land because this had to be done in consultation with the Provincial Government, secondly, there were delay in the receipt of equipment under the Colombo Plan and thirdly, there was the usual delay on the part of the Public Works Department. Even when sanctions were issued the Public Works Department could not construct the buildings in time. Since buildings could not be constructed in time the transmitters could not be installed. The Committee observed that the explanation given by the departmental representative revealed that there was no co-ordination and team work among the various departments and recommended that steps should be taken to secure greater co-ordination in this respect so that firstly provision was not made in the budget unless a proper programme of the execution of the works had been prepared and secondly when budget provision was made it was ensured that the amount was, as far as possible, fully utilized.

#### MINISTRY OF REHABILITATION

13. The examination and compliance reports of the Ministry of Rehabilitation with reference to the recommendations of the Committee on the Accounts for 1950-51, 1951-52 and 1952-53 was then taken up by the Committee.

14. In paragraph 50 of its report on the Accounts for 1951-52, the Committee had recommended that a thorough investigation of the neglect of financial interests of Government in respect of the non-realisation of the rent of 3,000 'H' type quarters in Nazimabad should be made and responsibility should be fixed. The Committee had also desired that a detailed report of the results of the investigation and of the progress made in the recovery of rent or of lease money, in respect not only of 'H' type quarters in Nazimabad, but also in respect of the quarters constructed in other refugee colonies, should be submitted to it. The Committee desired to know what the position was. The departmental representative stated that the control over these quarters had since been transferred to the Chief Commissioner and he should be in a better position to explain the position. The Committee desired that the Chief Commissioner should be asked to submit a detailed report of the progress of the recovery of rent of these quarters during its next session.

15. The Chairman raised the question of the recovery of rent of urban evacuee property generally and observed that his impression was that the arrangements in that respect were not quite satisfactory. The departmental representative stated that there had been some slackness in this respect in the past but steps had since been taken to affect the required recoveries. The Committee desired that a detailed report of the up-to-date position in this respect should be made to it during its next session.

#### MINISTRY OF LAW

16. The Committee then took up the examination of the compliance report of the Ministry of Law with reference to its report on the accounts of the previous three years and also the Appropriation Accounts 1953-54 and the Audit Report thereon relating to the Ministry of Law.

17. The Chairman raised the question of the delays in the adjustments of payments due from the Provincial Government and also in the payments to lawyers employed by the Central Government. The departmental representative explained that when the Ministry of Law was the client it paid the fees to lawyers in advance or immediately on the conclusion of the cases. The Ministry of Law had, however, to engage lawyers for other Ministries and these Ministries generally delayed the payments. The Chairman suggested that the other Ministries should also be asked to pay the fees in advance. The departmental representative agreed to consider the question and to give a report to the Committee during its next session.

18. The Chairman also pointed out that the Central Government was paying rent of Rs. 85,000 per year to the Government of West Pakistan for the building occupied by the Supreme Court. He enquired whether some arrangements could not be made to either construct a building or to accommodate the Supreme Court in one of the existing buildings. The departmental representative stated that it could be done if the Chief Court building in Karachi were vacated for this purpose but even then the question of constructing a number of residential houses for the Judges of the Supreme Court would arise. This would cost quite a big amount.

19. At this stage, the Chairman enquired from the Comptroller and Auditor General whether all the accounts for the year 1954-55 would be ready before the budget session. The Comptroller and Auditor General stated that he would do his best to comply with the wishes of the Committee to make all the accounts for the year 1954-55 ready before the budget session.

20. The Committee then adjourned to meet again at 3 p.m. on Thursday, the 21st November, 1957.

**Proceedings of the fifteenth meeting of the Public Accounts Committee held on Thursday, the 21st November, 1957, at 3 p.m.**

The fifteenth meeting of the Public Accounts Committee was held at 3 p.m. on Thursday, the 21st November, 1957, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Mr. Yusuf A. Haroon, Member.
2. Ch. Mohammad Husain Chattha, Member.
3. Mr. Bhupendra Kumar Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
7. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

MINISTRY OF INDUSTRIES

8. Mr. M. Khurshid, Secretary, Ministry of Industries.
9. Mr. C. H. Shaikh, Deputy Secretary, Ministry of Industries.
10. Mr. B. A. Kureshi, Director General, Supply and Development.
11. Mr. K. A. Waheed, Coal Commissioner and Deputy Director General (Fuel).
12. Mr. N. H. Khandker, Controller of Printing and Stationery.
13. Mr. N. N. A. Qureshi, Textile Commissioner.
14. Mr. A. F. Qureshi, Director, Civil Engineering Authority.

MINISTRY OF FINANCE

15. Mr. Hafeez Ahmad, Financial Adviser (Supply and Works).
16. Mr. S. M. Raza, Financial Adviser (Development).
17. Mr. Shameem Ahmad, Deputy Secretary, Ministry of Finance.

*Secretary of the Public Accounts Committee*

18. Mr. K. M. Shameem, Deputy Secretary, Parliament Secretariat.

2. At the commencement of the meeting the Chairman stated that the meeting of the Cabinet fixed on Friday, the 22nd November, 1957, had been postponed to Saturday, the 23rd and therefore the meeting of the Committee scheduled to be held on Saturday, the 23rd should be held on Friday, the 22nd November, 1957, at 9.30 a.m. He desired that all concerned should be informed accordingly.

3. The proceedings of the third, fourth, fifth and sixth meetings of the Committee held on 8th, 9th, 10th and 12th August, 1957, respectively, were confirmed.

4. The Committee then took up the examination of the compliance reports of the Ministry of Industries on the recommendation of the Committee in its reports on the Accounts for 1950-51, 1951-52, and 1952-53.

5. In paragraph 28(7) of its report on the Accounts for 1949-50 the Public Accounts Committee had observed as follows :—

“Government have purchased through the Pakistan Embassy in the United States of America jute baling presses for East Pakistan for half a million dollars for sale to private parties. Major portion of the capital invested by Government still remains unrecovered due to the fact that full sale value has not been paid by the parties to whom these presses have been allocated. Neither the detailed heads of account to which expenditure and receipt are to be booked have yet been communicated, nor any proper account of its sale and recoveries has so far been rendered to audit. This is very unsatisfactory and immediate steps should be taken by the administrative Ministry to redress the position.”

6. In its compliance report, with reference to the above recommendation of the Committee, the Ministry of Industries had observed that the Jute Board had been asked to take the necessary action. The Committee regarded the above compliance report as very unsatisfactory. In the Appropriation Accounts for 1950-51 it was again brought to notice that a major portion of the capital still remained unrecovered due to the fact that the price of the presses had not been fully paid by the parties to whom these had been allotted. The Committee again regarded the position as most unsatisfactory and directed that immediate action should be taken for the recovery of the amount due in accordance with the terms of the contracts. In the compliance report now before the Committee the Ministry of Industries had stated that efforts were being made to recover the dues in consultation with the Ministries of Law, Finance and Commerce. The Committee desired to know the results of the efforts stated to have been made. The departmental representative submitted a note on the subject which has been reproduced in Annexure II.

7. The Comptroller and Auditor General mentioned that according to his information one of the jute presses valued at about Rs. 3½ lakhs was lying unallotted at Chittagong. The departmental representative explained that the original value of the press was as stated by the Comptroller and Auditor General but the press had now only scrap value. He added that all attempts to sell the press directly by departmental agency and through the Pakistan Industrial Development Corporation have not succeeded, because the bids for the press were hopelessly low.

8. As a matter of fact this particular press was sold to a firm and it paid Rs. 50,000 in advance but did not take possession of the press. It was proposed accordingly to sell the press to another party but the Ministry of Law advised that the party who was not honouring the deal should, first, be sued in a court of law.

The Committee was not satisfied with the state of affairs as explained in Annexure II and desired that a detailed report showing *inter alia* :

- (1) the total recoveries made,
  - (2) the loss incurred,
  - (3) reasons for (2) above,
  - (4) whether responsibility could not be fixed for the neglect of financial interests of Government and if so, why not,
  - (5) whether the loss cannot be made good and, if not, why not ;
- should be submitted to the Committee during its next session.

9. A loss of five machines valued at Rs. 26,299 pertaining to disposal stores was reported in the Appropriation Accounts for 1948-49. The Public Accounts Committee was not satisfied with the explanation for the loss furnished by the Ministry of Industries and had observed in paragraph 31 (5) of its report on the Accounts for 1948-49 that the matter required to be investigated further. In the course of the examination of the Accounts for 1949-50 it was explained by the departmental representative that the machines in question belonged to the Director General, Shipbuilding and Repairs of undivided India, and as a result of partition the responsibility for the disposal of these machines devolved on the Director General, Supply and Development (Pakistan). Although the responsibility in this respect was taken over by the Disposal Branch, the machines remained in the custody of a private firm. As soon as the loss of the machines was discovered, all possible efforts were made to trace them or in the alternative to fix responsibility for the loss. This investigation, however, proved futile and considering the abnormal condition that prevailed in the wake of establishment of Pakistan, the Director General, Supply and Development, recommended to write off the loss. On this explanation being furnished, the Committee again recommended that efforts should be made to fix responsibility in the case. The matter was considered further by the Committee while examining the Appropriation Accounts for 1950-51 and in paragraph 27 (10) of its report on the Accounts for 1950-51 the Committee observed that the Ministry of Industries had failed to take effective action in this case and urged that immediate action should be taken to fix responsibility and to recover the amount involved from the person or persons at fault. In its compliance report now before the Committee, it was stated that the case had been finalized in consultation with the Ministry of Finance and the amount in question had been written off. The Committee observed that the position was not quite clear, as the previous explanation given by the Ministry of Industries was that these machines were lost and accordingly the Committee had directed the Ministry to fix responsibility for the loss. The departmental representative explained that at the time of Partition a list of stores to be disposed of was sent by the Disposal Authorities of undivided India and the stores had to be traced at various locations. In this particular case, the stores were traced but it was found that out of the five machines shown in the list, furnished by the authorities of the undivided India, one machine was stolen, another was completely damaged and it could not be made use of and the third was also a case of damage and it could not be accounted for. All attempts at fixing responsibility for the loss failed and accordingly the loss was written off with the concurrence of the Ministry of Finance.

10. In paragraph 28(8) of its report on the Accounts for 1949-50, the Committee had observed that certain imports of steel were made in East Pakistan without prior determination of specifications to suit the requirements of the Provincial Government and accordingly the stores were not accepted by the consignees. The Committee had desired that a detailed report of the actual position should be submitted to it. In their compliance report relating to 1950-51, now before the Committee, the Ministry of Industries had stated that the above observations could not be connected with any particular case. The Chairman drew the attention of the departmental representatives to the observations against item 23 on page 78 of the Committee's report on the Accounts for 1950-51 and observed that it was wrong to place orders without ascertaining the specifications required by the indentors. The Committee desired that steps should be taken to ascertain the loss due to import of steel of specifications not required by the indentors in this case and to fix respon-



sibility for the mistake. The Committee further desired that a report of the action taken in this case should be submitted to it during its next session.

11. In its proceedings of the 1st September, 1954, the Committee had discussed the question of costing of the work done by the Government Presses and had desired that a note should be submitted to it giving an idea of the comparative cost in the Central Government Presses, in private presses in Pakistan and Government Presses in other countries. A note on the subject was submitted to the Committee, which showed *inter alia* that the cost of printing in private presses was generally more than at the Government Presses. To an enquiry by the Committee whether in the cost worked out in respect of Government Presses the depreciation and overhead charges were taken into account, reply was given in the affirmative.

12. In paragraph 22 of its report on the Accounts for 1951-52, the Committee had recommended that the existing system of centralized purchase of stores should be thoroughly reviewed and a report made to it of the action taken in the matter.

13. The departmental representative explained that the position was examined in 1954 by a Committee.

14. The Committee suggested that the existing system of centralized purchases through the Directorate General of Supply and Development should be continued but there should be a certain amount of streamlining of the procedure for indenting, procurement, financial control of supply and payment. The Committee had suggested an expeditious method of progressing the indents and making payments to the suppliers. Another suggestion made by the Committee was that instead of writing long notes on files the officers of the Directorate and of the Ministry of Finance should sit together every week and decide the cases. All the recommendations of the Committee had been implemented except one, that is, pursuing all cases after the orders had been placed. The cases were followed up but not quite satisfactorily. The Committee desired that a note showing the procedure followed right from the receipt of indents up to the payment of the suppliers' bills, showing bottlenecks, if any in the procedure and how it was proposed to overcome them, should be submitted to it during its next session.

15. The Chairman desired to know whether according to the normal custom procedure the importer was required to pay the duty or whether the goods were cleared by the Clearing Agents (District Controller of Stores, North Western Railway) in this case and the indenter was charged by book debit, the departmental representative explained that the Directorate General of Supply and Development was now paying the duty in cash and the system was working satisfactorily, both from the point of Directorate General of Supply and Development and the Customs Department. Under the new procedure, the Directorate General of Supply and Development withdraws a lump sum and makes payments to the Customs Department against the lump sum withdrawal and no book adjustments are permitted.

16. The Chairman enquired whether, in view of the fact that most of the foreign firms were now represented in this country, it was necessary to continue the purchase organizations abroad. The departmental representative explained that attempts were being made to establish connec-

tions direct with supplying firms as the local agents had really no function to perform; they merely collected information and passed it on to their principals. Accordingly, it was necessary to have purchase organizations abroad to keep direct touch with the manufacturers. The procurement of machinery, machine parts and other stores, not produced in this country, was becoming extremely difficult. When tenders were invited from Karachi the tenderers very often withdrew their tenders. In one case, Government suffered a loss because it was found that the foreign tenderers submitted false certificates.

17. The Chairman further desired to know whether in view of the fact that certain foreign supply centres (for example Bonn) were becoming more important than others, the strength of the Purchase Organizations in the various Missions abroad was being readjusted according to requirements. The departmental representative replied in the affirmative and added that practically all the additional staff required in Bonn was being taken from London. The Financial Adviser (Supply and Works) pointed out that in the opinion of the Economy Committee, the purchase organizations both in London and Bonn were not necessary and the whole question would be examined carefully in the Ministry of Finance and a report made to the Public Accounts Committee in due course.

18. In paragraph 44 of its report on the Accounts for 1951-52, the Committee had recommended that immediate steps should be taken to effect recoveries of the cost of supplies made through the Directorate General of Supply and Development to certain local bodies and corporations, etc., and that a suitable system should be evolved under which either the cost of supplies made to local bodies, etc., could be automatically recovered from their balances or no supplies should be made to them unless they made the requisite deposit in favour of Government. The compliance report in respect of the above recommendation submitted by the Ministry of Industries was incomplete. The departmental representative, however, explained that the objection was raised by the indentors, like the Karachi Joint Water Board, the Karachi Electric Supply Corporation, Karachi Port Trust, that they had to lock up their funds for a considerable period if they made deposits with Government. In respect, therefore, of certain important and reliable indentors, an exception had to be made. In such cases the indentors are requested to open letters of credit in the name of the Audit Officer instead of making a lump sum deposit. The position in the other cases by and large is that prior deposits are being insisted upon, because that was the only safeguard against non-payment. The Chairman observed that the statement made by the departmental representative would not remedy the past outstanding and definite action should be taken for the amounts already outstanding. The departmental representative stated that the Directorate General of Supply and Development was pressing the local bodies, etc., to pay the amounts or to accept the debits raised against them but the result was not very encouraging. To a question whether these local bodies, particularly Cooperative Societies, could not be sued in a court of law, the departmental representative replied that such a course would not be feasible as the understanding was that 50 per cent of the amount would be given as loans to the local bodies, etc., through the Provincial Governments and that in respect of Cooperative Societies the position was more difficult because they were already heavily indebted to Banks. The Committee suggested that an officer should be placed on special duty, who should go round to local bodies and Cooperative Societies, etc., and urge them to clear their outstanding dues and in future unless these

local bodies, etc., made prior deposits no supplies should be arranged for them.

19. It was stated *inter alia* in the Financial Review appearing on page 501 of the Appropriation Accounts for 1952-53 in regard to the scheme of production and supply of coal that out of the cumulative surplus up to 31st March, 1953, amounting to Rs. 73,48,078, a sum of Rs. 52,72,480 was paid to the Government of East Pakistan to meet its losses on foodgrain transactions. The Committee had observed that the surplus should have been allowed to remain in the coal account and utilized either towards meeting future losses or towards reducing the price of coal, instead of subsidising the Provincial Government in its foodgrain transactions. The departmental representative explained that the surplus in the coal account represented the excess recoveries from the parties to whom coal was supplied under the equalization of price scheme and the intention was to work the coal scheme on a no profit, no loss basis. The Ministry of Industries was against the transfer of the accounts to the Government of East Pakistan but the decision was taken at the ministerial level.

20. Under sub-head D2—Deduct Recoveries (under purchase of reserve stores by the Department of Supply and Development) of Grant No. 85—Capital Outlay on Scheme of State Trading in the Appropriation Accounts for 1952-53, there was an excess (less recoveries) of Rs. 68,97,085. Precise reasons for the short-fall of recoveries could not then be given by the departmental representative. In paragraph 18 of its proceedings of the 19th November, 1956, the Committee had, therefore, desired that the position should be fully explained to it. The departmental representative explained that in the absence of the consignees' receipts it was not possible for the Audit Officer to carry out the adjustments on account of the supplies made to them from Reserve Stocks. As a matter of fact, this was not a case of less recovery than estimated but of the less adjustment of the amounts for the reasons just stated by him. The Committee suggested that steps should be taken to ensure that the consignees gave their receipts without delay and that in cases where they unduly delayed matter, the possibility of raising debits without the consignee's receipt should be considered.

21. In paragraph 20(f) (i) of the Audit Report on the Appropriation Accounts for 1952-53, a case was brought to notice, in which, due to the failure of a contractor to supply the goods within the stipulated time, Government incurred a loss of Rs. 31,154 on repurchase but no recovery had been made from the contractor. It was then explained to the Committee that the case was under arbitration and action would be taken according to the award of the arbitrator. The Committee desired in paragraph 20 of its proceedings of the 19th November, 1956, that the result of the arbitration should be reported to it. The departmental representative explained that the contract for the supply of timber was placed with a firm in India but it failed to supply the timber. A proposal was made to recover the money through the Custodian of Evacuee Property out of the properties left by the firm in Pakistan but this could not be done without the claim being determined by a court of law. Accordingly, on the advice of the Ministry of Law, the Secretary of the Ministry of Industries was appointed as the Arbitrator, according to the arbitration clause of the contract but his award could not become operative, because it was not given within four months of the reference of the case to him. The departmental representative stated that it was not yet known whether in spite of the

drawback referred to above it would be possible to recover the amount from the contractor. The Committee desired that the final action taken in this case and the reasons for the delay in the award by the Arbitrator should be reported to it during its next session.

22. The Committee then took up the examination of the Appropriation Accounts for 1953-54 and the Audit Report thereon and the Commercial Appendix thereto relating to the Ministry of Industries with reference to the questionnaire already issued by it.

23. In paragraph 26 of the Audit Report it was stated that although large Government funds had been invested in the Pakistan Industrial Development Corporation and Small Scale Industries Corporation, the audit of the accounts of the Corporations had not been entrusted to the Comptroller and Auditor General of Pakistan. The departmental representative explained that a decision had already been taken in respect of the Pakistan Industrial Development Corporation and the necessary Bill was being drafted. As regards the Small Scale Industries Corporation the departmental representative stated that the matter was under consideration and a decision was expected to be taken at an early date. The Committee desired that a report of the final entrustment of audit of these Corporations to the Comptroller and Auditor General, Pakistan should be made to it during its next session.

24. In paragraph 5(i) of the notes on page 269 of the Appropriation Accounts for 1953-54, it was brought to notice that 400 jeeps were procured during 1950-51 for supply to various indentors at a cost of about Rs. 28 lakhs but the distribution list of the jeeps was not furnished to the Audit Officer, with the result that their cost was not charged to the consignees' concerned and the amount was lying under "Suspense". The departmental representative stated that the facts stated in the note referred to above were not quite correct. He explained that generally in the matter of bulk procurement of jeeps, the recoveries from the consignees were anticipated during the year following the year of purchase. In view of the supply position of jeeps, these had to be procured in advance of indents. Accordingly, there could be no distribution list at the time of purchases or payments for the jeeps. As a matter of fact these were blanket purchases. However, the recoveries referred to in the note under consideration had already been adjusted.

25. In paragraph 5(iii) of the notes on page 269 of the Appropriation Accounts for 1953-54, it was brought to notice that a Class I Gazetted Officer continued to remain in service without drawing any pay for nearly six years, because his appointment could not be regularized by production of a certificate of physical fitness. The departmental representative explained that the matter was entirely an administrative one and the Accountant General, Pakistan Revenues, should not have withheld payment of the salary of the officer. The Comptroller and Auditor General observed that it was an important condition of service that a certificate of physical fitness should be produced before the first salary of an officer was drawn. The Committee observed that this was rather an extraordinary case and in its opinion the officer should not have been continued in service without production of a certificate of physical fitness and that there had been a clear contravention of the rules. This should be regularized.

26. In paragraph 5(1) of the notes on page 494 of the Appropriation Accounts for 1953-54, it was reported that during 1950-51 a sum of Rs. 1,51,372 representing the sale-proceeds of mild steel rods was

deposited in the National Bank of Pakistan in the name of the officer concerned instead of depositing it into the Government Treasury, as a result of which the amount remained outside the Public Accounts up to May, 1955. The departmental representative explained that the case was investigated and there was no defalcation or misappropriation of Government money involved. There was an omission to observe the correct procedure. The Committee observed that Government moneys must be brought into the Government Account with the least possible delay, as required by the rules on the subject and renewed instructions to this effect should be issued to all concerned.

27. In paragraph 13(a) on page 4 of the Commercial Appendix (Civil) it was stated that the Commercial Accounts for the year 1953-54 relating to certain Commercial organizations under the Ministry of Industries had not been received in time for incorporation in the Appendix. It was explained that a majority of these accounts had since been submitted and would appear in the Appendix for the next year.

28. In paragraph 94 on page 68 of the Commercial Appendix it was stated in regard to the Store Accounts of the Central Stationery Office, Dacca, for 1952-53 and 1953-54 that the annual physical verification of the stock of stationery disclosed an excess of Rs. 5,030 and a deficit of Rs. 11,544 and that the sanction of the competent authority for writing off the net deficit had not been obtained. The departmental representative explained that the requisite sanction had since been obtained and the deficit had been written off. The Committee observed that in future sanctions like this should be obtained in time and intimated to Audit.

29. In paragraphs 106 to 108 on page 79 of Commercial Appendix in respect of the Makerwal Collieries, Mari Indus it was pointed out that:—

- (1) a capital expenditure of Rs. 14,200 was incurred on account of survey work done by the Survey Department without the prior sanction of Government;
- (2) A jeep was purchased for Rs. 4,907 and depreciation at 20 per cent. was charged without the sanction of Government as regards the rate of depreciation, and
- (3) the physical verification of stores had not been carried out.

30. The departmental representative explained that these irregularities were due to the fact that there was no qualified Accountant attached to the collieries. The Committee observed that the irregularities should be rectified and a report should be made to it during its next session.

31. The Commercial accounts of the Coal Briquetting Plant, Quetta disclosed considerable shortages. The departmental representative explained that the plant was 40 years' old and was originally installed in Assam and then transferred to Quetta. The plant was most inefficient and pitching was dearer than what it should be. Accordingly there was bound to be loss. The Committee recommended that the position of this old plant and its production should be carefully examined and a report made to the Committee during its next session so that it could be seen if the percentage of shortages was reasonable, whether it could not be reduced and whether the plant should not be replaced by a more modern one. The departmental representatives promised to furnish a report on the subject during the next session of the Committee.

32. The Committee further observed that the outstandings under sundry creditors which were Rs. 1,36,712 at the end of 1949-50 rose to Rs. 8,25,515 at the end of 1950-51 and desired to know the latest position in this respect and also the reasons for these heavy outstandings. The departmental representative promised to furnish a report on the subject during the next session of the Committee.

33. The Comptroller and Auditor General suggested that the Committee might ascertain the working of the Government Sales and Display Centres at various places abroad, because they were running at continuous losses. The departmental representative stated that these Centres had since been handed over to the Small Scale Industries Corporation. The Committee felt that the Ministry of Industries should review the financial working of these Display Centres, during the period these were under its control in order to ascertain the causes leading to the continuous losses and if the losses were due to neglect of financial interests of Government, it should be considered whether responsibility should not be fixed with a view to taking suitable action against the officials concerned.

34. In paragraph 33(b) of the Audit Report, it was stated that the correct procedure for inviting tenders for purchases as prescribed in the rules was not followed by the Commercial Divisions of an Embassy. The departmental representative stated that the correct procedure was being followed now, but in certain cases certain articles could not be obtained except from a particular firm. In the case of certain stores, for example, non-ferrous metal, the price changed four times in the day and no firm would be willing to offer a firm price. In such cases, exception to the general rule had to be made but as a general policy the firm price was asked for.

35. In paragraph 33(e) of the Audit Report it was mentioned that contracts for purchasing one lakh tons of coal were negotiated by the Commercial Division of an Embassy with a firm without taking any advantage of the declining trend of the market and the competitive rates of coal dealers. The departmental representative could not answer the questions put to him by the Committee. He promised to look into the case and to submit his explanation to the Committee during its next session.

36. The Chairman observed that in the course of the examination of the Appropriation Accounts of the various grants including those of the Ministry of Industries, it had been noticed generally that savings were not surrendered in time. The explanation generally furnished, in regard particularly to the capital grants, was that the Directorate General of Supply and Development could not arrange for deliveries of the required stores according to stipulation. He added that he appreciated that the Directorate General of Supply and Development had difficulties of its own, because it could place the orders for the supply of stores but it could not, in all cases, assess accurately the supply position. He observed further that now it was not a 'sellers' market but a 'buyers' market and there ought not normally be any great difficulty in assessing accurately the delivery schedule against indents. However, when the Directorate General of Supply and Development knew that certain goods, which were expected to be received during the year, would not arrive, it should inform the departments concerned accordingly so that the latter could surrender the unwanted funds. The departmental representative stated that as a general rule the various departments were informed of the non-delivery of expected stores during the year.

37. The Chairman further observed that even in the case of grants under the control of the Ministry of Industries itself there were large unsurrendered savings and cited the examples of a number of sub-heads. The departmental representative stated that most of these savings were due to the Accounts authorities not making adjustments of debits in time. However, he promised to submit a detailed note on the subject to the Committee during its next session.

38. In paragraph (5) of the Financial Review by the Iron and Steel Controller on the scheme for the purchase of stores by the Department of Supply and Development on page 504 of the Appropriation Accounts, it was stated that on physical verification, it was discovered that approximately 60 tons valued at Rs. 50,000 of both ferrous and non-ferrous metal in West Pakistan were either received short from clearing agents or were found short on sales to various purchasers from time to time. The departmental representative explained that the losses were under investigation but these were mostly due to losses in transit. Questioned further whether recoveries were made from the carrying agencies, the departmental representative stated that no carrying agencies were involved. However, he promised to furnish a detailed report on the subject during the next session of the Committee.

39. In the Financial Review by the Textile Commissioner on the scheme for purchase of cloth for tribal belt areas for 1953-54 on page 510 of the Appropriation Accounts, it was *inter alia* stated that the final position of the accounts could be determined only after completion of disposal of the remaining 390 bales. The Committee desired to know whether the remaining bales had since been disposed of. The departmental representative stated that the bales had been disposed of and the sale-proceeds had been credited to Government accounts. The Chairman enquired as to what was the net position after the disposal of the bales in question. The departmental representative stated that the position was under examination in consultation with the Accountant General, Pakistan Revenues, and the final report of the position would be made by the Committee during its next session.

40. The Committee then adjourned to meet again on Friday, the 22nd November, 1957, at 9-30 a.m.

**Proceedings of the sixteenth meeting of the Public Accounts Committee held on Friday, the 22nd November, 1957, at 10 a.m.**

The sixteenth meeting of the Public Accounts Committee was held at 10 a.m. on Friday, the 22nd November, 1957, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Chaudhari Mohammad Husain, Chattha, Member.
2. Mr. Bhupendra Kumar Dutta, Member.
3. Mr. Ghulam Abbas, Comptroller and Auditor General.
4. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
5. Mr. A. I. Osmany, Director of Audit, Defence Services.
6. Mr. Riazul Hasan, Deputy Director of Audit, Defence Services.
7. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
8. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

MINISTRY OF DEFENCE

9. Mr. S. M. A. Khan, Joint Secretary, Ministry of Defence.
10. Mr. Ali Asghar, Joint Secretary, Ministry of Defence.
11. Mr. S. M. Matin, Deputy Secretary, Ministry of Defence.

(Senior Officers of the Army, Navy, Air Force also accompanied the representatives of the Ministry of Defence.)

CIVIL AVIATION DEPARTMENT

12. Mr. Ali Ausat, Deputy Secretary, Civil Aviation Division.
13. Mr. S. N. Bakar, Director General, Civil Aviation.

METEOROLOGICAL DEPARTMENT

14. Mr. S. N. Naqvi, Director, Meteorological Department.

MINISTRY OF STATES AND FRONTIER REGIONS

15. Mr. Sarfraz Khan, Under Secretary, Ministry of States and Frontier Regions.

MINISTRY OF PARLIAMENTARY AFFAIRS

16. Sir Edward Snelson, Secretary, Ministry of Parliamentary Affairs.

MINISTRY OF FINANCE

17. Mr. A. A. Burney, Financial Adviser, Military Finance.



18. Mr. Arif Mohsin, Deputy Financial Adviser, Military Finance.  
 19. Mr. S. Alim Ali Rizvi, Military Accountant General.

*Secretary of the Public Accounts Committee*

20. Mr. K. M. Shameem, Deputy Secretary, Parliament Secretariat.

2. The proceedings began with the consideration of the compliance reports of the Ministry of Defence on the recommendations of the Committee in its reports on the Accounts for 1950-51, 1951-52 and 1952-53.

3. In paragraph 32 of its report on the Accounts for 1950-51, the Committee had observed that comparatively large savings under the Defence Grants, both Capital and Revenue, were to a large extent due to:

- (i) delays in procurement of stores on account of restricted availability; and
- (ii) non-adjustments in the year's accounts of expenditure already incurred, debits for which could not be raised by Civil Accounts Officer.

4. The Committee was then informed that the difficulties mentioned above were due mainly to the delays caused by the procedure adopted by the Directorate General of Supply and Development. It was also stated that a new procedure had been evolved with a view to expediting the procurement of Defence requirements by the Directorate General of Supply and Development. The Committee had decided that a report on the working of the new procedure should be submitted to it during its next session. In the compliance report now before the Committee the Ministry of Defence had stated that the Directorate General of Supply and Development had fixed a target period of six months for supply of indigenous stores and eight months for the supply of imported articles. Although this decision had to a certain extent, improved procurement and supplies, yet owing to conditions in the world market and certain other factors, the position could not be regarded as fully satisfactory. The question was, therefore, under the consideration of the Ministry of Defence whether the work of the procurement of Defence stores should not be transferred from the Directorate General of Supply and Development to the Directorate of Defence Purchase. The Committee desired to know whether there was anything more than what had been stated by the Ministry of Defence in its compliance report. The Financial Adviser, Military Finance, stated that there was nothing further to add except that the delays in the procurement of stores by the Directorate General of Supply and Development were still abnormal. Accordingly, some items of Defence purchases had been transferred from the Directorate General of Supply and Development to the Directorate of Defence Purchase but as a whole the work had not been transferred to the Directorate of Defence Purchase. The general view was that the entire work relating to the procurement of stores could not be transferred from the Directorate General of Supply and Development to the Directorate of Defence Purchase.

5. In paragraph 42 of its report on the Accounts for 1950-51, the Committee had recommended that early action should be taken to put in

order the matter in regard to the accounts of the Canteen Stores Department and their audit. While repeating the above recommendation in paragraph 55 of its report on the Accounts of 1951-52, the Committee had observed that after careful consideration of the relevant aspects of the question it was of the view that the Canteen Stores Department and its funds were as much a part of Government transactions as any other Department of Government and its funds. The Committee had, therefore, strongly urged that the question should be decided without further delay and, in doing so, their views, as mentioned above, should be taken into consideration.

6. In the compliance report now before the Committee, the Ministry of Defence had stated that every effort was being made to obtain agreement of all concerned to the inclusion of the Canteen Stores Department's transactions in the Government accounts and their consequential audit by the Comptroller and Auditor General. The Financial Adviser, Military Finance, stated that the opinion of the Ministry of Defence was that the accounts of the Canteen Stores Department should not form a part of the Government accounts. Accordingly, its audit should be continued to be done by the Military Accountant General and not by the Comptroller and Auditor General. The Financial Adviser, Military Finance, added that the position had not been fully explained to the Committee earlier because the relevant facts were not then known. It had now been ascertained that Pakistan's share of the funds of the Canteen Stores Department was not transferred from India to Pakistan through the Government accounts but the payment was made direct to the Canteen Stores Department. It had further been found that 40 per cent of the Pakistan share of the funds of the pre-Partition Canteen Stores Department was to be given to the Defence Welfare Fund and it was this 40 per cent, which had been received and the remaining amount was yet to be received from India. At the present moment there were no Government funds involved and the entire establishment of the Canteen Stores Department was financed out of the 40 per cent referred to above. The Comptroller and Auditor General observed that the facts stated by the Financial Adviser, Military Finance, would have to be carefully examined and that, in any case, if it was now decided to keep the transactions of the Canteen Stores Department outside the Government accounts, it would amount to Government going back on its earlier decision to incorporate the transactions of the Canteen Stores Department in the Government accounts. The Committee again urged that the full facts of the transactions relating to the Canteen Stores Department should be carefully ascertained and a firm decision should be taken at an early date on the question whether the transactions of the Canteen Stores Department should be incorporated in the Government accounts or not and concomitantly whether the accounts should be statutorily audited by the Comptroller and Auditor General of Pakistan or not.

7. In paragraph 54 of its report on the Accounts for 1951-52, the Committee had mentioned a case of waste of Government money amounting to Rs. 19 lakhs as a result of purchases during 1952-53, of corroplast sheets for roofing of certain buildings. It was then explained to the Committee that the buildings were originally planned according to a certain pattern and asbestos sheets were required for them. Later on, the plans were altered and the specifications of the sheets had to be changed. It was further explained to the Committee that experiments were being conducted for the re-use of the sheets, as well as to use the

cut-pieces, to the best advantage of the State. The Committee had accordingly desired to know the results of these experiments. The departmental representative stated that a high-powered committee enquired into the matter and tests were conducted to determine whether or not there had been undue deterioration in the material due to exposure on the roofs. The examination, after the specified trial period of 18 months of the new roofings done by the Company and those rectified by them, had proved that corrolplast sheets had successfully withstood the test requirements. It had been confirmed that the sheets had been badly affected during transit. As regards the cut-pieces, the departmental representative stated that these were being utilized.

8. In paragraph 11 of the Defence Audit Report for 1952-53, it was stated that the accuracy of the recoveries made by Her Majesty's Government in the United Kingdom during the period 1947-48 to 1951-52 on account of entitlement of pay and allowances of British Service Personnel on loan to Pakistan Armed Forces could not be audited due mainly to the difficulty in obtaining the relevant data from United Kingdom Service Ministries. The Committee was further informed that, in the special circumstances of the case, the Comptroller and Auditor General of Pakistan had agreed to accept a certificate of the Comptroller and Auditor General of United Kingdom about the accuracy of these recoveries from Pakistan. The negotiations with the Comptroller and Auditor General of the United Kingdom could not, however, be progressed, as it had transpired that there was no agreement of Her Majesty's Government to the terms allowed to the British Service Personnel. The Committee was then informed by the departmental representative that an agreement on the subject had been arrived at and that there should be no difficulty for the Comptroller and Auditor General of the United Kingdom to certify the accuracy of the recoveries made from Pakistan. The Committee had accordingly desired that the Comptroller and Auditor General of Pakistan should be informed of the agreement so that he could settle the matter with his counterpart in the United Kingdom. The Committee now desired to know whether the matter had been settled to the satisfaction of the Comptroller and Auditor General of Pakistan. The departmental representative explained that the terms of the secondment of the British Service Personnel to the Pakistan Armed Forces had been settled in respect of the personnel whose services had been lent from 1951 and that certain aspects of the matter were under examination. To the question whether there had been any agreement in respect of the terms allowed to these personnel from 1947 to 1950, no satisfactory answer could be furnished by the departmental representative. The Committee desired that the full facts of the case should be ascertained and a settlement of the question to the satisfaction of the Comptroller and Auditor General should be made at an early date. The Committee also desired that a report of the correct position in this respect should be made to it by the Ministry of Defence during its next session.

9. In paragraph 14 of the Defence Audit Report for 1952-53, the attention of the Committee had been drawn to the fact that audit of the Defence works expenditure became ineffective, because detailed estimates of lump sum contracts were not made available to Audit. The Committee had recommended that the matter should be looked into by the Financial Adviser, Military Finance, and the information essential for the discharge of the statutory duties of the Comptroller and Auditor General should be furnished to his department. In the compliance report now before the Committee, it was stated that it had not been possible to arrive at an agreement on the subject between the Executive and Audit. The

Committee desired to know whether any further progress in the matter had been made. The departmental representative stated that a decision had since been reached and the Engineer-in-Chief had now agreed to furnish the detailed estimates when these were necessary. The Committee recommended that the Comptroller and Auditor General should furnish a report to it during its next session whether the requirements of Audit in this respect were being fully satisfied.

10. In paragraph 5 of the Audit Report for 1953-54, it was brought to notice that the number of sub-heads containing excesses over 1 per cent of the final grant was 30.77 per cent of the total number of sub-heads and that the number of sub-heads containing savings over 2 per cent of the final grant was 57.69 per cent. It was further observed in the Audit Report that the percentages were quite heavy, which suggested the desirability of a stricter control over progress of expenditure during the course of the year. The Comptroller and Auditor General further pointed out that it was not the first year during which these percentages were heavy but during the previous two years also the percentages were of the same order. The departmental representative explained that whenever large recruitment or demobilization occurred, the variation between the grant and the actual expenditure was unavoidable. It was not possible to predetermine the particular men who would be retrenched and what their length of service and other factors to be taken into account would be. The Committee considered that it should be possible to adjust budget provision during the course of the year in the light of the recruitment or demobilization programme. The Committee desired that the position in this respect should be carefully reviewed by the Financial Adviser, Military Finance, and a procedure should be evolved under which it should be possible to predict with a reasonable amount of accuracy the funds that would be required during the year and to arrange for the surrender of savings or to obtain supplementary grants whenever necessary. The Committee further desired that the result of the review should be reported to it during its next session.

11. In paragraph 12 of the Audit Report for 1953-54, an excess of Rs. 1,68,21,000 under the head 8—Military Engineer Service was attributed mainly to purchases of stores debitable to "Suspense" which should normally be relieved as soon as stores were issued and charged to works. Actually, however, the cost of stores issued to works was not completely adjusted in the works accounts thereby creating an excess under this head. It was also stated that the excess was partly due to more stores having been indented for than were actually required for utilization on works. The departmental representative stated that the excess was due to the fact that no systematic stores accounting was being done due to lack of staff. The Financial Adviser, Military Finance, disagreeing with the observation of the departmental representative observed that it was not correct to say that there was no store accounting in the Military Engineering Service. The quantity accounts were being maintained and the contractors were being charged whenever stores were supplied to them on payment. The defect in the procedure was that the debits for supplies of stores were in the past raised by the Civil Accounts Officer concerned against only one Controller of Military Accounts, who was debiting the cost finally in his books instead of passing on the debits to the respective Controllers of Military Accounts for final adjustments in the Works Accounts. He stated further that this procedure had since been changed and now the debits were being raised by the Civil Accounts Officers against the respective Controllers of Military Accounts and the position in this respect should now improve. The Committee was not

fully satisfied with the state of affairs as explained to it by the departmental representative and the Financial Adviser, Military Finance, and desired that a detailed report explaining the previous procedure, the revised procedure and the results obtained by adopting the revised procedure should be submitted to it during its next session by the Ministry of Defence.

12. In paragraph 13 of the Audit Report for 1953-54, it was stated that an expenditure of Rs. 2,62,694 had been incurred on the execution of works without obtaining the technical sanctions required under the rules. The departmental representative stated that the observation made in the Audit Report was not wholly correct because the amount included certain items in which the tenders were called and accepted by the Engineers themselves and according to rules this constituted technical sanctions to the works. He added that there were certain omissions on the part of certain Garrison Divisions in this respect and it would be ensured that such mistakes did not occur in future. The Comptroller and Auditor General raised the question whether the acceptance of tenders in respect of administratively approved works by the Engineering Officers should be regarded as synonymous with technical sanction. He said that this was the point which required careful consideration. The Committee desired that the Ministry of Defence and the Comptroller and Auditor General should jointly review the present practice and consider whether any procedural improvements should be made. The Committee also desired that the result of the review should be reported to it during its next session.

13. In paragraph 14 of the Audit Report for 1953-54, it was stated that an expenditure of Rs. 42,68,959 had been incurred in excess of the amounts of administrative approvals due to failure to determine in time the scope of the works. The departmental representative explained that an excess of Rs. 32 lakhs related to the Ordnance Factory where buildings of a particular type had to be constructed. The remaining 10 lakhs related to miscellaneous works. The required administrative approvals had since been obtained. The departmental representative explained further that after the construction of the buildings had been taken up the machinery began arriving and it was found that either certain alterations had to be made in the buildings or in the machinery in order to suit each other. If on each such occasion the administrative approval was obtained, it would have been necessary to obtain this approval four or five times and, moreover, there was no reasonable amount of certainty as to what was going to happen next. The intention was to take administrative approval, as far as possible, only once but nothing could be done because of the nature of work. The Committee considered that it was not proper to make major alterations in the plans and estimates without first obtaining the formal administrative approval.

14. In paragraph 16 of the Defence Audit Report, it was stated that an expenditure of Rs. 33,55,828 had been incurred in the execution of certain works commenced during the previous years and continued during the year under report without obtaining necessary funds. The departmental representative explained that the budget provision was made and necessary allotments were made for the works, but in the meantime, the question of revised administrative approval for higher amounts in respect of certain works came up and, pending a decision on the question of administrative approval, the requisite allotments were not made for the revised estimates. The Chairman observed that this indicated lack of proper control over the progress of expenditure on works and was highly objectionable. He added that such irregularities might lead to funds

allotted for works in hand being suddenly switched over to something else, without the administrative approval and utilised on items for which they were not originally meant.

15. In paragraph 17 of the Audit Report an overpayment due to a typographical error in the 'Call for Tenders' was mentioned. The departmental representative explained that it was a case of mistake. The Committee observed that important documents like the 'Call for Tenders' and agreements should be scrutinised very carefully.

16. In paragraphs 18 and 19 of the Audit Reports, it was reported that unauthorised expenditure on additions and alterations to certain acquired buildings had been incurred involving heavy amounts and in one of these cases without even obtaining the requisite administrative and financial sanction. The departmental representative stated that Government had since issued orders that serious notice would be taken of such irregularities in future. The Comptroller and Auditor General pointed out that final orders in one of these cases were passed in July, 1953, but the required instructions were issued in August, 1955, that is, after two years. The departmental representative stated that there was delay in taking the decision, because the matter had to be referred to the Prime Minister. The Comptroller and Auditor General observed that the final orders in that case were passed by the Prime Minister in July, 1953, but the requisite instructions were issued by the Department in August, 1955. The Committee took a serious view of the cases mentioned in these paragraphs of the Audit Report and observed that it was highly irregular for high officials to have taken all the authority in their hands and to have incurred unauthorised expenditure. The Committee also considered that there was delay in issuing necessary instructions in the matter.

17. In paragraph 21 of the Audit Report, heavy infructuous expenditure on the provision of watch and ward staff for certain military installations was brought to notice. Briefly, the facts of the case were that two sets of tankages were located at a certain station for bulk petrol installations for the Defence Services. One of the tankages was taken on lease by the undivided Government of India from certain Indian companies and was returnable to them and the other was the property of the Government. There was an arrangement between the undivided Government of India and an oil company to the effect that, for an agreed consideration, the company would be responsible for the watch and ward of these installations. Later on, both these tankages were purchased by the company. From 15th August, 1947, to the dates of their purchase by the company, the company had been paid Rs. 76,451 on account of watch and ward. A further expenditure of Rs. 1,386 was incurred by the Department on watch and ward of these tankages after their purchase by the company. This amount had not been recovered from the company. Further, of the payments made to the company, a sum of Rs. 30,270 was paid without even obtaining explanations for material variations from the estimated figure as required under the agreement with the company. It was stated in the Audit Report that no benefit was derived by the Defence Department from these tankages but expenditure continued to be incurred on their watch and ward. No action was taken against the defaulters for failure to take timely action to dispose of the tankages or to terminate the agreement with the company. The Financial Adviser, Military Finance, explained that this case related to certain pre-Partition contracts, which were so drafted that it was now difficult to recover the payments made to the company. The departmental representative could not, however, explain the position in detail.

The Committee, therefore, desired that the case should be fully examined by the Ministry of Defence and it should be seen whether any amount was recoverable from the company and if so, it should be recovered. It should also be seen whether responsibility for failure to take due action could not be fixed. The Committee further desired that a report of the examination of the case and of the action taken should be made to it during its next session.

18. In paragraph 22 of the Audit Report, a case of unusual extension of time of a contract giving undue advantage to the contractor was brought to notice. Briefly, the facts of the case were that the construction of a building was to be completed by the contractor within four months of the execution of the contract. The contractor failed to carry out the work within four months of the execution of the contract. The contract was consequently rescinded with the result that the portion of the work which had not been completed by the contractor was to be carried out at his risk and expense according to the terms of the contract. The Audit Report stated that 'on account' payment was made and stores continued to be issued to the contractor even after the cancellation of the contract, because although the contract had been cancelled, the contractor was carrying on the work. When the irregular transactions were noticed in Audit, the officer concerned cancelled his orders rescinding the contract and sought to amend the contract by issuing an amendment for extending the time of the contract. By the time the matter was reported to the Engineer-in-Chief, the work had been completed. Government accordingly revived the contract as a special case and extended the period of the contract from four months to 16 months. The revival of the contract gave undue advantage to the contractor in permitting him to complete the job in 16 months instead of four months. The contractor was also saved from the imposition of penalty which would have been levied under the terms of the agreement for delay in the completion of the work. No disciplinary action was taken against the officer responsible for the irregularity. The departmental representative had nothing to state regarding the case. The Committee observed that time was the essence of a contract and formed an important factor in the assessment and tendering of rates. The relaxation of such important terms of the contract was a serious matter and should not normally be allowed. The Committee further observed that the officials who were responsible for such laxity must be brought to book in order to prevent the recurrence of such neglect of financial interests of the State. The Committee recommended that the case should be re-examined and it should be considered whether disciplinary action should not be taken against the officials responsible for the irregularities involved in this case.

19. In paragraph 23(ii) of the Audit Report, continuous shortages found in stock taking during the four years ended 1953-54 were brought to notice. The deficiencies relating to the vyeyar 1953-54 were the largest and amounted to Rs. 40,23,439. The departmental representative explained that the comparatively large deficiencies shown to have been dealt with finally during 1953-54 did not represent the deficiencies detected in that year only but also included deficiencies detected in previous years and written off during the year 1953-54. Further, these deficiencies were largely due to wrong indentification and incorrect accounting of stores and there were corresponding surpluses also which were taken on the books. The Chairman observed that a stricter control over store-keeping and store-accounting was necessary, especially as deficiencies were increasing year after year. He added that the Defence

Services should realize that the rest of the civilian population was being squeezed very hard to provide funds to the Defence Services both in local currency and in foreign exchange for acquisition of essential stores. If the stores were not properly looked after and utilized for Defence purposes, then there was no reason why the civilian population should be handicapped and deprived of the essential requirements. The Committee recommended that specific steps should be taken to minimise deficiencies in stocks. The action taken in the matter and the results obtained should be reported to the Committee during its next session.

20. In paragraph 26 of the Audit Report, a reference was made to the case of losses amounting to Rs. 4,13,600 suffered by the State in connection with the purchase of certain Defence equipment and spare parts. The disciplinary aspect of the case had remained unsettled. In the Audit Report it was further stated that the Executive and the Financial authorities held the view that it would not be possible to apportion the blame to the three officers concerned without holding a proper enquiry, which was not feasible, as the officers were no longer in service. Whatever might be the force behind this argument, one point was clear that the disciplinary aspect of the case was not considered seriously when all concerned were in service and that the matter continued to drift for six years with the result that no action could now be taken. The departmental representative stated that the case was investigated by the Law Officer of the Pakistan High Commission in the United Kingdom. The contractor had put up a case against the Pakistan Government for not fulfilling the terms and conditions of the contract. The British court did not hear the case, because a case could not be heard by the British Court against a foreign Government. The Government waited to see what further action against any individual officer the contractor would take. Meanwhile, the time by which Government could institute any legal proceeding to recover the amount was coming to an end. The case was, therefore, referred to the Government Solicitor in the United Kingdom who advised that even if the Government succeeded in this case, the financial position of the contractor was not such as to encourage any hope of recovery of the amount involved. On the other hand, the solicitor advised, there was a possibility that the case might not be decided against the contractor and he might bring up the original case against the Government. In the circumstances, no action could be taken. The Committee observed that there was considerable delay in fixing the responsibility in this case.

21. In paragraph 31 of the Audit Report, a case of irregular grant of permission for higher studies in the United Kingdom to a Medical Officer of the Pakistan Navy was brought to notice. The facts of the case briefly were that an officer who was detained for duty with a Pakistan Naval ship to the United Kingdom was unauthorisedly permitted to carry on further studies in that country. The duration of the course of studies was 18 months. The officer, however, failed to complete the course during that period and was permitted to extend his period of study. He returned ultimately to Pakistan after a period of nearly three years and during the entire period of his study in the United Kingdom the officer was treated as on training and paid deputation and daily allowances in addition to his basic pay and allowances amounting to about Rs. 32,000. It was finally decided that the officer should be treated as on duty up to a certain period and thereafter he should be granted leave with or without pay as admissible under the rules. Accordingly, an amount of Rs. 25,604 was treated as having been overpaid. Of this a sum of Rs. 10,000 was ordered to be recovered from the



officer in instalments of Rs. 200 per month and the balance was treated as loss to be borne by the State. The departmental representative explained that this was an unfortunate case in which an officer was allowed to go on studies and no sanction of Government was taken. This was a case of omission which had been admitted by the authorities concerned. Disciplinary action had been taken in this case and the Defence Secretary had warned the Director concerned and pointed out to him that a serious irregularity had been committed in this case. The Committee observed that the case revealed rather extraordinary treatment accorded to the officer in question and considered that a mere warning in this case was not adequate.

22. The Committee then took up the examination of the list of cases of financial irregularities which had not been finalized for long as given in the Annexure to the Defence Audit Report.

23. The item 13 of the Annexure, a case of loss of Rs. 1,34,059 due to acceptance of stores of inferior quality was mentioned. The departmental representative stated that the contractors had taken the dispute to the arbitration and no decision had yet been taken.

24. In item 16 of the Annexure, an irregularity involving a sum of Rs. 70,000 was mentioned. The brief particulars of the case were as follows :—

On the 25th March, 1953, the Engineer-in-Chief's Branch directed Commander, Military Engineer Services, to make 'on account' payment of Rs. 70,000 to certain contractors, as funds were available and the payment would ease the burden on the restricted funds for the next year. It, however, transpired that no work had actually been done by the contractors for which they were paid. The payment was in contravention of a clause of the contract regarding preparation of drawings of a school according to which payment of 3 per cent of the anticipated cost of the work was permissible when drawings for the work were complete and the balance was payable on the completion of the bills of quantity. Thus the payment was irregular and was made to avoid lapse of funds. The departmental representative stated that there was some misunderstanding about this case. The work was actually done by the firm. It was provided in the contract that when the firm produced the drawings, they would be paid 3 per cent of the anticipated cost of work. In fact the firm had produced the drawings and the fact had been verified. The Committee observed that whatever might be the actual facts of the case, there was no point in making hurried and doubtful payment to avoid lapse of funds. If the payment was really justified, it could have been made even during the next year by obtaining additional funds.

25. In item 14 of the Annexure, a loss of Rs. 3,23,691 during 1954-55 due to delay in the disposal of surplus stores was brought to notice. The brief particulars of the case were as follows :—

Flotilla barges and stores valued at Rs. 4 lakhs (approximately) were found surplus to Defence Services requirements in 1948. No action was taken to dispose of the stores with the result that they deteriorated. The value of the deteriorated stores was assessed in 1955 at Rs. 76,309 only.

26. The departmental representative stated that the case related to the surplus flotilla barges and stores that had deteriorated and could not be disposed of. The delay was really on the part of the East Pakistan Government, as they did not make up their mind as to what was to be done with the surplus flotilla barges and stores. The East Pakistan

Government wanted these barges but later on they changed their mind and informed the Ministry of Defence that they did not want them. The Committee recommended that early steps should be taken to regularise the loss.

27. At this stage, the Chairman desired to know the position in regard to the progress of the completion of the Ordnance Factory at Wah. The departmental representative stated that the progress was reasonably satisfactory and that the factory would be completed according to the revised schedule. As regards the reasons for delay, he stated that these were manifold. The original estimate of the time required for the completion of the work was not a realistic one. It was physically impossible, with the limited facilities available in Pakistan and the dependence upon the resources of other countries, to complete the work within four years. He was informed that a factory of this size would require at least 5½ years to complete even in England. He assured the Committee that every effort was being made to accelerate the pace of progress.

28. The Chairman observed that due to the use of mechanical devices in the Army there should be considerable reduction in the requirements of animals. He desired to know why the Army was holding up large lands, which were intended for breeding animals, when the requirements of animals had been substantially reduced. The departmental representative stated that the lands were being gradually allotted to the retired officers of the Army on the condition that they would keep so many mules and horses. To the question when mules and horses were not required by the Army, why the retired officers should be required to maintain them, no satisfactory answer was forthcoming. After some discussion, in the course of which the departmental representatives were not in a position to give detailed information on the subject, the Committee suggested that the Ministry of Defence should look thoroughly into the question whether the large lands reserved for breeding of horses and mules should not be surrendered. The Committee added that it had no objection to the lands being allotted to retired military officers on reasonable terms but not on the pretext of their providing a certain number of horses and mules.

29. *Civil Aviation Division and Meteorological Department.*—The Committee then took up the examination of the compliance reports of the Aviation Division and the Meteorological Department on its recommendations relating to the accounts for 1950-51, 1951-52 and 1952-53 and the Appropriation Accounts relating to the Civil Aviation and the Meteorological Departments for 1953-54.

30. The Committee had no particular question to ask on the compliance reports of the Aviation Division. The Chairman, however, desired to know whether the Civil Aviation Department was making use of the Supply and Development Department for making its purchases. The departmental representative replied in the affirmative but he observed that he failed to understand why the purchases for the Flying Clubs should be made through the Directorate General of Supply and Development, particularly, as the Civil Aviation Department had to advise on the type of aircraft required. The Committee observed that the Flying Clubs were run out of private funds and not from the Government funds and, therefore, the Chief Controller of Imports and Exports issued separate licences for them. Nevertheless, there should be no objection to the Directorate General of Supply and Development making the purchases according to the specifications given by the Civil Aviation Division.

31. The Chairman desired to know the position in regard to the installation of radar set at Dacca and whether responsibility had been fixed for the delay in doing so. The departmental representative stated that steps had been taken to install the radar set as early as possible and that the set had since been installed. Necessary action for fixing responsibility for the delay would be taken. The Committee desired that a report on the subject should be submitted to it during its next session. The Chairman desired to know when the Dacca Airport building would be ready. The departmental representative stated that the building would be ready by the end of the current financial year.

32. The Chairman desired to know whether any steps had been taken by the Meteorological Department to set up radar sets. He observed that there was a radar set lying unused at Dacca for the last four years. The departmental representative stated that steps had been taken to set up radar sets and one of them had been fixed at Karachi. The Committee desired that a report as regards the number of radar sets purchased, the number of radar sets set up, the places and the departments where these sets had been set up and the reasons for the delay in their setting up should be submitted to the Committee during its next session.

33. The Committee desired to know whether there was any programme in regard to buildings for the Civil Aviation Department at Lahore. The departmental representative stated that the necessity of enlarging present Aerodrome buildings at Lahore was under consideration, as the present Control Tower was so small that nearly one-third of the runway was not visible from there. The length of the runway was about 2,000 yards. The Chairman suggested that since it was now possible to get land at cheap rates it would be desirable to take up the construction of the additional buildings at this stage. The departmental representative further explained that unless the Ferozpur Road was diverted, it was not possible to expand the runway at Lahore sufficiently. The Committee suggested that before the erection of new building or extending the existing buildings was taken in hand it should be seen that the requirements of a larger air traffic at Lahore is given due consideration.

#### MINISTRY OF STATES AND FRONTIER REGIONS

✓ 34. The Committee then took up the examination of the compliance report of the Ministry of States and Frontier Regions on its recommendations relating to the accounts for the year 1950-51, 1951-52 and 1952-53.

35. In paragraph 2 of the Financial Review on page 374 of the Appropriation Accounts for 1950-51 by the Director of Civil Supplies, Baluchistan, relating to purchases by the local administration, it was stated that the total amount recoverable from the various parties at the end of that year was Rs. 1.25 crores. The Committee had desired that since the amount was substantial the Ministry of States and Frontier Regions should submit a report indicating the causes that had led to the accumulation of the large outstandings. The Committee had further recommended that the Ministry of States and Frontier Regions should also take steps for expediting the clearance of the outstandings. In a note submitted by the Ministry of States and Frontier Regions, it was shown that the amount of Rs. 1,24,90,665 outstanding at the end of the year 1950-51 had been reduced to Rs. 81,48,391 on the 15th October, 1955. It was also explained in the note that quite a large part of the outstandings related to the amounts recoverable from the non-Muslim

evacuees and from the Central Government. It was also stated that certain cases were in the Courts of Law. The recoverable amounts from other parties amounting to Rs. 14,36,377 had been reduced to Rs. 75,561 in the course of about five years and the steps were in progress for the recovery of the remaining amounts. The Committee observed that if there were definite bad debts these should be investigated and steps taken to write off such debts so that the outstandings may not be carried forward from year to year.

36. In paragraph 27(13) of the Committee's report on the Accounts for 1950-51 it was stated that financial review of the scheme for the purchase of cloth in the Tribal Belt areas disclosed that a large quantity of cloth was lying undisposed of. In the compliance report now before the Committee, it was stated that in all 468 bales of cloth were lying undisposed of with certain consignees due to the poor quality of the cloth and high prices. The bales had since been sold to certain firms and the price had been realized by the Textile Commissioner.

37. In paragraph 4 of its proceedings of the 24th November, 1956, on the accounts for 1951-52, the Committee had recommended that the Ministry of States and Frontier Regions should submit a report showing the full details of the case of 40 lorries sold to a transport contractor explaining *inter alia* how the claim of Rs. 50,000 against the contractor was reduced to Rs. 40,000. In its compliance report the Ministry of States and Frontier Regions stated as follows:—

“K. B. Khudai Rehm was appointed transport contractor of the Food Directorate in Baluchistan for three years under an agreement in which the mileage rates were not specifically notified. According to the terms of the Agreement, he was also given a fleet of 50 lorries purchased by Government but as the rates of mileage and halting allowance, etc., were not final the contractor was made, ‘on account’ payment before and after the date of Partition. The question regarding the rates of payment was considered both for the pre-Partition and the post-Partition services. On the basis of the Government decision, a statement showing the amount paid to the contractor and the balance payable to the contractor amounted to Rs. 30,968-10-9. The statement in question was audited by an Audit party in June, 1955, and it prepared another account in which balance payable to the contractor was calculated as Rs. 36,156-5-0. The audit report is, however, under examination of the Director of Food, West Pakistan, and a decision in consultation with the Ministry of Finance is awaited. Therefore, the original claim was not reduced to Rs. 40,000 but as a result of audit inspection a sum of Rs. 36,156-5-0 is still due to the contractor. This question is, however, still under correspondence with the Audit whose decision in consultation with the Ministry of Finance is awaited.” The departmental representative further explained that the contractor in question had an amount of Rs. 86,156 outstanding against the Government out of which Rs. 25,000 were not paid to him in addition to the lorries. The case had now been settled. The Committee desired to know what was the original cost of the lorries, when these were purchased and at what cost they were sold to the contractor in the final adjustment of account with him. The departmental representative stated that the required information

would be collected and submitted to the Committee during its next session.

38. The Committee then took up the examination of the Appropriation Accounts relating to the Ministry of States and Frontier Regions for 1953-54.

39. In paragraph 5 of the notes on page 155 of the Appropriation Accounts for 1953-54, it was stated that considerable expenditure had been incurred in anticipation of technical sanctions to works during 1953-54 and consequently financial control could not be exercised efficiently, nor could it be vouched that the buildings were structurally sound. It was further stated that there were as many as 239 works costing Rs. 13,93,402 which were executed without proper technical sanctions to estimates. The departmental representative stated that he would submit a detailed note on the subject indicating what irregularity was committed and whether responsibility could be fixed on the officers concerned.

40. In note 2 on page 373 of the Appropriation Accounts for 1953-54, it was stated that re-appropriation under a number of sub-heads in the Appropriation Accounts for Grant No. 70—Baluchistan had the effect of increasing the final variations thereunder. The departmental representative explained that this was due to the fact that the surrenders made during the month of March, 1954, had not been taken into account by the Accountant General, Pakistan Revenues, because a copy of the formal acceptance of the surrenders by the Ministry of Finance was not communicated to him in time.

41. In note 5 on page 373 of the Appropriation Accounts for 1953-54, it was stated that the store accounts relating to the Central Jail, which for the years prior to 1950-51 were not correctly prepared by the department and could not be checked by Audit. The departmental representative explained that the matter was under correspondence with the authorities of the West Pakistan Government, as the Jail had since been transferred to that Government. The Committee desired that the correct accounts should be compiled and rendered to the Accountant General, Pakistan Revenues, for audit without further delay and a report of the compliance should be submitted to it during its next session.

42. *Ministry of Parliamentary Affairs.*—The Committee then took up the examination of the compliance reports for 1950-51, 1951-52 and 1952-53 and the Appropriation Accounts for 1953-54 relating to the Ministry of Parliamentary Affairs.

43. In the note below sub-head D of the Appropriation Accounts for Grant No. 12—Ministry of Parliamentary Affairs, it was stated that the total savings of Rs. 9,360 were due to non-utilization of the provision for the purchase of furniture and books required for the Members lounge in the Constituent Assembly due to the post-budget decision to make the Parliament Secretariat responsible in the matter. The Committee desired to know whether any progress had been made in providing the furniture, etc., in the lounge. The departmental representative stated that the question was under consideration of the Parliament Secretariat but, there being no available space for the purpose in the present Parliament building, no progress had been made in the matter.

44. The Committee then adjourned to meet again at 10 a.m. on Monday, the 25th November, 1957.

**Proceedings of the Seventeenth meeting of the Public Accounts Committee held on Monday, the 25th November, 1957 at 10 a.m.**

The Seventeenth Meeting of the Public Accounts Committee was held at 10 a.m. on Monday, the 25th November, 1957, under the chairmanship of Syed Amjad Ali, Minister for Finance.

The following were present :—

1. Syed Amjad Ali, Chairman.
2. Ch. Mohammad Husain Chattha, Member.
3. Mr. B. K. Dutta, Member.
4. Mr. Ghulam Abbas, Comptroller and Auditor General.
5. Mr. S. M. Jamil, Accountant General, Pakistan Revenues.
6. Mr. F. M. Aziz, Assistant Comptroller and Auditor General.
7. Mr. M. H. Rahman, Deputy Secretary, Ministry of Finance.

*Departmental Representatives*

**PRESIDENT'S SECRETARIAT (PERSONAL)**

8. Mr. E. A. Naik, Deputy Secretary, Cabinet Secretariat (Main).
9. Mr. A. Ghaffoor, Assistant Secretary, President's Secretariat (Personal).

**PARLIAMENT SECRETARIAT**

10. Mr. Mohammad Zakir, Deputy Secretary, Parliament Secretariat.

**MINISTRY OF WORKS**

11. Mr. H. S. M. Ishaque, Secretary, Ministry of Works.
12. Mr. A. Ashraf, Deputy Secretary, Ministry of Works.

**MINISTRY OF FINANCE**

13. Mr. Hafeez Ahmad, Joint Secretary, Ministry of Finance.
14. Mr. M. Fahimuddin, Joint Financial Adviser (Military Finance), Rawalpindi.

**MINISTRY OF KASHMIR AFFAIRS**

15. Mr. A. A. Hamid, Joint Secretary, Ministry of Kashmir Affairs.
16. Mr. Ihsanul Haque, Deputy Secretary, Ministry of Kashmir Affairs.

**SECRETARY OF THE PUBLIC ACCOUNTS COMMITTEE**

17. Mr. K. M. Shameem, Deputy Secretary, Parliament Secretariat.
18. Proceedings of the 7th, 8th, 9th, 10th and 11th meetings of the Public Accounts Committee held on the 13th, 15th, 16th, 17th and 18th August, 1957, respectively, were confirmed.

## PRESIDENT'S SECRETARIAT (PERSONAL)

3. The Committee took up the examination of the compliance reports on its recommendations in its reports on the Accounts for 1950-51, 1951-52 and 1952-53 and the Appropriation Accounts for 1953-54 relating to President's Secretariat (Personal).

4. The Comptroller and Auditor General mentioned that, during the past years, the expenditure on the President's (former Governor-General's) Household Expenses and Allowances had exceeded the maximum permissible limit under the Allowances and Privileges (Governor-General's) Order, 1951. The excesses had to be regularized by an Order of the President but in spite of repeated requests of the Audit Department, the regularization had not yet been done. The departmental representative explained that he was awaiting final figures of expenditure for the previous years from the Pakistan Public Works Department, because he thought that unless the actuals were fully ascertained the excesses could not be regularized. The Comptroller and Auditor General explained that the figures published in the accounts, which had already been finalized could not be altered now and these were the statutory actuals. The President's Secretariat (Personal) should, therefore, take action to regularize the excesses on the basis of the figures already published. The Committee desired that action, as suggested by the Comptroller and Auditor General, should be taken at an early date and a report of the action should be made to it during its next session.

## MINISTRY OF KASHMIR AFFAIRS

5. The Committee then took up the examination of the compliance report on its recommendations in its reports on the Accounts for 1950-51, 1951-52 and 1952-53 and the Appropriation Accounts for 1953-54 relating to the Ministry of Kashmir Affairs.

6. In items 22 to 24 of Annexure 'A' to the Appropriation Accounts for 1953-54, certain cases of losses which had not been finalized were mentioned. The Committee desired to know whether enquiries had been held in respect of the cases mentioned in these items. The departmental representative stated that due to certain re-organization measures in hand no officer could be made available for conducting the enquiries and that these enquiries would now be held soon. The Comptroller and Auditor General pointed out that in the remarks against item 24 it was stated that though responsibility for the losses had been fixed, orders for the recovery of the amount involved or for its write off were not issued. The departmental representative stated that the officer who was considered responsible for the loss was not found guilty by the Court of Law. The Comptroller and Auditor General pointed out that even though the Court may have given decision in respect of the prosecution of a particular officer, it was still open to Government to consider the departmental aspect of the case. The departmental representative stated that an officer had been appointed to complete these enquiries and to fix responsibility. The Committee desired that the enquiries in these cases should be expedited and the result should be reported to it during its next session.

7. Under sub-head C-13—Famine Relief Works under Grant No. 36—Frontier Regions, an expenditure of Rs. 1,43,342 was incurred without any provision of funds. It was explained in the Appropriation Accounts that funds had been applied for but were not sanctioned by

Government under a misapprehension. The Committee desired to know the correct position. The departmental representative stated that the question should be put to the Ministry of States and Frontier Regions, because the work was a combined one at that time. He added that he could supply the information after obtaining it from the Ministry concerned. The Committee desired that the requisite explanation should be furnished to it during its next session.

8. Under sub-head A-1(4)—Other Charges under Grant No. 65—Expenditure connected with Kashmir refugees, an unregularized excess of Rs. 46,40,920 was recorded. The explanation given in the Appropriation Accounts for this excess was that these were mainly due to adjustments of debits relating to the year 1952-53 on account of supply of imported wheat. The Comptroller and Auditor General stated that according to his information the wheat was received during 1953-54 and accordingly the debits were raised in that year's accounts. The departmental representative added that the excess was due to incorrect booking of expenditure under this head. The Committee observed that if the wrong bookings had been pointed in time to the Audit Department, necessary corrections could have been made. The Committee noted further that there was a total excess of Rs. 1,00,78,399 against the Grant and this should have been regularized during the course of the year by obtaining a supplementary grant.

9. In paragraph 3(4) of the notes on page 497 of the Appropriation Accounts for 1953-54, it was stated that the running accounts and Financial Review in respect of the transactions relating to purchase of foodstuffs and other commodities by the Ministry of Kashmir Affairs were not made available in time to the Accountant General, Pakistan Revenues, for incorporation in the compilation. It was explained by the departmental representative that the accounts had been rendered to the Accountant General, West Pakistan, in time. The Accountant General, Pakistan Revenues, stated that he had received a copy of the accounts from the Accountant General, West Pakistan, but since these were un-audited they could not be incorporated in the Appropriation Accounts. The Committee desired that the running accounts and the Financial Reviews thereon relating to 1953-54 and 1954-55 should be incorporated in the Appropriation Accounts for 1954-55.

#### PARLIAMENT SECRETARIAT

10. The Committee then took up the examination of the compliance report on the recommendations in its reports for the years 1950-51, 1951-52 and 1952-53 and the Appropriation Accounts for 1953-54 relating to the Parliament Secretariat.

11. In its proceedings of the 6th September, 1954, the Committee had recommended that the Works Ministry and the Parliament Secretariat should attach top priority to the construction of buildings for housing the new Parliament so that the buildings were ready before the elections took place. The departmental representative stated that Government had now taken up this question seriously and the estimates for the work had already been approved. The construction of the buildings would start shortly.

12. Under sub-head A-3—Allowances and Honoraria, etc., on page 437 of the Appropriation Accounts for 1953-54, the original provision was Rs. 5,14,000, out of which Rs. 5,00,000 were surrendered, reducing the final appropriation to Rs. 14,000. The actual expenditure, however, was



Rs. 4,39,887 resulting in an unregularized excess of Rs. 4,25,887. It was explained in the Appropriation Accounts that the excess was due mainly to unnecessary surrenders. The Committee desired to know the reasons for the unnecessary surrenders. The departmental representative explained that the point raised was of an academic interest. In the Budget for the year 1953-54, an economy cut was imposed and the Parliament Secretariat's share of the cut amounted to Rs. 5,56,000. This economy cut was imposed without giving prior information to the Parliament Secretariat. The budget of the then Constituent Assembly was passed by the Legislature with the cut mentioned above. At that time the view of the Parliament Secretariat was that no cut could be made by the Legislature from the Budget of the Constituent Assembly. The excess, therefore, actually occurred due to misunderstanding of the position. The Committee observed that the Comptroller and Auditor General would, for the purpose of Appropriation Accounts, take into account only those items which were shown in the Authenticated Schedule of Expenditure.

#### MINISTRY OF WORKS

13. The Committee then took up the examination of the compliance report on its recommendations on its reports for the years 1950-51, 1951-52 and 1952-53 relating to the Ministry of Works.

14. The Committee pointed out that one important recommendation made by it as a result of the examination of the accounts for the previous years was that large savings occurred in the Works grants, particularly in those relating to Capital Works and desired to know what steps had been taken to ensure that there was close relation of the budget grant with the actual expenditure. The Financial Adviser (Supply and Works) explained that the practice so far had been that the budget was being prepared and items were included in a hurry even for such works for which administrative approval had not been accorded. Now the procedure had been changed and no provision was made in the budget for any work unless it was administratively approved. The Financial Adviser considered that this was an important step towards ensuring that large savings did not occur in the works grants. The Comptroller and Auditor General pointed out that administrative approval did not mean that expenditure would really be incurred. He pointed out that there had been cases, in which after the administrative approval had been accorded, the site required for the work could not be acquired, because of various difficulties. According to the Comptroller and Auditor General, it was necessary that detailed technical sanction should also be available and there should be reasonable prospect of acquiring the site during the course of the year, before the budget provision was made for any work. The departmental representative added that apart from the question of the budget provision remaining unutilized the delays in according administrative approval resulted in a considerable waste of highly paid technical skill. The Public Works Department was merely an agent for constructing the buildings, etc., but if the departments concerned and the Ministry of Finance did not take prompt action to approve the work administratively and financially, the Public Works Department could not do much in the matter. The Financial Adviser again explained that action had been taken to expedite in the Ministry of Finance the disposal of proposals for construction of buildings, etc., and the decision already taken to restrict provision in the budget for only such works as were administratively approved was an important measure, the results of

which should be watched before tightening up the procedure any further. The Committee agreed with the Financial Adviser and suggested that the effect of the new measures should be reported to it when it examines the accounts for the year 1957-58 onwards.

15. In paragraph 26(v) of its report on the Accounts for 1950-51, the Committee had observed that it was informed that some of the Government servants, who had obtained house building advances and had constructed their own houses, were still continuing to occupy Government accommodation. The Committee had accordingly directed that the Ministry of Works should submit a report showing the steps taken by it to vacate Government accommodation occupied by those Government servants who had obtained advances and built their own houses. The Committee desired to know what the position in this respect now was. The departmental representative stated that the number of Government servants who were in possession of Government accommodation after building their own houses had been reduced considerably. There might be a few exceptions but the number of such exceptions would not exceed one per cent; the Estate Office and the Ministry of Works were vigorously following such cases. He added that a decision had already been taken that in respect of residential buildings under the control of other departments like the Posts and Telegraphs, Railways, etc., the same principle should be applied. The Ministry of Works was keeping strict watch over the continued occupation of Government residential accommodation by officers who had built their own houses and necessary steps were being taken to get such accommodation vacated. Orders had been issued insisting on every Government officer to submit a statement showing whether he had or had not built a house. The Committee noted with satisfaction the information furnished by the departmental representative and recommended that a strict vigilance should be exercised by the Ministry of Works over unauthorised occupation of Government accommodation in view of the acute shortage of residential accommodation in the larger cities in the country.

16. In the course of the examination of the Accounts for 1950-51, the Committee had observed that there was no relation between the actual establishment charges in the Public Works Department and the percentage charges on this account recovered from Commercial Departments and private organizations, etc., because the actual expenditure on establishment was 18.58 per cent of the gross works expenditure as compared with 11 per cent actually charged to Commercial Departments, etc., during the year 1950-51. The Committee had desired that the position should be reviewed and the desirability of fixing the percentage charges on the basis of the actual expenditure in the previous years should be considered. It was stated in the compliance report now before the Committee that the percentage of establishment charges fixed for the years 1954-55 to 1956-57 was 14.5 per cent. The departmental representative added that steps had been taken also to effect economies in order to reduce the proportion of establishment charges to gross works expenditure. An Economy Cell had been established in the Ministry of Works and the yardstick for forming a new Division of the Public Works Department had been raised from Rs. 40,00,000 to Rs. 50,00,000 worth of works. It had also been decided that if a work worth Rs. 1 crore was undertaken the estimate of the staff required for the work should be based on Rs. 70,00,000. He hoped that the measures which had been adopted would further reduce the overhead charges. On an enquiry by the Comptroller and Auditor General, the departmental representative assured the Committee that the percentage

charges on account of establishment, etc., recoverable from Commercial Departments, etc., were being revised year after year and this practice would be continued in future.

17. In the course of the examination of the Accounts for 1950-51, the Committee was informed of the poor quality of the repairs done to the Drigh Road and the delay in the completion of the repairs was under investigation by an Enquiry Committee. The Committee had desired that the results of the enquiry should be reported to it. The departmental representative stated that the report of the Enquiry Committee had not yet been finalized and that it would be available in the course of the next few months. The Committee recommended that the Ministry of Works should expedite the finalization of the report. The Committee further desired that the important conclusions of the Enquiry Committee should be reported to it during its next session.

18. In paragraphs 34 and 39 of its report on the Accounts for the year 1951-52, the Committee had recommended that the delegations sent to foreign countries should be restricted to the minimum and that, in the interest of economy, the Ministers should travel by public aeroplane services whenever these were available. The Committee desired to know what action had been taken on these recommendations. The departmental representative stated that the recommendations of the Committee had been brought to the notice of Ministers and Ministries.

19. In the course of the examination of the Accounts for 1951-52 the attention of the Committee had been drawn to the delays in furnishing physical verification certificates of furniture in the residences of high officials. In the compliance report now before the Committee it was stated as follows:—

“Physical verification of furniture in the residences of Ministers has been completed by the Pakistan Public Works Department. The physical verification in respect of Prime Minister's House and President's House is in progress and is expected to be completed shortly. The verification certificates in respect of the houses of which physical verification has since been carried out, will be submitted to the Accountant General, Pakistan Revenues, after getting the inventories signed by the respective Ministers and officers concerned. The Pakistan Public Works Department were facing difficulties in getting the inventories signed by the Ministers. As suggested by the Public Accounts Committee in their last meeting, we brought the matter to the notice of the Cabinet Secretariat, who in their turn requested all Ministers to sign such inventories prepared by the Pakistan Public Works Department. The Engineer-in-Charge has now reported that only two Ministers have so far signed the requisite inventories. Signatures of the rest of the Ministers could not be obtained irrespective of the fact that inventory in triplicate duly checked by the Engineer-in-Charge has been supplied to each Private Secretary.”

20. The Committee desired to know the result of the physical verification of the furniture in the residences of high officials. The departmental representative stated that the accounts had not yet been compiled, and that as soon as the accounts had been compiled a report of the result of the physical verification will be made to the Committee. The departmental representative added that furniture had been supplied

at the residences of only a few officers, other than the President, Prime Minister, Ministers and the Ministers of State and in such cases the rent was being recovered. The departmental representative could not however clearly state whether verification of the furniture at the residences of these officers was also being regularly done. The Committee recommended that whatever a Minister refused to sign the inventory, the Ministry of Works should bring the matter to the notice of the Cabinet and that a detailed report should be submitted to the Committee during its next session showing whether the accounts had been compiled, the physical verification had been done and the results revealed by the physical verification of the furniture in the residences of high officials.

21. The Committee then took the examination of the Appropriation Accounts for 1953-54 and the Audit Report thereon relating to the Ministry of Works.

22. In paragraph 15 of the notes on page 317 of the Appropriation Accounts, it was reported that the fixation of the standard rent of residential buildings had not been done. The departmental representative stated that nearly three-fourths of work had been completed and efforts were being made to complete the work as expeditiously as possible. The Committee desired that a report of the completion of the work should be made to it during its next session.

23. The original provision under the sub-head A-1—Major Works—Voted—of Grant No. 61—Civil Works was Rs. 83,30,000 which was increased to Rs. 1,44,14,500 by means of supplementary grant and reappropriations. The actual expenditure was, however, Rs. 79,35,550. The departmental representative explained that these savings were due to an incorrect estimate of the adjustments relating to recoveries. He stated also that action had since been taken to insist on a full justification of any supplementary demand and the position would improve in future.

24. In paragraph 38 of the Audit Report, it was stated that 20 'H' and 8 'F' type quarters of the approximate value of Rs. 89,518 were cracked beyond repairs and rendered unfit for human habitation. The quarters were constructed during 1949-50 and the first crack appeared as early as in June, 1950. The cracks were reported to have been caused due to uneven settlement of the foundation. The Audit Report further stated that there was no record of any steps having been taken to ascertain the cause of the uneven settlement of the earth and to fix responsibility for the same. The departmental representative stated that action had since been taken against the officers responsible for the construction of the quarters. The increment of one officer had been stopped and another officer had been censured.

25. In paragraph 39(c) of the Audit Report, it was stated that a sum of Rs. 23,610 was paid to a contractor for the supply of empty cement bags in good condition. The empty jute bags were required for covering broken paper bags and were obtained at the rate of Rs. 60 per hundred against the rate of 20 per hundred at which the Cement Factory concerned accepted the return of empty jute bags from their customers. The departmental representative explained that the price of jute bags varied from time to time. At the particular time when this transaction occurred, the price of bags was high, because the jute mills established in Pakistan were not then working and due to non-devaluation of Pakistan currency, bags were not being imported from India and in any case, the rate of Rs. 20 per hundred given by the Cement Factory had no relation with the selling price of the jute bags.

26. Concluding the examination of the accounts relating to the Ministry of Works, the Chairman observed that there were large variations between the budget provision and the actual expenditure. He emphasized that the Ministry of Works must evolve a suitable procedure in order to ensure that the variations were reduced to the minimum. The departmental representative assured the Chairman that steps had already been taken for the preparation of the estimates on a more realistic basis and it was hoped that the variations would be considerably minimized in future.

27. The Chairman suggested that efforts should be made to draft a report of the Committee and to circulate it in such time as to enable the members to consider the draft report and to finalize it a few days before the Budget Session, so that the final report may be submitted to the Parliament during the course of the Budget Session.

28. The Committee then adjourned *sine die*.

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**ANNEXURES**

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No. and name of Grant or Appropriation	1		2		3		4		5		6	
	Rs.	Rs.	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Final Grant or Appropriation More (+) Less (-)	Rs.	Rs.	Rs.	Rs.	
Cabinet—												
Charged	...	...	...	...	...	...	...	...	...	...	...	...
Voted	...	...	...	...	...	...	...	...	...	...	...	...
12. Ministry of Parliamentary Affairs	...	...	70,000	70,000	56,932	-13,068	-13,068	8,61,139	8,61,139	+10,139	+10,139	+10,139
13. Ministry of the Interior	...	...	11,09,000	11,00,000	9,35,465	-1,64,535	-1,64,535	28,36,678	28,36,678	+5,87,678	+5,87,678	-51,322
14. Ministry of Information and Broadcasting	...	...	42,00,000	42,75,000	42,32,698	+32,698	+32,698	7,09,743	7,09,743	+9,743	+9,743	-57,257
15. Ministry of Labour	...	...	7,00,000	7,67,000	7,09,743	+9,743	+9,743	4,05,356	4,05,356	+5,356	+5,356	+5,356
16. Ministry of Law	...	...	4,00,000	4,00,000	4,05,356	+5,356	+5,356	27,24,686	27,24,686	-75,314	-75,314	-75,314
17. Ministry of Foreign Affairs and Commonwealth Relations	...	...	28,00,000	28,00,000	27,24,686	-75,314	-75,314	9,56,265	9,56,265	+56,265	+56,265	+16,265
18. Ministry of Kashmir Affairs	...	...	9,00,000	9,40,000	9,56,265	+56,265	+56,265	23,97,765	23,97,765	-2,05,235	-2,05,235	-2,05,235
19. Ministry of Food and Agriculture	...	...	26,03,000	26,03,000	23,97,765	-2,05,235	-2,05,235	35,17,144	35,17,144	+3,17,144	+3,17,144	+19,144
20. Ministry of Finance	...	...	32,00,000	34,98,000	35,17,144	+3,17,144	+3,17,144	35,49,754	35,49,754	+17,754	+17,754	-1,04,246
21. Ministry of Commerce	...	...	35,32,000	36,54,000	35,49,754	-8,78,246	-8,78,246	8,97,577	8,97,577	-70,423	-70,423	-70,423
22. Ministry of Education	...	...	9,68,000	9,68,000	8,97,577	-70,423	-70,423	42,34,278	42,34,278	+24,34,278	+24,34,278	-6,66,722
23. Ministry of Industries	...	...	18,00,000	49,01,000	42,34,278	-6,66,722	-6,66,722					



24	Ministry of Health and Works	...	...	...	5,00,000	5,00,000	5,03,602	+ 3,602	+ 3,602
25.	Ministry of Communications	...	...	...	3,68,000	3,68,000	3,20,411	-47,589	-47,589
26.	Ministry of Defence	...	...	...	9,00,000	9,29,000	9,98,186	+98,186	+69,186
27.	Ministry of States and Frontier Regions	...	...	...	4,00,000	4,67,000	4,88,486	+88,486	+21,486
28.	Ministry of Refugees and Rehabilitation	...	...	...	6,00,000	6,00,000	5,78,581	-21,419	-21,419
29.	Ministry of Economic Affairs	...	...	...	10,00,000	11,58,000	11,01,757	+1,01,757	-56,243
30.	Payments to Other Governments, Departments, etc., on account of the Administration of Agency Subjects and Management of Treasuries ...	...	...	...	24,000	24,000	84,029	+60,029	+60,029
31.	Audit—								
	Charged	...	...	...	56,000	56,000	52,806	-3,194	-3,194
	Voted	...	...	...	69,44,000	73,06,000	70,75,143	+1,31,143	-2,30,857
32.	Administration of Justice—								
	Charged	...	...	...	3,81,000	5,70,000	5,30,853	+1,49,853	-39,147
	Voted	...	...	...	46,000	73,000	1,05,882	+59,882	+32,882
33.	Police	...	...	...	1,03,04,000	1,46,51,000	1,81,37,429	+78,33,429	+34,86,429
34.	Ports and Pilotage	...	...	...	16,81,000	16,81,000	13,32,356	-3,48,644	-3,48,644
35.	Lighthouses and Lightships	...	...	...	2,00,000	2,40,000	2,19,550	+19,550	-20,450
36.	Frontier Regions	...	...	...	6,48,00,000	6,48,00,000	6,30,86,186	-17,13,814	-17,13,814
37.	Foreign Affairs	...	...	...	1,68,00,000	1,80,36,000	1,77,72,506	+9,72,506	-2,63,494
38.	Survey of Pakistan	...	...	...	23,74,000	23,74,000	19,81,425	-3,92,575	-3,92,575
39.	Botanical Survey	...	...	...	80,000	80,000	39,880	-40,120	-40,120
40.	Zoological Survey	...	...	...	1,00,000	1,00,000	1,00,702	+702	+702
41.	Geological Survey	...	...	...	6,00,000	6,00,000	6,04,214	+4,214	+4,214
42.	Mines	...	...	...	85,000	85,000	63,056	-21,944	-21,944

No. and name of Grant or Appropriation	1		2		3		4		5		6	
	Original Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Final Grant or Appropriation More (+) Less (-)	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Original Grant or Appropriation More (+) Less (-)	Expenditure compared with Original Grant or Appropriation More (+) Less (-)
43. Archaeology and Museums	...	...	...	...	Rs. 4,50,000	Rs. 4,50,000	Rs. 4,44,307	Rs. -5,693	Rs. -5,693	Rs. -5,693	Rs. -5,693	Rs. -5,693
44. Meteorology	...	...	...	...	Rs. 37,63,000	Rs. 37,63,000	Rs. 26,25,824	Rs. -11,37,176	Rs. -11,37,176	Rs. -11,37,176	Rs. -11,37,176	Rs. -11,37,176
45. Education	...	...	...	...	Rs. 37,08,000	Rs. 37,08,000	Rs. 29,38,709	Rs. -7,69,291	Rs. -7,69,291	Rs. -7,69,291	Rs. -7,69,291	Rs. -7,69,291
46. Medical Services	...	...	...	...	Rs. 64,43,000	Rs. 64,43,000	Rs. 58,59,591	Rs. -5,83,409	Rs. -5,83,409	Rs. -5,83,409	Rs. -5,83,409	Rs. -5,83,409
47. Public Health	...	...	...	...	Rs. 19,45,000	Rs. 19,45,000	Rs. 12,33,319	Rs. -7,11,681	Rs. -7,11,681	Rs. -7,11,681	Rs. -7,11,681	Rs. -7,11,681
48. Agriculture	...	...	...	...	Rs. 46,00,000	Rs. 46,00,000	Rs. 88,27,289	Rs. +42,27,289	Rs. +42,27,289	Rs. +42,27,289	Rs. +42,27,289	Rs. +42,27,289
49. Civil Veterinary Services	...	...	...	...	Rs. 7,35,000	Rs. 7,35,000	Rs. 5,48,633	Rs. -1,86,367	Rs. -1,86,367	Rs. -1,86,367	Rs. -1,86,367	Rs. -1,86,367
50. Co-operation	...	...	...	...	Rs. 70,000	Rs. 70,000	Rs. 62,083	Rs. -7,917	Rs. -7,917	Rs. -7,917	Rs. -7,917	Rs. -7,917
51. Industries	...	...	...	...	Rs. 15,00,000	Rs. 1,15,92,000	Rs. 1,13,01,073	Rs. +98,01,073	Rs. +98,01,073	Rs. +98,01,073	Rs. +98,01,073	Rs. +98,01,073
52. Aviation	...	...	...	...	Rs. 80,00,000	Rs. 80,00,000	Rs. 70,97,035	Rs. -9,02,965	Rs. -9,02,965	Rs. -9,02,965	Rs. -9,02,965	Rs. -9,02,965
53. Pakistan Broadcasting Service	...	...	...	...	Rs. 55,00,000	Rs. 57,95,000	Rs. 54,02,936	Rs. -97,064	Rs. -97,064	Rs. -97,064	Rs. -97,064	Rs. -97,064
54. Department of Supply and Development	...	...	...	...	Rs. 55,00,000	Rs. 72,82,000	Rs. 70,69,344	Rs. +15,69,344	Rs. +15,69,344	Rs. +15,69,344	Rs. +15,69,344	Rs. +15,69,344
55. Commercial Intelligence	...	...	...	...	Rs. 2,00,000	Rs. 2,00,000	Rs. 1,95,060	Rs. -4,940	Rs. -4,940	Rs. -4,940	Rs. -4,940	Rs. -4,940
56. Census	...	...	...	...	Rs. 2,00,000	Rs. 2,00,000	Rs. 1,98,440	Rs. -1,560	Rs. -1,560	Rs. -1,560	Rs. -1,560	Rs. -1,560
57. Miscellaneous Departments	...	...	...	...	Rs. 24,50,000	Rs. 26,97,000	Rs. 26,28,361	Rs. +1,78,361	Rs. +1,78,361	Rs. +1,78,361	Rs. +1,78,361	Rs. +1,78,361



No. and name of Grant or Appropriation	Original Grant or Appropriation		Final Grant or Appropriation		Expenditure		Expenditure compared with Original Grant or Appropriation		Expenditure compared with Final Grant or Appropriation	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	More (+) Less (-)	More (+) Less (-)	More (+) Less (-)	More (+) Less (-)
	2	3	4	5	6					
<b>Grants-in-Aid to Provincial Government</b>	...	...	...	...	...	...	...	...	...	...
74. Capital Outlay on Civil Aviation	1,25,00,000	1,25,00,000	1,25,00,000	1,25,00,000	...	...	...	...	...	...
75. Capital Outlay on Broadcasting Service	1,14,00,000	1,47,80,000	1,57,27,376	1,57,27,376	...	...	+43,27,376	+43,27,376	...	+9,47,376
76. Capital Outlay on Ports	8,00,000	8,00,000	4,29,247	4,29,247	...	...	-3,70,753	-3,70,753	...	-3,70,753
77. Capital Outlay on Mint	20,00,000	20,00,000	4,35,096	4,35,096	...	...	-15,64,904	-15,64,904	...	-15,64,904
78. Capital Outlay on New Federal Capital	23,000	3,69,000	2,94,560	2,94,560	...	...	2,71,560	2,71,560	...	-74,440
79. Capital Outlay on Civil Works	68,28,000	68,28,000	43,82,885	43,82,885	...	...	-24,45,115	-24,45,115	...	-24,45,115
80. Capital Outlay on Pensions	2,06,72,000	2,17,20,000	1,58,69,838	1,58,69,838	...	...	-48,02,162	-48,02,162	...	-58,50,162
81. Capital Outlay on Printing Presses	1,000	1,000	6,33,128	6,33,128	...	...	-6,34,128	-6,34,128	...	-6,34,128
83. Capital Outlay on Schemes of State Trading	16,90,000	16,90,000	12,61,418	12,61,418	...	...	-4,28,582	-4,28,582	...	-4,28,582
84. Capital Outlay on Development	1,000	1,000	28,47,71,479	28,47,71,479	...	...	-28,47,72,479	-28,47,72,479	...	-28,47,72,479
85. Interest-free and interest-bearing Advances—	15,08,16,000	15,08,16,000	6,85,86,921	6,85,86,921	...	...	-8,22,29,079	-8,22,29,079	...	-8,22,29,079
Charged	16,07,50,000	45,83,09,000	40,40,02,058	40,40,02,058	...	...	+24,32,52,058	+24,32,52,058	...	-5,43,06,942
Voted	4,21,22,000	9,97,08,000	8,03,16,058	8,03,16,058	...	...	+3,81,94,095	+3,81,94,095	...	-1,93,91,942
Charged	25,41,59,000	55,27,97,000	49,85,38,095	49,85,38,095	...	...	+24,43,79,095	+24,43,79,095	...	-5,42,58,905
Voted	52,67,93,000	66,35,08,000	26,35,78,171	26,35,78,171	...	...	-26,32,14,829	-26,32,14,829	...	-39,99,29,829

<b>Expenditure met from Revenue—</b>										
Charged	...	...	...	...	...	9,34,09,000	9,44,88,000	9,45,36,037	+11,27,037	+48,037
Voted	...	...	...	...	...	29,04,40,000	36,47,95,000	36,16,79,379	+7,12,39,379	-31,15,621
<b>Expenditure met from Capital—</b>										
Voted	...	...	...	...	...	19,42,31,000	19,90,05,000	-17,84,17,266	-37,26,48,266	-37,74,22,266
<b>Disbursements of Loans and Advances—</b>										
Charged	...	...	...	...	...	16,07,50,000	45,83,09,000	40,40,02,058	+24,32,57,058	-5,43,06,942
Voted	...	...	...	...	...	4,21,22,000	9,97,08,000	8,03,16,058	+3,81,94,058	-1,93,91,942
<b>PART II—POSTS AND TELEGRAPHS</b>										
<b>10. Pakistan Posts and Telegraphs Department—</b>										
Charged	...	...	...	...	...	23,91,000	23,91,000	18,83,562	-5,07,438	-5,07,438
Voted	...	...	...	...	...	5,75,32,000	5,75,32,000	5,75,15,259	-16,741	-16,741
<b>B.—Expenditure met from Capital:</b>										
<b>74. Capital Outlay on Posts and Telegraphs Department (outside the Revenue Accounts</b>										
...	...	...	...	...	...	2,50,00,000	2,50,00,000	2,10,14,481	-39,85,519	-39,85,519
<b>Total—Posts and Telegraphs</b>										
Charged	...	...	...	...	...	8,49,23,000	8,49,23,000	8,04,13,302	-45,09,698	-45,09,698
Voted	...	...	...	...	...	23,91,000	23,91,000	18,83,562	-5,07,438	-5,07,438
<b>PART III—RAILWAYS</b>										
<b>A.—Expenditure met from Revenue—</b>										
<b>8. Pakistan Railways—</b>										
Charged	...	...	...	...	...	4,82,49,000	4,82,49,000	4,27,30,646	-55,18,354	-55,18,354
Voted	...	...	...	...	...	35,43,69,000	35,43,69,000	34,69,38,478	-74,30,522	-74,30,522
<b>Total expenditure met from Revenue</b>										
...	...	...	...	...	...	40,26,18,000	40,26,18,000	38,96,69,124	-1,29,48,876	-1,29,48,876

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B—Expenditure met from Capital—

72—Capital Outlay on Pakistan Railways—

Voted ... ..	15,22,04,000	15,22,04,000	9,47,54,386	—5,74,49,614	—5,74,49,614
Total—Railways	55,48,22,000	55,48,22,000	48,44,23,510	—7,03,98,490	—7,03,98,490

Charged ... ..

...	4,82,49,000	4,82,49,000	4,27,30,646	—55,18,354	—55,18,354
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Voted ... ..

...	50,65,73,000	50,65,73,000	44,16,92,864	—6,48,80,136	—6,48,80,136
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PART V—DEFENCE SERVICES

A—Expenditure met from Revenue—

67—Defence Services ... ..

...	60,10,00,000	63,32,00,000	65,31,40,434	+5,21,40,434	+1,99,41,434
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B—Expenditure met from Capital—

82—Capital Outlay on Defence Services

...	19,90,00,000	19,90,00,000	14,91,71,760	—4,98,28,240	—4,98,28,240
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Total—Defence Services

...	80,00,00,000	83,22,00,000	80,23,12,194	+23,12,194	—2,98,87,806
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GRAND TOTAL

...	2,22,06,97,000	2,68,82,50,000	2,12,92,65,272	—9,14,31,728	—55,89,84,728
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{ Charged

...	30,47,99,000	60,34,37,000	54,31,52,303	+23,83,53,303	—6,02,84,657
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{ Voted

...	1,91,58,98,000	2,08,48,13,000	1,58,61,12,969	—32,97,85,031	—49,87,00,031
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## ANNEXURE II

*Note of the Ministry of Industries on the disposal of the Jute Baling Presses procured during 1949*

(See paragraph 8 of the proceedings of the fifteenth meeting held on the 21st November, 1957.)

In 1949 Government imported five Lambard Jute Baling Presses from the U.S.A. which were sold to private parties on credit at Rs. 3,50,000 each. Four electric generating sets were also imported and supplied to the Jute industry in East Pakistan, on credit. A statement of the account of these parties is given below :—

Name of the purchaser and name of machinery	Cost			Amounts realised			Amount outstanding		
	Rs.	As.	Ps.	Rs.	As.	Ps.	Rs.	As.	Ps.
1. East Pakistan Co-operative Jute Mills Limited :									
(1) 2 Lambard Presses ...	7,00,000	0	0	4,60,742	0	0	2,39,258	0	0
(2) 2 Generating Sets ...	1,30,144	14	8	Nil			1,30,144	14	8
(3) Service Charges of the Engineer ...	18,141	12	6	Nil			18,141	12	6
							3,87,544	11	2
2. M/s. Jamal Jute Baling Company :									
(1) 1 Lambard Press ...	3,50,000	0	0	2,02,000	0	0	1,48,000	0	0
(2) 1 Generating Set ...	65,072	7	4	30,000	0	0	35,072	7	4
(3) Service Charges of the Engineer ...	9,070	14	3	Nil			9,070	14	3
							1,92,143	5	7
3. M/s. M. M. Ispahani, Limited :									
(1) Lambard Press ...	3,50,000	0	0	3,50,000	0	0	Nil		
(2) 1 Generating Set ...	65,072	7	4	65,072	7	4	Nil		
(3) Interest of 3½ per cent per annum for the amount remains interest ...	21,143	13	2	21,143	13	2	Nil		
(4) Balance towards service charge of the Engineer ...	9,070	14	3	Nil			9,070	14	3
							5,88,758	15	0
							GRAND TOTAL ...		

It will be seen from the statement that more than Rs. 5½ lakhs plus interest at the rate of Rs. 3½ per cent. per annum has been outstanding as dues from these parties for the last several years and it has become necessary to take legal steps to realize the amount.

3. The present position is summarised as under :—

(i) The Jamal Jute Baling Company owes Rs. 1,92,134. It has offered to pay the dues instalments of Rs. 5,000 per month.

This is not acceptable as the amount of the instalment is too small. Moreover, the party has not in the past paid even this small instalment with any regularity. The Jute Board's attempt to press the party to raise the amount of instalment to Rs. 20,000 per month has yielded no result. A civil suit should be brought against the party as advised by the Ministry of Law.

- (ii) The East Pakistan Co-operative Jute Mills, Limited, have gone into liquidation and a liquidator has been appointed. The Ministry of Law have advised that there is no need to bring a civil suit against the party. We have simply to press the liquidator and have our claim registered with him. This has already been done by the Jute Board, but without any substantial result. The liquidator is not paying any heed to our dues it is proposed to consult the Ministry of Law as to what further action should be taken to enforce the recovery.
- (iii) Messrs. Isphani, Limited, also owe a small amount to Government. There is no alternative now but to serve notice and bring a civil suit against them as well. The Ministry of Law will be consulted in the matter.

4. In addition to the amounts mentioned in the statement, there is a jute baling press lying at Dacca. It was sold to Messrs. Malik Bros., who deposited Rs. 50,000 as earnest money but when delivery of the press was offered to them they refused to take it. The case was referred to the Ministry of Law who advised that we should first sue the party and then try to dispose it of through the Court and thereafter realize the short fall in price, if any, through the same Court. However, an offer of Rs. 2,00,500 from Messrs. Rashid Jute Baling Company, Chittagong, has been accepted on 8th, August 1957. The sale will be finalised shortly.