

**REPORT**  
**OF THE**  
**PUBLIC ACCOUNTS COMMITTEE**  
**ON**

- **PRESIDENT'S|CMLA SECRETARIAT**
- **PRIME MINISTER'S|CMLA SECRETARIAT**
- **ESTABLISHMENT DIVISION**
- **O & M DIVISION**
- **CABINET DIVISION**
- **POPULATION WELFARE DIVISION**
- **WOMEN'S DIVISION**
- **PAKISTAN ATOMIC ENERGY COMMISSION**

**(1981-82 To 1984-85)**

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## **SUMMARY OF RECOMMENDATIONS**

1. The Committee noticed that a substantial part of the expenditure of the President/Prime Minister was being booked against certain other grants and advised the Finance Division to ensure that in future the expenditure pertaining to the President/Prime Minister should be charged to the relevant Appropriation/Grant only. (Para 2.4 and 3.3).

2. In all cases where administrative departments are required to hand over original record to other agencies for enquiry/investigation, the photocopies of such record should be invariably retained. (Para 4.3).

3. Response to inter-departmental references should be made within a maximum period of 30 days and any delay on this account should be thoroughly investigated by the Establishment Division. (Para 4.3).

4. The telex services should be utilized more effectively in the Government sector and if possible a correlation between the expenditure on telex facilities and telephone services should be developed for control purposes. (Para 4.3).

5. O & M Division should be transformed into a Management Consultant Bureau which should be an autonomous body exclusively engaged in improving management practices within the Federal Government. (Para 5.3).

6. Cabinet Division should submit a detailed note on the functions of the Federal Land Commission and its role and should specifically examine the justification for its existence under the Federal Government when 'land reforms' was a Provincial subject under the Constitution. (Para 6.2.3).

7. Capital Development Authority, Auditor-General of Pakistan and other agencies responsible for execution of engineering works such as Pak. PWD and MES should examine the issues emerging

from contract management and come up with their views to resolve these issues. (Para 6.2.4).

8. The Printing Corporation of Pakistan should prepare a long-term action plan to revitalise the organization and to minimize Government support. (Para 6.3.11).

9. The pending litigation cases of Kohistan Development Board should be properly defended in the civil courts by the Government of N.W.F.P. (Para 6.4.13).

10. The 50 bed Hospital at Besham (Kohistan District) was not generating the envisaged benefits to the people of the area. Government should take necessary measures for utilization of infrastructure. (Para 6.4.13).

11. The entire procedure for winding up and proper monitoring of operations of projects like Kohistan Development Board should be prescribed before such projects are created by the Government. (Para 6.4.13).

12. National Assembly Secretariat should examine if the functions assigned to the Women's Division fell within the ambit of the Federation or the Provinces or were concurrently assigned to the both. (Para 8.3).

13. The Auditor-General should undertake the performance audit of Women's Division to assess if these projects really achieved the objectives for which these were conceived.

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## 1. INTRODUCTION

1.1. The results of examination of the accounts of the following Divisions and Agencies for the years 1981-82 to 1984-85, and the report of the Auditor-General of Pakistan thereon are discussed in succeeding pages :—

- (i) President's/CMLA Secretariat.
- (ii) Prime Minister's/CMLA Secretariat.
- (iii) Establishment Division.
- (iv) O & M Division.
- (v) Cabinet Division.
- (vi) Population Welfare Division.
- (vii) Women's Division.
- (viii) Pakistan Atomic Energy Commission.

1.2. The Committee would like to place on record its thanks for the valuable help rendered by Mr. Riyaz H. Bokhari, Auditor-General of Pakistan, Mr. M. A. Haq former Secretary National Assembly, Mr. K. M. Chima Secretary, National Assembly, Mr. A. A. Zaidi, Deputy Auditor-General of Pakistan, representatives of the agencies concerned and their officers and staff in assisting the Committee in its work.

1.3. While submitting this report to the National Assembly it is finally recommended that the suggestions and recommendations made by the Committee in the report may be accepted.

**K. M. CHIMA,**  
Secretary.

DATED : December, 1987.

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**SARDARZADA MUHAMMAD ALI SHAH,**  
*Chairman.*

**SARDAR ASEFF AHMAD ALI,**  
*Member.*

**CH. MUHAMMAD SARWAR KHAN,**  
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**MIAN MUHAMMAD YASIN KHAN WATTOO,**  
*Minister for Finance and Economic Affairs,*  
*Ex-Officio Member*

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## 2. PRESIDENT'S/CMLA'S SECRETARIAT

2.1. Appropriation Accounts of President's/CMLA's Secretariat for 1981-82 were examined by the Public Accounts Committee on 26th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 23rd April, 1986 and 7th January, 1987.

2.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

2.3. The Committee was not very clear about the powers of the President regarding discretionary grants and desired that the rules and orders on the subject may be submitted. It may also be stated if the list of disbursement was required to be certified under the rules by any agency/official. If so, whether the rules were being enforced.

2.4. The Committee noticed that a substantial part of the expenditure of the President was being booked against certain other grants. The Committee felt that it was not a sound practice and advised the Finance Division to ensure that in future the expenditure pertaining to the President's Secretariat should be charged to the relevant appropriation/grant only.

2.5. The minutes of the proceedings pertaining to President's/CMLA's Secretariat are appended as Annexure 'A'.

## 3. PRIME MINISTER'S/CMLA'S SECRETARIAT

3.1. Appropriation Accounts of CMLA's Secretariat for 1981-82 were examined by the Public Accounts Committee on 26th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts of CMLA's Secretariat, Prime Minister's Secretariat for 1982-83, 1983-84 and 1984-85 and the reports

of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 23rd April, 1986 and 7th January, 1987.

3.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

3.3. The Committee noticed that a substantial part of the expenditure of the Prime Minister was being booked against certain other grants. The Committee felt that it was not sound practice and advised the Finance Division to ensure that in future the expenditure pertaining to the Prime Minister's Secretariat should be charged to the relevant appropriation/grant only.

3.4. The minutes of the proceedings pertaining to Prime Minister's/CMLA's Secretariat are appended as Annexure 'B'.

#### 4. ESTABLISHMENT DIVISION

4.1. Appropriation Accounts of Establishment Division for 1981-82 were examined by the Public Accounts Committee on 26th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 25th August, 1986 and 6th January, 1987.

4.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

4.3. While examining the accounts of administrative Divisions, the Committee observed certain deficiencies in inter departmental co-ordination which are discussed below :—

- (a) The Departments while handing over documents to other agencies for conducting enquiries/investigations usually do not retain the photocopies of the relevant record. This



results in delays in taking action on other aspects of these cases while the inquiries are on and the record is in the custody of the investigation agency but also creates bottleneck in providing authentic information to controlling officers. The Committee therefore directed that in all such cases the administrative departments should retain photocopies of such record for their internal use

- (b) Response to inter-departmental references usually took unnecessary long time, thus blocking the decision making process. The Committee directed that replies to such references should be made within a maximum period of 30 days and any delays on this account should be thoroughly investigated by the Establishment Division.
- (c) While the overall expenditure on telephone services was considerably high, the use of telex facilities was not being availed by the Departments. The Committee directed that telex services should be utilized more effectively in the Government sector and if possible a correlation between the expenditure on telex facilities and telephone services should be developed for control purposes.

4.4. The minutes of the proceedings pertaining to Establishment Division are appended as Annexure 'C'.

## 5. O & M DIVISION

5.1. Appropriation Accounts of O & M Division for 1981-82 were examined by the Public Accounts Committee on 27th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 25th August, 1986 and 7th January, 1987.

5.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

5.3. The Committee enquired from Secretary O & M Division about the role and effectiveness of O & M Division in improving the efficiency and output of Government Organizations. The Principal Accounting Officer explained that they were supposed to be the management consultants to the Government. They study performance of the executive agencies in a scientific manner and recommend how it could be improved. Although they had developed an expertise in the field, they were not very effective because as their recommendations were not obligatory and their service was free. The Committee after deliberations on the issue, recommended that O & M Division should be transformed into a Management Consultant Bureau which should be an autonomous body exclusively engaged in improving management practices within the Federal Government.

5.4. The minutes of the proceedings pertaining to O & M Division are appended as Annexure 'D'.

## 6. CABINET DIVISION

### 6.1. Introduction

6.1.1. Appropriation Accounts of the Cabinet Division (including the accounts of Kohistan Development Board and Capital Development Authority) for the year 1981-82 were partially examined by the Public Accounts Committee on 30th October, 1984. The Committee was, however, not able to finalize its examination when it was dissolved. The remaining accounts of Cabinet Division for 1981-82 and the accounts for the year 1982-83, 1983-84 and 1984-85 and the report of the Auditor-General of Pakistan thereon were examined by the Public Accounts Committee on 25th March, 1986, 23rd April, 1986, 6th January, 1987 and 26th July, 1987.

6.1.2. The results of the examination are summarized in 3 Chapters :—

- Areas of Attention.
- Evaluation of Printing Corporation of Pakistan.
- Specific Irregularities.

6.1.3. The views of the Committee regarding regularization of excess expenditure of the Cabinet Division have already been discussed in its report on the Ministry of Finance for the above years which has been laid before the Assembly.

6.1.4. The minutes of the proceedings pertaining to Cabinet Division have been appended to the Report as Annexure 'E'

6.1.5. The minutes has specifically appreciated the valuable work done by Mr. Nimat Ullah Abid, Director, Performance Evaluation Cell, in preparing the evaluation report of Printing Corporation of Pakistan.

## 6.2. Administration of Funds

6.2.1. *Capital Outlay on Land Reforms.*—The actual expenditure against the Grant for "Capital Outlay on Land Reforms" exhibited abnormally large savings in the Appropriation Accounts. Secretary Cabinet Division explained that these savings were due to less expenditure incurred by Chief Land Commissioner in the shape of Bonds, as the provision was meant for payment of land compensation in the form of redeemable bonds. The Cabinet Division functioned merely as a channel of communication and provided funds to the Provincial Governments. The expenditure on redeemable bonds was, however, not a cash expenditure.

6.2.2. The Committee was not satisfied with the explanation and asked that the procedure of issue and payment of compensation bonds and its budgeting should be examined by the Administrative Division and the Auditor-General, in depth.

6.2.3. The Committee also directed that Cabinet Division should submit a detailed note on the functions of Federal Land Commission and its role and should specifically examine the justification for its existence under the Federal Government when land reforms was a provincial subject, under the Constitution.

6.2.4. *Contract Management.*—While examining the accounts of Capital Development Authority and Kohistan Development Board and the report of the Auditor-General thereon, the Committee came across a number of interesting issues emerging from the contract management of civil works. The issues are Summarized as under :—

- (i) In a sizeable number of contracts, the work was rescinded by the executive agencies at the risk and cost of the contractors. It, however, took a pretty long period to determine the actual amount recoverable from original contractors in such cases, as the actual amount of risk and cost could only be calculated after completion of work and finalization of the works accounts. The recovery at this belated stage is not usually possible without going to a court of law. The government dues were outstanding against the defaulting contractors even after lapse of a considerable time and despite sustained efforts. The contractual provisions in this regard, have not proved effective. Another aspect of these provisions is that the executive agencies resist rescinding of the contract under risk and cost clause, having entered into a contract and try to keep the contract alive as far as possible. The above provision of the contract, therefore, results in abnormal delays in the execution of the work without giving any concrete benefit / advantage to the Government.
- (ii) Another issue that requires attention is the issue of stores by the Departments and payment of secured advances to the contractors against the material brought at site. Due to provision of supply of such stores by the Department in

the contract, the executive agencies are obliged to maintain sizeable inventory of certain material. Inventory management is not only a costly exercise but there are also a possibility of their pilferage as well as becoming obsolete or unusable with the passage of time. It also provides no support to the contractor and enhances the cost of the work unnecessarily and create problems of accounting and adjustments. In cases where the contractor abandons the work, he also manages to dispose of the material supplied to him by the Department or brought by him at site, before leaving the site.

- (iii) It has also been observed that the designs of the buildings are not prepared with care, vigilance and imagination. As a result there are a larger number of deviations from the existing drawings/designs. The costing of these deviations is usually an exercise which provides undue benefits to the contractor at the cost of the exchequer. It was observed that in a number of major contracts, CDA paid 15 per cent overheads and 10 per cent profit over and above the market cost to the contractors. How far this was reasonable, is a big question.

6.2.5. The Committee has asked the Capital Development Authority, Auditor-General of Pakistan and other agencies responsible for execution of engineering works such as Pak. PWD and MES to examine these issues and come up with their views.

## PRINTING CORPORATION OF PAKISTAN

### 6.3. Performance Evaluation

6.3.1. Printing Corporation of Pakistan was established in 1969 to operate Government Presses at Islamabad, Lahore and Karachi on commercial lines and to improve their working efficiency.

6.3.2. The Corporation had been a losing concern throughout except during 1984-85 when a nominal operating profit of Rs. 1.2

million was made. Accumulated losses on June 30, 1986 were over Rs. 92 million, eroding 88 per cent of the equity of Rs. 104.5 million. (The entire equity was contributed by Government). Full capacity utilization was also never achieved by any of the three Presses.

6.3.3. PCP Presses earned their income from the following sources :—

- (a) *Operational revenues.*—These consisted of charges for composing, printing and production services rendered.
- (b) *Mark up on paper.*—A mark up ranging between 20 and 25 per cent was levied on the cost of paper purchased by PCP and charged to customers. Mark up on paper averaged about 15 per cent of the sales of the Corporation. This was a trading profit.
- (c) *Outwork Charges.*—PCP Press at times sub-contracted certain job(s) of its customers to private Presses. This outwork was marked up by 15 per cent to 20 per cent over its actual cost and charged to customers. This was also a trading profit.

6.3.4. Since all PCP clients were government departments, burden of mark up on paper and outwork was ultimately passed on to the national exchequer. Still PCP had been suffering huge losses on its own printing operations which were not offset by substantial profits occurring through the "mark ups".

6.3.5. The Corporation, however, took a slight turn for the better during the last two years, 1984—86. Sales steadily increased during year 1985-86 registering an all time high sale of over Rs. 126 million. Costs and expenses as present of sales showed a downward trend. A slight increase in capacity utilisation was also observed. This resulted in an almost break even during the two years 1984—86. There was scope for further improvement of performance specially in view of installation of new and modern machinery in the Presses during the last three years.

6.3.6. The Lahore Press was located at Urdu Bazar on a 16-Kanal plot, reportedly worth Rs. 40 million. The existing press building was dilapidated wherein old and out-moded machinery had been installed. Use of such valuable estate for a small press was not a sound commercial proposition.

6.3.7. Following managerial weaknesses were identified :—

- (i) Pace of recovery of old dues was unsatisfactory. Trade debts as on June 30, 1986 exceeded Rs. 67 million. These included amounts relating to 1969-70 onwards. Over 60 per cent of dues were between two to fifteen years old.
- (ii) Loss of production hours was excessive due to lack of effective checks and controls.
- (iii) Overtime paid to workers was not correlated with increase in production. It appeared that overtime was availed of by workers almost as a matter of right.

6.3.8. The department admitted that lot was required to be done. Attempts were being made to break even in operating costs. A nominal profit was earned during last year. It was intimated that it will be a long way to solve all the problems. As for Lahore Press, there was an offer of Rs. 4.25 crore which was under consideration. The Corporation was looking after another site. The Department wanted modern machinery to set up a modern Press at new site. The present building in Urdu Bazar was very old. It was further intimated that Rs. 3 crores loan of National Bank was being paid. The Corporation was no more a burden on the Government. The rates had now been approved by the Government. The Corporation had reduced out work. Some portion of total load was still being got done from outside. No Press could do all the work at its own. The Corporation had a mandate of cheapest material at lowest rate.

6.3.9. Audit pointed that a strategic plan was required to be made in various areas. There was no Cost Accounting at Karachi Press.

There was lot of scope in improving production planning. The Department observed that some very good suggestion had been made by Audit.

6.3.10. A Member wanted to know if the Corporation was competitive. It was informed that all rates were fixed by the Government. The Government required this Corporation for printing of secret and classified material and also to keep private sector within reasonable limits as far as rates were concerned. Moreover, private sector never take up priority work of Government at reasonable rates. The Committee further directed that all the Government Departments should clear the arrears, and pay the amounts due to the Printing and Stationery Department.

6.3.11. The Committee observed that improvement would be watched in the light of the report submitted to it. The Committee directed that the department should prepare a long-term action plan and steps taken may be reported to the Committee.

## KOHISTAN DEVELOPMENT BOARD 1981-82

### 6.4. Specific Irregularities

6.4.1. *Non-recovery of Rs. 6,487,000 (Para 3, page 23-AR).*— Audit pointed out that hire charges of machinery amounting to Rs. 6,487,512 were not recovered from contractors' running bill and were still outstanding against them.

The Department explained that the machinery was introduced into the project before the cost was fully worked out. Hire charges bills were issued in 1981 and since then a sum of Rs. 3,468,853 had been recovered leaving a balance amount of Rs. 3,018,147 which would be recovered in due time after settlement with the contractors.

The Committee directed that a comprehensive report should be furnished setting out the total cost of the plant and the machinery, the date when the rates were originally fixed and revised and when was the machinery supplied. Whether any custom duty was paid and



action taken against those who fixed the hire charges without authority etc. The Committee also directed that the recovery of the balance amount must be expedited.

6.4.2. *Shortage of Stores worth : Rs. 1,111,000 (Para 4, page 23-24-AR).*—Shortage of stores worth Rs. 1,111,000 was noticed during handing/taking over charge in December, 1977, on which no action was taken.

The Department stated in reply that the case was with the Martial Law Authorities since January, 1981 and the final verdict was expected shortly.

The Committee directed the departmental representative to look into the case and furnish a report.

6.4.3. *Excess payment of Rs. 895,000 (Para 5, page 24-AR).*—An excess payment of Rs. 894,837 was made to Land Owners by changing the classification of the Land in 1977.

The Department in reply stated that the case was awaiting finalization through a commission constituted for the purpose.

The Committee felt that the case was not quite clear and directed that it should be further reviewed jointly by the Ministry and the Audit and a report be submitted thereafter.

6.4.4. *Mis-appropriation of Cement—Rs. 255,000 (Para 6, page 24-AR).*—It was reported that 370 tons Cement valuing Rs. 255,000 were misappropriated by carriage contractors during transportation from Factory to the Stores in 1977.

The Department explained that the case was noticed in October, 1979 and was handed over to the Martial Law Authorities whose verdict was awaited.

The Committee directed that Cabinet Division should submit a detailed report as to who awarded the contract, when was it terminated and why did it take so long for taking any action to settle the matter.

6.4.5. *Mis-appropriation of Tyres and Tubes—Rs. 100,869 (Para 7, page 24-AR).*—173 Tyres and Tubes were purchased from a firm in 1978 but only 66 Tyres were taken on stock and the remaining quantity was mis-appropriated.

Cabinet Division stated in reply that the matter had been investigated by a court of inquiry and the amount was recoverable from two officials.

The Committee decided that the progress of recovery should be intimated.

6.4.6. *Un-justified payment of Rs. 40,000 (Para 8, page 25-AR).*—M/s. Engineering and Technical Consultants were engaged to supervise a work for which they were paid a sum of Rs. 40,000 in 1978. Their services were, however, not utilized and the advance payment was not recovered.

Cabinet Division explained that the matter of recovery was taken up through a court of law and a decree has been awarded in favour of the Board in October, 1981. Action was in hand to recover the amount through the local administration.

The Committee directed that Cabinet Division should go into all the audit paras regarding KDB in consultation with NWFP Government and a detailed report should be submitted with action taken against each para.

### 1982-83

6.4.7. *Non-recovery of dues from Contractors—Rs. 927,557 (Para 1, page 21-AR).*—Audit pointed out recoveries of Rs. 927,557 from 9 contractors on different counts.

The Department stated that out of 336 works executed in a scattered area of about 1000 miles, only 9 cases were disputed. The settlement of these cases has been retarded due to transfer of record to NWFP Government.

The Committee having not been satisfied with the departmental explanation decided that :—

- (a) A Committee headed by Secretary Cabinet Division with the representative of Audit may prepare a performance report on Kohistan Development Board and also going into the audit observations upto 1985 with a view to sort them out and,
- (b) The Members of the PAC would like to see the performance of the Organization at site.

#### 1983-84

6.4.8. *Non-recovery of liquidated damages—Rs. 150, 548 (Para 1, page 29-AR).*—Audit pointed out that a work was agreed to be completed within 150 days from September, 1981. The work could not be completed even within extended time limit. Also no liquidated damages were imposed. It was further pointed out by Auditor-General that record of K.D.B. was not available as it was handed over to NWFP Government and desired that Committee should issue specific instructions that when it is intended to wind up an organization the administrative department should ensure that all the audit observations were settled and the record was handed over to the successor agency in a way that it remained easily traceable.

The Committee agreed with the views of the Auditor-General and also directed that if in cases where audit observations be issued have not been settled, the original record pertaining to such transactions should be kept by the Controlling Agency till their settlement. It also decided that all the audit paras pertaining to K.D.B. should be sorted out by the Committee constituted in para 7 above.

6.4.9. *Non-recovery of cost of material—Rs. 26,665 (Para 3, page 31-AR).*—Explosive material for Rs. 26,665 issued to various contractors during 1981-82 but no recovery thereof had been effected.

The decision of the Committee on para 1 was to apply in this case.

6.4.10. *Fraudulent payment of Rs. 12,815 (Para 6, page 32-AR).*—Rs. 12,815 were paid to a painter in 1981-82 but neither the paint was purchased nor its consumption established.

The decision of the Committee on para 1 was to apply in this case.

6.4.11. *Shortage of Food material Rs. 11,918 (Para 7, page 32-AR).*—Food material for Rs. 11,918 was found short as a result of physical verification of stock conducted in 1982.

The decision of the Committee on para 1 was to apply in this case.

### 1984-85

6.4.12. *Performance Report on Kohistan Development Board.*—The Public Accounts Committee in its meeting held on 6th January, 1987, while examining the draft paras pertaining to Kohistan Development Board (S. No. 7) had directed that a Committee comprising the representatives of the Cabinet Division, the Auditor-General of Pakistan and Government of NWFP should prepare a performance report on the activities of the Board which may be submitted to the Committee within 4 months.

6.4.13. The Cabinet Secretary submitted the report in the meeting of the Committee held on 26th July, 1987. (Report placed at Annexure "F"). Some of the PAC Members observed that they could not go through the report. The examination was therefore deferred. The Committee however, subsequently examined the report and agreed with the recommendations made which are reproduced below :—

“The pending litigation cases are required to be properly defended in the civil courts by the Government of NWFP. It is recommended that immediate effective measures be

taken by Provincial Government in nominating legal officers. Also officers conversant with the cases be made responsible to assist the legal officers and proper monitoring of the progress of the cases under litigation be done. This would ensure the recovery of substantial amount due from the contractors apart from offsetting a large number of counter claims lodged / being lodged by the contractors in various civil courts.

The amount of Rs. 7,904,779 may be written off because this was the outcome of special circumstances and peculiar operations of the Project from 1975 to 1983.

The 50-Bed Hospital at Besham is not generating the envisaged benefits to the people of the area. This is mainly due to understaffing and medicine procurement / distribution system. The Christian Mission Hospital situated near by is far more efficient and active. Due to the zeal and enthusiasm of the doctor practically all patients of both sexes go to this Hospital for treatment. The Government might like to take measures to allow the Mission Hospital to utilize the infrastructure facilities of the 50-Bed Hospital otherwise the entire structure might get grossly damaged because of its non-utilization.

The entire procedure of winding up and proper monitoring of the operations of such projects and even the Government sponsored corporations should be prescribed before such projects/bodies are created by the Government. The KDB should serve as a typical example of successes and weaknesses especially in the winding up phase of the Project. It is felt that the achievements of this Organization are not properly projected in the absence of the proper winding up of the Project and this would be the case in all such organizations.

## CAPITAL DEVELOPMENT AUTHORITY

**1981-82**

**6.4.14. Non-recovery of Rs. 76,195,336 on account of cost of material, excess payments and risk and cost charges etc. (Para 5, page 189-AR).—**Audit pointed out a number of cases of non-recovery involving a total amount of Rs. 75,195,336.

The Committee after examining the departmental representative, made the following decisions in these cases :—

**Para 5(1) :**

- The Court case should be properly defended by the Department.
- A detailed study should be undertaken by the CDA in association with Audit about provision of risk and cost clause in the contract, with a view to suggest procedural and other changes needed to make the system work more efficiently and plugging the gaps, if any. The aspects of legal handling of these cases in courts and engagement of lawyers as approved by the Justice Division, etc., should also be examined.

**Para 5 (2).—**Case was deferred being subjudice.

**Para 5 (3).—**Recovery should be effected.

**Para 5 (5).—**Deferred being subjudice.

**Para 5 (6).—**The Committee expressed its unhappiness over non action to locate the Measurement Books for 6 years and directed that prompt action should be taken by the Department whenever such default comes to their notice.

**Para 5 (9 & 10).—**All the Revenue Collecting Agencies should be advised by the Administrative Ministries to expedite collection of receivables.

6.4.15. *Losses due to irregular award of Works—reinvitation of tenders, excess payment, wasteful expenditure, etc. (Para 6, page 195-AR).*—Audit pointed out a number of cases following under the above categories.

The Committee after examining the departmental representative made following decisions in these cases :—

*Para 6 (1).*—The CDA and the Audit should submit to the Committee a brief about the payment of 15 per cent overhead charges on extra and substituted items, which were based on market rates *plus* 10 per cent contractors profit.

*Para 6 (3).*—Para was deferred being subjudice.

*Para 6 (12).*—The record in support of rejection of tenders should be submitted to Audit for verification.

6.4.16. *Loss of Rs. 415,623 due to improper storage arrangements (Para 7.3, page 203-AR).*—Audit pointed out that 10657 bags of Cement costing Rs. 415,623, purchased in 1976-77 were found un-serviceable due to improper storage arrangements and further expenditure of Rs. 13,854 was incurred in 1979 on its removal from the store.

The department explained that an enquiry in this case was conducted and another enquiry had been ordered to ascertain why the consignments were not stopped well in time when there was no proper storage arrangements.

The Committee was not satisfied with the explanation and directed that further progress should be reported within 1 month.

6.4.17. *Loss of Rs. 1,193,386 on account of wastage in the consumption of Cement (Para 8, page 207-AR).*—Audit pointed out that for construction of National Assembly building at Islamabad, 1018 tons of Cement was issued in excess of the quantity actually consumed by the contractor on account of wastages resulting in a loss of Rs. 1.084 million.

The Department explained that the term 'wastage' was not properly used in the agreement. It was actually provided for construction of support facilities to the contractor.

The Committee decided that a Committee comprising the Additional Secretary, Cabinet Division and a representative of the Auditor-General should examine the issue and report.

6.4.18. *Loss of Rs. 6.5 million on bulk supply of Sui Gas [Para 12 (xi), page 215-AR].*—Audit pointed out that CDA paid Rs. 7.93 million as cost of bulk supply of Sui Gas during 1981-82. The recovery from the consumers at flat rates during the period amounted to Rs. 1.4 million resulting in a loss of Rs. 6.5 million, which was borne by CDA.

The Chairman CDA informed the Committee that the Authority was paying for the actual quantity of gas supplied by the Sui Northern Limited, whereas the recovery from the occupants of government owned houses was being made at a flat rate of Rs. 26 p.m. The Authority had proposed to increase the flat rate but it was not approved. The Authority has submitted a PC-I for provision of 9400 meters but its approval was awaited.

The Committee directed that a decision about installation of meters in government residences should be taken by the competent authority at the earliest as there was lot of wastage in the consumption of gas due to non-metering. The Committee was also of the view that the loss on this account should not be borne by the CDA but by the Federal Government.

### 1982-83

6.4.19. *Loss due to irregular award of Works—Rs. 7,676,290 [Para 1 (1), page 79-AR].*—C.D.A. got certain works done through Frontier Works Organization (FWO) at higher rates, while lower rates were available from the approved firms. This resulted in a loss of Rs. 7,676,290.



The department stated in reply that FWO equipped with proper machinery and skilled power was considered most appropriate agency by CDA Board to execute this work.

The Committee observed that tenders were called for but were rejected and work allotted at higher rate against all rules and instructions of Government. The Committee issued following directions :—

- (i) Their displeasure should be conveyed to all concerned.
- (ii) The Secretary Cabinet Division may himself look into this case and submit a report within one month, as the departmental explanation was not acceptable to the Committee.

6.4.20. *Loss due to irregular award of work.—Rs. 3.63 million [Para 1 (2), page 79-AR].—*Non acceptance of lowest tender and allotment of work without competitive tenders by CDA resulted in a loss of Rs. 3.63 million.

The Department explained in their reply that the original contractor failed to discharge his contractual obligations and the work (Construction of C-Type Flats) being of important nature, further risk could not be taken and negotiations were carried out with technically and financially sound parties.

The Committee observed that there was no justification in ignoring the lowest tender as he was a prequalified contractor and directed that Secretary Cabinet Division should submit a comprehensive report within one month, indicating the names of the official(s) who accepted higher negotiated rate.

6.4.21. *Non-recovery of cost of material—Rs. 1,801,950 [Para 3 (1), page 80-AR].—*A Contractor left the work when a recovery of Rs. 531,247 (mobilization advance) Rs. 395,539 (secured advance) and Rs. 875,164 (cost of recoverable material) was outstanding against him.

The Department stated in reply that against total recoverable amount of Rs. 1.8 million, a balance of Rs. 1.3 million was still recoverable.

The Committee took a serious view of the manner in which the case had been handled, and directed that an enquiry should be conducted by the Chairman CDA and a report furnished to the PAC within one month.

6.4.22. *Non-recovery of cost of material—Rs. 310,037 (Para 3 (2), page 80-AR).*—Cost of material worth Rs. 310,037 issued to two contractors, was not recovered by the CDA when both the contracts were rescinded in February, 1982.

The Department stated in reply that full recovery from one contractor had been made whereas action to recover the amount from the other contractor as arrears of land revenue had been initiated.

The Committee was not satisfied with the explanation and directed that an enquiry should be conducted by the Chairman CDA and a report submitted within one month.

6.4.23. *Unnecessary procurement of stores—Rs. 763,109 (Para 4, page 81-AR).*—Audit pointed out that Machinery Parts costing Rs. 763,109 were lying unused for the last 4 to 11 years.

The Department while admitting the unnecessary procurement informed that investigations for ordering such material was in progress.

The Committee was not satisfied and directed that it should be a general policy that un-required stores should be disposed of as early as possible to avoid heavy storage charges. The Department should report back progress of the case.

6.4.24. *Non-recovery of Rs. 602,864 (Para 5, page 81-AR).*—Agreements of two contractors were rescinded in February, 1982 but performance bonds (Rs. 602,864) were not given by the Insurance Companies were not encashed.

The Department stated in reply that an amount of Rs. 3.4 million had been recovered and the balance of Rs. 2.6 million was in the process of recovery.

The Committee deferred the paragraph and directed the Department to report progress of the case.

6.4.25. *Non-recovery of Interest—Rs. 540,603 (Para 6, page 81-AR).*—Recovery of interest at the rate of 10.5 per cent and 14 per cent respectively was to be made on the diminishing balances of mobilization advances paid to two contractors in April, 1980. Excepting first running payment in later case, no recovery was effected from December, 1980 to December, 1981. This resulted in undue financial aid of Rs. 540,603 to the contractors.

The Department explained in their reply that the CDA Board, due to phasing out of the work, decided that recovery of interest should be restricted to 18 months.

The Committee directed that the Secretary Cabinet Division, himself should investigate this case and submit a report within one month.

6.4.26. *Undue payment of Bonus of Rs. 530,000 (Para 7, page 82-AR).*—An amount of Rs. 530,000 was paid to a contractor as Bonus for a work which was not completed on the target date of 20th February, 1982. The period of completion was extended to accommodate the contractor.

The Department stated in reply that the work was obstructed due to changed requirements of site.

The Chairman PAC enquired from the Secretary of the Department if he was satisfied with the explanation of the Department. He replied in negative. The Committee, therefore, directed that the Secretary Cabinet Division should look into this case and submit his findings within one month.

6.4.27. *Non-recovery of risk and cost charges from contractors—Rs. 519,376 [Para 8 (1 to 5), page 82-AR].*—In 5 cases, works were allowed to be carried out at the risk and cost of the contractors who left the work incomplete.

While giving incorrect reply, the Department admitted that complete information of these cases was not available with them.

The Committee took a serious note of incorrect reply and observed that belittling the role of PAC, a representative body, could not be accepted. The Committee directed that complete information should be collected and correct reply submitted.

6.4.28. *Excess payment—Rs. 492,802 [Para 10 (1), page 85-AR].*—A lumpsum contract for Rs. 390,531 was awarded to a contractor who after receiving payment of Rs. 332,356 abandoned the work. The contract was rescinded and the remaining work costing Rs. 58,175 was awarded to another contractor who completed it for an amount of Rs. 550,977, resulting in an excess payment of Rs. 492,802.

The Department requested reasonable time to have this complicated case investigated.

The Committee directed the Secretary, Cabinet Division to submit a report on this case within two months.

6.4.29. *Excess payment—Rs. 144,528 [Para 10 (3), page 86-AR].*—For an extra item of work, a contractor was paid at the excessive rate of Rs. 2,000 per per cent cft. instead of Rs. 925.55. This resulted in excess payment of Rs. 144,528.

The Department stated in reply that the extra item was approved by the competent authority after evaluation of market rate.

The Committee observed that a clarification was required as to at what rate extra items and additional work could be allowed. Should it on scheduled rate, agreed rate, market rate or negotiated rate and directed that Secretary Cabinet Division should submit a report after consulting the Justice Division.

1983-84

6.4.30. *Non-recovery of risk and cost charges—Rs. 1.784 million [Para 8 (1), page 33-AR].*—A contractor left a work incomplete in October, 1979. The balance work was awarded to another contractor, involving additional expenditure of Rs. 1.784 million which was not recovered from the defaulting contractor. The extra expenditure was attributable to inefficient contract management by CDA who changed the penalty clause in favour of the contractor.

The Committee after a detailed discussion, directed that in exercise of the discretionary powers in the matter of settlement of disputes between the Department and the contractors, some frame work may be worked out and guidelines laid down with the approval of the Principal Accounting Officer.

6.4.31. *Non-recovery of risk and cost charges—Rs. 1.358 million [Para 8 (2), page 33-AR].*—The remaining work of a defaulting contractor was awarded to another contractor in May, 1980 at the risk and cost of the original contractor. This involved additional expenditure of Rs. 1.358 million which was not recovered from the defaulting contractor who represented to Authority against it. The Authority on an appeal from the Contractor changed the penalty clause.

The Committee was not satisfied with the departmental explanation and directed that complete list of works awarded to this contractor may be provided to the PAC.

6.4.32. *Non-recovery of risk and cost charges—Rs. 769,285 [Para 8 (3), page 33-AR].*—A work left incomplete by a contractor was awarded to another contractor in August, 1981 at the risk and cost of the original contractor. Additional expenditure of Rs. 496,330 was thus incurred. Cost of material (Rs. 49,783) and performance bonds for Rs. 223,172, were also not recovered from him.

The Department reported that the case was subjudice and progress would be reported in due course.

The Committee directed that the department should inform about the action taken against those responsible for non-recovery in this case.

6.4.33. *Loss of Rs. 1,732,820 due to injudicious rescission of a contract (Para 10, pages 37 and 38-AR).*—According to Audit, tenders for the work “ Construction of landscaping were invited thrice ”.

First time the lowest bid of Rs. 4.46 million was rejected being unworkable and the second and third time, the lowest bids of Rs 5.36 million and Rs. 4.74 million respectively were recommended for acceptance. One of the higher bidders third time represented that there was a calculation error in one of the items of their tender viz. instead of Rs. 30.60 per cent sq. ft. it was shown as Rs. 1800 per cent cubic ft. in the bid. Thus corrected price of Rs. 4.59 million was accepted by the CDA. After executing the items favourable to him, the contractor left the work incomplete. The contract was rescinded after forfeiting his security of Rs. 77,641 and the balance work was awarded to another contractor involving additional expenditure of Rs. 1,810,458.

The Department stated that the work was awarded to the (defaulting) contractor after due consideration.

The Committee was not satisfied with the explanation of the department and held that it was a bad case. The matter should be investigated and a detailed report including the action taken against the defaulters may be submitted to the PAC within three months.

### **Relief and Rehabilitation**

6.4.34. *Construction of low cost houses at Sukkar and Hyderabad for destitute families repatriated from Bangladesh (Para 3 and 4, page 30-AR).*—Audit pointed out certain irregularities and recoveries in the execution of above works.

Secretary Cabinet Division stated in reply that the District Administration had not furnished the accounting record of above works, despite repeated requests.

The Committee directed that the recoveries involved should be expedited.

## DEPARTMENT OF STATIONERY AND FORMS

**1981-82**

6.4.35. *Outstanding recoveries—Rs. 22.07 million (Para 51-ARCA).*—Audit had pointed out that a sum of Rs. 17.612 million was outstanding from Sundry Debtors as on 30th June, 1980 which included debts as upto 1961-62. The departmental representative informed the Committee that the amount of sundry debtors had gone upto Rs. 22.07 million as on 30th June, 1982.

The Committee directed that the Department should sort out the recovery of arrears with the clients departments as early as possible.

**1982-83**

6.4.36. *Working results—(Para 56—58, page 67-ARCA).*—The Department sustained a net loss of Rs. 1.072 million during 1982-83 due to decrease in sales which was mainly caused by failure of the Department to arrange timely procurement of supplies for the Indenting Departments.

The Department stated in reply that they were trying to devise mechanism in consultation with the Department of Supplies and the Ministry of Industries to take some steps in reducing the time lag for supply of stationery and recovery from debtors.

The Committee directed that the procedure may be devised in consultation with the Ministry of Industries to avoid blockade of Stationery.

## 7. POPULATION WELFARE DIVISION

7.1. Appropriation Accounts of Population Welfare Division for 1981-82 were examined by the Public Accounts Committee on 29th October, 1984. The Committee was, however, dissolved before

it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 4th September, 1986 and 8th January, 1987.

7.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly. There was no other issue requiring specific discussion.

7.3. The minutes of the proceedings pertaining to Population Welfare Division are appended as Annexure 'G'

## 8. WOMEN'S DIVISION

8.1. Appropriation Accounts of Women's Division for 1981-82 were examined by the Public Accounts Committee on 28th August, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the reports of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 25th August, 1986 and 7th January, 1987.

8.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly.

8.3. The Committee was not quite clear if the functions assigned to the Women's Division, fell within the ambit of the Federation, or the Provinces or were concurrently assigned to the both. National Assembly Secretariat was therefore asked to examine this question and furnish a report, in consultation with Justice Division.

8.4. The Committee also asked the Auditor-General to undertake a performance audit of the projects of Women's Division, so that it could be assessed if these projects had really achieved the objectives for which they were conceived.



8.5. The minutes of the proceedings pertaining to Women's Division are appended as Annexure 'H'.

## **9. PAKISTAN ATOMIC ENERGY COMMISSION**

9.1. Appropriation Accounts of Pakistan Atomic Energy Commission for 1981-82 were examined by the Public Accounts Committee on 28th October, 1984. The Committee was, however, dissolved before it could finalize its report. The Accounts for 1982-83, 1983-84 and 1984-85 and the report of the Auditor-General of Pakistan on these accounts were examined by the Standing Committee on Public Accounts on 7th January, 1987.

9.2. The views of the Committee regarding regularization of excess expenditure have already been discussed in its report on the Ministry of Finance which has been laid before the Assembly. There was no other issue requiring specific discussion.

9.3. The minutes of the proceedings pertaining to the Commission are appended as Annexure 'I'.

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**ANNEXURES A TO I**

**PROCEEDINGS**

**OF**

**PUBLIC ACCOUNTS COMMITTEE  
(1981-82 TO 1984-85)**

**PRESIDENT'S|CMLA'S SECRETARIAT  
PRIME MINISTER'S|CMLA SECRETARIAT**

**ESTABLISHMENT DIVISION**

**O & M DIVISION**

**CABINET DIVISION**

**WOMEN'S DIVISION**

**POPULATION WELFARE DIVISION**

**PAKISTAN ATOMIC ENERGY COMMISSION**

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**FEDERAL COUNCIL SECRETARIAT***Sunday, the 26th August, 1984***First Sitting (PAC)**

The Public Accounts Committee assembled at 09.30 a.m. in the State Bank Building, Islamabad to resume the examination of the Federal Accounts for 1981-82 and compliance Report 1979-80. The following were present :—

*P.A.C.*

- |   |                                |
|---|--------------------------------|
| (1) Syed Saiced Hasan, Member, Federal Council ..                     | .. Member<br>(Acting Chairman) |
| (2) Akhunzada Bahrawar Saeed, Member, Federal Council.                | Member                         |
| (3) Mir Jam Ghulam Qadir Khan of Lasbela, Member,<br>Federal Council. | .. Member                      |
| (4) Mr. Abdul Qadir, Former Chairman, Railway Board ..                | .. Member                      |
| (5) Mr. Yusuf Bhai Mian, Chartered Accountant ..                      | .. Member                      |

*Federal Council Secretariat*

- (1) Mr. M. A. Haq, Secretary
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

*Audit*

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (4) Mr. M. A. Lodhi, Accountant-General, Pakistan Revenues.
- (5) Mr. Iftikhar Ali Khan Raja, Director-General, Audit and Accounts Works.
- (6) Mr. M. Saleem Siddiqi, Director, Concurrent Audit, C.D.A.

*Ministry of Finance*

- (1) Raja Raza Arshad, Deputy Secretary.
- (2) Mr. Saoodullah, F.A. (CMLA).

### PRESIDENT AND C.M.L.A.'S SECRETARIAT

\*30. The Committee took up, for its examination, the Appropriation Accounts etc., pertaining to the President and C.M.L.A.'s Secretariat. The following departmental representatives were present :—

- (1) Mr. Matiullah Khan, Deputy Secretary.
- (2) Mr. Amanat Ali, Section Officer, C.M.L.A.'s Secretariat (Public and Internal).
- (3) Mr. M. A. Shah, Assistant Secretary, President's Secretariat (Personal).

31. This Secretariat controlled the Grant No. 10 Chief Martial Law Administrator's Secretariat and Appropriation "Staff, Household and Allowances of the President".

32. *Reconciliation of Accounts with Audit.*—The Committee noted that reconciliation was up-to-date.

### APPROPRIATION ACCOUNTS

33. *Staff, Household and Allowances of the President—Function Head "012—President's Secretariat (Personal)" (Pages 142—144-AA).*—There was no material point for consideration by the Committee under this head.

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\*Paragraphs upto 29 pertain to other Ministries/Divisions.

**C.M.L.A.'S SECRETARIAT (PUBLIC)**

34. 012—*Provision for Military Officers and Staff (Page 144-AA).*—The excess of Rs. 102,404 against this Appropriation was due to the debit on account of arrears of Pay and Allowances being received after June 30, 1982. The amount could have been adjusted if the debit was raised by the CMA (O), Rawalpindi before the close of the financial year.

35. Replying to a query, the departmental representative submitted that they had prepared the budget on the basis of anticipated salaries and allowances of the Officers had not kept track of actual expenditure. After discussion, *the Committee observed that the Department should submit to Audit the exact amount of debits, which caused the excess expenditure over the budget provision. If necessary, Audit may come back to the PAC, for a decision.*

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### C.M.L.A.'S SECRETARIAT (INTERNAL)

36. *Grant No. 10—Chief Martial Law Administrator's Secretariat (Intern Function Head "012—Other Staff" (Page 136-AA).*—The excess of Rs. 23,3 under this function head was explained by the Department to be due to the following reasons :—

- (i) Transfer of Rs. 5,620 from the CMLA's Secretariat (Public) *vide* their letter No. F. 1 (11)|81-(B&A), dated 22nd September, 1981 not taken into account by Audit.
- (ii) Expenditure of Rs. 17,732 inadvertently incorporated as the debit was already accepted by the Public Secretariat at the time of transfer of the budget.

37. Audit's comment on the above was that the reappropriation, sanctioned in the above referred letter was not to be taken into account, as the re-appropriation of funds by the department themselves between two separate grants was not admissible. In the present case, the transfer of funds had been made from Staff Household and Allowances of the President (Charged) to Grant No. 10—C.M.L.A. Secretariat Internal (Other than Charged). They should have obtained Supplementary funds under grant No. 10 by surrender from the Other one.

38. A member enquired as to why the grant could not be so transferred? The Auditor-General clarified that reappropriation between 'Charged' and 'Other than Charged' could not be made, as this was constitutionally not permissible. Thereupon, another member of the Committee asked as to what was the remedy. A member remarked that it should be shown as an excess. There was nothing further to be done about it but to regularise it. After discussion, *the Committee directed that no reappropriation should be made by Department from the "Charged" to the "other than charged" allocation.*

39. *Function head "020—Regular Allowances" (Page 136-AA).*—The explanation for the excess of Rs. 35,372 not being clear, the departmental representative was directed to submit a revised explanation to Audit.

40. *"030—Other allowance" (Page 136-AA).*—Not being satisfied with the reply for the saving of Rs. 5,630 the Committee directed that a revised explanation be furnished, covering the objection raised by Audit in their comments.

41. *"500—Commodities and Services" (Page 136-AA).*—An excess of Rs. 8,768 was shown in the Accounts. The Committee made the same observation as in the previous case.

42. "500—Commodities and Services" (Page 138-AA).—For the excess of Rs. 87,003 under this object the Committee also made the same observation as in the foregoing paragraph.

43. *Staff, Household and Allowances of the President (Charged)* (Pages 142—144-AA).—It was explained by the Department that, after taking into account the budget transferred from the C.M.L.A.'s Secretariat (Public) *vide* their letter No. 1 (11)|81-A&B, dated 22nd September, 1981, the adjustment of wrong reappropriation and withdrawal of actual expenditure was inadvertently incorporated by the C.M.L.A.'s Secretariat (Internal), in various objects as shown in the Appropriation Accounts (Civil) 1981-82 on pages 142—144.

44. In view of the above explanation, a member of the Committee remarked that a summary as given at the top of each grant in Appropriation Accounts must also be given at the top of statement of reply and if there was a supplementary grant, the department should have started their explanation with it. The departmental representative submitted that copies of the same had already been furnished. Thereupon, the member observed that copies thereof had not reached the Committee.

45. After discussion, the Committee observed that Rules, Orders and the constitutional provision about the discretionary grant of the President may be intimated to the Committee. It may also be intimated whether the list of disbursements had to be certified by anyone under the rules and, if so, was this rule being observed?

(i) *Delay in submission of G.P. Fund cases (Para 2, page 281-AR).*

(ii) *Delay in processing of pension cases (Para 3, page 286-AR)*

46. After going through the reply of the Department about late submission of pension cases, the Committee desired to know as to how the official was retired without the issue of orders. The departmental representative submitted that the President intended to grant him extension. That is why orders could not be issued. He was paid his Salary so long as he remained in service. The Committee directed the departmental representative that the pension cases must be settled quickly.

47. A member of the Committee raised the issue whether G.P. Fund cases be at all discussed by the PAC as Government Funds were not involved therein. Another member observed that it should not fall within the purview of the PAC, because the Committee is mainly concerned with the Federal accounts G.P. Fund cases were matters of complaint. The Audit representative pointed out that anything which happened relating to the Consolidated Fund was the concern of the Committee. Besides, cases of delay had to be explained by Audit to the PAC.

48. After the above clarification, the Committee agreed that discussion on the G.P. Fund and pension cases should take place by the PAC, as before.

**COMPLIANCE ON THE POINTS CONTAINED IN THE PAC REPORT  
FOR 1979-80**

49. *Staff Household and Allowance of the President (Pages 236-237-AA) (Paras 1951-1952, page 482—PAC Report 1979-80).*—In compliance, the department had furnished a revised explanation, which was accepted by the Committee.

50. *Points/Paragraphs not discussed to be treated as settled.*—The Committee did not make any observation on other paragraphs in the Appropriation Accounts for 1981-82 and the Audit Report thereon and on Compliance of PAC's Report 1979-80. These would be deemed as settled subject to such regularisation actions as may be called for under the rules.

**M. A. HAQ,**  
*Secretary.*

*Islamabad, the 20th September, 1985.*

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**NATIONAL ASSEMBLY SECRETARIAT**

*Wednesday, the 23rd April, 1986*

**Second Sitting (PAC)**

66. The Public Accounts Committee assembled at 09.00 a.m. in the State Bank Building, Islamabad, to continue the examination of the Federal Accounts for 1982-83.

**P.A.C :**

- |  |       |                 |
|--|-------|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A.   | .. .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M N A.         | .. .. | <i>Member</i>   |
| (3) Ch. Muhammad Sarwar Khan, M N A.       | .. .. | <i>Member</i>   |
| (4) Mr. Shahabuddin Shahi Hussainy, M N A. | .. .. | <i>Member</i>   |
| (5) Mr. Miangul Aurangzeb, M.N.A.          | .. .. | <i>Member</i>   |
| (6) Malik Said Khan Mahsud, M N A.         | .. .. | <i>Member</i>   |

**National Assembly Secretariat :**

- (1) Ch. Abdul Qadir, Joint Secretary.
- (2) Mr. Muhammad Aslam, Deputy Secretary.
- (3) Mr. Gulzar Ahmed, Officer on Special Duty.

**Audit :**

- (1) Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
- (2) Mrs. Surayia Hafeez, Deputy Auditor General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A.A. Zaidi, Deputy Auditor General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant General, Pakistan Revenues.
- (6) Mr. Iftikhar Ali Raja, Director General, A&A (Works).

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\*Paragraphs upto 65 and 67 to 137 pertain to other Ministries/Divisions.

### C.M.L.A'S SECRETARIAT

138. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the President and C.M.L.A's Secretariat. The following departmental representatives were present :

- (1) Mr. S. Jamal Ali, Joint Secretary.
- (2) Mr. Amanat Ali, Section Officer.
- (3) Mr. Najaf Khan, Assistant Secretary.

139. This Secretariat controlled grant No. 10—Chief Martial Law Administrator's Secretariat.

### APPROPRIATION ACCOUNTS

140. *Grant No. 10—CMLA's Secretariat (Internal) (Pages 91 to 96-AA).*—There was an excess of Rs. 592 against Final Grant of Rs. 7,436,920, which was nominal as such no observation was made by the P.A.C.

141. *CMLA's Secretariat (Public).*—Against Final Grant of Rs. 6,952,000 there was an overall excess of Rs. 36,464. An excess of Rs. 5,505 and Rs. 5,904 under pay of officers and regular allowances respectively was attributed to the creation of a post in Grade-19 in April, 1983, a provision of which could not be made in the Budget for 1982-83. The overall excess being nominal, no observation was made by the P.A.C.

M. A. HAQ,  
Secretary.

*Islamabad, the 23rd November, 1986.*

**PRESIDENT'S SECRETARIAT**

142. The Committee then took up for examination, the Accounts etc., pertaining to the President's Secretariat. The following departmental representatives were present :—

(1) Mr. S. Jamal Ali, Joint Secretary.

(2) Mr. M. A. Shah, Assistant Secretary.

143. *Appropriation " Staff, Household and Allowances of the President "* (Pages 97—99-AA).—Audit had pointed out that a saving of Rs. 2,301,344 after accounting for economy cut and surrenders, had been converted into Net Excess of Rs. 165,928, which was mainly due to non printing of Supplementary Grant of Rs. 220,176 in the Book of Supplementary Grant.

144. The PAC observed that Ministry of Finance should take some definite steps to overcome this problem of non-printing of Supplementary is in the book of Supplementary Grant.

**M. A. HAQ,**  
*Secretary.*

*Islamabad, the 23rd November, 1986.*

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## NATIONAL ASSEMBLY SECRETARIAT

*Wednesday, the 7th January, 1987*

### Eighth Sitting (PAC)

\*457. The Public Accounts Committee assembled at 2.00 p.m. in the Parliament House Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

#### *P.A.C :*

- |   |    |    |    |                            |
|---|----|----|----|----------------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A. .. .. .    | .. | .. | .. | <i>Acting<br/>Chairman</i> |
| (2) Rai Arif Hussain, M.N.A. ... .. .         | .. | .. | .. | <i>Member</i>              |
| (3) Ch. Muhammad Sarwar Khan, M.N.A. .. .. .  | .. | .. | .. | <i>Member</i>              |
| (4) Nawab Muhammad Yamin Khan, M.N.A. .. .. . | .. | .. | .. | <i>Member</i>              |
| (5) Mr. Miangul Aurangzeb, M.N.A. .. .. .     | .. | .. | .. | <i>Member</i>              |
| (6) Malik Said Khan Mahsud, M.N.A. .. .. .    | .. | .. | .. | <i>Member</i>              |

#### *National Assembly Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S. M. Najamul Arfin, Deputy Director, Commercial Audit.

#### *Ministry of Finance :*

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 456 and 458 to 472 pertain to other Ministries/Divisions.

### PRESIDENT'S SECRETARIAT

473. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the President's Secretariat. The following departmental representatives were present :—

- (1) Birg. F.R. Adhami, Director General (Admn).
- (2) Mr. Khizar Ahmad Jan, Director (Admn).
- (3) Ch. M. Yasin, Section Officer (B&A).
- (4) Mr. M.A. Shah, Assistant Secretary (Personal).

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

### APPROPRIATION ACCOUNTS (1983-84)

475. *Staff, House Hold and Allowances of the President (Page 107-AA).*—There was an excess of Rs. 747,100 under President's Secretariat (Personal) and saving of Rs. 220,100 under President's Secretariat (Public) resulting in overall excess of the Rs. 527,000. This was attributed to changes in the Staff of the President, maintenance of garden and under 'Grants'. The Committee directed that Principal Accounting Officer should attend the meeting in person in future. and in case he is not attending the meeting prior permission should be obtained. The excess was recommended for Excess Budget Statement.

### APPROPRIATION ACCOUNTS (1984-85)

476. *Staff, House Hold and Allowances of the President (Page 68-AA).*—This grant colsed with an overall excess of Rs. 3,789,631 which was under 'Grants' and Dispensary Establishment. The Committee accepted the written explanation of the department and recommended the excess for Excess Budget Statement.

M. A. HAQ,  
Secretary.

Islamabad, the 25th June, 1987.

**NATIONAL ASSEMBLY SECRETARIAT***Wednesday, the 7th January, 1987***Eighth Sitting (PAC)**

\*457. The Public Accounts Committee assembled at 2.00 a.m. in the Parliament House Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

**P.A.C. :**

- |                                       |       |    |                            |
|---------------------------------------|-------|----|----------------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A.    | .. .. | .. | <i>Acting<br/>Chairman</i> |
| (2) Rai Arif Hussain, M.N.A.          | .. .. | .. | <i>Member</i>              |
| (3) Ch. Muhammad Sarwar Khan, M.N.A.  | .. .. | .. | <i>Member</i>              |
| (4) Nawab Muhammad Yamin Khan, M.N.A. | .. .. | .. | <i>Member</i>              |
| (5) Mr. Miangul Aurangzeb, M.N.A.     | .. .. | .. | <i>Member</i>              |
| (6) Malik Said Khan Mahsud, M.N.A.    | .. .. | .. | <i>Member</i>              |

**National Assembly Secretariat :**

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

**Audit :**

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenue.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S. M. Najamul Arif, Deputy Director, Commercial Audit.

**Ministry of Finance :**

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Misn, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 456 and 458 to 466 pertain to other Ministries/Divisions.

## PRIME MINISTER'S SECRETARIAT

467. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Prime Minister's Secretariat. The following departmental representatives were present :—

- (1) Mr. S. Jamal Ali, Joint Secretary.
- (2) Mr. Amanat Ali, Section Officer.
- (3) Mr. Najaf Khan, Assistant Secretary.
- (4) Mr. Shaukat Ahmed, Superintendent.

468. This Secretariat controlled Grant No. 10—CMLA's Secretariat (Now Prime Minister's Secretariat) for 1983-84 and 1984-85.

## APPROPRIATION ACCOUNTS (1983-84)

469. *Grant No. 10—Chief Martial Law Administrator's Secretariat (Page 101-AA).*—There was an excess of Rs. 840,572 under CMLA's Secretariat (Internal) and Rs. 560,397 in CMLA Secretariat (Public) under this grant. The department explained in the case of (Internal) that a supplementary grant of Rs. 450,000 allowed but had not been included in the Supplementary Budget and amount of Rs. 88,845 was on account of expenditure incurred by Defence Services and debited to the Secretariat. Another excess of Rs. 295,830 was on account of advance payment of salary on Eid. As for the excess under (Public) this was again due to payment of advance salary on Eid.

470. Chairman PAC observed that Principal Accounting Officer should come in person to attend the PAC and this duty should not be delegated. If there are two separate Principal Accounting Officers for (Internal) and (Public) Secretariats both may attend the meeting in person. The Committee recommended the excess for excess budget statement

## APPROPRIATION ACCOUNTS (1984-85)

471. *Grant No. 10—Chief Martial Law Administrator's Secretariat (Page 62-AA).*—It was explained by the department that the amount was surrendered leaving a national saving under the grant. The Committee accepted the explanation of the department and no further comments were made.

472. *Grant No. 10-A—Prime Minister Secretariat (Page 132-AA).*—This grant closed with a saving of Rs. 120,097 which was nominal and the Committee did not make any observation.

M. A. HAQ,  
Secretary.

Islamabad, the 25th June, 1987.

**FEDERAL COUNCIL SECRETARIAT***Sunday, the 26th August, 1984***1st Sitting (PAC)**

Public Accounts Committee assembled at 9.30 a.m. in the State Bank Islamabad to resume the examination of the Federal Accounts for and compliance Report 1979-80. The following were present :—

**A.C :**

- (1) Syed Saiced Hasan, Member, Federal Council .. .. *Member  
(Acting Chairman)*
- (2) Akhunzada Bahrawar Saeed, Member, Federal Council. *Member*
- (3) Mir Jam Ghulam Qadir Khan of Lasbela, Member,  
Federal Council .. .. *Member*
- (4) Mr. Abdul Qadir, Former Chairman, Railway Board .. *Member*
- (5) Mr. Yusuf Bhai Mian, Chartered Accountant .. .. *Member*

**Federal Council Secretariat :**

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

**Audit :**

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. Khalid Rafique, Deputy Auditor-General (A & R).
- (4) Mr. M. A. Lodhi, Accountant-General, Pakistan Revenues.
- (5) Mr. Iftikhar Ali Khan Raja, Director-General, Audit and Accounts Works.
- (6) Mr. M. Saleem Siddiqi, Director, Concurrent Audit, CDA.

**Ministry of Finance :**

- (1) Raja Raza Arshad, Deputy Secretary.
- (2) Mr. Saoodullah, F.A. (Establishment).



### ESTABLISHMENT DIVISION

\*51. The Committee then took up, for its examination, the Appropriation Accounts etc., pertaining to the Establishment Division for 1981-82. The following departmental representatives were present :—

- (1) Syed Ijlal Haider Zaidi, Secretary.
- (2) Mr. Bashir Ahmad Bhatti, Joint Secretary (Admn).
- (3) Agha Qaisar Ali Zaidi, Joint Secretary (Inquiries).
- (4) Raja M. Ikramullah Khan, Deputy Secretary.
- (5) Mr. Manzoor Ahmad Mallal, Section Officer (F&A).

52. This Division, controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Establishment Division .. .. .	6
2.	Federal Public Service Commission .. .. .	7
3.	Services Tribunal .. .. .	8
4.	Other Expenditure of Establishment Division .. .. .	9
5.	Federal Inspection Commission .. .. .	11
6.	Development Expenditure of Establishment Division .. .. .	140

53. *Reconciliation of Accounts with Audit.*—The Committee noted that the re-conciliation of accounts for 1983-84 for Lahore, Quetta and Karachi Circles had not been completed as yet. *The departmental representative was directed to ensure that the outstanding work was completed by September 30, 1984.*

### AUDIT REPORT

54. *Unauthorized Grant of Conveyance Allowance Rs. 125,280 (Para 3, page 28-AR).*—It was reported by Audit that the employees of the Staff College, Lahore were being paid conveyance allowance since July, 1979, though they were residing within the college premises. This was in violation of the instructions of the Finance Division and had resulted in an unauthorised payment of Rs. 125,280 till June, 1980.

55. The department explained that the Pakistan Administrative Staff College, Lahore is managed by a Board of Governors. Under the Revised National Pay Scales of 1977, Conveyance Allowance had been allowed to all the employees, who were not residing within their "work premises" and "irrespective of the

\*Paragraphs upto 50 pertain to other Ministries/Divisions.

distance between office and residence". The question being referred to the Finance Division in March, 1980 was replied to as follows :—

"The term 'work premises' for the purpose of grant of conveyance allowance under the Pay Scales of 1977 means such premises as are used as office-cum-residence and also those where offices and residence either adjoin each other or are within the precincts of main office building. The term 'work premises' therefore does not cover such areas as University Campus etc. Nevertheless, if there is an arrangement of the nature of office-cum-residence within the campus itself, conveyance allowance shall not be admissible in that case".

56. The Division, in view of the fact that the campus of the Staff College was similar to the campus of a University and no such arrangement as office-cum-residence existed, allowed with the approval of the Government employees of the Staff College, living within the campus, conveyance allowance in the light of the ruling of Finance Division and with the approval of Board of Governors of the College. However, in September, 1981, Audit raised an objection to this payment and asked that a further clarification be obtained from the Finance Division. Accordingly, the matter was referred to that Division and their final decision was still awaited. It was, therefore, evident that no irregularity had been committed and the payment of conveyance allowance to the employees, living within the College campus, was justified.

57. Audit commented that no recovery of the unauthorised payment of Rs. 125,280 on account of conveyance allowance from 1979 to 1981, had been started even by August, 1984. However, further payment had been stopped w.e.f. the 10th November, 1983. The Division should have stopped this forthwith, when the matter was brought to the notice of their local authorities in September, 1981.

58. A member of the Committee remarked that, if it were a University-like arrangement then it was all right but he wondered if it was really necessary. The Audit representative informed the Committee that rules in such matters, framed by the competent authority, were usually interpreted by the Auditor-General.

59. The departmental representative explained that, since the Staff College was an autonomous organisation, it could take a decision in the matter. Thereupon, the above said member observed that, if the rules were framed by the Ministry of Finance, then they had nothing to do with interpretation. Another member of the Committee enquired as to what was the condition for the appointment of employees in an autonomous body. The departmental representative said that the Government had decided that employees of autonomous bodies should also be governed by the rules, regulations, allowances, pay scales, etc. as were applicable to Government employees.

60. In the light of the above deliberation, *the Committee came to the conclusion that the over-payments made to the employees may either be considered for condonation or written off, as it was stated that the conveyance allowance had already been stopped. The final decision of the Ministry of Finance when received be sent to the Committee.*

61. *Delay in processing of G.P. Fund Cases [Para 2 (items 8, 12 and 72), pages 281, 282 and 285-AR].—G.P. Fund accumulation became payable to the subscribers or to their nominees on their retirement, resignation, death or on proceeding on leave preparatory to retirement. The Department and the AGPR are jointly responsible for the speedy finalization of payment. Generally, papers are not submitted by the Ministries and Divisions to the AGPR within the stipulated time and the latter also takes more time than is necessary for verification. Several instances of delay by the department in the submission of such cases had been noticed by Audit, ranging from six months to four years. Remedial measures were required for preventing such lapses in future.*

62. The department stated that in one case, Mr. Shabbir Hussain resigned from service and his resignation was accepted *w.e.f.* 14th September, 1980. He, however, applied for the withdrawal of his G.P. Fund accumulations in November, 1981 and his claim was submitted to Audit the same month. As such, there was no delay on the part of the Establishment Division in its submission. Another official, namely Mr. Rias A. Khan resigned from service on 31st October, 1977 but applied for the withdrawal of his balance only on 29th October, 1979. His claim was immediately forwarded to the Audit office, but it remained under correspondence between the AGPR and the Secretariat Training Institute and his dues were finally paid to him at the directive of the Finance Division on 12th January, 1982. The third official, namely Mr. Muhammad Aslam, also resigned from service and his resignation was accepted on 9th February, 1980 but he applied for the withdrawal of his balance on 9th November, 1981. As the Office remained busy in connection with the holding of 1981 Competitive Examinations the claim was submitted to the A.G.P.R. on 19th January 1982, who paid the claim on 12th August, 1982. It was therefore evident that in all these cases, delay in the submission of claims to Audit was due to the late submission of their claims by the individuals concerned.

63. *The Committee noted the position and directed that the department should see to it that claims for payment are obtained from the beneficiaries within the stipulated period.*

64. *Delay in processing Pension Cases [Para 3 (items 11, 83 to 87), pages 286, 287 and 289-AR].—Audit quoted several instances of delays in the processing of pension cases. Such delays ranged from 5 months to 6 years. Audit urged that remedial measures should be taken to avoid such lapses in future.*

65. After examining the departmental explanation, in respect of the officials, who retired from service during the period January to October, 1981, a member of the Committee referred to the case of Mr. Muhammad Akbar, who retired from service on the recommendation of a Medical Board on 24th May, 1981 but whose case was submitted to Audit on 11th August, 1981 and asked why it had taken so long to process it. He also asked Audit to state in the future reports the date on which the pension was sanctioned by Audit and the P.P.O. issued to the retired persons. Audit promised to do so.

### APPROPRIATION ACCOUNTS

66. *Grant No. 6—Establishment Division (Page 98-AA).*—An excess of Rs. 407,834 was shown in the Accounts against this grant. The department claimed that Audit had not taken into consideration a Supplementary Grant of Rs. 645,000 sanctioned in June, 1982 but not included in the Book of Supplementary Grants. The Department maintained that the Supplementary Grant, once sanctioned, remained valid even if it was not included in the Book of Supplementary Grant. Audit had not accepted the position and had incorrectly shown an excess expenditure of Rs. 407,834 whereas there should have been a saving of Rs. 237,166 (Rs. 645,000—Rs. 407,834), which was less than 1 per cent of the Final Grant of Rs. 25,550,000.

67. As Audit maintained that its stand was correct. A member remarked that the Department could have avoided the problem by not surrendering the sum of Rs. 628,000 and reappropriating the Amount where required. The rules required that even the smallest excess of one rupee should be regularised.

68. *020—Regular Allowances (Page 100-AA).*—Audit had reflected an excess of Rs. 6,011 under “091 Administrative Training”. The explanation given by the department was accepted by the Committee and, as such, no further observation was made by it. The Audit representative observed that the excess of even one rupee needed an explanation from the Department. A member of the Committee pointed out that, the term negligible excess should be avoided as rules required that even the smallest excess one rupee should be regularised.

69. *Grant No. 7—Federal Public Service Commission (Page 118-AA) Grant No. 8—Service Tribunal (Page 124-AA).*—No observation was made by the Committee on the above-mentioned grants.

70. *Grant No. 9—Other Expenditure of Establishment Division Function Head “500—Commodities and Services” (Page 106-AA).*—A saving of Rs. 17,824 shown in the Accounts was attributed by the department to certain bills submitted to the A.G.P.R. for payment and accounted for as expenditure

but returned unapproved. The Committee observed that the explanation did not give the amount of the bills returned unapproved and directed that such explanations should specify the amounts involved.

71. 500—Economic Affairs—012—Other Staff (Page 110-AA).—The department explained that the excess of Rs. 27,398 shown in the Accounts was due to the actual expenditure being more than what was estimated and provided in the budget for 1981-82. Audit's comment on this that there was no explanation and the Committee agreeing with them further observed that if there is insufficient provision in the budget, that does not justify incurring of excess expenditure and that in any case explanation for variations from grants should be precise, information and should give details of the items on which there was an excess or in which there was saving and the reasons therefor.

72. Grant No. 140—Development Expenditure of Establishment Division (Pages 114—117-AA).—An excess of Rs. 54,793 had been shown by Audit against the object "419—Others". The Division explained that the excess was only 2.8 per cent of the Final grant. However, it was due to debits relating to the year 1980-81 having been adjusted in the Accounts for 1981-82. A member of the Committee observed that explanations for the excess in each case must be quantified and elaborated as already observed by the Committee.

73. Grant No. 11—Federal Inspection Commission (Page 84-AA).—It was stated by the department that the excess of Rs. 1,000 was due to unforeseen arrears having been paid during the year in respect of some officers, which could not be foreseen well in time. Otherwise, this amount would have been adjusted against the savings, which were surrendered. Since the explanation was acceptable to Audit the Committee did not make any observation on this grant.

#### COMPLIANCE ON THE POINTS RAISED IN THE 1979-80 PAC REPORT

74. Irregularities in expenditure from Grants-in-Aid [Para 78 (1), page 59-AR] (Paras 72—74, pages 69-70-PAC Report 1979-80).—The Committee had previously directed the departmental representative to examine whether the payment of Government share for the Group Insurance Scheme could be made to the State Life Insurance Corporation by the A.G.P.R. directly and the Board of Trustees informed of the payments afterwards, instead of the A.G.P.R. paying the Government's share to the Board of Trustees, in the first instance, and the Trustees making payment to the Insurance Corporation, later. In compliance, the Department explained that the Board of Trustees was responsible for providing a Group Insurance cover to all the Federal Government employees and employees of autonomous bodies under the Federal Government. The Federal Government only paid the premia in respect of the employees of Scales

1 to 15 and so Government contributions should also go through the trustees. Audit supporting the position stated, that, as per the concerned Act, it was not possible for the Federal Government to make payments directly to the Insurance Corporation.

75. A member of the Committee enquired as to whether it was actually so stated in the Act. The departmental representative replied that such things were not so specifically mentioned in the Act. In view of the above position, *the Committee directed the departmental representative to look into the matter again and have a self-contained report sent to the PAC as the real point was that it should be ensured that it was not lying idle in Board's Accounts.*

76. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points in the Appropriation Accounts and the Audit Report thereon; and in respect of Compliance on the PAC's Report for 1979-80. These would be deemed as settled subject to such regularization actions as may be necessary under the rules.

27. The Committee then adjourned to meet again at 9.00 a.m. on Monday, the 27th August, 1984.

M. A. HAQ,  
Secretary.

Islamabad, the 20th September, 1985.

## NATIONAL ASSEMBLY SECRETARIAT

*Monday, the 25th August, 1986*

### Ninth Sitting (PAC)

\*506. The Public Accounts Committee assembled at 9.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

#### *P.A.C :*

- |  |    |    |                 |
|--|----|----|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. . . . . | .. | .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A. . . . .       | .. | .. | <i>Member</i>   |
| (3) Rai Azif Hussain, M.N.A. . . . .             | .. | .. | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A. . . . .     | .. | .. | <i>Member</i>   |
| (5) Nawab Muhammad Yamin Khan, M.N.A. . . . .    | .. | .. | <i>Member</i>   |
| (6) Mr. Miangul Aurangzeb, M.N.A. . . . .        | .. | .. | <i>Member</i>   |

#### *National Assembly Secretariat :*

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord.)
- (4) Mr. A.A. Zaidi, Deputy Auditor General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (6) Mr. Ahmed Nawab Qureshi, Director General Commercial Audit.
- (7) Mr. S.T. Rehman, Director General of Audit PT&T.

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\*Paragraphs upto 505 and 507 to 575 pertain to other Ministries/Divisions.

### ESTABLISHMENT DIVISION

576. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Establishment Division. The following departmental representatives were present :—

- (1) Mr. Hasan Zaheer, Secretary.
- (2) Mr. Taufiq Fahmi Rizvi, Joint Secretary.
- (3) Agha Bashir Ali Zaidi, Joint Secretary.
- (4) Raja Muhammad Ikramullah Khan, Deputy Secretary.
- (5) Mr. Manzoor Ahmed Mallal, Section Officer.

577. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Establishment Division .. .. .	6
2.	Federal Public Service Commission .. .. .	7
3.	Services Tribunal .. .. .	8
4.	Other Expenditure of Establishment Division .. .. .	9
5.	Development Expenditure of Establishment Division .. .. .	138

578. *Reconciliation of Accounts with Audit.*—Audit pointed out that the reconciliation work was upto date except for certain Departments of this Division located at Karachi, where reconciliation from 10/85 onward was not carried out. The Committee directed that the remaining reconciliation work should be updated and in future, it should not be allowed to fall in arrears.

### APPROPRIATION ACCOUNTS

579. *Grant No. 6—Establishment Division (Page 68-AA).*—This grant closed with a net excess of Rs. 326.185. The Ministry in their explanation reported that amount of excess included a debits of Rs. 207,975, which could not be accounted for during 1981-82 and was subsequently booked by Audit during 1982-83. The balance excess constituted minor amounts under different objects. The debits pertained to grant in Aid to Administrator Staff College. On a query from Chairman P.A.C., it was reported that grant was placed at the disposal of Provincial Government, and Board of Directors of Institutes authorised expenditure. The President of Pakistan in the case of Federal Institutes and Provincial Governors for the Provincial Institutes are Chairman of Board of Directors. The Committee recommended that the excess be regularised.



580. *Grant No. 9—Other Expenditure of Establishment Division (Page 71-AA).*—The grant closed with a saving of Rs. 26,522 which was nominal. The P.A.C. did not make any observation.

581. *Grant No. 138—Development Expenditure of Establishment Division (Page 77-AA).*—The grant closed with a net saving of Rs. 19,119. The Committee did not make any observation on this saving.

582. *Grant No. 7—Federal Public Service Commission (Page 80-AA).*—The amount of net excess being nominal, the Committee recommended for regularisation.

583. *Grant No. 8—Services Tribunal (Page 84-AA).*—Net saving of Rs. 3,691 was considered nominal and no observations were made by P.A.C

#### AUDIT REPORT

584. *Non-recovery of irregular extra remuneration Rs. 11,690 (Para 1, page 23-AR).*—The paragraph was settled.

585. *Non-conducting of Internal Check (Para 2, page 23-AR).*—The paragraph was settled subject to verification by Audit.

586. *Delay in Processing of G.P. Fund cases (Para 1, page 104-AR).*—The paragraph was settled.

M. A. HAQ,  
Secretary.

Islamabad, the 19th January, 1987.

## NATIONAL ASSEMBLY SECRETARIAT

*Tuesday, the 6th January, 1987*

### Seventh sitting (PAC)

\*384. The Public Accounts Committee assembled at 10.00 a.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

#### P.A.C :

- |  |       |                 |
|--|-------|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. .. .. | .. .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A. .. ..       | .. .. | <i>Member</i>   |
| (3) Rai Arif Hussain, M.N.A. ... ..            | .. .. | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A. .. ..     | .. .. | <i>Member</i>   |
| (5) Nawab Muhammad Yamin Khan, M.N.A. .. ..    | .. .. | <i>Member</i>   |
| (6) Mr. Miangul Aurangzeb, M.N.A. .. ..        | .. .. | <i>Member</i>   |
| (7) Malik Said Khan Mahsud, M.N.A. .. ..       | .. .. | <i>Member</i>   |

#### National Assembly Secretariat :

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### Audit :

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A.A. Zaidi, Deputy Auditor-General (A & R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. Iftikhar Ali Khan Raja, Director General, Audit and Accounts (Works).
- (7) Mr. M.S. Amjad, Director General (PEC).

#### Ministry of Finance :

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Minn, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 383 pertain to other Ministries/Divisions.

### ESTABLISHMENT DIVISION

386. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Establishment Division. The following departmental representatives were present :—

- (1) Mr. Hasan Zaheer, Secretary.
- (2) Mr. Mahboob Ahmad, Joint Secretary.
- (3) Mr. Taufiqe Fahmi Rizvi, Joint Secretary.
- (4) Agha Qaiser Ali Zaidi, Joint Secretary/Director General.
- (5) Raja Muhammad Ikramullah Khan, Deputy Secretary.
- (6) Mr. Manzoor Ahmed Mallal, Section Officer.
- (7) Mr. Akhtar Ali Khan, Section Officer.

387. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
<b>1983-84</b>		
1.	Establishment Division .. .. .	6
2.	Federal Public Service Commission .. .. .	7
3.	Services Tribunal .. .. .	8
4.	Other Expenditure of Establishment Division .. .. .	9
5.	Development Expenditure of Establishment Division .. .. .	137
<b>1984-85</b>		
1.	Establishment Division .. .. .	6
2.	Federal Public Service Commission .. .. .	7
3.	Services Tribunal .. .. .	8
4.	Other Expenditure of Establishment Division .. .. .	9
5.	Development Expenditure of Establishment Division .. .. .	139

### APPROPRIATION ACCOUNTS (1983-84)

388. *Grant No. 6—Establishment Division (Page 64-AA).*—This grant closed with an excess of Rs. 1,304,086 which was stated by the department to be due to payment of advance salaries on Eid. The Committee recommended the excess for inclusion in the excess Budget Statement.

389. *Grant No. 7—Federal Public Service Commission (Page 78-AA).*—There was an excess of Rs. 394,130 under this grant which was attributed by the Department, to the advance payments of salaries on Eid. The excess was recommended for regularisation by the Committee.

390. *Grant No. 8—Service Tribunal (Page 82-AA).*—The Grant closed with an excess of Rs. 97,171 which was mainly due to advance payment of salary on Eid. The Committee recommended the excess for regularisation.

391. *Grant No. 9—Other Expenditure of Establishment Division (Page 84-AA).*—The grant closed with a saving of Rs. 108,836. The Committee did not make any observations as the saving was nominal.

392. *Grant No. 137—Development Expenditure of Establishment Division (Page 92-AA).*—There was a saving of Rs. 623,377. A member of the PAC wanted to know the purpose of this grant. The Department intimated that this grant was meant for stipends to the children of low paid staff. The saving being nominal, the committee did not make any observations.

#### APPROPRIATION ACCOUNTS (1984-85)

393. *Grant No. 6—Establishment Division (Page 78-AA).*—There was an excess of Rs. 483,140. The main excess of Rs. 251,751 was under pay and Allowances and of Rs. 128,299 under 'Repairs and Maintenance'. The Department explained that excess was mainly due to 5% Cut imposed by the Government over the grant, Advance payment of salaries on Eid, and also due to non reappropriation due to oversight. The Committee observed that there should be a better financial control. The Department should be careful in future. The excess was recommended for inclusion in the excess budget statement.

394. *Grant No. 7—Federal Public Service Commission (Page 90-AA).*—There was an excess of Rs. 20,354 and was recommended for regularisation by the Committee.

395. *Grant No. 8—Services Tribunal (Page 98-AA).*—The grant closed with a saving of Rs. 26,727 which was nominal. The Committee did not make any observation.

396. *Grant No. 9—Other Expenditure of Establishment Division (Page 100-AA).*—This grant closed with a saving of Rs. 420,734. The Department explained that an amount of Rs. 303,000 was surrendered but could not some how be accounted for in the Appropriation Accounts. The Committee observed that although the saving was within permissible limits but the Department should have a better budgetary control.

397. *Grant No. 139—Development Expenditure of Establishment Division (Page 112-AA).*—According to Appropriation Accounts, there was a saving of Rs. 1,086,053, which was 6% of the Final Grant of Rs. 17,700,000. The Department explained in reply that an amount of Rs. 550,000, an allocation for Pak. Academy for Rural Development was surrendered and accepted by Finance in 5/85. An amount of Rs. 500,000 could not be released by A.G.P.R. to Pak. PWD in time. The Chairman, PAC observed that all funds not needed were required to be surrendered before 31st March of the financial year. Moreover the funds which could not be utilized should not have been demanded instead of surrendering them at the end of the year when their utilization elsewhere was not possible. The Committee observed that the Department should be careful in the matter of financial controls.

398. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observations on other points/paras in the Appropriation Accounts & Audit Reports for the years 1983-84 & 1984-85. These would be deemed as settled, subject to such recovery and regularisation action and verification by Audit where necessary under the rules.

M. A. HAQ,  
*Secretary.*

*Islamabad, the 11th June, 1987.*

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**FEDERAL COUNCIL SECRETARIAT***Monday, the 27th August, 1984***1 Sitting (PAC)**

\*79. After completing the examination of Accounts of the Ministry of Prior for the year 1980-81 the Committee continued the examination of the Federal Accounts for 1981-82 and Compliance Report 1979-80 and took up, for its examination, the Appropriation Accounts etc., pertaining to the Organisation and Methods Division for 1981-82. The following were present :—

**P.A.C :**

- |   |                                |
|---|--------------------------------|
| (1) Syed Saieed Hasan, Member, Federal Council ...                    | .. Member<br>(Acting Chairman) |
| (2) Akhunzada Bahrawar Saeed, Member, Federal Council.                | Member                         |
| (3) Mir Jam Ghulam Qadir Khan of Lasbela, Member,<br>Federal Council. | .. Member                      |
| (4) Mr. Abdul Qadir, Former Chairman, Railway Board                   | .. Member                      |
| (5) Mr. Yusuf Bhai Mian, Chartered Accountant ..                      | .. Member                      |

**Federal Council Secretariat :**

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

**Audit :**

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (C.A.)
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General Pakistan Revenues.
- (6) Mr. Zaheeruddin Jeddy, Director General (PEC).
- (7) Mrs. S. N. Sheikh, Director General, Commercial Audit.
- (8) Mr. Saleem Siddique, Director, Concurrent Audit (CDA).

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\*Paragraphs upto 78 pertain to other Ministries/Divisions.

**Ministry of Finance :**

- (1) Raja Raza Arshad, Deputy Secretary.
- (2) Mr. Saeedullah, F.A. (O&M).

80. *Accounts examined.*—The Accounts pertaining to the Organisation and Methods Division were examined by the Committee during the course of the day.

**Departmental Representatives :**

- (1) Dr. M. Tariq Siddiqi, Secretary.
  - (2) Mr. Muhammad Danishmand, Deputy Secretary.
  - (3) Mr. Ghulam Hussain, Finance and Account Officer.
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## ORGANISATION AND METHODS DIVISION

81. The Division controlled Grant No. 13—Organisation and Methods Division.

82. *Reconciliation of Accounts with Audit.*—The departmental representative informed the Committee that the reconciliation of Accounts for 1983-84 had been completed. *The Committee directed that, in future, complete up-to-date information about reconciliation should be furnished in the prescribed form to the Committee.*

## APPROPRIATION ACCOUNTS

83. *Grant No. 13—Organisation and Methods Division (Page 152-AA).*—An excess of Rs. 1,560 was reflected by Audit under this grant. It was explained by the Division that the approved budget of the O&M Division for 1981-82 was Rs. 6,481,000. With the imposition of economy cut amounting to Rs. 389,000, it got reduced to Rs. 6,092,000. Later on, during the financial year the Ministry of Finance imposed a ban on purchases. As a result of this and owing to the non-filling up of the vacant posts, an expected saving of Rs. 536,239 was surrendered. The vacant posts of officers could not be filled up, as recruitment rules therefor had not been framed. The Division further stated that an excess of Rs. 1,560, which was nominal, could not be foreseen while assessing the final grant figures.

84. After hearing the above explanation, the Committee did not make any observation on this grant except that the explanation in future should be for each minor object.

## AUDIT REPORT

85. *Excess expenditure on residential telephone—Rs. 47,998 (Para 2, page 33-AR).*—Audit had pointed out that the O&M Division had paid Rs. 47,998 for the excess calls (beyond prescribed ceiling), for residential telephones. Audit further reported that it had been stated by the Division that the peculiar nature of their work obliged them to exceed the limit. The plea was untenable, as they should have either got the ceiling raised in time or, alternately, recovered the excess expenditure.

86. The Division explained that the sum of Rs. 4,112 relating to the office telephone of Secretary, O&M Division for which there was no prescribed ceiling, had also been included in the overall excess calls amounting to Rs. 12,190 for the three telephones. As for regularising the excess calls in other cases, the matter had been referred to the Cabinet Division, who allowed this office to relax the ceiling in order to regularise the excess calls *vide* their letter No. 2|20|82-GC,



dated 15th March, 1983. The excess calls against the other officers had, therefore, been regularised by relaxing the ceiling *vide* sanctions bearing No. (1)|80-Gen., dated 11th June, 1983 and 2nd November, 1983.

87 Questioned about the excess expenditure on residential telephone, the departmental representative submitted that the excess expenditure pertained to the entire year, and a part of this excess had been condoned. The Committee decided to drop the paragraph cautioning that, in future, excess in calls should not be repeated.

88. *Delay in the Processing of G.P. Fund Cases [Para 2 (63), page 285-AR].*—This was related to Mr. Muhammad Afsar, D.M.O. The explanation of the Division was accepted by Audit, and the Committee decided to drop the paragraph.

89. *Delay in processing of Pension Cases [Para 3 (88), page 289-AR].*—The explanation of the Division was accepted by the Committee and the paragraph was dropped.

90. The Committee also observed that the statement of replies to the PAC should be furnished in the same form in which the Appropriation Accounts and the Audit Report are presented to the Committee by Audit.

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

M. A. HAQ,  
Secretary.

Islamabad, the 20th September, 1985.

## NATIONAL ASSEMBLY SECRETARIAT

*Monday, the 25th August, 1986*

### Ninth Sitting (PAC)

\*506. The Public Accounts Committee assembled at 09.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present : —

#### *P.A.C :*

- |  |    |    |                 |
|--|----|----|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. .. .. | .. | .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A. .. ..       | .. | .. | <i>Member</i>   |
| (3) Rai Arif Hussain, M.N.A. ... ..            | .. | .. | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A. .. ..     | .. | .. | <i>Member</i>   |
| (5) Nawab Muhammad Yamin Khan, M.N.A. .. ..    | .. | .. | <i>Member</i>   |
| (6) Mr. Miangul Aurangzeb, M.N.A. ... ..       | .. | .. | <i>Member</i>   |

#### *National Assembly Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A. A. Zaidi, Deputy Auditor General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (6) Mr. Ahmed Nawab Qureshi, Director General Commercial Audit.
- (7) Mr. S.T. Rehman, Director General of Audit PT&T.

#### *Ministry of Finance*

Mr. S.M. Badrul Hassan, Deputy Secretary (Budget).

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\*Paragraphs upto 505 and 507 to 590 pertain to other Ministries/Divisions.

### O&M DIVISION

591. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the O&M Division. The following departmental representatives were present .

- (1) Mr. H.N. Akhtar, Secretary.
- (2) Mr. Muhammad Danishmand, Deputy Secretary.
- (3) Mr. Muhammad Siddique, Section Officer (F&A).

592. This Division controlled the Grant No. 13—Organisation and Methods Division.

### APPROPRIATION ACCOUNTS

593. *Grant No. 13—O&M Division (Page 106-AA).*—The grant closed with a nominal saving of Rs. 7,680. A member enquired about the functions of the Department. The Department explained that they were supposed to be management consultants to the Government. They study performance of Ministries/Divisions and recommend how the performance could be improved. They had created specialists with the help of foreigners. They were in effective because their recommendations were not mandatory in nature and they render free service. If it was a Autonomous body and its services were paid, it would be more useful and effective.

594. The PAC recommended that O&M Division may be declared as an Autonomous body to make it more effective. The Department should submit concrete proposal of the next meeting, to make it more effective.

*Islamabad, the 19th January, 1987.*

M. A. HAQ,  
Secretary.

## NATIONAL ASSEMBLY SECRETARIAT

*Wednesday, the 7th January, 1987*

### **Eighth Sitting (PAC)**

457 The public Accounts Committee assembled at 2.00 p.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :--

#### **P.A.C :**

- |                                       |    |    |                            |
|---------------------------------------|----|----|----------------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A.    | .. | .. | <i>Acting<br/>Chairman</i> |
| (2) Rai Arif Hussain, M.N.A.          | .. | .. | <i>Member</i>              |
| (3) Ch. Muhammad Sarwar Khan, M.N.A.  | .. | .. | <i>Member</i>              |
| (4) Nawab Muhammad Yamin Khan, M.N.A. | .. | .. | <i>Member</i>              |
| (5) Mr. Miangul Aurangzeb, M.N.A.     | .. | .. | <i>Member</i>              |
| (6) Malik Said Khan Mahsud, M.N.A.    | .. | .. | <i>Member</i>              |

#### **National Assembly Secretariat :**

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### **Audit :**

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S.M. Najamul Arfin, Deputy Director, Commercial Audit.

#### **Ministry of Finance :**

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 456 and 458 to 485 pertain to other Ministries/Divisions.

### O & M DIVISION

486. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the O & M Division. The following departmental representatives were present :—

- (1) Mr. Haq Nawaz Akhtar, Secretary.
- (2) Mr. M.S. Hoda Azizi, Deputy Secretary.
- (3) Mr. Muhammad Siddique, Section Officer (B&C).

487. This Division controlled Grant No. 13—"Organisation and Methods Division for 1983-84 and 1984-85".

#### APPROPRIATION ACCOUNTS (1983-84)

488. *Grant No. 13—Organisation and Methods Division (Page 118-AA).*—The Grant closed with an excess of Rs. 784,044. The Department reported that the excess was mainly due to payment of advance salaries on Eid. The Chairman PAC asked about the functions of O & M Department. The Department explained in brief the functions and reported that 188 studies had so far been carried out. Departments were reluctant to implement cost saving studies carried out, by them. The Department had no mandatory Authority and then again it was a free service. The Committee after listening to the problems being faced by the Department directed that—

- (a) Ministry should be named as Management Division.
- (b) A Management Consultant Bureau may be created which should carry out a study fixing targets for implementation, for all divisions.
- (c) Its Authority should be mandatory.

#### APPROPRIATION ACCOUNTS (1984-85)

489. *Grant No. 13—Organisation and Methods Division (Page 122-AA).*—The Grant closed with a saving of Rs. 68,557, which being nominal, the Committee did not make any observation.

M. A. HAQ,  
Secretary.

Islamabad, the 25th June, 1987.

**FEDERAL COUNCIL SECRETARIAT***Tuesday, the 30th October, 1984***Eighth Sitting (PAC)**

\*1170. The Public Accounts Committee assembled at 9.00 a.m. in the State Bank Buildings, Islamabad, to continue the examination of the Federal Accounts for 1981-82. The following were present :—

**P.A.C :**

- |   |       |    |                           |
|---|-------|----|---------------------------|
| (1) Mr. A.G.N. Kazi, Governor,<br>State Bank of Pakistan.             | .. .. | .. | <i>Vice-<br/>Chairman</i> |
| (2) Syed Saiced Hasan, Member, Federal Council                        | .. .. | .. | <i>Member</i>             |
| (3) Akhunzada Bahrawar Saeed, Member,<br>Federal Council.             | .. .. | .. | <i>Member</i>             |
| (4) Mir Jam Ghulam Qadir Khan of Lasbela, Member,<br>Federal Council. | .. .. | .. | <i>Member</i>             |
| (5) Mr. Abdul Qadir, Former Chairman,<br>Railway Board.               | .. .. | .. | <i>Member</i>             |
| (6) Mr. Yusuf Bhai Mian, Chartered Accountant                         | .. .. | .. | <i>Member</i>             |

**Federal Council Secretariat :**

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

**Audit :**

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M.A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S.N. Sheikh, Director General, Commercial Audit.
- (7) Mr. Iftikhar Ali Raja, Director General (A&A Works).

**Ministry of Finance :**

- (1) Mr. Manzur Husain, Joint Secretary (Budget).
- (2) Mr. A. Haq, DFA (Cabinet).

1171. *Accounts examined.*—Accounts pertaining to the Cabinet Division were examined by the Committee during the course of the day.

\*Paragraphs upto 1169 pertain to other Ministries/Divisions.

### CABINET DIVISION

1172. The Committee first took up for its examination, the Appropriation Accounts etc., pertaining to the Cabinet Division. The following departmental representatives were present :—

- (1) Mr. K.U. Faruqi, Additional Secretary.
- (2) Mr. Khalique Ahmad Khan, Deputy Secretary.
- (3) Mr. Muhammad Yasin, Section Officer (F&A).
- (4) Syed Alamdar Raza, Managing Director (PCP).
- (5) Khawaja Abdul Wahed, Director Finance (PCP).
- (6) Mr. G. Mohiuddin, Controller (Stationery & Forms).
- (7) Mr. Khurshid Ahmad, Registrar (Federal Land Commission).
- (8) Mr. Abdur Rashid, Deputy Assistant Director (Intelligence Bureau).
- (9) Mr. Zia-ul-Hassan Qureshi, Chief Accountant (PCP).
- (10) Lt. Col. Aminullah, D.S. (Emergency Relief Fund).

1173. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Cabinet .. .. .	1
2.	Cabinet Division .. .. .	2
3.	Disaster Relief and Rehabilitation .. .. .	3
4.	Land Reforms .. .. .	4
5.	Other Expenditure of Cabinet Division .. .. .	5
6.	Stationery and Printing .. .. .	15
7.	Capital Outlay on Land Reforms .. .. .	133
8.	Development Expenditure of Cabinet Division .. .. .	139
9.	Capital Outlay on works of Cabinet Division .. .. .	170

1174. *Reconciliation of Accounts with Audit.*—The Committee noted that the reconciliation work of the Division had not yet been brought up-to-date. The departmental representative was directed to complete expeditiously the reconciliation of all the Accounts for the months following June, 1984.

## APPROPRIATION ACCOUNTS

1175. At the outset, the Committee noted that the format of reply by the Division was not proper. Replies should be given in the form, the Auditor General had prescribed for the Appropriation Accounts which was circulated by the Finance Division *vid* their O.M. No. F. 2(2) B-II/84-1855, dated 26-9-1984.

1176. *Grant No. 1—Cabinet (Other than Charged) (Pages 36—38-AA).*—The Appropriation Accounts show an excess of Rs. 38,017 under object "500-Commodities and Services" in this grant. It was explained by the Division that the excess had been booked by Audit after the closing and after the reconciliation of accounts, without any intimation to the Division.

1177. Audit confirmed the above position in their comments and stated that debits of Rs. 38,017 for Railway Saloons of Ministers for Industries, Information and Railway were first booked against the respective Ministries and later transferred to this grant.

1178. The Vice-Chairman enquired as to why no provision was made for the saloons, in the budget. The departmental representative informed the Committee that the provision had been made in the Budget, but after taking this debit into account, the expenditure exceeded the grant. Thereupon no further observation was made by the Committee.

1179. *Grant No. 2—Cabinet Division (Pages 40—52-AA).*—The Division explained the saving of Rs. 826,533 under the object "500—Commodities and Services", as being due to the fact that this amount was kept for payment of expenditure on covered posts but the expenditure was not passed to this Division during 1981-82 and that it was booked in the year 1982-83.

1180. Replying to a query about the idea of 'covered posts', the departmental representative replied that covered posts existed in Embassies.

1181. The Vice-Chairman referred to the excess of Rs. 660,590 shown against function head "Intelligence Bureau-500-Commodities and Services". The departmental representative explained that was primarily due to the expenditure had been booked by Audit after June, 1982. Had the expenditure been booked earlier surrender of Rs. 1,167,610 made by the Intelligence Bureau on 30th June, 1982 would have been reduced to Rs. 407,320. Audit stated in their comments that the explanation for the excess was not correct as all these payments were made against the bills submitted by the department. It appeared that the department (Bureau) was not keeping records of its own expenditure. The surrender should have been made by the department keeping in view the figures of progressive expenditure available with them.



1182. Replying to an observation made by the Vice-Chairman, the departmental representative informed the Committee that part of this expenditure was incurred in the sub-offices in Lahore and Karachi ; and some technical equipment and photographic material as well as vehicles in replacement of condemned ones and their spare parts were purchased through the department of IP&S and full information to this effect had not been made available.

1183. A member of the Committee suggested that the departmental representative should look into the matter and make arrangements in consultation with the Finance Division and the Intelligence Bureau to which the departmental representative agreed. The Vice-Chairman further enquired as to whether there was budget provision for these vehicles. The departmental representative submitted that there was a lump-sum provision in the budget.

1184. A member of the Committee remarked that there was nothing about the belated adjustment in the department's written reply. The Vice-Chairman, thereupon, asked the departmental representative to check as to whether the amount was actually distributed and when it was debited.

1185. *After further discussion, the Committee took the following decisions :—*

- (i) *Ministries and Divisions should not be in a hurry to surrender amounts, where materials have already been received without receiving debits, as the debits made by Audit would create excess expenditure.*
- (ii) *The surrender made by the Intelligence Bureau was due to the Sub-Bureaus not informing the Headquarters of the expenditure incurred by them, Keeping of accounts by the Sub-Bureaus should be improved.*

1186. *Grant No. 3—Disaster Relief and Rehabilitation (Pages 66—68-AA).—*The Appropriation Accounts show Rs. 519,661 under 'Actual Recovery' as the same amount has been shown under 'More Recovery' against nil "Estimated Recovery". The Division explained that the recovery of Rs. 919,661 was accepted by the Finance Division. *vide* their O.M. No. F. 3—7/82-PF-V/175, dated 27-2-1982, but Audit had not adjusted the amount in 1981-82. Audit replied that the explanation given did not make sense as the only point under consideration was regarding 'Estimated Recovery' shown at nil.

1187. *The Committee directed that the Finance Division should look into their O.M. referred to by the Cabinet Division in their above explanation, to see whether there should have been any revised estimate for recoveries ?*

1188. *Grant No. 4—Land Reforms (Pages 70—72-AA).—*There was nothing material for consideration by the Committee in this grant.

1189. *Grant No. 5—Other Expenditure of Cabinet Division (Pages 54—56-AA).*—The saving of Rs. 692, shown under this grant being of a minor amount, no observation was made by the Committee.

1190. *Grant No. 15—Stationery and Printing (Pages 80—82-AA).*—The Appropriation Accounts show a net saving of Rs. 188,177 under this grant. Audit pointed out that the overall position of this grant had not been given in the explanation of the Division.

1191. The Committee pointed out that an excess of Rs. 40,419 had been shown under object '030—Other Allowances'. The department contested that Audit had shown an excess of Rs. 40,419 against this head whereas according to reconciled figures of 1981-82 the expenditure was Rs. 140,624 against the final grant Rs. 134,751, with an excess of Rs. 5,869 only. Audit had booked additional expenditure of Rs. 34,550 without consulting the Department of Stationery and Forms. The reconciled excess of Rs. 5,869 was due to the reason that the Railway had raised larger debit against leave warrants than anticipated.

1192. The Committee, therefore, directed that any adjustment made by the Accounts Offices after the reconciliation of Accounts must be duly intimated to the department. Instructions should be issued by the Auditor-General in this behalf.

1193. The Appropriation Accounts show a short recovery of Rs. 8,587,011 against the 'Estimated Recovery' of Rs. 15,046,000 under object '575—Stationery and Printing'. The department explained that the short recovery of Rs. 8,587,011 was due to non-acceptance of Debits by the Paying Departments and non-clearance of outstanding dues by the Cash Paying Departments which included an amount of Rs. 5,937,919 payable by the Printing Corporation of Pakistan on account of cost of paper.

1194. Audit maintained that the explanation was not convincing. Steps should have been taken for effecting recoveries from the departments concerned.

1195. A member of the Committee observed that if the matter related to commercial accounts then why was it being discussed here. The Vice-Chairman further observed that in any case the actual recovery of Rs. 6,458,989 was lower as compared to that of the previous year viz. Rs. 14,033,213.

1196. No further observation was made by the Committee which expressed its dissatisfaction with the position of recoveries.

1197. *Grant No. 133—Capital outlay on Land Reforms (Page 74-AA).*—The Appropriation Accounts show an excess of Rs. 581,111 under object '600—Transfer payments' after surrender of Rs. 80,161,150. It was explained by the department that this expenditure related to the Provincial Land Commission who intimated

the expenditure after the close of the financial year. Audit pointed out that the surrender of Rs. 80,161,150 against a provision of Rs. 80,268,000 was made on 29-6-1982. The surrender was stated to be on account of non-payment of compensation of land (Rs. 78,220,000 through bonds and Rs. 1,939,159 through cash). Audit further pointed that reasons for non-issue of bonds by State Bank of Pakistan when the funds were placed at their disposal in November, 1981 had not been stated. It had also not been mentioned as to when the payment was arranged subsequently.

1198. In view of the position stated above and after discussion, particularly about failure to surrender, earlier in the year, the excess provision, the Committee came to the conclusion that the Audit should look into the whole position and check up the whole accounting and then come to PAC.

#### AUDIT REPORT

1199. *Non-recovery of Rs. 6,487,000 (Para 3, page 23-AR).*—According to Audit, in a Board under the administrative control of Cabinet Division, hire charges of machinery were not recovered from the contractor's running bill paid in 1977, and thus an amount of Rs. 6,487,512 was still outstanding against them. The non-recovery had been brought to the notice of the Division by Audit in June, 1979 during local audit. Audit stressed the necessity for early recovery and for the taking of disciplinary action against the defaulters as this action was pending for the last five years.

1200. The department explained in their written reply that the case pertained to peculiar circumstances that were applicable between 1977-78 that machinery first introduced into the project was pressed into service before the manufacturer's cost was fully worked out. Hire charges bills were first issued in 1981, and since then recoveries were in full progress. A sum of Rs. 3,468,853 had so far been recovered. It was expected that the balance amount of Rs. 3,018,147 would be recovered in due time after settlement with contractors.

1201. Questioned as to what was the nature of the machinery and as to why the hire charges could not be worked out earlier, the departmental representative submitted that the machinery was 'Imported machinery'. It was issued to contractors without any proper assessment of the hire charges. It was a new organisation when the rates were first fixed, the contractors represented to the Board that these charges were excessive. This led to a revision of the charges.

1202. Replying to a query about the equipment under discussion, the departmental representative submitted that the equipment consisted of Air Compressor and Drilling machines which were sold to the contractors at the original price.

1203. A member of the Committee enquired as to what was the total value of all the machinery which was given to the contractors. The departmental representative answered that the department had obtained the cost of one item only and that it was \$ 22,000. The Committee failed to understand why the cost of all the items could not be ascertained.

1204. After further discussion, *the Committee directed that a comprehensive report should be furnished to the Committee, setting out the total cost of the Plant, the dates on which rates were originally fixed and subsequently revised and when the machinery was received and supplied to the contractor, whether any customs duty was paid thereon and the action taken against those who fixed the hire charges without authority. The Committee further directed that the recovery of the balance amount be expedited. The paragraph was, therefore, deferred.*

1205. *Shortage of Store worth Rs. 1,111,000 (Para 4, pages 23-24-AR).—*Audit had reported that in a Board under the administrative control of the Cabinet Division, shortage of stores worth Rs. 1,111,415 was noticed at the time of handing over and taking over of charge in December, 1977. The shortage was neither reported to Audit nor was it placed under the suspense head Misc : P.W. Advances for watching recovery.

1206. The department stated that this paragraph was linked with the case under Paragraph 6. The parties which were involved in the shortages were absconding. The case was with the Martial Law Authorities since 3-1-1981 and the final adjustment would be made after the case was finalized. The amount would thus remain in suspense. The department further mentioned that the Martial Law Authorities had since been able to obtain the appearance of one of the parties concerned. Final verdict was due shortly.

1207. Audit pointed out in their comments that this paragraph related to shortage of stores against a Storekeeper while paragraph 6 pertained to mis-appropriation of cement by three carriage contractors.

1208. The Vice-Chairman, enquired as to who were the absconding parties. The departmental representative replied that one was an Executive Engineer and the other a storekeeper and that both had been traced out and found guilty.

1209. A member of the Committee observed that the department had spent two years in this inquiry and that there was no justification for such delay.

1210. In the light of the above discussion, *the Committee directed the departmental representative to look into the matter and furnish a detailed report to PAC through Audit.*

1211. *Excess payment of Rs. 895,000 (Para 5, page 24-AR).*—Audit had pointed out that excess payments of Rs. 894,837 were made to land owners by changing the classification of land in 1977. Attention was drawn to the excess payments in June, 1979 when a reply was given that the payments were correct. The irregularity was reported to the Secretary Cabinet Division and Chairman of the Board in February, 1980 ; but no action had been taken for recovery from the Land owners or the officials at fault, during the last five years.

1212. The department replied that the case was awaiting finalisation through a commission constituted for the purpose.

1213. The Vice-Chairman remarked that the position was not clear. The question was as to who was the competent authority for classification of land and paying the compensation ? If the land acquisition collector made the final assessment then how did the department consider that it was the wrong thing ?

1214. A member of the Committee further observed that under law the Deputy Collector is the Revenue Officer. All the acquisitions and requisitions are to be made by him or on his behalf and the land is classified in his office and accordingly payment is made. The same member also remarked that as the payment was to be made by the Board it would appear that the Board did not accept the classification made by the Revenue Officer.

1215. After discussion, the Committee concluded that the case was not clear at all ; the Committee did not know what happened and what was the objection of Audit and as such, the Committee considered that the case required further review jointly by the Division and Audit. *The Committee, therefore, directed that both of them should get together and settle all legal aspects under the application of the Land Acquisition Act and other relevant provision and then a detailed report should be prepared and submitted to PAC. The paragraph was, therefore, deferred.*

1216. *Misappropriation of cement worth Rs. 255,000 (Para 6, page 24-AR).*—It had been pointed out by Audit that in a Board under the administrative control of the Cabinet Division, 7,400 bags of cement worth Rs. 255,000 were misappropriated by the Carriage Contractors during transportation from Cement Factories to the Board's Stores in 1977. The amount was not placed under suspense head Misc. W Advances for watching recovery, nor was it reported to Audit.

1217. The department explained that the case under reference first came to the notice of the Board at the time when a high level Court of Inquiry was ordered on 30th October, 1979. Consequently when all efforts made to contract the parties involved failed, the case was handed over to the Martial Law Authorities, but the persons involved had not appeared before the Court. Under the circumstances until the court was in a position to finalized the case the amount could not be regularised and would remain in suspense account.

1218. The department further stated that the Martial Law Authorities had been able to obtain appearance of one of the parties concerned. Final verdict was due shortly.

1219. After deliberation, *the Committee concluded that the Cabinet Division must give a detailed report as to who awarded the contract, when was it terminated and why did it take such a long time for taking any action to settle the matter.*

1220. *Misappropriation of tyres and tubes worth Rs. 126,000 (Para 7, pages 24-25-AR).*—Audit had pointed out that in a Board under the administrative control of the Cabinet Division 173 tyres with tubes were purchased from a firm in May, 1978, but only 66 tyres with tubes were taken on stock. Thus the remaining quantity, valuing Rs. 126,453 was misappropriated. Audit further pointed out that progress towards recovery had not been reported during the last five years.

1221. The Division explained that the whole matter had been under investigation through a Court of Inquiry, the findings of which were yet to be received. However, the matter had been investigated by a Court of Inquiry and it had decided as under :—

- (i) 75% of the total loss viz Rs. 75,652 be recovered from Ex-sub. Ahmad Hassan.
- (ii) 25% of the total loss viz Rs. 25,217 be received from Mr. Abdul Salam, XEN Stores/Machinery Division.

1222. The Division also explained that the amount shown in the paragraph was not correct due to wrong calculation by Audit. The correct amount had come to Rs. 100,869 which was accepted by Audit. The Division further stated that the progress of recovery would be communicated when effected.

1223. Replying to a query as to how the department would receive the money, the departmental representative replied the Provincial Government would be requested to pursue the matter.

1224. A member of the Committee observed that the department should find out the full facts and get the complete information from the Board now transferred to the Provincial Government. The paragraph was deferred.

1225. *Unjustified payment of Rs. 40,000 (Para 8, page 25-AR).*—It had been pointed out by Audit that a work was proposed to be executed through Frontier Works Organisation, and M/s. Engineering and Technical Consultants were engaged to supervise the work. The consultants received advance payment of Rs. 40,000 in March, 1978 but their services were not utilized when the work was subsequently awarded to a contractor. The advance payment was, however, not recovered.

1226. Audit further reported that the irregularity was pointed out in Ma 1979 during local audit when they were inquired that a reply would be given after recovering the amount from the consultants. The matter was also reported to the Secretary, Cabinet Division and the Chairman, Kohistan Development Board in February, 1980.

1227. The Division, explained that the case was finalized through a Court of Inquiry which established the fact that recovery was to be made, although no Board official was held responsible for the advance made with the intention at the time to get the work executed through the party concerned. The matter was taken up through a Court of Law and a decree was awarded in favour of the Board on 25th October, 1981. Action was in hand to recover the amount through the local administration.

1228. The Division further stated that a case had been filed in the Court of Senior Civil Judge, Abbottabad, for execution of the decree and notice had been issued to respondent and further proceedings were going on in the Court.

1229. After discussion, the Committee directed that the Cabinet Division should go into all the Audit paragraphs regarding Kohistan Development Board, in consultation with the N.W.F.P., Government and furnish, within five months, a detailed report to the Committee through Audit giving details of the action taken or proposed to be taken against each paragraph. This directive would be applicable to both the above paragraphs 7 and 8.

1230. *Delay in processing of G.P. Fund Cases (Para 2, Sr. Nos. 9—11-13-18 and 45-46, pages 281—284-AR).*—The Vice-Chairman remarked that the cases of G.P. Fund in respect of Mr. Ashraf Khan, Ex-Stenotypist at (Item 11), and Mr. Matloob Hussain, Stenographer at (item 14), of above paragraph had been considerably delayed.

1231. After examining the replies of the Division in respect of the above officials, the Committee did not make any further observation on the above paragraph.

1232. *Delay in the processing of Pension Cases (Para 3, Sr. No. 4—10 and 12-13, pages 286—288-AR).*—The Committee noted that the case of pension of Mr. Muhammad Sarwar, Driver (Item 6) had not yet been finalised. The departmental representative informed the Committee that Mr. Muhammad Sarwar did not seem to have been retired from the Intelligence Bureau's (Headquarters). However, Sub-Bureaus at Lahore, Peshawar, Quetta, Karachi, Hyderabad and Rawalpindi were being consulted in this regard. On receipt of reply from them, the Cabinet Division would be informed. Replying to the remarks made by the Vice-Chairman in respect of Mr. Mushtaq Hussain, Foreman (Item 13), the

departmental representative submitted that he was declared invalid by the Medical Board and thereafter within six months his case was submitted to the A.G.P.R. Remedial measures had been taken to avoid delays in future as advised by Audit.

1233. *The Committee directed the Audit to look into the matter and find out ways and means to avoid delays in pension cases.*

### COMMERCIAL ACCOUNTS

#### Printing Corporation of Pakistan Limited

1234. *Loss of Rs. 21,150 due to un-economical purchase of paper (Para 5, page 15-ARCA).*—Audit had reported that the Printing Corporation agreed to purchase 250 tons of white printing paper from a firm @ Rs. 5,950 per ton on credit in November, 1975. It was also agreed that the Corporation would pay interest on the value of paper delivered @ Rs. 12% per annum and the suppliers assured that the rates charged by them were the minimum and that they would not charge lesser rates from any other party. Accordingly, two supply orders for 122 tons and 130 tons were placed on the suppliers in November, 1975 against which they supplied 111 tons paper only. Audit further pointed out that contrary to the terms of the contract, the firm charged a price of Rs. 5,852 per ton (free delivery to the Consignee) to the Director of Industries, Government of Punjab, thus, charging Rs. 98 plus cost of transportation per ton excess from the Corporation. The Corporation cancelled the contract with the firm due to non-supply of full quantity on 31-3-1976. However, the remaining quantity of paper *i.e.*, 141 tons was again purchased from the same supplier on 100% advance payment @Rs. 5,950 per ton and a sum of Rs. 14,727 was also paid as interest on the value of paper supplied on credit basis.

1235. The Management intimated that the case for regularisation of extra expenditure was under consideration of the competent authority and a decision was awaited.

1236. The Committee accepted the above explanation of the Management and the paragraph was treated as settled subject to regularisation of extra expenditure.

1237. *Irregular expenditure of Rs. 8,800 on account of pay and allowances of personal servant allowed to Managing Director (Para 6, pages 15-16-ARCA).*—According to Audit, Managing Director of the Printing Corporation who was on deputation from Government was in receipt of Rs. 400 per month as personal servant subsidy according to the terms of his appointment. In addition, the services of a labourer on the roll of Islamabad Printing Press were provided at his residence. Since the Managing Director received personal servant subsidy, he was not entitled to an additional servant at his residence at the cost of the Corporation.



1238. It was explained by the Division that the personal servant subsidy allowed by the Corporation had been considered as additional prerequisite admissible to an officer under Management grade in view of his additional responsibility in the Corporation. It could not be considered in lieu of the orderly provided at the residence of an officer by the Government. Thereupon, Audit commented that the matter needed to be taken up with the Finance Division for clarification.

1239. The departmental representative informed the Committee that the Management had decided to recover the amount from the officer. The Committee, therefore, directed that Audit should pursue the matter and get the recoveries expedited. Subject to such directions, the paragraph was dropped.

#### **Deputy Controller, Stationery and Forms**

1240. *Accounts and Reviews (Para 50, page 53-ARCA).*—Audit had pointed out that the Department earned a gross profit of Rs. 2.147 million during the year under review as compared to the gross profit of Rs. 1.314 million during the preceding year. The increase was mainly due to increase in sales by Rs. 8 million as compared to the previous year.

1241. The Committee, after going through the comments of the Audit, did not make any observation on the paragraph.

1242. *Sundry debtors (Para 51, page 53-ARCA).*—According to Audit, sundry debtors going back to 1961-62 to 1979-80 stood at Rs. 17.612 million as on 30-6-1980 as compared to Rs. 14.598 million at the end of the preceding year showing an increase of Rs. 3.014 million as compared to the previous year. Audit further reported that the sundry debtors increased to Rs. 20.502 million on 30-6-1983.

1243. A member of the Committee enquired as to what was the present position of the debtors. The departmental representative informed the Committee that on 30-6-1982, the sundry debtors were Rs. 22.07 million.

1244. After further discussion, the Committee directed that the Department should sort out the recovery of arrears with the client Government Departments within the earliest possible period. The paragraph was dropped.

#### **Federal Publication Branch**

1245. *Accounts and Reviews (Para 52, page 54-ARCA).*—According to Audit, Publications worth Rs. 3.312 million were held in stock on 30-6-1980. Keeping up such excessive stock balances did not seem to be justified. Audit suggested that ways and means be devised to avoid accumulation of stock balances and to keep the free issues at a reasonable level.

1246. It was stated by the department that the stock of publications accumulated were weeded out under a set procedure. According to it, the consent of the sponsoring Ministries/Divisions/Departments was essential. The matter had been taken up with the sponsors for seeking their approval for the weeding out of old publications and Gazettes.

1247. The Vice-Chairman remarked that the department should reduce the number of publications. The departmental representative submitted that the Management would tell the Ministry concerned that the Management had so many copies in stock and if the Ministry needed, they should inform the Branch otherwise the publications would be disposed of.

1248. In view of the above position, the Committee did not make any further observation and the paragraph was treated as settled.

1249. *Figures of remittance into Treasury (Para 55, page 54-ARCA).*—Audit had reported that the figures of remittance into Treasury amounting to Rs. 0.92 million on account of sale of publications/books etc., during the year under review did not represent the reconciled figures.

1250. The departmental representative informed the Committee that the figures had been reconciled. Therefore, the Committee decided that the paragraph be treated as settled.

#### **COMPLIANCE ON THE POINTS RAISED IN THE 1979-80 PAC REPORT**

*Grant No. 131—Capital Outlay on Land Reforms (Page 150-AA) (Paras 34—37, pages 60-61-PAC Report 1979-80)*

*Grant No. 167—Capital Outlay on works of Cabinet Division (Page 203-AA) (Para 39, pages 61-62-PAC Report 1979-80)*

1251. The Committee examining the replies of the Division in respect of the above-mentioned paragraphs came to the conclusion that wherever action was called for from Audit/Finance Division, they should submit compliance reports to the Committee. The examination of these paragraphs were therefore, deferred.

**Printing Corporation of Pakistan Limited**

1252. *Compilation of Accounts [Para 3(vii), page 6-ARCA] (Para 40, page 61—PAC Report 1979-80).*—The Committee observed that the Accounts were up-to-date. The paragraph was treated as dropped.

**Central Publication Branch**

1253. *Compilation of Accounts [Para 3(viii), page 6-ARCA] (Para 41, page 62-PAC Report 1979-80).*—The Committee observed that the accounts were up-to-date. The paragraph was treated as dropped.

**Deputy Controller, Stationery and Forms**

1254. *Compilation of Accounts [Para 3(iv), page 6-ARCA] (Para 42, page 62-PAC Report 1979-80).*—The Committee decided that the paragraph may be treated as dropped.

**Printing Corporation of Pakistan Limited**

1255. *Irregular payment of Rs. 10,351 to an officer (Para 5, page 13-ARCA) (Paras 43—47, 48, 52 and 54—56, pages 63—65-PAC Report 1979-80).*—After discussion on the above paragraphs, the Committee decided that these be dropped.

1256. *Disposal of finished stocks (Para 260, page 134-ARCA) (Para 53, page 65-PAC Report 1979-80).*—The Committee after going through the Ministry's reply observed that the case was still under process and directed that it should be finalized early.

**Deputy Controller, Stationery and Forms**

1257. *Sundry Debtors (Para 266, page 135-ARCA) (Paras 57—59, pages 65-66-PAC Report 1979-80).*—The departmental representative informed the Committee that the Committee's Directive had been noted for compliance. Thereupon, the Committee did not make any further observation and these paragraphs were dropped.

1258. *Loss of Rs. 333,222 on account of Irregular payment of overtime allowance to workers (Para 287, page 74-PAC Report 1975-76) (Paras 60-61, pages 66-PAC Report 1979-80).*—The Committee observed that the action in regard to the above paragraphs were required to be taken by the Audit and directed that Audit should submit a compliance report thereon. These paragraphs may, therefore, be treated as deferred.

1259. *Non-reconciliation of ledger accounts (Para 291, page 74-PAC Report 1975-76) (Para 62, pages 66-67-PAC Report 1979-80).*—The Committee observed that the Management should present the PAC Report to the Board of Directors in their next meeting. Subject to this observation the paragraph was therefore, dropped.

1260. *Grant No. 19—Group Head "F-Department of Communications Security" (Paras 45—47, page 49-PAC Report 1977-78) (Paras 63-64, page 67-PAC Report 1979-80).*—After discussion, the Committee decided to drop these paragraphs.

1261. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points or paragraphs in the Appropriation and Commercial Accounts 1981-82 and Audit Reports thereon; and in the Compliance on the PAC's Report for the year 1979-80. These would be deemed as settled, subject to such regularisation action as may be necessary under the rules.

M. A. HAQ,  
Secretary.

Islamabad, the 18th January, 1986.

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**NATIONAL ASSEMBLY SECRETARIAT**

*Tuesday, the 25th March, 1986*

**Seventeenth Sitting (PAC)**

\*2739. The Public Accounts Committee assembled at 9.00 a.m. in the State Bank Building, Islamabad to continue the examination of the Federal Accounts for 1981-82. The following were present :—

**P.A.C :**

- |  |    |    |    |                 |
|--|----|----|----|-----------------|
| (1) Sardarzada Muhammad Ali Shah,<br>Member, National Assembly.  | .. | -- | -- | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali,<br>Member, National Assembly.        | .. | .. | -- | <i>Member</i>   |
| (3) Rai Arif Hussain,<br>Member, National Assembly.              | .. | -- | -- | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan,<br>Member, National Assembly.      | .. | -- | -- | <i>Member</i>   |
| (5) Mr. Shahabuddin Shah Hussainy,<br>Member, National Assembly. | -- | -- | -- | <i>Member</i>   |
| (6) Mr. Miangul Aurangzeb,<br>Member, National Assembly.         | -- | -- | -- | <i>Member</i>   |
| (7) Shahzada Jam Muhammad Yusuf,<br>Member, National Assembly.   | -- | -- | -- | <i>Member</i>   |

**National Assembly Secretariat :**

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

**Audit :**

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A.A. Zaidi, Deputy Auditor General (A&R).
- (5) Mr. Muhammad Saleem Siddiqui, Accountant General Pakistan Revenue.

- (6) Mr. Iftikhar Ali Khan Raja, Director General Audit and Accounts Works.
- (7) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (8) Mr. Idris Ahmed, Director Audit (IS&F).

*Ministry of Finance :*

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Tanwir Ali Agha, Deputy Secretary (Budget).

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\*Paragraphs upto 2738 and 2740 to 2828 pertain to other Ministries/Divisions.

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### CABINET DIVISION

\*2829. The Committee took up for its examination the Appropriation Accounts, Audit Report 1981-82 and Compliance Report for 1979-80 pertaining to the Cabinet Division (only CDA). The following departmental representatives were present :—

- (1) Mr. Abdul Hamid, Additional Secretary.
- (2) Mr. Khalique Ahmed Khan, Deputy Secretary.
- (3) Mr. Jan Nadir Khan, Chairman (CDA).
- (3) Mr. Saghir Asad Hasan, FA/Member, (CDA).
- (5) Mr. Tayyab Ali Sheikh, Deputy Director General (CDA).
- (6) Mr. Shabbir Hasan Khan, Director Audit and Accounts (CDA).

2830. This Division controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Other Expenditure of Ministry of Interior (CDA Portion function 300—600 Transfer Payment) .. .. .	93
2.	Capital Outlay on New Federal Capital .. .. .	183

### APPROPRIATION ACCOUNTS

*Grant No. 93—Other expenditure of Ministry of Interior (Page 778-AA).*

*Grant No. 183—Capital Outlay on New Federal Capital (Page 838-AA).*

2831. There was no variation between budget and actual expenditure. The paragraph was dropped.

### AUDIT REPORT

2832. *Non-recovery of Rs. 76,195,336 on account of cost of material, excess payments, risk and cost charges etc. (Paras 5, page 189-AR).*—Audit pointed out numerous cases of non-recovery from contractor/firm etc., involving a total amount of Rs. 76,195,336. The PAC took up consideration of these cases one by one.

2833. [*Para 5 (1), page 189-AR—Rs. 50,000,000.*].—According to Audit a contract of a work of Simly Dam allotted in July, 1966, was rescinded in August 1967 due to slow progress of work by M/s. Mustafa R.C.C. Limited. The work was allotted to other contractor at the risk and cost of defaulting contractor, who filed a civil suit in a court of Law for recovery of Rs. 40.339 million from the C.D.A. The C.D.A. also filed a counter claim of Rs. 64.26 million in the court during March, 1976. The departmental representative informed that the case was at evidence stage and next date of hearing was 20-5-1986.

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\*Paragraphs upto 2828 pertain to other Ministries/Divisions.

2834. The Auditor-General pointed out that there appeared to be some flaw in allotment of work at "Risk & Cost". Recoveries due under "Risk & Cost" clause were generally not recovered even after lengthy court proceedings.

2835. The departmental representative explained the clause 3 (a), (b) & 3 (c) of contract agreement and stated that percentage of cases under which the risk & cost charges could not be recovered was very low and this arrangement was working since before independence.

2836. Audit representative observed that a study was required to be carried out. If the department had any data in support of their contention that cases of non-recovery were very low that may be produced.

2837. The Chairman observed that he had gone through Audit Paras pertaining to "Risk & Cost" which had become headache. It was a government money which should be looked after. In this case, nothing had come out even during the last 10 years.

2838. The departmental representative explained that as for the procedure was concerned there was nothing wrong in it "Risk & Cost" clause was operated when there was no alternative. The department had long experience of its working. An objective study was suggested.

2839. Audit representative stated that the procedure did not appear to be working quite all-right. The work of the Simly Dam, which was originally stipulated to be completed at a cost of Rs. 84.43 million in 1967 was completed to the extent of 88% at cost of Rs. 562.26 million up to February, 1986. An audit of 8 to 10% of this expenditure, had revealed excess payments of Rs. 7 million, penalty cases involving an amount of Rs. 16 million and "Risk & Cost" cases of Rs. 66 million. These factors Justify some study.

2840. *The PAC after detailed discussion took the following decisions :*

- (a) *The Court case should be properly defended by the department.*
- (b) *A detailed study should be undertaken by the CDA in association with Audit about provision of "Risk & Cost" clause in the contracts, with a view to suggest procedural and other changes needed to make the system work more efficiently and plug the gaps, if any. The aspect of legal handling of these cases in courts and engagement of lawyers, as approved by the Justice Division etc. should also be examined.*

2841. *The paragraph was deferred.*

2842. [Para 5 (2), page 189-AR—Rs. 4,300,000].—*As the case was in the Court of Law, the paragraph was deferred.*



2843. [Para 5 (3), page 189-AR—Rs. 2,896,734].—The Department informed that the case filed by the contractor against C.D.A. had since been dismissed by the Court in favour of CDA.

2844. The PAC directed that recovery should be effected and the paragraph was dropped subject to verification by Audit.

2845. [Para 5 (5), page 190-AR-Rs. 516,756].—Deferred being subjudice.

2846. [Para 5 (6), page 190-AR-Rs. 143,393].—Audit pointed out that this was another case in which recovery of risk & cost charges had not been recovered since last ten years by the Department.

2847. The Department explained that accounts of the contractor to whom the work was re-allotted could not be finalized as the Measurement Book was lost and the Sub-Engineer responsible also expired in February, 1981. An inquiry was ordered, which was now being finalized in the light of inquiry report.

2848. The Chairman remarked that the case of loss of M.B. had been delayed and action was not taken well in time when the Sub-Engineer was alive.

2849. *The PAC expressed their un-happiness over non-action to locate the Measurement Books for six years when the Sub-Engineer was alive and directed that prompt action must be taken by the Department, whenever any such default come to their notice. The paragraph was deferred.*

2850. [Para 5 (9) (Rs. 40,280 and 5 (10) (Rs. 23,093) page 190-AR.]—The Department explained that all efforts were being made to recover the outstanding dues through Collectors Revenue also but inspite of numerous reminders, nothing had come out. Recovery against para 5 (10) has been started and first instalment was recovered on 19-2-1986.

2851. *The PAC directed that all the Revenue Collecting Agencies should be written to by the Administrative Ministries and the Ministry of Finance to expedite collections.*

2852. [Para 5 (11), page 191-AR—Rs. 12,217].—The Department explained that even the Collector could not effect the recovery and the amount was written off. Subject to verification by Audit, the paragraph was dropped.

2853. [Para 5 (19) page 192-AR—Rs. 34,115].—The recoveries pointed out by Audit in 1969, remained un-recovered. The Department, however, stated that amount involved was much less than worked out by Audit which was had been recovered. The Audit contested the amount of recovery and also the amount recovered.

2854. The Chairman remarked that what should have been the actual position, the Department must be careful in future. Subject to verification by Audit, the paragraph was dropped.

2855. [Para 5 (20), page 192-AR—Rs. 20,259].—The Department explained that Rs. 9,553 has been recovered and the balance amount of Rs. 10,706 will have to be written off. The PAC dropped the paragraph subject to verification by Audit.

2856. [Para 5 (22), Page 193-AR—Rs. 12,320].—The department explained that the recovery was being arranged through Collectors, subject to verification by Audit, the paragraph was dropped.

2857. [Para 5 (24), page 193-AR—Rs. 27,900].—The Department stated that matter was in the Court of Law and further action would depend upon the court decision. As for the disciplinary action, the Sub-Divisional Officer left the service and sub-Engineer had been screened out. The PAC dropped the paragraph subject to verification by Audit.

2858. [Para 5 (25), page 193-AR—Rs. 19,933].—The Department explained that the case had been referred to Collector to recover Rs. 61,327 as arrears of land revenue. The work was delayed due to some defect in the plant and had since been completed. The PAC dropped the paragraph subject to verification by Audit.

2859. *Losses due to irregular award of works, re-invitation of tenders, Excess payments, wasteful expenditure etc. Rs. 9.009 Million (Para 6, page 195-AR) (Para 6.1, page 195-AR—Rs. 3,674,439).*—Audit had pointed out that an excess payment of Rs. 3,674,439 was made to a contractor by paying 15% overhead charges on Extra and substituted items, which was based on market rates plus 10% contractors' profit. This was against the provision made in notice inviting tenders and was recoverable being not due.

2860. The Department explained that as laid down in relevant clause of contract which was of a special type, the rates for these extra/substituted items were to be worked out and agreed to by both the parties of the contract. These overhead charges were agreed to keeping in view various factors. It was a common factor in the case of all the big projects in other Departments. There was a mention of these overhead charges in pre-tendering correspondence. The contractor demanded 35% which was ultimately reduced to 15%.

2861. Audit representative pointed out that it was not correct to say that overhead charges were being paid in addition to market rate and 10% profit for contractors. The extra/substituted items costing crores of rupees were being paid but these were always based on market rate plus contractors profit which was

in fact according to the provision in the contract. It was further suggested by Audit that an exercise should be conducted by Audit and the department to judge whether such charges were being paid in the case of big projects.

2862. *The PAC directed that both Audit and the Department should submit to the Committee full facts about the payment of 15% overhead charges for extra items. The paragraph was deferred.*

2863. [*Para 6(3), page 196-AR—Rs. 188,484*].—*The departmental representative informed that it was a Court case. The next hearing was fixed as 20-5-1986. The paragraph was deferred.*

2864. [*Para 6(12), page 198-AR—Rs. 182,471*].—*Audit pointed out that the tenders were called for from pre-qualified contractors who were capable of carrying out the work. The first four lowest offers were rejected without assigning any reason and the work was allotted to the 5th lowest. Thus the C.D.A. was put to a loss of Rs. 182,471.*

2865. The Department explained that allotment of work was made by the authority competent to accept or reject and tender and reasons were recorded as the rates of first four were not workable. Audit pointed out that records were not produced in support of the stand taken by the Department.

2866. The PAC directed that the records should be produced and the paragraph was dropped subject to verification of records by Audit.

2867. [*Para 6(16), page 199-AR—Rs. 394,250*].—*Recovery of "Risk & Cost" charges was not made since last ten years. The Department explained that Final bill has now been prepared and the amount to be recovered has been established. The PAC directed that facts of the case may be verified by Audit and dropped the paragraphs.*

2868. *Losses due to shortage/damages, non-accountal/unserviceable stores, worth Rs. 5.323 Million (Para 7, page 200-AR) [Para 7 (I) (i), page 200-AR—Rs. 1,295,493]*.—*Audit had pointed out a loss of Rs. 1,295,493 due to delay in carrying out the inspection of a consignment, in which short/damaged articles were received. The responsibility for the loss was not fixed.*

2869. According to the survey report prepared, a claim for recovery from National Insurance Corporation had been lodged. The recovery was expected soon. The PAC directed that recovery when made should be verified by Audit and dropped the paragraph.

2870. [*Para 7 (I) (v) (Rs. 749,773) and (vi) (Rs. 87,430), pages 202-203-AR*].—*Audit had pointed out loss on account of imported Lifts due to long storage. The responsibility of loss was also not fixed by the Department. The Departmental*

explained that the insurance company had agreed to pay the damages. A claim for loss due to repair of damaged parts of lifts had since been lodged and admitted by the Insurance Company. The recovery was expected soon.

2871. The P.A.C. directed that recovery of claim should be got verified from Audit. The paragraphs were dropped.

2872. [Para 7 (3) (i), page 203 AR—Rs. 429,477].—Audit pointed out that 10,657 Cement Bags costing Rs. 415,623 purchased during 1976-77 became un-servicable due to inadequate/improper storage. An expenditure of Rs. 13,854 was also incurred for its removal from store.

2873. The Chairman observed that a loss of more than 4 lacs was involved and nothing had been done to fix responsibility for this loss. It was explained by the Department that an inquiry in this case was conducted. A re-enquiry had however, been ordered to ascertain why the consignments were not stopped well in time when there were no proper storage arrangements.

2874. *The P.A.C. was not satisfied with the explanation, and directed that necessary action in the matter should be taken by the C.D.A. and Report furnished to P.A.C. within one month.*

2875. [Para 7 (4), page 205-AR—Rs. 17,720].—The paragraph was dropped subject to verification of records by Audit.

2876. *Loss of Rs. 1,193,386 on account of wastage in the consumption of Cement (Para 8, page 207-AR).*—Audit had pointed out that cement issued to contractor in excess of consumption was required to be recovered at market rates, being higher than issue rate. The specification provided for extra issue upto 10% wastage for hand mixing, whereas all the cement was consumed by mechanical mixing process, as such excessive issue was not justified.

2877. The Department explained that a provision to this effect existed in the agreement for the work of construction of National Assembly and thus there was nothing irregular. On an observation from Audit that provision was made after floating tenders, the department contested that it was made at the time of issue of Notice inviting Tender and not afterwards. It was also explained that the words "Wastage" was not properly used in the agreement. It was stated that the extra quantity of Cement was meant for use by the contractor in the construction of site offices for the development and for their own and in the execution of some other items of work according to this contractual obligation for which no separate payment was made. The contractor had no interest to get cement more than actual consumption as 10% supervision charges, in addition to 5% departmental charges, were levied in such excess issues.

2878. Audit pointed out that there had been a wide difference between the stock issue rate and market rate. When stock issue rate was Rs. 302 per Ton, market rate was between Rs. 276 and Rs. 809 per ton, when issue rate was Rs. 440 per Ton, the market rate was Rs. 1100 per Ton. Moreover it was earlier stated that wastage was due to cement being in paper bags. In any case the word 'Wastage' was not proper in such cases. However it was to be ensured that cement was not mis-used.

2879. P.A.C. directed that the Additional Secretary Cabinet Division and Auditor-General should meet to resolve the issue.

2880. *Infructuous, Wasteful and avoidable expenditure of Rs. 3.531 Million (Para 9, page 210-AR) [Para 9 (6), page 210 AR-Rs. 581,000].*—Audit stated that the number of carpets etc. have been verified but the accounts indicating sizes etc. of these carpets were not prepared. The department stated that the records were ready and would reproduced for verification. The PAC dropped the para subject to verification by audit.

2881. *Shortage of Stores worth Rs. 25,130 (Para 11 page 212-AR).*—The departmental representative informed the Committee, what Mr. Nisar Ahmad, Sub-Engineer was dismissed and the case was with the Police. The paragraph was dropped subject to verification by Audit.

2882. *Suspense Accounts [Para 12 (x), page 215-AR].*—The PAC directed that the balance may be reduced to minimum and the paragraph was dropped.

2883. *Loss of Rs. 6,528,470 [Para 12 (xi), page 215-AR].*—Audit pointed out that the Authority paid Rs. 7,930,470 as cost of bulk supply of Sui-Gas during 1981-82 whereas recovery from consumers amounted to Rs. 1,401,936 only, leaving un-recovered balance of Rs. 7,528,470.

2884. The department informed the PAC that C.D.A. was paying for the actual quantity of gas supplied by Sui-Northern Ltd. whereas flat rates were being charged from occupants of Houses. C.D.A. did make a proposal to increase flat rates from Rs. 26 to Rs. 45 but it was not approved. As there were no meters for the gas supply, C.D.A. submitted P.C.-I for provision of meters but the approval was still awaited. There were 9400 connections and the difference of cost of Sui-Gas paid and recovered could be seen from the following.

Year	Cost Paid	Recovered
1981-82	79 Laks	14 Laks
1984-85	62 Laks	39 Laks

An amount of Rs. 8.5 million would be required for installation of meters.

2885. The Chairman observed that in his opinion the expenditure on metering would be much less than, what was being borne by C.D.A. as subsidy.

2886. The PAC directed that (i) A decision about installation of Gas Meters in the Residences should be taken by the competent authority at the earliest possible.

(ii) Some wastage in the consumption of gas was involved due to non-metering. This should be looked into.

(iii) It was not justified to impose upon C.D.A. the difference of fact rate and the charges for actual consumption, as a subsidy. The C.D.A. deserved to be reimbursed the amounts of the said difference.

2887. Expenditure incurred on deposit works in excess of deposits received (Para 14, page 217-AR).—Subject to verification by Audit, the paragraph was dropped.

2888. Outstanding inspection reports Audit notes etc. (Para 15, page 218-AR).—The P.A.C. directed that the disposal may be expedited. Progress would be watched alongwith next year's report. The paragraph was dropped.

2889. Replies under verification.—Replies of the Authority to the following paras were under verification by Audit. These would be reported back to the Committee subsequently, if necessary :—

Para No. of Audit Report	Page No. of Audit Report
5(7)	190
5(12)	191
5(13)	191
5(14)	191
5(15)	191
5(18)	192
5(30)	944
5(31)	194
5(32)	194
5(33)	194
5(36)	194
6(4)	196
6(7)	196
7(1) (ii)	201
7(2) (i)	203
7(6)	206
(1)	209
9 (5) (ii)	210
10 (2)	211
10(4)	212
10(7)	212
12 (iii)	214
12(iv)	214

**COMPLIANCE REPORT FOR 1979-80**

2890. (*Para 511, page 181-PAC Report 1979-80*)—It was explained by the Department that major amount had been verified. Accountal of stock worth Rs. 2.8 million had been verified and accountal of Rs. 95 Million was ready for verification. As for remaining Rs. 0.137 Million, the records were destroyed by fire and were being re-constructed.

2891. *The P.A.C. directed that verification of total amount of Rs. 3.8 Million may be expedited.*

2892. *Points not discussed to be treated as settled.*—The P.A.C. did not make any observation on other points/paragraphs of the Appropriation Account. Audit Report 1981-82, and Compliance of the P.A.C.'s Report for 1979-80. These would be deemed to have been settled, subject to such regularisation action or recovery as may be necessary under the rules and subject to verification by Audit.

2893. The Committee then adjourned to meet again at 9.00 a.m. on Wednesday the 26th March, 1986.

M. A. HAQ,  
Secretary.

*Islamabad, the 8th September, 1986.*

## NATIONAL ASSEMBLY SECRETARIAT

*Wednesday, the 23rd April, 1986*

### Second Sitting (PAC)

\*66. The Public Accounts Committee assembled at 09.00 a.m. in the State Bank Building, Islamabad, to continue the examination of the Federal Accounts for 1982-83. The following were present :—

#### *P.A.C :*

- |   |    |    |                 |
|---|----|----|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A.  | .. | .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A.        | .. | .. | <i>Member</i>   |
| (3) Ch. Muhammad Sarwar Khan, M.N.A.      | .. | .. | <i>Member</i>   |
| (4) Mr. Shahabuddin Shah Hussainy, M.N.A. | .. | .. | <i>Member</i>   |
| (5) Mr. Miangul Aurangzeb, M.N.A.         | .. | .. | <i>Member</i>   |
| (6) Malik Said Khan Mahsud, M.N.A.        | .. | .. | <i>Member</i>   |

#### *National Assembly Secretariat :*

- (1) Ch. Abdul Qadir, Joint Secretary.
- (2) Mr. Muhammad Aslam, Deputy Secretary.
- (3) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A.A. Zaidi, Deputy Auditor General (A&R)
- (5) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (6) Mr. Iftikhar Ali Raja, Director General, (A&A Works).

#### *Ministry of Finance .*

- (1) Mr. Muhammad Zafar Mian, FA (Cabinet).
- (2) M.A. Haque, DFA (Cabinet).

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\*Paragraphs upto 65 pertain to other Ministries/Divisions.



### CABINET DIVISION

68. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Cabinet Division. The following departmental representatives were present :—

- (1) Mr. Zahur Azar, Secretary.
  - (2) Mr. K.U. Farooqui, Addl. Secretary.
  - (3) Mr. Abdul Hamid, Addl. Secretary.
  - (4) Mr. Khaliq Ahmed Khan, Deputy Secretary.
  - (5) Mr. Jan Nadir Khan, Chairman (CDA).
  - (6) Mr. Tayyab Ali Sheikh, Dy. DG (Works) CDA.
  - (7) Mr. Alamdar Raza, MD (PCP).
  - (8) Mr. Iqbal Ahmed, Senior Member (FLC).
  - (9) Mr. G. Muhiuddin, Controller Deptt., of Stationery and Forms.
  - (10) Lt. Col. (Retd) Masud Ahmed, Principal Administrator (SUPARCO)
  - (11) Mr. Riaz Ahmad, Joint Director (DIB).
  - (12) Mr. Shabbir Hasan Khan, Director Audit and Accounts (CDA).
69. This Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Cabinet .. .. .	1
2.	Cabinet Division .. .. .	2
3.	Emergency Relief and Repatriation .. .. .	3
4.	Land Reforms .. .. .	4
5.	Other Expenditure of Cabinet Division .. .. .	5
6.	Federal Inspection Commission .. .. .	11
7.	Stationery and Printing .. .. .	15
8.	Other Expenditure of Ministry of Interior (CDA, Portion only).	90
9.	Capital Outlay on Land Reforms .. .. .	131
10.	Development Expenditure of Cabinet Division .. .. .	137
11.	Capital Outlay on Works of Cabinet Division .. .. .	169
12.	Capital Outlay on New Federal Capital .. .. .	183

70. *Reconciliation of Accounts with Audit.*—The Committee observed that the reconciliation work of the Division had not been completed. The Departmental Representative was directed that all the Accounts pending reconciliation, and particularly those for which such reconciliation prior to December, 1985 has not been done, should be completed immediately.

#### APPROPRIATION ACCOUNTS

71. *Grant No. 2—Cabinet Division (Page 32-AA).*—According to Audit saving of Rs. 2,717,144 after accountal of Economy cut and surrenders was converted into net excess of Rs. 5,419,856, which was mainly due to obtaining supplementary grant, but not getting it printed in the Book of Supplementary Grant of Cabinet Division under 500 Commodities & Services and also due to purchase of Bungalows and repairs to vehicles and equipment for Intelligence Bureau.

72. The Department explained that the Supplementary Grant was sanctioned late in June, when the Schedule of Supplementary Grant had already been printed, as such it could not be included in the Printed Book.

73. On an observation from the Chairman PAC that Finance Division may devised procedure to include all Supplementary Grants in Book of Supplementaries, and also should find out ways to control over the under budgeting by the Department, the Finance Representative explained that when Supplementary Grants were sanctioned due to unavoidable circumstances in the last days of June, after the "Book of Supplementarians" had already been printed, it was not possible to include these in the Book. Similarly when there was any Excess/Saving due to under/over budgeting, the Department had to explain it giving full justification.

74. The Audit on this pointed out that despite excess of about Rs. 5 Million, the Department earlier surrendered Rs. one Million. There was no justification for this surrender. An excess of Rs. 851,936 had been attributed towards purchase of Bungalow and Vehicles. There was again no justification for such purchases, when no Budget provision was made by the Department.

75. It was explained by the Department that surrender was made earlier, whereas the telephone bills received late in May/June, had to be paid. Similarly a Bungalow owned by Defence Division was in occupation of Intelligence Bureau. Defence Division asked either to purchase it or to hand it over to that Division. The Department had no alternative, but to make payment. Due to increased terrorists activities, all sources had to be deployed to control it, as such extra expenditure had to be incurred.

76. The PAC observed that excess expenditure of Rs. 5 Million in view of surrender of Rs. one Million under this Grant, showed lack of proper control. The accounting system needed improvement to avoid this situation in future.

77. *Grant No. 5—Other Expenditure of Cabinet Division (Page 40-AA).*—The PAC accepted the explanation of Department for an excess of Rs. 56,568 which was considered nominal.

78. *Grant No. 137—Development Expenditure of Cabinet Division (Page 43-AA).*—The explanation for saving of Rs. 224,000 was accepted by the PAC.

79. *Grant No. 169—Capital Outlay on Works of Cabinet Division (Page 46-AA).*—According to Audit the Grant closed with a saving of Rs. 3,804,000. The amount of saving was required to be surrendered on due date which was not done and reasons for non-surrender were also not given. The Department explained that the works under this Grant pertained to "SUPARCO". There was a Grant of Rs. 75 Million upto 3rd quarter besides Rs. 17 Million for the 4th quarter out of which 13 Million were spent Government instructed on 28th June, not to go ahead with the Project and thus further expenditure was stopped. The saving is just over 5%. The PAC accepted the explanation and the paragraph was dropped.

80. *Grant No. 3—Emergency Relief and Repatriation (Page 48-AA).*—The savings of Rs. 13,143 being nominal, the PAC accepted the explanation.

81. *Grant No. 4—Land Reforms (Page 52-AA).*—There was a saving of Rs. 90,144. In view of this saving, the Supplementary Grant of Rs. 235,000 partly proved unnecessary. The PAC accepted explanation of the Department and paragraph was dropped.

82. *Grant No. 131—Capital Outlay on Land Reforms (Page 55-AA).*—Appropriation Account indicated a saving of Rs. 39,852,800, as there was an expenditure of Rs. 667,000 against Grant of Rs. 40,519,800. The Department, however, intimated that State Bank of Pakistan, Karachi issued Bonds amounting to Rs. 17,140,270. Thus the actual expenditure was Rs. 17,807,270 resulting in saving of Rs. 22,172,530 and not Rs. 39,852,800 as shown in Appropriation Account, which was due to less expenditure incurred by Chief Land Commissioner in the Shape of Bonds. It was further stated that the provisions pertained to payment of Land Compensation under the Land Compensation in the form of Redeamable Bonds/Heritable Bonds. Federal Government committed such payments to Provinces. Cabinet Division functioned only as a Channel of Communication and provided funds to the provinces. Estimates were prepared by the Provincial Government. The issue of Redeamable Bonds was not cash expenditure, as the Bonds issued in 1977 were Redeemable in 1987 with interest. Land owner were not interested in getting payment. The estimates which were prepared by Chief Land Commissioner were not correct.

83. Audit observed, that in view of Explanation of Department, no expenditure was involved, as such, it was incorrect to make provision for it. The Departmental Representative explained that the amount payable with interest, in a particular year, will have to be budgeted. The Rules and Procedure had not yet been finalized.

84. The PAC after hearing to the Department observed that the procedure did not appear to be clear. The procedure of issue and payment of Compensation Bonds need to be sorted out with the Ministry of Finance.

85. *Grant No. 15—Stationery & Printing (Page 61-AA).*—The Grant closed with an excess of Rs. 487,388 which was stated to be due to Accounting error. The explanation was accepted by the PAC and paragraph settled.

86. *Grant No. 90—Other Expenditure for Ministry of Interior (Page 517-AA).*—According to Audit there was an excess of Rs. 1,083,568 which was due to non-inclusion of Supplementary Grant accepted by the Finance Division in the Supplementary Budget Book. The Department explained that the expenditure related to Islamic Mayors Conference held in Islamabad and 40 Delegates participated in this Conference. The expenditure being unavoidable, proper sanction was obtained from the Finance Division. A member further pointed out that lot of wasteful expenditure was being incurred on Seminars and Conferences without any benefit. This fact should be taken note of and something must be done to check it. The PAC did not make any observation on this paragraph.

87. *Grant No. 183—Capital Outlay on New Federal Capital (Page 554-AA).*—There was a saving of Rs. 67 Million under this Grant. The Department explained that the saving was due to non release of funds by the Government which were previously released on monthly basis. Now they were getting these releases on quarterly basis. An amount of Rs. 12.9 Million for "Purchase of durable goods" was not released by the Finance. The Audit further pointed out that the Grants were not utilised in full under four sub-heads and this was required to be explained by the Ministry of Finance who did to release the amount provided in the budget. The Finance and Department promised to sort out the matter as the required information pertaining to this saving was not readily available with them.

88. The PAC directed that Ministry of Finance should prepare a paper in consultation with the Ministry of Interior explaining the circumstances which led to such a huge saving due to non release of funds. The paragraph was deferred.

#### AUDIT REPORT

##### Kohistan Development Board

89. *Non-recovery of dues from Contractors (Rs. 927,557) Para I, (item 1 to 4 page 21-AR).*—Audit had pointed out heavy accounts awaiting recovery from the Contractors on account of advances, cost of material etc. in various Divisions

of Kohistan Development Board. In a case, contract was rescinded under clause 3(a) of the contract. An amount of Rs. 299,508 lying as security deposit, was required to be forfeited and credited to Revenue, but this was not done, and similarly an amount of Rs. 78,347 on account of cost of material was also not recovered from the contractor. The Department explained that the cost of material was recovered from the contractor and security was also adjusted against liabilities. Audit intimated that the amount of recovery of cost of material (Rs. 78,347) had not been got verified and that the amount of forfeited security deposit (Rs. 299,508) was not available for adjustment against liabilities.

90. In another case, the contractor abandoned a work, when a recovery of Rs. 181,379 was outstanding ; the Department stated that the amount had been recovered from the contractor. Audit reported that it was not got verified from them and also records were not produced to Audit for establishing the amount of penalty due. In the third case the Audit had pointed out that a short recovery of Rs. 120,460 was made from a contractor due to application of *Ex-Factory Rate* for recovery instead of *Ex-Godown Rate* and ignored carriage charges from Factory to Godown. The Department contested that 5% storage charges were recovered, which included the incident of cartage from Factory to Godown. The Audit, however, did not accept the reply on the ground that storage charges did not cover such carriage charges under the rules. Similarly in another case Audit brought out that Hire Charges of Machinery amounting to Rs. 156,174 were not recovered, out of which an amount of Rs. 49,148 could only be recovered and verified by Audit leaving a balance of Rs. 107,020. The Department explained that all out efforts were being made to recover the same.

91. While explaining the above cases, the Department stated that out of 336 works executed in a scattered area of about 1000 Miles, only 9 works were disputed which too were in the stage of settlement. The settlement of these cases had been retarded due to transfer of records to N.W.F.P. Government and their re-location.

92. A member of the PAC pointed out that the position of some of the Development Projects in the area, was not the same at site as was being propagated through various information-media.

93. The PAC, having not been satisfied with the Departmental explanation, issued the following directions :—

- (i) A committee headed by Secretary Cabinet Division, with a representative of Audit may (a) write a Performance Report of Kohistan Development Board, and (b) Go into the Audit objections, up to 1985 with a view to sort them out.

- (ii) The members of PAC alongwith the Secretary, Cabinet Division, would like to see the performance of this organisation at site regarding the Projects completed by the "Kohistan Development Board".

#### Capital Development Authority

94. *Loss due to irregular award of Works (Rs. 7,676,290) [Para 1(1), page 79-AR].*—The Audit had pointed out that tenders for a work of construction of Dual Carriage Way of Quaid-e-Azam Avenue including two Culverts were called for by C.D.A. in two groups in October, 1981. In Group-I; the tender of lowest bidder was accepted for Rs. 6,997,842 which was 59.94% above the estimated cost. In Group-II, the lowest tender for Rs. 3,500,230 which was 28.47% below the estimated cost was not accepted. Subsequently the acceptance letter issued in October, 1981 was also cancelled in November, 1981. The whole work for which lowest tendered cost was Rs. 10,498,072 was allotted to Frontier Works Organisation through negotiations at a cost of Rs. 15.5 Million which was in excess by Rs. 5 Million as compared to lowest tenders. The works were executed by Frontier Works Organisation at a cost of Rs. 22.2 Million besides a claim of Rs. 3.6 Million which was still pending with C.D.A. The work was required to be completed by 5-1-1983, but first extension was allowed upto 31-12-1983, and 2nd upto 30-6-1984.

95. It was held by Audit that it was irregular to get the work done through Frontier Works Organisation at higher rates, while lower rates were available from the Firms approved by the C.D.A. for carrying out such works. This action of the C.D.A. for irregularly cancelling the lowest tender in the case of Group-II, and allotting the work to Frontier Works Organisation at much higher rates, in contravention to Ministry of Defence decision that "for reasons of financial propriety no preferential treatment may be accorded to Frontier Works Organisation and that such Government works contracts may be awarded on competitive basis under the normal rules", has resulted in heavy loss to Government.

96. Explaining the reasons for allotment of works to Frontier Works Organisation, the Department stated that the Works were of very important nature; the firms were not found in a position to complete these prestigious works within stipulated time; and Department could not take risks. Frontier Works Organisation equipped with proper machinery and skilled manpower was considered most appropriate Agency by C.D.A. Board to execute this work. The C.D.A. Board was competent to take such a decision as such there was nothing irregular.

97. A member of the PAC observed that tenders were called for but were rejected and works allotted at higher rates against all rules and instructions of Government. It was stated that there was nothing irregular, although the Government had to incur extra expenditure of more than 5 Million

and facing a claim of Rs. 3.6 Million. Such things should not happen at all as these bring bad name to the Department. If the works were to be allotted to Frontier Works Organisation at negotiated higher rates, what was the fun in going through all this exercise of calling for tenders.

98. The Chairman questioned, whether the Frontier Works Organisation carried out their works themselves or got them done through sub-contractors, and if Roads, constructed by Frontier Works Organisation were better than other firms, how the roads constructed by this Organisation had developed defects? The Departmental Representative stated that Frontier Works Organisation generally executed works themselves but some times they do employ other contractors also. The Government also wanted that Frontier Works Organisation may be allotted works as they execute better quality of works as compared to others. This road could not be carpeted for want of Funds. Since it remained uncovered it developed pits at places, which will be repaired before its carpeting was done.

99. The PAC issued following directions :—

(i) Their displeasure should be conveyed to all concerned.

(ii) The Secretary, Cabinet Division, may himself look into this case and submit a report within one month to the PAC, as the explanation furnished by the Department was not acceptable to PAC.

100. [Para 1(2), page 79-AR].—Audit had pointed out that a work for construction of 224-C type Flats in Sector I-8/1, Islamabad was awarded to a contractor in March, 1980 at a cost of Rs. 27.7 Million. The contractor abandoned the work after completing a part of it worth Rs. 9.7 Million. The balance work of Rs. 18 Million was put to tender in August, 1982 and ignoring the lowest offer of a prequalified contractor for Rs. 21.37 Million, the work was allotted on negotiation to another contractor at a cost of Rs. 23.8 Million. A payment of Rs. 24.6 Million has so far been made on this account and a further payment of Rs. 0.4 Million is due to this contractor. Thus non-acceptance of lowest tender and allotment of work without competitive tenders had resulted in a loss of Rs. 3.63 Million (Rs. 25.0 Million Rs. 21.37 Million).

101. The Department explained that the original contractor failed to discharge his contractual obligations and it could not take further risks as the work was of important nature. The negotiations were carried out with technically and financially sound parties. Tenders were also called for to work as a lever. The competent authority accepted the negotiated rates, as the firm also provided consultancy to bring the cost of project down to reasonable limit.

102. The PAC observed that there was no justification in ignoring the lowest tender as he was a pre-qualified contractor for execution of this work and directed

that Secretary, Cabinet Division should render a comprehensive report within one month in this case indicating the names of the official (s) who accepted higher negotiated rate.

103. *Non-recovery of cost of materials etc. (Rs. 2,11,987) [Para 3(1) page 80-AR].*—As per Audit, a contractor left the work, when a recovery of Rs. 531,247 on account of mobilisation advance Rs. 395,539 for secured advance and Rs. 875,164 for cost of recoverable material, was outstanding against him. Thus a total amount of Rs. 1,801,950 was not recovered from him. In their reply the Department stated that Mobilisation Advance was allowed against on Insurance Bond, and a claim had been lodged for recovery of amount with into rest thereon. An amount of Rs. 187,396 had been recovered against Secured Advance leaving balance of Rs. 208,143. The material costing Rs. 319,138 had been taken over leaving a balance of Rs. 556,026 still to be recovered. Thus an amount of Rs. 1.3 Million was still outstanding against a total recovery of Rs. 1.8 Million.

104. It was held by Audit that claim for insurance was to be lodged immediately. This had been delayed. Similarly had the material on the security of which Secured Advance was allowed, been taken over from the contractor at the time the work was abandoned, this situation would have not arisen.

105. The PAC took a serious view of the manner in which the case had been handled and directed that an enquiry should be conducted by the Chairman C.D.A. and a report furnished to the PAC within one month.

106. *[Para 3(2), page 80-AR].*—In this case two contracts for construction of 108 'A' to 'C' type Houses and 100 'A' to 'D' type Houses were awarded to two different contractors. The contracts were rescinded in February, 1982 but cost of material worth Rs. 310,037 issued to them by the Department was not recovered. The Department stated that full recovery from one contractor had been made, whereas recovery action against the other contractor for Rs. 261,313 had been initiated through Collector as arrears of Land Revenue. Audit held that material was the property of Department and was not required to be removed from the site of work. This material was not available at the site of work, and was apparently removed by the contractor, which was not possible without connivance of the officers incharge of the work. This required disciplinary action against the defaulters. The recovery made in the first case had not been got verified from Audit.

107. The PAC directed that enquiry should be conducted by the Chairman C.D.A. and a report rendered within one month to PAC.

108. *Unnecessary Procurement of Stores worth Rs. 763,109 (Para 4, page 81-AR).*—Audit had pointed out that various Machinery Parts costing Rs. 763,109 were lying un-utilised for the last 4 to 11 years, which resulted in blocking of



Capital as these were purchased without immediate requirements. The Department while admitting the unnecessary procurement inform and that investigations for ordering such materials were in process. The Audit pointed out that Inventory Charges were being incurred on these undisposed off stores. The Department explained that these were machinery items procured for laying of cast Iron Pipes. But later on due to increase in duty the Government decided not to import cast Iron Pipes. Audit further stated that the reply should be submitted through Ministry and the result of investigations should also be intimated to the PAC.

109. The PAC, after discussion, directed that it should be a general policy that unrequired stores should be disposed of as early as possible, to avoid heavy storage charges. The Department should report back. The Paragraph was deferred.

110. *Non-recovery of Rs. 602,864 (Para 5, page 81-AR).*—According to the Audit, agreements of two contractors were rescinded in February, 1982 but Performance Bonds at the rate of 5% of the cost of agreement which worked out to Rs. 602,864 were not recovered from the Insurance Companies at that time under clause 41 of the agreement.

111. The Department explained that Insurance Companies were asked to encash performance bonds well in time. As they were reluctant, the Collector/ A.C. Islamabad was requested to effect recovery as arrears of Land Revenue. The Insurance Companies filed civil suits which were dismissed and recovery certificates issued. An amount of Rs. 3.4 Million had been recovered and the remaining amount of Rs. 2.6 Million was in the process of recovery. The paragraph was deferred.

112. *Non-recovery of Interest Rs. 540,603 (Para 6, page 81-AR).*—According to Audit mobilisation Advance of Rs. 4,680,000 (Rs. 3,052,800 + Rs. 1,628,000) was paid to two contractors in April, 1980. Recovery of interest at the rate of 10.5% and 14% respectively on the diminishing balances of their Advances was to be made, but excepting first running payment in later case, no recovery was effected from the running payment made to them from December, 1980 to December, 1981. It resulted in undue financial aid of Rs. 540,603 to the contractors. Postponment of recovery was against contractual obligation.

113. While explaining the case, the Department stated that C.D.A. Board due to change in the policy for completion of the project, phased out the work and accordingly the period of completion of 18 months could not be adhered to. The C.D.A. Board decided that the recovery of interest should be restricted to 18 months. An amount of Rs. 87,501 and Rs. 154,066 had since been recovered from the contractors. Total recovery could not, however, be effected as the contractor failed to complete the work and the balance work was withdrawn from them. In

one case the contractor filed civil suit which was under process. Audit, however, observed that it was irregular to restrict the amount of interest to 18 months, in view of provision of the contract.

114. The PAC directed that the Secretary, Cabinet Division, himself should investigate this case and submit a report within one month to the PAC.

115. *Un-due payment of Bonus of Rs. 530,000 (Para 7, page 82-AR).*—The Audit had pointed out that an amount of Rs. 530,000 was paid to a contractor as Bonus for a work which was not completed on the target date *i.e.* 20th February, 1982 as per agreement. The period of completion was extended up to 30th June, 1982 and the contractor was paid this Bonus because he completed the work on 9-5-1982 earlier than extended date *viz.* 30-6-1982. It was, however, held by Audit that contractor was only entitled to Bonus at the rate of Rs. 10,000 per day in terms of clause 38(2) of the contract if he had completed the entire work prior to the target date of the Contract. Clause 38(4) of the agreement provided for liquidated damages at the rate of Rs. 20,000 for each day, the work was delayed beyond target date, or such later date as allowed under clause 35 of the contract concerning the extension of time. Since the contractor was not liable to liquidated damages for completion of work before extended time, he was not entitled to any Bonus also if he had completed the work after the original contracted date and before the extended period. The fact that the work was awarded at a cost of Rs. 35,065,835 but was completed for an amount of Rs. 34,844,093 (Excluding Bonus and other claims) showed that there was no increase in the scope of work in financial terms. If some extra items were carried out, some items of the contract might have been withdrawn. Thus no Bonus was due to the Contractor.

116. The Department explained that the construction of Spill Way was obstructed due to changed requirements of site *viz.* raising of approach channels walls from 35 Ft to 42 Ft, owing to unfore-seen geological conditions and because of cavities in the bed as well as grouting of sides after drilling as advised by the consultants, and change of design of piers. Diversion Nullah had also to be constructed, thus the target date stipulated in the agreement was extended to cover additional works and the payment of Bonus was in order.

117. The Chairman enquired from the Secretary of the Department whether he was satisfied with the explanation of the Department, who replied in negative. The PAC there upon directed that the Secretary, Cabinet Division, should look into this case and submit his Findings to the PAC within one month.

118. *Non-recovery of Risk and Cost Charges from Contractors Rs. 519,376 (Para 8(1 to 5), pages 82-83-AR).*—Audit para included 5 cases in which the works were allowed to be carried out at the Risk and Cost of the contractors who left the incompleting works. The Department while explaining the position of these

cases, tried to give explanation quite different from what was stated in the working paper to the draft para. Audit pointed out that the PAC should take notice of submission of incorrect reply to the PAC. The Department admitted that the complete information pertaining to these cases was not available with them.

119. A member of the PAC, thereupon, stated that incorrect reply would be treated as breach of privilege of PAC which means wasting of time of the PAC as well as the Department. An error of judgement could be tolerated but belittling the role of PAC, a representative body, could not be tolerated. The PAC thereupon directed that complete information should be collected and correct reply submitted. The paragraph was deferred.

120. *Excess Payment of Rs. 640,659 (Para 10, page 85-AR).*—Audit had pointed out that in different cases an excess payment of Rs. 640,659 was noticed which was not recovered in spite of repeated reminders.

121. [*Para 10(1), page 85-AR*].—In this case a lump sum contract was awarded to a contractor in 1979-80 for Rs. 390,531 for internal plaster and fixing Steel Windows in Ground and First Floor. After receiving payment of Rs. 332,356 the contractor abandoned the work. The contract was rescinded and the remaining work costing Rs. 58,175 was awarded to another contractor who completed it for an amount of Rs. 550,997 (Rs. 331,402 at the time of Audit Objection). This showed that the contractor was either paid Rs. 492,802 in excess (Rs. 550,977—Rs. 58,175) or the original contractor executed the work below specification.

122. While explaining the irregularity the Department intimated that the Security of the first contractor was forfeited and that the cost of balance work was increased due to higher rates tendered by the second contractor for the left over work. The total cost of the work was Rs. 6,508,880. A portion of which for internal plaster and fixing of Steel Windows Costing Rs. 390,531 was objected to. The Audit thereupon pointed out that their appeared to be something wrong some where and the security of Rs. 466,834 stated to have been forfeited did not appear to have been forfeited. This action should have been completed immediately. The Department requested reasonable time to have this complicated case investigated. The PAC directed that the Secretary, Cabinet Division, should submit a report on this case within two months.

123. [*Para 10 (3), page 86-AR*].—According to the Audit Report, a contractor was required to be paid for extra items under clause 12 of the agreement at the rate admissible to him under Pakistan Public Works Department Schedule of rate 1973 Plus 154.94% premium. Thus an extra item which was required to be paid at the rate of Rs. 925.55 per % cft was paid at the rate of Rs. 2,000 per % cft. This resulted in a excess payment of Rs. 144,528. The Department explained that the Audit had not considered the matter in its true perspective. It was not correct to say that the contractor was to be paid at Pakistan Public Works Department

Schedule rate plus 154.94%. The extra items were approved by the competent authority after evaluation of market rate. The allegation that conditions of the agreement were changed and also unfounded.

124. It was held by Audit that Clause 12 of N.I.T. and tender form (tender form was initiated by the contractor and the Deputy Director) provided for payment of extra and substituted items on Pak. P.W.D. Schedule of Rates 1973 for Civil Works, 1968 Schedule for Water Supply Works, and 1956 Schedule for Electric Works with tendered premium. The tenders were received in April, 1982 and acceptance letter was issued on 22-8-1982 with date of start to be reckoned from 1-9-1982. On the issue of acceptance letter on 22-8-1982 the terms and conditions mentioned in the N.I.T./tender documents were legally binding on both the parties. During execution of work and on the request of the contractor C.D.A. Board approved for the revision of clause 12 of the agreement on 16-3-1983 to provide for payment of extra/substituted items on the prevalent market rates instead of the Pak. P.W.D. Schedule of Rates *plus* tendered premium, which resulted in additional expenditure. Revision of clause 12 of the agreement (as mentioned above) was made to the advantage of the contractor. It was against the principles of financial propriety. The sanctity of the agreement was not maintained, it was unethical to change the condition of the contract to the advantages of contractor.

125. The PAC after discussion, observed that a clarification was required as to at what rate for extra items and additional work could be allowed. Should it be on schedule rate, agreed rate, market rate of negotiated rates, and directed that Secretary, Cabinet Division should submit a report after consulting the Justice Division, regarding admissibility of the rate for additional work executed by the contractor.

126. [Para 10 (4), page 86-AR.]—In this case a contractor was paid an item of work at the rate of Rs. 750 per % sft. instead of Rs. 586.65 % sft admissible to him under clause 12 of the agreement which resulted in an excess payment of Rs. 79,596. It was explained by the C.D.A. that the contractor was not willing to execute that item at agreement rate. He appealed to the Authority for enhancing the extra item rate which was accepted and the payment was made at prevailing market rates. The Department, however, explained that there was no loss to the Authority, as the cost was recoverable from the allottees. There upon the Audit observed that benefit was given to the contractor at the cost of the owners of the houses. The PAC on the assurance of the Department that this will not be repeated, dropped the paragraph.

127. *Loss due to short receipt of materials worth Rs. 99,966* [Para 11(2), pages 86-87-AR].—Audit had pointed out that 138 Seamless Pipes of Black Carbon Steel were shipped in October, 1978 but 104 pipes were found short. The claim.

of the Clearance Agent was disallowed as time barred. Authority incurred expenditure of Rs. 48,393 by arranging the material through Local Purchase. The Department explained that the claim was lodged with M/s. National Insurance Corporation who was avoiding the claim on one pretext or the other. An inquiry was being held to fix the responsibility. The PAC directed that recovery should be made and subject to verification by Audit, the paragraph was dropped.

### COMMERCIAL ACCOUNTS

#### Printing Corporation of Pakistan

128. *Doubtful issue of Paper Rs. 130,526 (Para 5, page 19-ARCA).*—As per Audit Report Press Paper valuing Rs. 224,982 issued for certain jobs during the year 1979-80 to 1981-82 was not booked on the work dockets. Since bills were prepared from the dockets, the cost of paper issued to jobs could not be recovered from the indentors.

129. The Department intimated that the doubtful issue of paper valuing Rs. 224,982 was factually due to recording of incorrect dockets numbers on the requisition slips and in certain cases non-recording 'Paper' on dockets. The full amount had since been recovered/settled either by recovery in cash/adjustments or by correcting the dockets numbers. As for disciplinary action, the officials responsible had since left service as such no disciplinary action was possible. The paragraph was dropped subject to verification by Audit.

130. *(Paras 59—64, pages 68-69-ARCA).*—In their Audit Comments for the year 1981-82, the Audit observed that the Corporation sustained a net loss of Rs. 7.421 million during the year under review as against a net loss of Rs. 9.054 million during the previous year. The accumulated loss reached Rs. 87.596 million at the close of the year 1981-82. Thus the entire paid-up capital of Rs. 1.414 million, capital contribution of Rs. 28.282 million and Rs. 57.500 million out of loan from Government (Rs. 90.441 million) stood eroded. The losses were mainly due to (i) higher cost of sales ; and (ii) higher operating expenses specially financial expenses which stood at Rs. 8.474 million at the close of the year. Strenuous efforts were required to be made to exercise strict control over the increasing trend of the cost of sales and operating expenses.

131. It was explained by the Department that the Corporation sustained a net loss of Rs. 3.746 million in 1982-83, thus showing a decrease of Rs. 27.674 million over the previous year. The cost of sales also reduced from 99.27% to 96.85% in subsequent year. The financial charges also reduced from Rs. 8.474 to Rs. 3.729 million in the year 1982-83 thus showing an overall decrease in operating expenses of Rs. 2.235 million over previous year. The operating expenses showed decreasing trend as compared with sales in subsequent year i.e. from 37.35% in 1981-82

to 26.06%. The accumulated losses on 30-6-1982 reached Rs. 92.030 million as against paid-up capital of Rs. 104.528 million. It showed that the Corporation was making efforts to control the losses and expenses.

132. Audit, however, held that the loss sustained by the Corporation again rose to Rs. 7.026 million during the year 1983-84 as against Rs. 3.674 million at close of 1982-83 mainly due to rise in financial expenses by Rs. 1.870 million and Admn. expenses by Rs. 2.267 million which were required to be controlled. Accounts for the year 1984-85 had not yet been prepared.

#### Department of Stationery and Forms

133. *Audit Comments on the Accounts for the year 1982-83 (Paras 56—58, page 67-ARCA).*—During the year 1982-83, the Department sustained a net loss of Rs. 1.072 Million as against a net profit of Rs. 0.939 Million during the year 1981-82. The loss sustained was due to decrease in sales by Rs. 0.817 million, as compared to previous year, which was mainly caused by failure of the Department to arrange timely procurement of supplies for the Indenting Departments and partly by charging excess depreciation of Rs. 56,501 by appreciating book value of Truck Van from Rs. 2,415 to Rs. 62,159. The position of Sundry Debtors, as on 30-6-83 stood at Rs. 20,502 Million as compared to Rs. 22.071 million on 30-6-1982. The chances of recoveries of old outstanding were remote due to budgetary problems of Departments hand winding of most of the Old Departments. Strenuous efforts were needed to recover the outstandings. The closing stock as on 30-6-1983 was Rs. 13.858 million as compared to Rs. 9.790 million on 30-6-1982. The piling of stock was caused due to heavy purchases at the close of financial year and non-supply to the Indenting Departments till the close of the year. Necessity of preparation of proper procurement and supply programme was stressed upon the management.

134. The Department explained that the submission of Indents for the procurement of Paper and Stationery was started at least three or four months before the commencement of the financial year. The deliveries period was also given in each Indent. The Department of Supplies on the average takes about 11-1/2 months in satisfying an Indent placed on them. The loss or profit mainly depended on the quantum of the stores supplied to the Indentors during the course of the year. When adequate supplies were not made during a year, due to unfavourable stock position, it resulted in realisation of lesser departmental charges. In the year 1982-83 it was mainly due to late receipt of the bulk stores to the extent of Rs. 5,647 million from the Department of Supplies, Karachi.

135. The PAC, was informed that a total amount of debtors was Rs. 20,500,000 of which an amount of Rs. 9,100,000 had been recovered leaving balance of Rs. 11,300,000. This amount included Rs. 6,900,000 pertaining to T&T Department. The Department was trying to devise mechanism in consultation

with the Department of Supplies and the Ministry of Industries to take some step in reducing the time lag for supply of stationery and recovery from debtors.

136. The PAC directed that the procedure may be devised in consultation with the Ministry of Industries so that the blockade of stationery could be avoided.

137. *Points not discussed to be treated as settled.*—The Committee did not make any observation on other points/paragraphs of Appropriation/Commercial Accounts and the Audit Reports thereon for the year 1982-83. These would be deemed to have been settled subject to such regularisation action or recovery as may be necessary under the rules.

CH. ABDUL QADIR,  
*Joint Secretary.*

*Islamabad, the 23rd November, 1986.*

**NATIONAL ASSEMBLY SECRETARIAT**

*Tuesday, the 6th January, 1987*

**Seventh sitting (PAC)**

\*384. The Public Accounts Committee assembled at 10.00 a.m. in the parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84. The following were present :—

**P.A.C :**

- |  |    |    |                 |
|--|----|----|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. | .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A.       | .. | .. | <i>Member</i>   |
| (3) Rai Arif Hussain, M.N.A.             | .. | .. | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A.     | .. | .. | <i>Member</i>   |
| (5) Nawab Muhammad Yamin Khan, M.N.A.    | .. | .. | <i>Member</i>   |
| (6) Mr. Miangul Aurangzeb, M.N.A.        | .. | .. | <i>Member</i>   |
| (7) Malik Said Khan Mahsud, M.N.A.       | .. | .. | <i>Member</i>   |

**National Assembly Secretariat :**

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

**Audit :**

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord.)
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director-General, Commercial Audit.
- (6) Mr. Iftikhar Ali Khan Raja, Director-General, Audit and Accounts (Works).
- (7) Mr. M.S. Amjad, Director-General (P.E.C.).

**Ministry of Finance :**

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 383 and 385 to 398 pertain to other Ministries/Divisions.



## CABINET DIVISION

399. The Committee then took up for examination, the Appropriation Accounts etc., pertaining the Cabinet Division. The following departmental representatives were present :—

- (1) Mr. Masud Zaman, Secretary.
- (2) Mr. Abdul Hamid, Additional Secretary.
- (3) Mr. K. M. Chima, Additional Secretary.
- (4) Mr. L.D. Jaanjua, Joint Secretary.
- (5) Mr. Muzaffar Hussain Shah, O.S.D. (F&A).
- (6) Mr. Mazhar Rafi, Chairman (CDA).
- (7) Mr. Saghir Asad Hasan, Member Finance (CDA).
- (8) Mr. Khurshid Ahmed, Secretary (FLC).
- (9) Mr. Ghulam Mohiuddin, Controller, Stationery and Forms.
- (10) Mr. Salim Mahmood, Chairman, (SUPARCO).
- (11) Mian Muhammad Amin, Deputy Director (Intelligence Bureau).
- (12) Col. Aziz-ul-Haq, Director (Deptt. of Communication Security).
- (13) Syed Alamdar Raza, Managing Director (PCPP).
- (14) Mr. Abdul Sattar, Director (Computer Bureau).

400. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
<b>1983-84</b>		
1.	Cabinet .. .. .	1
2.	Cabinet Division .. .. .	2
3.	Emergency Relief and Repatriation .. .. .	3
4.	Land Reforms .. .. .	4
5.	Other Expenditure of Cabinet Division .. .. .	5
6.	Stationery and Printing .. .. .	15
7.	Other Expenditure of Ministry of Interior (CDA portion only). .. .. .	90
8.	Capital Outlay on Land Reforms .. .. .	131
9.	Development Expenditure of Cabinet Division .. .. .	136
10.	Capital Outlay on Works of Cabinet Division .. .. .	167
11.	Capital Outlay on New Federal Capital .. .. .	181

## APPROPRIATION ACCOUNTS (1983-84)

401. *Grant No. 1—Cabinet (Page 29-AA).*—There was a nominal saving of Rs. 24,738 under this grant. The Committee did not make any observations.

402. *Grant No. 2—Cabinet Division (Page 30-AA).*—This grant according to Appropriation Accounts closed with an excess of Rs. 5,616,641, which was partially due to the fact that supplementary grant of Rs. 4,338,000 allowed by the Finance Division was not included in the Supplementary Book. The remaining excess was stated to be due to payment of advance salary on Eid. While discussing excess of Rs. 6,468,316 under "Intelligence Bureau", against which a supplementary grant of Rs. 4,338,000 was obtained, the Chairman PAC desired that the Ministry should brief the PAC about working of officers attached with the missions abroad of Intelligence Bureau. The Secretary, Cabinet Division promised to do so.

403. The Committee directed that arrangements may be made by the Cabinet Division to brief the PAC about the operation of Intelligence Bureau. The excess was recommended for inclusion in the excess Budget Statement.

404. *Grant No. 3—Emergency Relief and Repatriation (Page 36-AA).*—Appropriation Accounts showed a saving of Rs. 7,745,552, which was surrendered in time. The Committee did not make any observations on this grant.

405. *Grant No. 4—Land Reforms (Page 38-AA).*—According to Appropriation Accounts there was a saving of Rs. 719,543. After accounting for a sum of Rs. 771,000, which was surrendered in time, there was an excess of Rs. 51,437 which was attributed to payment of advance salaries on Eid. While discussing provision of litigation fee the Department reported that it was a continued process as there were about 500 cases pending in the Court of Law. A Member at this point observed that keeping of Land Reforms as a Central Subject was infringement of Provincial Legislature List. In the light of this, Federal Land Commission should be dissolved as it was violation of Constitution. The Committee directed that a detailed note on the functions of Federal Land Commission may be placed before the PAC, and its role under the Constitution may also be ascertained.

406. *Grant No. 5—Other Expenditure of Cabinet Division (Page 39-AA).*—The grant closed with a saving of Rs. 67,219 which was within permissible limits and the Committee did not make any observation.

407. *Grant No. 15—Stationery and Printing (Page 46-AA).*—There was a saving of Rs. 1,755,023 under this grant as reported in the Appropriation Accounts. The Department reported in reply that there was a saving of Rs. 2,338,079 under "Commodities and Service" which was offset by booking of expenditure for the year 1982-83 to the extent of Rs. 160,814, leaving a net saving of Rs. 2,177,265

under this Head. There was an excess of Rs. 422,242 under pay and allowances, which brought down the overall saving figure to Rs. 1,755,023. The overall saving was due to the system that suppliers were working with Ministry of Industries. There was abnormal delay in supply of material and payments could not be made during the year. The Committee directed that explanation of the Department may be verified by Audit. The action taken by the department against the supplier who failed to deliver the consignment may be intimated.

408. *Grant No. 90—Other expenditure of Ministry of Interior (CDA portion only) (Page 702-AA).*—The grant closed with a saving of Rs. 5,000,000, which was within permissible limits. The Committee did not make any observation.

409. *Grant No. 131—Capital Outlay on Land Reforms (Page 50-AA).*—There was a saving of Rs. 54,243,280 against final grant of Rs. 54,289,000. The saving work out to 99% of the grant. The Department explained that the saving was due the fact that expenditure on account of Bonds issued by State Bank of Pakistan for compensation could not be booked in Audit Office during the year 1983-84. It was taken in the Accounts for 1984-85. It was argued that the expenditure could not be estimated accurately as a long judicial process was involved and the exact date of judicial decision could not be determined. The Committee accepted the explanation of the Department.

410. *Grant No. 136—Development Expenditure of Cabinet Division (Page 52-AA).*—There was saving of Rs. 17,200,000 under this grant, out of which an amount of Rs. 16,488,800 was surrendered in time, leaving a net saving of Rs. 711,200 which was within permissible limit. The Committee accepted the explanation, subject to verification by Audit.

411. *Grant No. 167—Capital Outlay on Works of Cabinet Division (Page 56-AA).*—This grant closed with a saving of Rs. 9,515,000. The Department explained that an amount of Rs. 2.58 million was not released by the Finance, as the request for release was made late. As for remaining saving, an amount of Rs. 3.455 million was attributed to vacant posts as technically sound personnel were not available. Similarly Rs. 0.790 allocated for feasibility duty and Rs. 2.210 million under repairs and maintenance could not be utilized as the processing of cases did not mature within the financial year. It was further explained that foreign Government generally hold the cases for long, which result in saving. The Committee did not make any observation.

412. *Grant No. 181—Capital outlay on new Federal Capital (Page 714-AA).*—There was a nominal saving of Rs. 3,602 under this grant. The Audit in his case observed that there were generally savings on all such heads under this grant, except under "Construction of Works", where there was an excess of Rs. 55,119,398. The Department was required to explain savings/Excesses under various

sub-heads of the grant. The Department intimated that there were small savings and excesses. The allocations were correctly utilized. This was due to wrong classification of expenditure. The Committee observed that such misclassifications etc. should be avoided in future. Audit was requested to verify the position.

#### AUDIT REPORT (1983-84)

##### **Kohistan Development Board**

413. *Non-recovery of liquidated damages—Rs. 150,548 (Para 1, page 29-AR).—* Audit pointed out that a work was agreed to be completed million 150 days from September, 1981 to February, 1982. The work could not be completed in time and the contractor was granted extension upto 30-6-1982. The work was actually completed on 30-10-1982. Neither the extended period was regularised nor liquidated damages were imposed. Audit further intimated that a Joint Committee was formed headed by Secretary, Cabinet Division to go in details in all the Audit Paras relating to Kohistan Development Authority. It was a difficult task and typical also. The records were not readily available. The Department explained that there had been certain complications. The matter had to be taken up with the NWFP Government, who had taken over assets and liabilities alongwith records. They were also to be associated. It was not correct to say that records were not available. The records were transferred to N.W.F.P. Government and had been segregated and handed over to different agencies of the Government on the basis of sectors. It was a matter of coordination and mobilisation. The Committee formed would serve the purpose. The Chairman PAC at this point observed that some thing would have to be done to clear these outstanding irregularities. The period of six month was too long a period, as the report was to be submitted to the Assembly. The Departmental representative suggested that representatives of Audit, NWFP Government, and Department could complete this work within four months. Lt. Col. Chiragh Din, ex-Director would also be associated.

414. The P.A.C. directed that a committee comprising of a representative of Audit, two from N.W.F.P. Government, one each from PWD and Cabinet Division, including Col. Chiragh Din of CDA may investigate and submit report within four months. In future whenever a subject is transferred from one Ministry to another Ministry, the records should not be transferred till the Draft Paras against the Department are settled.

- (i) *Non-recovery of Cost of Material from contractor Rs. 26,665 (Para 5, page 31-AR).*
- (ii) *Fraudulent Payment of Rs. 12,815 (Para 6, page 32-AR).—*
- (iii) *Non-recovery of Shortage of food material Rs. 11,918 (Para 7, page 32-AR).*

415. The Department explained that a comprehensive report was being prepared in respect of all the Audit Paras of Defunct Kohistan Development Authority under the directives of PAC, which was being submitted separately. The Committee directed that directives against para 1 of the Audit Report above apply to all cases of Kohistan Development Authority.

#### Relief and Rehabilitation

- (i) *Construction of Low Cost Houses at Sukkur for Destitute Families repatriated from Bangladesh (Para 3, page 30-AR).*
- (ii) *Construction of Low Cost Houses at Hyderabad for Destitute Families repatriated from Bangladesh (Para 4, page 30-AR).*

416. Audit pointed out recoveries in the case of above works. The Department reported that in spite of repeated requests, the district authorities had not supplied Accounts pertaining to the above works. They were being stressed to supply the Accounts for further necessary action in the matter. An officer was being deputed alongwith an officer of Provincial Government to get the matter finalized. The Committee directed that recoveries involved should be expedited. Audit should verify the position. The paragraphs were deferred.

#### Capital Development Authority

417. *Non-recovery of Risk and Cost charges—Rs. 1.784 Million—[Para 8(1) page 33-AR].*—According to Audit, a work sponsored by Ministry of Education was awarded to a Contractor, which was terminated, without imposing any penalty, due to paucity of funds. The balance work was awarded to another contractor at the cost of Rs. 2.9 million in March, 1979 i.e. after six months of the start of work at his risk and cost. The Authority subsequently decided to change the penalty from clause 3(C) of the contract agreement to clause 3 (A) on the following grounds :—

- (i) Late clearance of site by first Contractor.
- (ii) Late furnishing of Colour Scheme to the Contractor.
- (iii) Late supply of certain drawings to the Contractor.

418. It was thus apparent that the delay in the execution of the work which resulted in an extra expenditure of Rs. 1.78 million was attributable to inefficient contract management by C.D.A. officials, which had not been investigated. The Department explained that no doubt the work was rescinded under clause 3 (c) of the contract, but the contractor went into an appeal. The case was considered by full Board of CDA in which it was decided to take action under clause 3 (a) instead of 3 (c). The security deposit amounting to Rs. 97,793 was accordingly forfeited in January, 1983. Audit further reported to the Committee that revision

of original decision was not in the best interest of the CDA and circumstantial evidence also did not justify the revision of original decision. The Department reported that the CDA Board was competent and action was taken after taking into consideration all the factors involved.

419. The Committee after a detailed discussion on the subject directed that in exercise of the discretionary powers in the matter of settlement of disputes between the Department and the Contractors, some frame work may be worked out and guidelines laid down with the approval of the Principal Accounting Officer.

420. *Non-recovery of Risk and cost charges Rs. 1.358 Million— [Para 8(2) page 33-AR].*—Audit pointed out that a contractor for a work awarded to a Contractor in October, 1978 and scheduled to be completed in January, 1980, was terminated in October, 1979 under clause 3 (C). The balance work was awarded to another Contractor in May, 1980 which resulted in an additional expenditure on Rs. 1.35 million. The Contractor represented to the Authority against the aforesaid orders and the penalty imposed under clause 3 (C) was changed to Clause 3 (A) on the following grounds :—

- Delay of 12 days in deciding the direction of Qibla.
- Delay due to deciding the change of specification of bricks from machine made to ordinary man made-moulded bricks.

421. The Department explained that in this case the original action was considered harsh thus the Chairman CDA on an appeal from the contractor changed the action to be taken. The Chairman PAC observed that the Concessional decisions appear to have been taken in favour of one contractor and some body appeared to have been interested in him, responsibility was thus required to be fixed. The Department intimated that the contractor had since been black listed. The Committee directed that complete list of works awarded to this contractor may be provided to PAC, the paragraph was deferred.

422. *Non-recovery of Risk and Cost charges Rs. 769,285 [Para 8 (3), page 33-AR].*—According to the Audit Report, a contractor could not complete the work. The work left incomplete by him was awarded to another contractor in August, 1981 at the risk and cost of the original contractor. An additional expenditure of Rs. 496,330 was thus incurred. Cost of material valuing Rs. 49,783 and performance bonds for Rs. 223,172 were also not recovered from him. The department reported that the case has become subjudice and progress will be reported in due course. The Committee directed that the department may inform about the action taken against those responsible for non-recovery in this case, the paragraph was deferred.

423. *Non-recovery of Risk and Cost charges Rs. 155,013 [Para 8(4), page 34-AR].*—According to the Audit, a work awarded to a Contractor in March, 1979, was left incomplete by him in January, 1980. The balance work was allotted to another Contractor at risk and cost of defaulting Contractor. Additional expenditure of Rs. 155,013, has not been recovered so far. The Department in this case reported that after preparing his final bill the net recoverable amount worked out to Rs. 129,991, the Collector had been asked to recover the amount as arrears of land revenue. The Department was taking action against the person responsible for delay in finalizing the accounts of contractor. The PAC settled the paragraph subject to recovery and verification by Audit.

424. *Non-recovery of Risk and Cost Charges Rs. 46,380 [Para 8(7), page 34-AR].*—As per Audit, a Contractor failed to complete work within stipulated and extended time limit upto November, 1981. The Contract was rescinded and the balance work was awarded to another Contractor at former's risk & cost involving an extra expenditure of Rs. 46,380 which has not been recovered. On a representation by Contractor, the Board decided to forfeit the security and black list the firm, instead of taking action under clause 3 (C) of the Contractor. The department reported that the security of the contractor had since been forfeited and the firm black listed. No further action was possible. The paragraph was settled by the Committee.

425. *Non-recovery of Cost of Materials etc. Rs. 1,725,044 [Para 9 (1), page 35-AR].*—According to Audit report, a contractor abandoned a work in April, 1983 but the cost of the material and the amount of secured advance amounting to Rs. 1.7 million remained unrealized from the Contractor. The final bill of the Contractor prepared subsequently indicated that material valuing Rs. 504,277 was neither consumed in work nor was available at site. Responsibility for unauthorized removal of material from site had not been fixed. The Department explained in reply that those found responsible in a preliminary enquiry had been charge sheeted and the matter was under action. The Committee observed that the final action taken in the matter may be verified by Audit. Subject to these remarks, the para was settled.

426. *Loss of Rs. 1,732,820 due to injudicious rescission of a Contractor (Para 10, pages 37 & 38-AR).*—According to the Audit report tenders for the work, "Construction of land scaping in Marking F-8, Islamabad" were invited thrice :—

- On 27-4-1981 .. Lowest offer of Rs. 4.46 million was rejected being unworkable.
- On 15-9-1981 .. Lowest bid of Rs. 5.36 million which was recommended for acceptance.
- On 5-10-1981 .. Lowest bid was Rs. 4.74 million which was recommended for acceptance.

427. M/s. Alkin Limited who had made an offer of Rs. 14.5 million on the third occasion submitted an application to Director, Roads, after opening of tenders stating that there was a calculation error in item 8 of their tender pertaining to concrete flooring work. It was stated that their rate was Rs. 30.60 per 0/0 square feet as against Rs. 1,800 per 0/0 cubic feet given in the bid. The Director, Roads found the rates of concrete not workable and recommended that the tender of M/s. Gulzarin & Manawar Khan for Rs. 4,740,194 be accepted. The Director General (Works), Capital Development Authority, however, accepted the tender of M/s. Alkin Limited for Rs. 4,593,425 (the new corrected price), which was a little higher than the lowest bid received at the time of first tendering and had been rejected being unworkable. The Department in reply explained that although at face value, the tender of M/s. Alkin Limited was the first lowest with a total of Rs. 4,593,425 but on scrutiny it was observed that the bid actually worked out to Rs. 14,504,083 which was due to the reason that a rate of Rs. 1,800 per hundred sft. was worked out by them at the rate of Rs. 30.60 per hundred sft. for an items of work (two inch thick 1 : 2 : 4 cement concrete flooring). The rate of Rs. 30.60 was abnormally low whereas Rs. 1,800 per sft. was abnormally high. The work was, however, awarded to M/s. Alkin Limited at a total cost of Rs. 4,583,425 after due consideration. It was held that contractor could submit abnormally low rates for any one item to compete with other Contractors and can compensate by tendering higher rate in other items of work. The Committee was not satisfied with the explanation of the department and held that it was a bad case. The matter should be investigated and a detailed report including the action taken against the defaulters may be submitted to the PAC within three months ; the paragraph was deferred.

#### COMMERCIAL ACCOUNTS (1983-84)

##### Printing and Stationery Department

428. *Mis-appropriation of cash Rs. 14,621 (Para 6, page 21-ARCA).*—Audit pointed out in its report that in the case of Stationery and Forms Department, Islamabad, sale proceeds of Gazettes and forms amounting to Rs. 14,621 were neither entered in the Cash Book nor deposited in the Government treasury and were mis-appropriated by the Cashier during 1981-82. The Department explained that the case was in a court of law. The decision of the court was still awaited. The Committee directed that the decision in the matter may be got expedited, if possible.

429. *Sundry Debtors amounting to Rs. 19.554 Million (Para 55, page 79-ARCA).*—According to Audit, a sum of Rs. 19.554 million was outstanding on account of book debits and cash sales which also included an amount of Rs. 1.047 million for the period 1961-62 to 1974-75. The Department reported to the Committee that a major portion had been recovered and there remained a balance



of Rs. 37 lakhs out of which an amount of Rs. 12 lakhs pertained to T&T and Rs. 2.56 lakhs to Post Office which was expected to be recovered soon. The Committee directed that :—

- (i) Recovery should be made and got verified by Audit.
- (ii) All the Government Departments must clear the arrears and pay all amounts due to the Printing and Stationery Department.

#### PERFORMANCE EVALUATION OF PUBLIC ENTERPRISES (1985)

430. *Printing Corporation of Pakistan, Islamabad (Pages 53—90-Perf. Eval. Report-Vol. III).*—Audit representative briefed the Committee about the working of the Corporation. While giving overall assessment it was reported that the Corporation was established in 1969 to operate Government Presses at Islamabad, Lahore and Karachi on commercial lines and to improve their working efficiency. This objective had, however, not been achieved.

The Corporation had been losing concern throughout except during 1984—86 when a nominal operating profit of Rs. 1.2 million was made. Accumulated losses on June 30, 1986 were over Rs. 92 million, eroding 88% of the equity of Rs. 104.5 million. (The entire equity was contributed by Government). Full capacity utilisation was also never achieved by any of the three Presses.

PCP Presses earned their income from the following sources :—

- (a) *Operational revenues.*—These consisted of charges for composing, printing and production services rendered.
- (b) *Mark up on paper.*—A mark up ranging between 20 and 25% was levied on the cost of paper purchased by PCP and charged to customers. Mark up on paper averaged about 15% of the sale of the Corporation. This was a trading profit.
- (c) *Outwork Charges.*—PCP Press sometimes sub-contracted certain job(s) of its customers to private Presses. This outwork was marked up by 15% to 20% over its actual cost and charged to customers. This was also a trading profit.

Since all PCP clients were government departments, burden of mark up on paper and outwork was ultimately passed on to the national exchequer. Still PCP had been suffering huge losses on its own printing operations which were not offset by substantial profits occurring through these "mark ups".

The Corporation, however, took a slight turn for the better during the last two years, 1984—86. Sales steadily increased during year 1985-86 registering an all time high sale of over Rs. 126 million. Costs and expenses as per cent of sales

showed a downward trend. A slight increase in capacity utilisation was also observed. This resulted in an almost break even during the two years 1984-86.

There was scope for further improvement of performance specially in view of installation of new and modern machinery in the Presses during the last three years.

The Lahore Press was located at Urdu Bazar on a 16-Kanal plot, reportedly worth Rs. 40 million. The existing press building was dilapidated wherein old and out-moded machinery had been installed. Use of such valuable estate for a small press was not a sound commercial proposition. Following managerial weaknesses were identified :—

- (i) Pace of recovery of old dues was unsatisfactory. Trade debts as on June 30, 1986 exceeded Rs. 67 million. These included amounts relating to 1969-70 onwards. Over 60% of dues were between two to fifteen years old.
- (ii) Loss of production hours was excessive due to lack of checks and controls.
- (iii) Overtime paid to workers was not correlated with increase in production. It appeared that overtime was availed of by workers almost as a matter of right.

The department admitted that lot was required to be done. Attempts were being made to Break Even in operating cost. A nominal profit was earned during last year. A Member pointed out that how a Break Even was possible, when dues of Corporation were not being paid. It was intimated that it would be a long way to solve all the problems. As for Lahore Press, there was an offer of Rs. 4.25 crores which was under consideration. The Corporation was looking after another site. The Department wanted modern machinery to set a modern Press at new site. The present building in Urdu Bazar was very old. It was further intimated that Rs. 3 crores of National Bank were being paid. The Corporation was no more a burden on Government. The rates had now been approved by the Government. The Corporation had reduced out work. Some portion of total load was still being got done from outside. No Press could do all work at its own. The Corporation had a mandate of cheapest material at lowest rates. Any production could be given with any material, the conditions had improved a lot. There was little backlog.

431. Audit at this point observed that strategic Plan was required to be made in various areas. There was no Cost Accounting at Karachi Press. There was lot of scope in improving production planning. The Department observed that some very good suggestion had been made by Audit. The work of stationery and forms was the only guaranteed work.

432. A Member wanted to know if the Corporation was competitive. It was informed that all rates were fixed by the Government. The Government required this Corporation for security printing, secret and classified material and also to keep private sector within reasonable limits as far as rates were concerned. Moreover, private sector never take up priority work of Government. The Committee observed that improvement would be watched in the light of the report submitted to it. The Committee directed that the department should prepare an action plan in this behalf and steps taken reported to the Committee. The Committee further directed that all the Government Departments should clear the arrears, and pay the amount due to the Printing and Stationery Department.

433. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/paras in the Appropriation Commercial Accounts and Audit Report for the year 1983-84. These would be deemed as settled, subject to such recovery and regularisation action, and verification by Audit where necessary under the rules.

M. A. HAQ,  
*Secretary.*

*Islamabad, the 11th June, 1987.*

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## NATIONAL ASSEMBLY SECRETARIAT

*Sunday, the 26th July, 1987*

### Twentieth Sitting (PAC)

\*1098. The Public Accounts Committee assembled at 9.00 a.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1984-85. The following were present :—

#### *P.A.C :*

- |   |       |                 |
|---|-------|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A.  | ..    | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A.        | .. .. | <i>Member</i>   |
| (3) Rai Arif Hussain, M.N.A.              | .. .. | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A.      | .. .. | <i>Member</i>   |
| (5) Mr. Shahabuddin Shah Hussainy, M.N.A. | .. .. | <i>Member</i>   |
| (6) Mr. Miangul Aurangzeb, M.N.A.         | .. .. | <i>Member</i>   |
| (7) Shahzada Jam Muhammad Yousuf, M.N.A.  | .. .. | <i>Member</i>   |

#### *National Assembly Secretariat :*

- (1) Mr. K.M. Chima, Secretary.
- (2) Ch. Abdul Qadir, Additional Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Mr. A. A. Zaidi, Deputy Auditor General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. Irfan Husain, Director General (A&A Works).
- (7) Mr. G.H. Bosan, Director Foreign Audit.

#### *Ministry of Finance and Planning Division :*

- (1) Mr. Manzur Husain, Joint Secretary (Budget).
- (2) Mr. Raza Ashraf, DFA (Cabinet)
- (3) Dr. M. A. Aghai, Director General (Project Wing) Planning Division.

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\*Paragraphs upto 1097 and 1099 to 1123 pertain to other Ministries/Divisions.

### CABINET DIVISION

1124. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Cabinet Division. The following departmental representatives were present :—

- (1) Mr. M. Masood Zaman, Secretary.
- (2) Mr. Abdul Hamood, Additional Secretary-I.
- (3) Mr. Taufeeq Fahni, Additional Secretary-II.
- (4) Mr. Khalid Amin Qureshi, Deputy Secretary.
- (5) Mr. Muzaffar Husain Shah, OSD (F&A).
- (6) Mr. Mazhar Rafi, Chairman (CDA).
- (7) Mr. Saghir Asad Hasan, Member (Finance).
- (8) Mr. Maqbool Ahmed Sheikh, Senior Member (FLC).
- (9) Mr. Ghulam Mohiuddin, Controller Stationery and Forms.
- (10) Mr. Asghar Ali, Joint Secretary (K.D.B.).
- (11) Syed Alamdar Raza, Managing Director (PCPP).
- (12) Mr. Javed Qayyum Khan, Joint Director (DIB).
- (13) Mr. Abdul Sattar, Director (Computer Bureau).

1125. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
<b>1984-85</b>		
1.	Cabinet .. .. .	1
2.	Cabinet Division .. .. .	2
3.	Emergency Relief and Repatriation .. .. .	3
4.	Land Reforms .. .. .	4
5.	Other Expenditure of Cabinet Division .. .. .	5
6.	Stationery and Printing .. .. .	15
7.	Other Expenditure of Ministry of Interior .. .. .	93
8.	Capital Outlay on Land Reforms .. .. .	133
9.	Development Expenditure of Cabinet Division .. .. .	138
10.	Capital Outlay on Works of Cabinet Division .. .. .	172
11.	Capital Outlay on New Federal Capital .. .. .	186

## APPROPRIATION ACCOUNTS—1984-85

1126. *Grant No. 1—Cabinet (Page 29-AA).*—The grant closed with a saving of Rs. 1,523,732. The Department explained that less expenditure was incurred due to vacant posts of Ministers. The Committee accepted the explanation.

1127. *Grant No. 2—Cabinet Division (Page 36-AA).*—There was a saving of Rs. 7,418,123. It was explained that expenditure in Missions abroad was not received in time for booking in the Accounts. The Committee accepted the explanation.

1128. *Grant No. 3—Emergency Relief and Repatriation (Page 36-AA).*—There was a saving of Rs. 11,966,274, which was surrendered in time. The Committee did not make any comments.

1129. *Grant No. 4—Land Reforms (Page 38-AA).*—There was a saving of Rs. 493,451 under this Grant, which worked out to 14% of the Final Grant. The Department explained that the amount of saving was surrendered but, being late surrender, it was not accepted. The Committee accepted the explanation.

1130. *Grant No. 5—Other Expenditure of Cabinet Division (Page 40-AA).*—The Grant closed with a saving of Rs. 1,123,324. The Committee did not make any observation, saving being nominal.

1131. *Grant No. 15—Stationery and Printing (Page 44-AA).*—There was an excess of Rs. 2,158,365 under this grant. This was attributed to belated adjustment of expenditure on purchase of Stationery by Pakistan Missions Abroad during 1982-83 and 1983-84. The Committee directed that the Department should be careful, the excess was recommended for regularisation through Excess Budget Statement.

1132. *Grant No. 93—Other Expenditure of Ministry of Interior (Page 702-AA).*—A part of the Grant was controlled by Interior Division and the other by Cabinet Division. There was an expenditure of Rs. 69,964,650 against Final Grant of Rs. 155,477,000, in case of Cabinet Division, which resulted in saving of Rs. 85,512,350. The Department explained that actually there was no variation. This was due to transfer of control of C.D.A. from Interior Division to Cabinet Division. The Committee accepted the explanation.

1133. *Grant No. 133—Capital Outlay on Land Reforms (Page 40-AA).*—There was saving of Rs. 4,580,002 which was surrendered in time. The Committee did not make any observation.

1134. *Grant No. 138—Development Expenditure of Cabinet Division (Page 50-AA).*—The saving of Rs. 1,000,000 was surrendered in time. The Committee did not make any observation.

1135. *Grant No. 172—Capital Outlay on Works of Cabinet Division (Page 54-AA).*—The saving of Rs. 3,048,000 was within permissible limits. The Committee did not make any observation.

1136. *Grant No. 186—Capital Outlay on New Federal Capital (Page 708-AA).*—There was no variation under this Grant.

#### AUDIT REPORT—1984-85

1137. *Expenditure incurred on Deposit works in excess of deposits received Rs. 20.6 Million (Para 2, page 27-AR).*—Audit pointed out that expenditure on Deposits Works was required to be restricted to the amount of Deposits received, as required under the rules. The C.D.A., however, incurred an expenditure of Rs. 20.6 million in excess of deposits received on 26 works. The Department explained that expenditure on 21 works has been cleared, leaving balance of 5 works only. These were all Government Works. The Committee settled the paragraph subject to verification by Audit.

1138. *Loss due to damage to Sanitary Sewerage System—Rs. 414,500 (Para 3, page 28-AR).*—According to Audit, a CDA Division paid Rs. 414,500 to a contractor in June, 1984 for providing, laying and repairs of sewerage lines laid during 1973—84 which were found defective. The Authority was thus put to loss of Rs. 414,500. Results of inquiry and final action was not known. The Department reported that an inquiry was held, but it was not considered satisfactory. Another inquiry was ordered. The Contractor involved in this case died, but certain the matter was under active action.

1139. The Committee directed that action should be finalized and got verified from Audit. The paragraph was settled subject to above remarks.

1140. *Loss of Rs. 20,094 on account of T&P Articles (Para 5, page 29-AR).*—Audit pointed out that T&P articles (Ceiling Fans, Gas burners etc. (valuing Rs. 20,094 were found short in Government houses vacated during 1983-84. The Department's reply that Estate Office allotted houses and was responsible for shortages, was not accepted by Audit, as account of inventory items devolved upon CDA being responsible for maintenance. The Department explained that it was the responsibility of Estate Office, with whom the matter was being pursued vigorously. The Committee settled the paragraph, subject to verification of Final action by Audit.

1141. *Kohistan Development Board (Paras 1 to 11, pages 30 to 43-AR).*—The Department submitted a report of the Committee formed in compliance to PAC directive dated 6-1-1987, to the PAC. The PAC observed that they could not study the said report. The consideration of the Report was deferred by the PAC.

## COMMERCIAL ACCOUNTS—1984-85

**Printing Corporation of Pakistan**

1142. *Overpayment of Rs. 88,974 due to wrong pay Fixation and pre-requisites of an Executive Director (Para 5, page 21-ARCA).*—Audit in their Report pointed out that an officer appointed as Production Manager in 1969 was subsequently placed in NPS-20 in 1973 and worked as acting Managing Director till December, 1979 in Printing Corporation of Pakistan. Officer was over paid Rs. 88,974 on account of pay and allowances of Management Grade from December, 1979 to November, 1982. The Department contested the Audit point of view and reported that the officer had since retired from service. He was paid pay and allowances according to the decisions of Board of Directors which was competent to allow him all these allowances etc. The PAC directed that Performance Evaluation of P.C.P. should be carried out by Audit.

1143. *Loss of Rs. 118,041 due to non-revision of flat rate for recovery of Sui Gas Charges (Para 6, page 21-ARCA).*—Audit pointed out that PCP, Press Islamabad paid Rs. 148,672 for supply of gas in its residential colony during 1982-83. Occupants were charged at nominal flat rate of Rs. 9 to 10, totalling Rs. 30,631. Differential amount of Rs. 118,041 was borne by Press which was a loss to the organisation. The Department reported to the Committee that it was governed by an agreement with C.B.A. Attempts had in the past been made to cover the matter. It will again be considered in the negotiations to be conducted in September, 1987. The paragraph was settled by the Committee.

1144. *Avoidable payment of Rs. 89,340 on Account of Demurrage Charges (Para 7, page 22-ARCA).*—As per Audit, PCP imported certain equipment in January, 1982. Consignment arrived at port on 7th June and surveys were completed by 16th June, PCP cleared it on 16th August, while it should have been cleared by 17th June. Thus Corporation had to pay demurrage of Rs. 89,310 due to 71 days delay in clearance. The Department explained that it was mainly due to dispute over the amount of Custom Duty. An amount of Rs. 26,453 was adjusted from the final bill of the clearance agent and the remaining amount was still recoverable. The Committee directed that the matter should be finalised early, with these observations, the paragraph was dropped.

1145. *Non-reconciliation of dead items (Para 85, page 101-ARCA).*—Audit pointed out that as on 30-6-1985 there were stores and spares of Rs. 25 million including dead stock and spare parts valuing Rs. 1.34 million and Rs. 3.5 million respectively. No subsidiary record showing nature and quantity of dead stock items and spares was maintained despite the fact that omission was pointed out in the Report of 1982-83 as well. The Department informed all efforts were being made to reconcile it. The Committee directed that it should be completed early. The paragraph was dropped.



1146. *Un-adjusted Advance of Rs. 0.25 Million (Para 86, page 102-ARCA).*—As per Audit, Rs. 0.256 million advanced to PWD for repair and renovation works in 1973 remained unadjusted due to dispute on account of substandard works. The Department stated that the Accounts had since been rendered by PWD and these were being examined. The paragraph was dropped subject to verification by Audit.

1147. *Out Work of Rs. 5.5 Million (Para 89, page 102-ARCA).*—According to Audit Report, out work *i.e.* job executed from private press increased from Rs. 2.3 million in 1983-84 to Rs. 5.5 million in 1984-85 despite addition of a plant and machinery. Increase in out work was 132% as compared to increase in sales by 46% and needs to be controlled. The Department explained that the out work has not increased in proportion to sales and was only done in emergent cases. The Committee settled the paragraph.

1148. *Stock taking not done (Para 80, page 100-ARCA).*—Audit pointed out that physical verification of Stores and Stocks for the period ending 6/85 was not carried out. The Department explained that was an omission on the part of an officer, who had since retired. The verification for the year 1985-86 had since been made which cover the period. The paragraph was settled.

1149. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other paragraphs other points in the Appropriation Accounts and Commercial Accounts and Audit Report thereon. These would be deemed as settled, subject to such regularisation action as may be necessary under the rules.

1150. The Committee then adjourned to meet again at 9.00 a.m. on 27th July, 1987.

Islamabad, the 24th January, 1988.

K. M. CHIMA,  
Secretary.

**PERFORMANCE REPORT**  
**ON**  
**DEFUNCT KOHISTAN DEVELOPMENT BOARD**  
**(1977—1983)**

**APRIL 1987**

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## INTRODUCTION

The Public Accounts Committee during its meeting held on 6th January, 1987, while examining the draft paras pertaining to the defunct Kohistan Development Board, directed that a Committee comprising the representatives of the Cabinet Division, Government of NWFP and the Auditor General of Pakistan, be constituted to write a Performance Report on the defunct Kohistan Development Board (KDB) and the Report may be submitted to the PAC within four months. In pursuance of the PAC's decision, a Committee was formed by the Cabinet Secretary ; whose composition is given at Annexure I.

2. During its preliminary meeting, the Committee observed that the KDB was wound up on 30th June, 1983 and all its employees either reverted to their parent departments or their services were terminated, except for a small Finalization Cell comprising 96 personnel which worked for another six months to finalize the winding-up-phase. This Cell handed over ~~inter alia~~, all the records, pertaining to the defunct Organization, to C&W, Agriculture and other concerned Departments of the Government of NWFP. The record was further distributed to various C-&W Divisions and other concerned agencies located at different places in the earthquake affected area.

3. It will be appreciated that in view of the above-mentioned circumstances, it was an uphill task for the Committee to write a report on the performance of an Organization which was wound up more than three years ago, its records scattered at different places and its employees dispersed. However, an attempt has been made to formulate the Performance Report from the information obtained through the available record, by physical inspection of a number of schemes in different sectors and by consulting a cross-section of the people concerned with the Project.

## BACKGROUND

On the fateful night of 28th December, 1974 the heart of Indus Kohistan was shaken. An earthquake of severe intensity rocked the rugged mountainous region causing heavy loss of life and property. This calamity aroused tremendous concern the world over. The then Prime Minister appealed to the friendly countries for help. On this appeal, generous aid was rushed to Pakistan from as many as thirty-one countries and their philanthropic organizations. Sufficient resources became available not only to provide immediate relief and succour for the rehabilitation of the stricken people but enough was left to permit the launching of a wide-based uplift development programme. The then Prime Minister ordered that every penny of the money received should be spent on the relief and rehabilitation of the affected population and development of affected area. A meeting was held in Islamabad on 6th January, 1975 to review the situation and the relief measures in the earthquake affected area. As a result of this meeting, it was decided to

constitute a committee for rehabilitation and reconstruction work. The committee was directed to suggest measures for the permanent rehabilitation and reconstruction of the earthquake affected areas.

### PLANNING

In pursuance of the directive of Rehabilitation and Reconstruction Committee, the Government of NWFP undertook the preparation of development plan for the earthquake affected areas. Survey teams deputed by various departments visited the area and submitted their proposals. The requirements submitted by the major departments in financial terms were as follows :—

					<i>(Rs. in Million)</i>
(a) Buildings and Roads Department	--	--	--	--	1283.9
(b) Public Health Engineering	--	--	--	--	12.9
(c) Irrigation Department	--	--	--	--	18.0
(d) Industries Department	--	--	--	--	71.3
(e) Agriculture Department	--	--	--	--	50.2
(f) Forests .. .. .	--	--	--	--	58.5
(g) Animal Husbandry .. .. .	--	--	--	--	16.9
(h) Health .. .. .	--	--	--	--	22.7
(j) Education .. .. .	--	--	--	--	41.3
(k) Miscellaneous .. .. .	--	--	--	--	82.7
				<hr/>	
				Total ..	<hr/> 1658.4 <hr/>

2. The above requirement of various Sectors were considered in a meeting and it was the unanimous view that the plans were neither imaginative nor in line with the objectives of the Government. At the same time the finances required for the implementation of the plan would not have been possible to obtain. It was, therefore, suggested that a realistic plan be prepared in consultation with the Planning & Development Department, both for replacement and rehabilitation and for the development of the area. Accordingly, a revised outline reconstruction Planning & Development Department, both for replacement and rehabilitation and for the development of the area. Accordingly, a revised outline reconstruction plan for the earthquake affected areas was prepared in the Planning and Development Department Government of NWFP, based on the plans submitted by the

other Departments. The amount of the proposed plan after revision was Rs. 510.2 million. Sector-wise cost was as under :—

	(Rs. in million)
(a) Roads and Bridges .. .. .	196.7
(b) Housing .. .. .	38.6
(c) Government Buildings .. .. .	25.3
(d) Water supply .. .. .	9.5
(e) Irrigation .. .. .	18.0
(f) Industries .. .. .	15.0
(g) Forests .. .. .	58.5
(h) Animal Husbandry .. .. .	10.0
(j) Seeds and Fertilizers .. .. .	1.0
(k) Education .. .. .	19.2
(l) Health .. .. .	18.4
(m) WAPDA (Power) .. .. .	50.0
(n) Miscellaneous .. .. .	50.0
<b>Total ..</b>	<b>510.2</b>

3. This outline plan was submitted to the Federal Government and was discussed in the 2nd and 3rd meetings of the Committee for reconstruction and rehabilitation of earthquake affected areas at Islamabad on 4th March, and 8th March, 1975, respectively. It was observed that details of each project were still not available and even the revised cost of the three years plan at Rs. 510.2 million was far in excess of the total donations received for the purpose. The Provincial Government was therefore, asked to revise its demand accordingly. A number of other decisions were also taken while discussing the schemes sector-wise. The development plan had accordingly been recast and brought down to Rs. 442.0 million, also incorporating the decisions of the special committee referred to above. Details of the Development Plan are given at Annexure II. It was however pointed out that the "Plan had been based on a preliminary reconnaissance of the area. The preparation of the plan posed serious difficulties in view of the difficult geographical conditions and complete absence of communication net-work in the area. The plan would, therefore, be suitably modified where necessary after detail site investigations and feasibility studies were carried out".

4. Later, however, the Cabinet Committee in its 2nd meeting held on 8th August, 1979 decided to drop certain schemes which were considered not to be of direct benefit to the people of the area. Details of the schemes dropped by the Cabinet Committee is given at Annexure III.

5. An agreement was executed between the Government of Pakistan and the World Food Programme concerning food assistance for Kohistan Development Project. The Agreement was operative with effect from 1st January, 1978. It was agreed that the Government would deposit in separate bank account all funds generated by the sales of WFP commodities which would be utilized, *inter-alia*, for strengthening the Project. A list of schemes planned to be financed from the funds generated through the sale of WFP food commodities is given at Annexure IV.

6. Due to certain compelling reasons some of the schemes in the initial development plan were later dropped and certain others added by the Kohistan Development Board after 1979. Details are at Annexure V. The final list of schemes, which emerges after the above-mentioned changes is at Annexure VI.

### IMPLEMENTATION

In order to implement the rehabilitation/reconstruction programme in the Indus Kohistan area affected by the earthquake, an independent organization named as Kohistan Development Project (KDP) was created by the NWFP Government. This Organization which undertook the development work in the affected area in the middle of 1975 was required to complete the Plan within a period of three years, *i.e.*, by June, 1978. However, in 1976 the then Prime Minister expressed his dissatisfaction over the progress made by the KDP and directed the re-organization of KDP into a board under the administrative control of the Federal Government with more administrative and financial powers so that an effective and expeditious implementation of the Development Plan could be ensured. Consequently, the Kohistan Development Board (organization of KDB may be seen at Annexure VII) came into existence on 1st January, 1977 through a Resolution passed by the Federal Government (Annexure VIII). In addition, a Committee named "Earthquake Relief and Rehabilitation Committee" (ER-RC), comprising the Secretary General Finance as its Chairman and Secretaries Cabinet and Planning Division's Chief Secretary NWFP and Chairman KDB as members, was also constituted for overall supervision guidance and control of the KDB.

2. All the completed and on-going schemes of the Development Plan were taken over by the KDB. The number of completed schemes in each Sector along with the expenditure incurred at the time of taking over by the KDB, is given at Annexure IX. The KDB was required to complete the Project by June 1981 and hand over the completed Schemes to the Government of NWFP. However, it could not complete its task by the target date. Its life was therefore extended by another two years, *i.e.*, upto 30th June, 1983. Before the KDB was wound up, a small finalization cell was created with effect from 1st July, 1983, for a period of six months to finalize the winding up phase. The KDB implemented and handed over, to the Government of NWFP all the Schemes in various Sectors



except four schemes i.e., (i) Kund Bannu road, (ii) Karg Jabbar road, (iii) Pattan Ziarat road and (iv) Jalkot Nullah road, which could not be completed due to shortage of funds and time. The KDB had requested the Federal Government during the 3rd meeting of the Cabinet Committee to arrange funds to the tune of Rs. 5.394 million for completion of the above schemes but due to budgetary constraints, the request could not be acceded to and the Board was advised to hand over these schemes on "as is" basis. In the Irrigation Sector, Harban irrigation channel could not be made functional due to dispute of local tribes. Sector-wise lists of works completed by KDB, in donated and generated plans, showing the dates of completion are at Annexures X and XI respectively.

### FUNDING

It will be seen from Annexure XII that out of a total donated amount of Rs. 428.801 million, Rs. 64.284 million were allocated for compensation etc. to be paid to the affecteds, thus leaving a balance of Rs. 364.517 million for actual development plan. However, in October, 1979, the Cabinet decided to approve the cost-overrun of Rs. 97 million to cover the commitment of Rs. 31 millions under the WFP Agreement (towards handling, transportation and storage charges of the food commodities from Karachi to the Project area), modifications in the Plan and the escalation in the cost of construction material. The total allocation for the donated plan upto October, 1979, thus added up to Rs. 461.517 millions.

2. On the other hand in the WFP programme, it was planned to provide food commodities worth Rs. 87,374 million to the Project. It was estimated that an amount of approximately Rs. 47 million would be generated through the sale of some of these commodities on subsidized rates to the workers. This amount was planned to be allocated to the generated development plan. The total amount realized through the sale of food commodities upto the end of the Project was however Rs. 25.443 millions as against the estimated amount of Rs. 47 millions.

3. The amount released by the Federal Government to the KDB in the ADPs is shown at Annexure XIII which totals to Rs. 465.878 million as against the total allocation of Rs. 461.517 million for the donated plan. The release of the additional funds amounting to Rs. 4.361 million, duly approved by the Cabinet Committee, was necessitated due to the creation of Finalization Cell and KDB's liability of leave salary and pension contribution of the deputationists. In addition, the KDB received funds amounting to Rs. 25.331 million from other sources.

### FINANCIAL MANAGEMENT AND CONTROL

*Budget Plans and Releases of Funds.*—Through a Resolution of 1977, the Kohistan Development Board was vested with vast financial powers for the execution of the project. However, the overall control of the funds remained with the

Cabinet Division of the Federal Government. The Board, constituted with effect from 1st January 1977, comprised the following :—

- (a) Chairman.
- (b) Member Technical.
- (c) Member Finance.
- (d) Member Land Development, and
- (e) Commissioner, Hazara Division (*Ex-Officio* Member).

2. The Board prepared annually its own budget estimates for inclusion in the Federal Budget of the Cabinet Division. The release of funds from budget allocation by the Cabinet Division was made to KDB on quarterly basis against an express demand of funds worked out by the KDB every quarter. The demand by KDB was to be submitted at the beginning of the quarter preceding the one to which the demand related. On receipt of the demand in the Cabinet Division, the same was examined and release of funds made through issue of a Government sanction to the AGPR, Islamabad. The AGPR in turn, issued payment authority to the State Bank of Pakistan, Rawalpindi from where the transfer of funds was requested by the KDB for credit to a central KDB account in the National Bank of Pakistan, Rawalpindi Cantt.

3. *Bank Accounts and Distribution of Funds.*—The total amount of quarterly releases was got transferred from National Bank of Pakistan, Rawalpindi Cantt to the National Bank of Pakistan Main Branch, Abbottabad by the KDB for ultimate utilization by KDB D&DOs at Head Office and Project area, through their respective banks. The transfer to and distribution of funds among various nationalized banks at Abbottabad was arranged on the basis of the accounts opened with their branches in the Project area, for KDB D&DOs, who were mostly the Engineers Incharge of the Divisions. The demands of funds for their divisions from various D&DOs of the KDB were received every month at Board's Head Office at Abbottabad, after having been vetted by the Director-General Works (Member Technical). These were then examined by the Director Finance (Member Finance) and keeping in view the availability of funds centrally at Abbottabad banks, orders for release of funds against each and every demand of a D&DO were obtained from the Chairman. The amount to the extent of the sanctioned limit was then released to every D&DO by the Member Finance by issuing an authority letter, transferring the requisite amount of fund from the main branch of the bank concerned at Abbottabad to its respective Project area branch. Thus the funds required by a D&DO were placed at his disposal at his nearest bank, from where he could draw the money against issue of cheques.

4. All the banks with KDB accounts were required to furnish a monthly bank statement in respect of each KDB account maintained by them to the Chairman, KDB for necessary check and record by the Member Finance.

5. Since the demands of funds by D&DOs were originally raised after due scrutiny and sanction by the Director-General Works (Member Technical), all the D&DOs were vested with full financial powers, so far as the drawings from their banks and incurring of expenditure in their divisions was concerned. Re-appropriation of funds was however, to be sanctioned by the Chairman.

6. *Maintenance and Submission of Accounts.*—The maintenance of accounts by the D&DOs was on the pattern and style of CPWA Code. The cash book and the related forms used in accounting were of CPWA system.

7. By 10th of the month following, an expenditure account for the preceding month was submitted by each D&DO to the Chairman, Consolidating the expenditure accounts so received from Project area, as also from Head Office D&DOs, the Member Finance was to submit, the monthly KDB account to the Cabinet Division on a proforma prescribed by the latter.

8. *Investment in Banks to Generate "Interest".*—Since a short time lag was involved in the transfer of funds from Abbottabad to D&DOs in the Project area, the funds transferred from Rawalpindi were, in the first instance, placed as investments in the shape of Fixed Deposit or Short Term Deposit Receipts, with Abbottabad banks. An "Interest Account" was, in this way, created by the KDB, wherein the generated amount of interest, on maturity of term deposit receipts, was created. By the close of the Project the funds generated in the "Interest Account" amounted to Rs. 13.005 million.

## PROJECT EVALUATION

*Nature and Composition of the Project.*—Unlike other nation building departments, this was a multi-dimensional project with vast spectrum Developmental functions in Communication, Public Health Engineering, Building & Housing, Irrigation, Industries, Hydel Power Generation, Forest, Animal Husbandry, Agriculture, Fisheries and Social Welfare Sectors. To meet with such diverging functions, services of various professions and disciplines were lent and integrated in the administrative structure of the project.

### 2. *Constraints and Difficulties :*

- (a) The Project was started under adverse conditions in that the area had been hit by an earthquake and the developmental activities spread over 6600 sq. km of remote, tough and in accessible area. It was totally devoid of basic amenities of life. Social and weather conditions resulted in a short working season. Skilled labour and experienced constructors were not available locally.
- (b) The civil administration was not fully mobilised in the area as, Kohistan and Mansehra districts were created in 1976 whereas, the State of Swat was converted into a district in 1969. Land Acquisition Act was

not extended to the area, resulting in great difficulty in acquiring land for the schemes. With the exception of Karakoram Highway, there were no means of communication to the Project area. Karakoram Highway too, remained closed for weeks due to construction work, land slides and snow-fall etc. KKH was completed in 1978.

- (c) Being a newly raised Organization, road making machinery could not be inducted into the Project at appropriate time. Similarly, procurement of explosives was neither regular nor adequate. Working conditions for the field staff were also not attractive due to tent life, thus running the risk of security due to prevalent social and weather conditions.
- (d) Construction material and machinery had to be stored in open space, subject to loss due to thefts and weather effects.
- (e) With all the above factors put together, it is gathered that not only the communication sector (which is the major component of the out-lay) has suffered for timely completion within stipulated cost but overall functioning of the project was affected.

3. *Appraisal of the Project.*—As a result of inadequate planning and hasty formulation in the start, the Project warranted frequent appraisals from time to time. Primary appraisal was done for individual schemes during approval, whereas overall detailed appraisals of the Project were done in September 1978, September 1979, June 1981 and June 1983 by KDB, Planning Division and KDB respectively. In above appraisals, besides induction of world food assistance to the Project, overall scope of it, alongwith revised costs of various sectors, was revised.

4. *Social Welfare Programme.*—Besides development activities, the KDP had launched various social welfare programmes in different walks of life. Some of them are briefly defined below :—

- (a) The area being very backward, the social structure prevailing there needed to be agitated. For the purpose, documentary and recreational films were shown regularly through mobile teams. A reaction by conservative element of the society in the start was but natural but later on, having appreciated the importance of such like programmes, this media of recreation got encouraged and people asked for such shows frequently both in Pashto and Urdu.
- (b) Sports competitions were also regularly arranged among the grown ups of the area. Sports items were distributed free of cost for encouraging games in the area. On school level, Inter School competitions in games and debates were also held. Besides giving cash awards to the winning teams/individuals they were also taken round the country for broadening their out-look.

- (e) Food commodities were sold to the workers and local population on subsidized rates. For encouragement of education in the area, free milk was distributed among the children in the streets and students in the schools. Second-hand clothings were also distributed among the students, disabled, widows and other needy people.
- (d) With the collaboration of Ayub Medical College, specialists were invited to the Project area for treatment of the patients. About 15,000 patients were treated through this arrangement. Since hospitals were not established and medical staff not posted in the Project areas, the KDB had appointed dispensers through whom, the staff of KDB as well as the public were extended medical facilities.
- (e) The KDB also arranged courses in family planning and Mother and Child health care. A Mother and Child Health Centre was permanently established at Pattan where sufficient number of Daies were trained. Courses for Dispensers and Health Guards were also conducted and about 200 persons were trained in this field.
- (f) The rate of literacy being very low in the Project area, adult literacy programme was launched through 271 local trainees and they were assigned promotion and propagation of adult literacy in the area. About 5,000 illiterates were given education under the programme.
- (g) The skilled labour being very rare in the Project area, the KDB conducted training courses in various trades like forestors/forest guards, bulldozer/compressor operators, plumbers, carpet weavers, mechanics, electricians and veterinary workers etc. Thousands of people were trained in the above trades. Majority of them were engaged on schemes during execution of the Project and later on transferred at the completed schemes for their maintenance/operation. The surplus trainees had their jobs outside the Project area.
- (h) Representatives of the local bodies in the Project area were associated with the execution of the schemes, particularly pertaining to generated plan. The locals contributed in the form of free labour in such schemes. In this way, the sense of participation in developmental activities was developed. KDB also arranged get-togethers of the District Councillers, Officers of the three Districts, staff of KDB and common man. These gatherings were aimed at developing social understanding among the people.

5 *Appreciation of the Project.*—The performance of the KDB Project had been appreciated by different dignitaries. A few of them are enumerated below :—

- (a) President of the Islamic Republic of Pakistan through his d.o. letter No. 52/2/CMLA dated 28th July, 1983. (Annexure XIV).
- (b) The Cabinet Committee during its 3rd meeting held on 31st October, 1983 (relevant extract of the minutes of the meeting is at Annexure XV).
- (c) All the Ambassadors of the donor countries and the philanthropic organizations were invited to the Project area. Some of them could visit the area and they were shown the development activities financed out of the funds donated by their countries. They all appreciated the performance of the Project. Remarks by some of them are reproduced at Annexure XVI.

6. *On the Spot Inspection.*—In order to assess the performance of the Kohistan Development Board in implementing the schemes in various sectors, the Committee decided to visit certain schemes/projects in different sectors, to be a possible basis for reaching at reasonable standard of evaluation. Conscious of the time constraint, the Committee felt that it would not be possible to physically inspect the schemes situated in various remote areas. Therefore, those schemes which were located nearer the KKH and at a distance which could be covered in shortest possible time, were selected. After going through the lists of the schemes and the documentary evidence of handing over/taking over notes between the representatives of the KDB and the NWFP departments, the Committee selected the schemes at random and particularly those schemes where there was some variation in the handing over/taking over notes. The Committee, physically inspected a total number of 33 schemes, a brief description of each of which is given below :—

(a) *Public Health Engineering :*

- (1) The Water Supply Scheme Shang with an approved cost of Rs. 0.329 million was completed at a cost of Rs. 0.260 million. The maintenance expenditure incurred by the Government of NWFP till June 1986 amounted to Rs. 0.125 million, making a total expenditure of Rs. 0.385 million on the scheme. According to the handing/taking over notes, it has been indicated that "scheme completed but required repair". The Committee observed that this scheme (source-spring/stream, infiltration gallery, supply main, storage reservoir, distribution system and community stand posts) had been completed with proper quality of work and it was found functioning at the time of inspection.

- (2) The Water Supply Scheme Jambira with an approved cost of Rs. 0.502 million was completed at a cost of Rs. 0.528 million. Government of NWFP has not incurred any maintenance expenditure on the scheme so far. No observations are found apportioned to the scheme, during taking over by the Successor Agency. The Committee observed that the scheme (source-spring/stream, infiltration gallery, supply main, storage reservoir, distribution system and community stand posts/ has been completed with proper quality of work and it was found functioning at the time of inspection.
- (3) The Water Supply Scheme Maira was approved and completed at a cost of Rs 0.325 million. No maintenance expenditure is found booked against the scheme by the Government of NWFP. The Successor Agency has made no observations at the time of taking over the scheme. The Committee found that this scheme with specifications as for previous scheme has been completed properly. This scheme too was in functioning order at the time of inspection.
- (4) The Water Supply Scheme Thakot with an approved cost of Rs. 0.736 million has been completed at a cost of Rs. 0.700 million. Government of NWFP has incurred an expenditure of Rs. 0.067 million for maintenance of the scheme till June, 1986. According to the handing/taking over notes, the scheme has been shown as "complete & functional but requiring repair". The Committee found the scheme executed with proper quality of work and was functional at the time of inspection. Specifications of this scheme too, are the same as that of the previous scheme.
- (5) The Water Supply Scheme Sub-Divisional Headquarter Batagram was initially planned and approved for Rs. 0.393 million but later on, due to increase in the scope of work and introduction of pumping device, the completion cost has risen to Rs. 0.743 million. According to the handing/taking over notes, the scheme has been shown as "completed and functional but require repair". The Committee observed that this scheme (source-spring/stream, infiltration gallery, supply main, storage reservoir, distribution system, community stand posts and pumping set) has been completed properly and was in functioning order at the time of inspection.

(b) *Education :*

- (1) The Government High School Thakot was approved for Rs. 0.161 million and completed for Rs. 0.079 million. The Government of NWFP has incurred no maintenance expenditure on the scheme so

far. No observations are found apportioned to the scheme during taking over by the Successor Agency. The Committee noted that this scheme with a scope of reconstruction and repair to the existing damaged building has been executed quite satisfactorily and was found functional at the time of inspection.

- (2) The Government Primary School Thakot was approved for Rs. 0.090 million and completed for Rs. 0.068 million. No maintenance expenditure is found incurred for the scheme by the Government of NWFP. No observations are found made about the scheme during taking over by the Successor Agency. The Committee found the building of the scheme in a good condition.
- (3) The Government High School Shang was approved for Rs. 0.022 million and completed at a cost of Rs. 0.029 million. No maintenance expenditure is found incurred against the scheme so far and also no observations are found made about the scheme at the time of taking over. The Committee found the scheme completed and in good condition.
- (4) The Government Primary School Shang (Girls) was approved for Rs. 0.072 million and completed for Rs. 0.082 million. Neither maintenance expenditure is found incurred on the scheme so far nor the Successor Agency had any observations about it while taking over. The scheme was found completed and in a satisfactory condition.
- (5) The Government Primary School Jambira was approved for Rs. 0.058 million and completed for Rs. 0.052 million. The Government of NWFP has incurred an expenditure of Rs. 0.006 million for the scheme on account of maintenance. According to the handing over/taking over notes, the scheme was shown "requiring minor repair and M&R". The Committee noted the scheme completed satisfactorily.
- (6) The Government Primary School Shahpur (Girls) was approved for Rs. 0.062 million and completed for Rs. 0.044 million. No expenditure is found booked against the scheme by the maintenance agency, so far. Similarly no observations are found attached with the scheme at the time of taking over by the maintenance agency. This too was found functional with proper quality of work at the time of inspection.
- (7) The Government High School Shahpur (Boys) was approved for Rs. 0.900 million whereas, it is found completed for Rs. 0.586 million. The Committee found the scheme executed satisfactorily, with no maintenance expenditure incurred on it so far.



(c) *Health :*

- (1) The Basic Health Unit Jambira with residential accommodation was approved at a cost of Rs. 0.286 million and completed for Rs. 0.309 million. The Government of NWFP has incurred an expenditure of Rs. 0.075 million on the scheme till June, 1986. and also, no observations are found made by the Successor Agency while taking over. The Committee found the scheme completed satisfactorily and was functional at the time of inspection.
- (2) The conversion of 20 bedded hospital into RHC Karoara envisaged construction of residence of a Lady Doctor. This scheme was approved for Rs. 0.484 million and completed for Rs. 0.283 million. The Government of NWFP has incurred an expenditure of Rs. 0.314 million on account of repair, maintenance, improvement and additional works on the scheme till June, 1986. The Committee observed that the scheme has been completed with satisfactory quality of work and the hospital was functioning at the time of inspection.
- (3) The 50 bedded hospital Besham was meant as a fullfledged District Headquarters Hospital. This was approved for Rs. 5.556 million and completed for Rs. 6.597 million. The Successor Agency at the time of taking over has observed that the scheme "required repair". The Government of NWFP has incurred an expenditure of Rs. 0.571 million on account of repair, maintenance, improvement and additional works still June, 1986. The Committee found that the scheme was completed with proper quality of work. However, it was observed that the hospital has not been put to proper use partially because all patients that the Committee met preferred to go to the near-by Missionary Hospital for treatment.
- (d) *Industry.*—The Carpet Training-cum-Development Centre Besham as approved for Rs. 0.711 million and completed for Rs. 0.739 million. No observations are found made against the scheme at the time of its taking over. The scope of the Scheme comprised construction of a building for carpeting industry, procurement of machinery/raw material and training of workers. The Committee found that the scheme has been completed satisfactorily. It was found functional at the time of inspection. The carpets produced were also found to be of good quality.

(e) *Communications :*

- (1) The widening and improvement of Besham Karoara-Khawaza Khela Road was approved for Rs. 48.711 million and completed for Rs. 48.521 million. Government of NWFP has incurred an

expenditure of Rs. 1.890 million on maintenance till June, 1986. There were some observations of general nature made by the Successor Agency while taking over the scheme. One of the members of the Committee had travelled on this road in 1985. On his personal observations and covering the distance on it upto Ajmair-off-shoot, it was found that the road was of good standard. However, it would continue to require maintenance to serve as important link between Besham and Swat.

- (2) The Karoara-Ajmir Road with laid down scope of construction of 18 feet wide formation with retaining hydraulic structures and a length of 27.04 Km. was approved for Rs. 10.963 million. This scheme was completed for Rs. 10.364 million. The Government of NWFP, has incurred Rs. 0.760 million on account of maintenance till June, 1986. At the time of taking over, the Successor Agency had observed that the formation width of the road ranged from 10 to 18 feet and the length of road was 34 Km as against 27.04 Km constructed on ground. The Committee checked the road intensively for verification of the observations in the taking over note and found that the formation width executed on ground is 18 feet and above throughout the length of the road with the exception of about 200 feet length in hilly terrain where the formation width was found a little less than 18 feet. Similarly, the length of road as per approved plan was found as 27.04 Km and not 34 Km as indicated by the Successor Agency. The Committee found the road being used by all types of traffic.
- (3) Pre-stressed Bridge over river Indus at Kund was approved for Rs. 8.963 million and completed for Rs. 7.740 million. Neither any observation had been made at the time of taking over of the scheme nor any expenditure incurred on its maintenance. The Committee found that a scheme involving latest technology has been executed quite satisfactorily by the KDB within a short span of time. Construction of this Bridge has formed an important link with Allai valley inhabited by about 3 lac people.

(F) *Hydle Power :*

- (1) The hydle powerstation at Dobair with a generating capacity of 100 KW was approved for Rs. 2.786 million and completed for Rs. 2.498 million. The Government of NWFP has indicated no repair cost against the scheme with the exception of normal operational cost. The scheme was handed over functional to the Successor Agency and found functional at the time of inspection.

The Committee also noted that KDB has made a special contribution by introduction hydro-electric generation through execution of such schemes in the area. The scope of the scheme envisaged training and regulation of a riverlet, installation of turbine etc. and erection of distribution system etc.

- (2) The hydle power station Kund with generating capacity of 200 KW was approved for Rs. 3.143 million and completed for Rs. 3.842 million. No observations were recorded during the process of taking over. Similarly, no special maintenance expenditure has been booked against the scheme with the exception of normal operational cost. The Committee found the scheme executed satisfactorily. It was found functional at the time of inspection.

(g) *Agriculture.*—The 4 nurseries at Shang, Thakot, Rania and Dandai, making a component of agriculture forests sector were raised for nursing of fruit plants etc. These plants were found to be distributed amongst locals and the land development wing of KDB for plantation. The Committee found that these nurseries were raised and maintained properly during the period of the Project. On winding up of the Project, these were handed over to concerned departments and are even now being maintained for the purpose mentioned above.

(b) *Building and Housing :*

- (1) The Police Post with residential accommodation at Dandai was approved for Rs. 1.722 million and completed for Rs. 0.966 million. No maintenance expenditure has been incurred on the scheme so far. Similarly no observations are found recorded against the scheme at the time of taking over. The Committee found the scheme executed satisfactorily. It was also functional at the time of inspection.
- (2) The Police Station Besham with the office of DSP and residential accommodation was approved at a cost of Rs. 1.015 million and completed for Rs. 1.443 million. The Government of NWFP has incurred no expenditure on the scheme on account of maintenance repair till June, 1986. Also no observations are found recorded against the scheme at the time of taking over. The Committee found the scheme executed with proper quality of work and also found the scheme functional at the time of inspection.
- (3) The rest house Besham with construction of 4 bedded building, drawing/dinning, furniture and furnishing was approved for Rs. 0.652 million and completed for Rs. 0.945 million. The Government of NWFP has incurred an expenditure of Rs. 0.148 million on

account of repair and renovation till June, 1986. At the time of taking over, the taking over agency had observed that the scheme "required renovation". The Committee found the scheme completed quite satisfactorily.

- (4) The B&R building Besham for the offices and residential accommodation of the Divisional office was approved for Rs. 2.410 million. The scheme has been completed at a cost of Rs. 2.083 million. No expenditure on account of maintenance has been indicated by the Government of NWFP. The Successor Agency while taking over the scheme has observed that the scheme was not handed over by KDB, but was taken over on their own. The Committee found the scheme executed with proper quality of work. The office of Executive Engineer B&R alongwith his staff was found functioning in this complex at the time of inspection.

(j) *Forest* :

- (1) The following road-side afforestations were inspected by the Committee :—

- (a) between Shang—Maira—Dandai along KKH ;
- (b) Besham—Karoara—Khawaza Khela road and
- (c) Forest Road Ranial.

- (2) The Committee found that these schemes making a part of the overall Forest Sector were executed quite satisfactorily. They were also found to have been handed over to the concerned department with no observations recorded at the time of taking over.

- (k) *Animal Husbandary*.—The Veterinary dispensary at Shahpur with residential accommodation was approved and completed for Rs. 0.150 million. The Government of NWFP has incurred no expenditure on this scheme on account of repair. Also no observations are found made about the scheme at the time of taking over. The Committee found that the scheme has been executed satisfactorily and was functional at the time of inspection

### RESULTS OF AUDIT

The audit of accounts of Kohistan Development Board was conducted by the Director General, Audit and Accounts, Works, an organization of the Auditor-General of Pakistan. The system of execution of works and maintenance of accounts followed by the Board are as under :—

- (a) *System of Execution of Works*.—For execution of works the "KDB Works Procedure" was adopted. This procedure was devised by

suitably modifying the Public Works System where deemed necessary by the Board.

- (b) *System of Maintenance of Accounts.*—For the maintenance of accounts Public Works System and pattern was followed.

2. The system and procedure prescribed in the codes/rules for maintenance of complete and accurate accounts and prompt recoveries of Government dues was not strictly followed. The following codes/rules were generally violated :—

(a) *Issue of Materials to Contractors and Recovery Thereof :*

- (1) Clause 10 of standard Material be issued as required from agreement. time to time.
- (2) Do. Cost of materials should be deducted from any sum then due or thereafter become due to the contractor.
- (3) Para 243 C.P.W.A. Code. Recovery of cost of materials be ordinarily made from the first bill authorising payment to the contractor.

(b) *Closing Accounts of Contractors :*

- (1) Para 277 C.P.W.A. .. Account of contractor should be closed as soon as his contract is completed.
- (2) Para 278 C.P.W.A. Code. Disbursing Officers are responsible to keep a strict watch over the balances outstanding against contractors with a view to prompt adjustment by recovery.

(c) *Maintenance of Contractor's Ledger :*

- (1) Para 302, C.P.W.A. Code. (a) Ledger accounts should be closed and balanced monthly.  
(b) Closing balance in each account should show the outstanding amount for each work.
- (2) Para 303, C.P.W.A. Code. Month by month agreement should be secured between balances shown in the works abstract and corresponding balance in the ledger.
- (3) Para 304, C.P.W.A. Code. Accounts should be periodically examined to see that balances do not remain outstanding for a long time.

## (d) Responsibility of Departmental Officers Regarding Contractors. :

Para 7.12 (f) C.P.W.A Code.. Engineers and their subordinates are responsible that the terms of the contract are enforced.

3. *Audit Results.*—Test Audit of accounts of the Board was conducted annually. The last audit was conducted in December, 1983. The audit process consisted of a total number of 316 Advance Paras issued to the Board. Out of this number 245 Advance Paras were settled after verification of recoveries/adjustments, carried out by the formation of the Board. Results of the audit are as under :—

## (a) Audit observations incorporated in the Audit Reports :

		<i>Rs.</i>
1981-82 :	Shortages, excess payments mis-	8,888,869
Para 3 to 8	appropriation of material, non-	
pages 23—35.	recovery of dues.	
1982-83 :	Non recovery of dues, shortage	957,655
Para No. 1(i) to 1(6)	of stores.	
and 2.		
pages 21-22.		
1983-84 :	Non recovery of dues, shortages/	309,321
Para 1, 2, 5, 6, 7.	non-accountal of material/frau-	
pages 29—32.	ulent payments.	
1984-85 :	Non recovery of dues, mis-appro-	8,278,932
26 Paras.	propriation of stores, irregular	
	payments.	
1985-86 :	Non accountal of stores/non-	2,775,763
6 Paras.	recovery of cost of material and	
	advances given to staff.	
	Non recovery of cost/hire charges	13,071,866
	of machinery.	

(b) Recoveries made at the instance of Audit and verified .. 21,420,470

(c) In pursuance of the PAC's directive given during its meetings held in April 1986 and January 1987, the representatives of the Cabinet Division and the Auditor-General of Pakistan jointly made an effort to get as

many draft paras settled as possible. In this connection a number of meetings were held and visits paid to the Project Area (Besham). The progress achieved during this period is tabulated below :—

(1) *Position of Outstanding Recoveries in April, 1986.*

Particulars	No. of cases	Amount
(a) Cost of material .. .. .	10	4,246,402
(b) Shortage/Mis-appropriation of material .. .. .	15	3,954,655
(c) Over/Advance payment .. .. .	11	2,315,957
(d) Non-forfeiture of security deposit .. .. .	2	308,281
(e) Miscellaneous .. .. .	7	1,473,784
(f) Cost/hire charges of machinery .. .. .	6	13,443,496
Total .. .. .	51	25,742,575

(2) *Amount of Outstanding Recoveries Reduced Through Verification etc. After April, 1986.*

Particulars	No. of cases	Amount
		Rs.
(a) Cost of material .. .. .	2	1,100,472
(b) Shortage/Mis-appropriation of material .. .. .	4	341,556
(c) Over/Advance payment .. .. .	4	634,750
(d) Non-forfeiture of security deposit .. .. .	2	308,281
(e) Miscellaneous .. .. .	5	1,140,581
(f) Cost/Hire charges of machinery .. .. .	6	7,533,499
Total .. .. .	23	11,059,139

(3) *Final Position of outstanding Recoveries :*

Particulars	No. of cases	Total amount outstanding	Amount of cases referred to Martial Law/Civil Courts	Balance
		Rs.	Rs.	Rs.
	1	2	3	4
				5
(a) Cost of material .. .. .	7	3,145,930	2,805,386	340,544
(b) Shortages/Mis-appropriation of material .. .. .	11	3,613,099	701,670	2,911,429

	1	2	3	4	5
(c) Over Advance payments ..	7	1,681,207	240,000	1,411,207	
(d) Miscellaneous .. ..	2	333,203	293,203	40,000	
(e) Cost/hire charges of machinery.	1	5,909,997	2,738,398	3,171,599	
Total ..	28	14,683,436	6,778,657	7,904,779	

4. The Committee observed that the audit observations emanated due mainly to the following reasons :—

- (a) The KDB authorities did not give due importance to the audit observations and findings. Had the observations been attended to properly and promptly at the time of inspection by the audit teams ; at least the magnitude of these observations would have been reduced substantially. The KDB authorities also failed to reflect in their replies to the audit observations, the peculiar circumstances and unfavourable working environments of the Project, which resulted in the non-observance of the rules and provisions of the codes.
- (b) The KDB authorities even did not produce the relevant record for verification. This is one of the main causes of the audit observations. The record was retrieved and verification carried out during June 1986 and February 1987 by the Committee and audit teams. This also demonstrates indifferent attitude of the KDB officials towards audit observations.

#### LITIGATION

During the discussion on Audit draft paras, the Committee noticed that a large number of cases were instituted by the KDB against the contractors and its employees. Some of these cases were filed in the Civil Courts and others were sent to the Martial Law authorities. These cases vary in nature. The cases against the contractors, by and large, pertain to the non-payment of machinery hire charges, cost of stores and over-payments made to them. Cases against the employees generally relate to mis-appropriation of government funds and stores. A list of the cases referred to the Martial Law authorities, indicating the names of defaulters and the amounts involved, is at Annexure XVII. List of cases pending in the Civil Courts, or with the Civil Administration appears at Annexure XVIII.

2. The Committee, however, observed that no recovery, except a petty amount of Rs. 1450 has been made so far. Among the cases referred to Martial Law Authorities, one case was filed jointly against 8 contractors by KDB, claiming a



total amount of Rs. 12 410 million due for payment against these contractors. The Martial Law authorities constituted a Commission, headed by a Brigadier, in this case. The Commission after thoroughly investigating the case gave a verdict (relevant extract from the report of the Commission is attached at Annexure XIX) for the recovery of Rs. 2.177 million only from the contractors. The KDB approached the local administration to recover the amounts from the defaulting contractors as arrears of land revenue but to no avail. The KDB again reverted to the Martial Law Authorities for the recovery of the amount. The latter directed the Summary Military Court No. 77 at Abbottabad, to affect recoveries. However, before any recovery could be made from the contractors the Martial Law Authorities for unknown reasons decided to pend action on recovery.

3. A number of cases have been lodged by various contractors and employees against the KDB itself. A list of such cases (this list is not complete because a large number of cases have recently been filed, the details of which could not be obtained) is attached at Annexure XX. These cases will have to be defended by the Successor Agency to obviate any chances of *ex parte* decisions, requiring the Government to pay large sums of money now claimed by the petitioners.

#### WINDING UP

The Kohistan Development Board was wound up on 30th June, 1983. Prior to its winding up, it was felt that a certain number of schemes undertaken by the KDB would not be completed by the target date. Also, it would not be possible for the KDB to settle cases pertaining to audit, litigation and compensation. It was therefore proposed by the KDB to create a Cell which could accomplish the above mentioned tasks and ensure a smooth handing over of the Project to the Successor Agency, i.e. the C&W Department of the Government of NWFP. Consequently, the Earthquake Relief and Rehabilitation Committee during its meeting held on 20th June, 1983 approved the creation of a Cell known as the Kohistan Finalization Cell with effect from 1st July, 1983, for a period of six months. The creation of this Cell was notified *vide* Cabinet Division's Resolution No. 2/3/83-ERC (C) dated 23rd July, 1983. The Cell, headed by the Chairman, KDB himself, comprised 96 personnel and was entrusted with the following responsibilities :—

- (a) to complete the maximum possible number of carry-over schemes till the 31st December, 1983 ;
- (b) to transfer all schemes to the Government of North-West Frontier Province by the 31st December, 1983 ;
- (c) to determine the assets and liabilities of the Board and the manner of their disposal ;

- (d) to follow up and to complete action on all outstanding PC-I Proformaes ;
- (e) to settle all audit objection cases ;
- (f) to settle all land compensation cases ;
- (g) to attend to the Court cases filed by or against the Board ;
- (h) to attend to any other matters connected with or referred to the Board.

2. The Kohistan Finalization Cell, however, could not accomplish the assigned task within the stipulated period. It was therefore proposed to continue with a smaller cell, consisting of 14 personnel, which could deal with matters like land compensation cases, legal cases filed by and against the KDB (pending with Martial Law Authorities and Civil Courts/Local Administration) and outstanding Audit draft paras/observations. The above proposal was approved by the Cabinet Committee during its meeting held on 31st October, 1983. It was decided that the Finalization Cell with the reduced establishment would continue to function beyond 31st December, 1983, for a period of six months under the Government of NWFP and not the Cabinet Division.

3. Later on, the Governor of NWFP was pleased to direct, *vide* Notification No. SO(O&M) S&GAD/2-20/1984 dated 2nd May, 1984, that the functions and duties assigned to the Kohistan Finalization Cell, on its winding-up stand allocated to the C&W Department of the Government of NWFP with effect from 1st January, 1984.

4. After having probed into the winding up phase of the KDB, the Committee is of the view that despite all the above-mentioned arrangements, which were aimed at ensuring a clean and smooth handing over of the Project to the Successor Agency, the end result is not very satisfying. A large number of audit draft paras pertaining to amounts which runs into millions are still outstanding ; land compensation cases could not be settled in time with the result that a number of land-owners have sued the KDB in Civil Courts, cases referred to Martial Law Authorities have been lost track of with no knowledge of their final outcome ; cases in the Civil Courts have not been properly defended resulting in *ex parte* decisions in some cases , the records were either not handed over completely or not kept and accounted for properly with the result that some of the required record could not be traced out for the purpose of draft paras ; and lastly the final balance sheet was never prepared as directed by the Cabinet Committee during its meeting held on 31st October, 1983, The Cabinet Committee, had also directed that the Government of NWFP should devise and adopt measures to recover the outstanding dues and had debts pending against the contractors and the employees of the KDB respectively. However, no efforts seem to have been made in this regard and no amount of dues or debts has been recovered so far.

## FINDINGS

The initial plan for the development of earthquake affected area was prepared by the Government of NWFP. This plan was prepared in a haste under compelling circumstances. Only preliminary reconnaissance was carried out in a difficult mountainous terrain with almost no communication net work. Therefore the Plan had to be suitably modified after detailed site investigations and feasibility studies, which resulted in a sizeable cost over-run and a lengthy time over-run to complete the Project.

2. The Kohistan Development Project which was initially planned to be completed within a period of 3 years, eventually took 8 years to accomplish. This apparently indicates an inordinate delay in the execution of the Project. In this connection when some of the ex-employees of KDB were consulted the following facts came to light.

- (a) Due to lack of communication infrastructure all the side-valleys, where most of the schemes were undertaken were not easily accessible. Only rough goat tracks existed.
- (b) Stores required to feed the Project were stockpiled on sites and most of the items were carried by donkeys and mules.
- (c) Constant rains during the monsoon season coupled with snowing in the winter, reduced the working year to almost seven months.
- (d) Due to the reluctance of the contractors from down-country to bid for works in Kohistan areas, local contractors had to be engaged. They were mostly inexperienced and also proved problematic.

3. Looking at some of the contributory factors mentioned above one would be convinced that under such unfavourable and peculiar working conditions, the delay in completion of the Project was bound to occur. Even in case of projects which are implemented under ideal conditions, the element of delay cannot be eliminated altogether, moreso when the executing agency is working against heavy odds.

4. There was a general impression in many quarters that all the schemes shown as completed on paper might not have been implemented at all by the KDB. Even the Committee itself had this apprehension when it initially under-took the task. However, the scrutiny of available record, the physical inspection of a large number of schemes picked up at random, informal talk with a number of persons from the local population and above all the statements of the members of taking over agencies, revealed that all the schemes shown in the lists have actually been implemented and handed over by the KDB.

5. The Committee prepared a list of all schemes showing separately the approved cost for each scheme, the actual expenditure incurred by KDB and the maintenance cost incurred by the Successor Agency during the last 3 years.

The Committee was satisfied to note that the total expenditure on each scheme together with its maintenance cost was invariably less than the approved cost for that scheme. This indicates that all the schemes were completed well within the approved cost.

6. During its physical inspection of various schemes the Committee observed that the quality of work done by the KDB was quite satisfactory. Almost all schemes inspected by the Committee were functional and did not show any sign of sub-standard material or workmanship.

7. During the inspection of 50-Bedded Hospital at Besham at about 9 a.m., the Committee found that none of the two doctors posted there was present on duty. The present strength of the doctors and para-medical staff posted in this hospital is also inadequate and the medicines are in short supply. As a result of this, most of the patients in the area prefer to go to the private Mission Hospital in Besham where they are looked after well. The Committee feels that such useful schemes in the Health and other Social Sectors implemented by the KDB, if not fully equipped and run efficiently, would amount to sheer waste of Government funds.

8. The Committee feels that the launching and execution of Social Welfare Programme was a positive step towards the overall change of the socio-economic life in the Project area. The Committee during the inspection found that this programme had made a positive impact on the population of the area.

9. The system of financial control and accounts pattern of PWD was adopted by the KDB. The deviation from the requisite provision resulted in financial indiscipline to the extent that the basic record like contractor's ledgers were not properly maintained. The internal financial controls in the KDB were also not effective. The final statement of assets and liabilities of the KDB transferred to NWFP had not even been drawn.

10. KDB did not attend to audit observations at proper time. The record subsequently made available through the Committee itself could have been produced earlier by the KDB for verification.

11. Despite a clear-cut direction given by the Cabinet Committee during its 3rd meeting held on 31st October, 1983, the Kohistan Finalization Cell failed to prepare the most important document, i.e., the final balance sheet. In the absence of this document all assets and liabilities claimed to have been transferred to the Successor Agency become vague. The Committee had to make an effort to get it prepared, attached as Annexure XXI, through an ex-employee of the KDB. Though not yet authenticated, it does give a picture of the final assets and liabilities of the defunct Organization.

12. In order to get the audit draft paras settled, the Committee made concerted efforts to dig out relevant records of the defunct KDB, now held by the C&W Department of NWFP mostly at Besham and Swat. However, some of the

record could not be traced out inspite of the best efforts. This indicates that the missing record was either not handed over by the KDB to the Successor Agency or the latter could not ensure proper upkeep of this record.

13. The cases against some of the contractors and employees referred to Martial Law Authorities by the KDB were either not lodged properly, in time, or not followed up vigorously with the result that some of them could not be settled prior to the lifting of Martial Law. Even in those cases for which a verdict was awarded by the Commission appointed by Martial Law Authorities, the recoveries could not be affected. Efforts were not made even to get a copy of the Commission's report which was collected from the military authorities by the Committee in February, 1987. The cases lodged with the Civil Courts were not properly defended resulting in an ex parte decision by the Court in one of the cases.

#### RECOMMENDATION BY THE COMMITTEE

The pending litigation cases are required to be properly defended in the civil courts by the Government of NWFP. It is recommended that immediate effective measures be taken by Provincial Government in nominating legal officers. Also officers conversant with the cases be made responsible to assist the legal officers and proper monitoring of the progress of the cases under litigation be done. This would ensure the recovery of substantial amount due from the contractors apart from offsetting a large number of counter claims lodged/being lodged by the contractors in various civil courts.

2. The amount of Rs. 7,904,779 may be written off because this was the outcome of special circumstances and peculiar operations of the Project from 1975 to 1983.

3. The 50—Bed Hospital at Besham is not generating the envisaged benefits to the people of the area. This is mainly due to understaffing and medicine procurement/distribution system. The Christian Mission Hospital situated nearby is far more efficient and active. Due to the zeal and enthusiasm of the doctor practically all patients of both sexes go to this Hospital for treatment. The Government might like to take measures to allow the Mission Hospital to utilize the infrastructure facilities of the 50—Bed Hospital otherwise the entire structure might get grossly damaged because of its non-utilization.

4. The entire procedure of winding up and proper monitoring of the operations of such projects and even the Government sponsored corporations should be prescribed before such projects/bodies are created by the Government. The KDB should serve as a typical example of successes and weaknesses especially in the winding up phase of the Project. It is felt that the achievements of this Organization are not properly projected in the absence of the proper winding up of the Project and this would be the case in all such organizations.

**COMPOSITION OF THE COMMITTEE**

- |  |    |                               |
|--|----|-------------------------------|
| 1. Joint Secretary/Director General, Emergency Relief Cell,<br>Cabinet Division.                 | .. | <i>Chairman.</i>              |
| 2. Director General Audit & Accounts (Works),<br>Lahore.   | .. | <i>Member.</i>                |
| 3. Deputy Secretary (Ops), Emergency Relief Cell,<br>Cabinet Division.                           | .. | <i>Member/<br/>Secretary.</i> |
| 4. Superintending Engineer, C & W Department,<br>Abbottabad Circle.                              | .. | <i>Member.</i>                |
| 5. Executive Engineer, C & W Department, ..<br>Kohistan Division.                                | .. | <i>Member.</i>                |
| 6. Executive Engineer, C & W Department, Swat Division   | .. | <i>Member.</i>                |
| 7. Mr. Mohammad Akram, Ex-Executive Engineer,<br>C & W Department, Kohistan Division.            | .. | <i>Coopted<br/>Member.</i>    |
| 8. Mr. Akbar Niwaz, C.B.R., Ex-Deputy Director,<br>Kohistan Development Board.                   | .. | <i>Coopted<br/>Member.</i>    |
| 9. Lt. Col. (Retd.) M. Chiraghuddin, C.D.A., Ex-Director<br>(Works), Kohistan Development Board. | .. | <i>Coopted<br/>Member.</i>    |
| 10. Major (Retd.) Muhammad Shaffi, C.D.A., Ex-Director<br>(M & S), Kohistan Development Board.   | .. | <i>Coopted<br/>Member.</i>    |
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Annexure IIINITIAL DEVELOPMENT PLAN PREPARED BY THE GOVERNMENT  
OF N.W.F.P.

(Rs. in million)

S. No.	Sector	Estimated cost
1.	Communication .. .. .	170.0
2.	Physical Planning & Housing :	
	(a) Public Health Engineering .. .. .	13.1
	(b) Building & Housing :	
	(1) Housing (Compensation) .. .. .	33.1
	(2) Government Buildings .. .. .	17.8
	<b>Total Physical Planning and Housing.</b>	<b>64.0</b>
3.	Irrigation .. .. .	18.0
4.	Industries .. .. .	5.0
5.	Agriculture :	
	(a) Forest .. .. .	58.4
	(b) Animal Husbandry .. .. .	10.0
	(c) Agriculture (Seeds & Fertilizer) .. .. .	1.0
	<b>Total Agriculture</b>	<b>69.4</b>
6.	Power .. .. .	8.0
7.	Education .. .. .	19.2
8.	Health .. .. .	18.4
9.	Miscellaneous .. .. .	50.0
	<b>GRAND TOTAL</b>	<b>422.0</b>

Annexure III**SCHEMES DROPPED BY THE CABINET COMMITTEE***(Rs. in million)*

S. No.	Name of Sector	No. of Schemes Dropped	Detail/Description	Estimated Cost
1.	Government Buildings	12	(a) 6 inspection bungalows.	2.10
			(b) 6 Police stations/ D.S.P. Offices	5.60
2.	Industries	3	Embroidery centre and other small industries.	4.33
			Total	12.03



Annexure IV**SCHMES PLANNED TO BE FINANCED FROM FUNDS GENERATED THROUGH SALE OF WFP FOOD COMMODITIES***(Rs. in million)*

S. No.	Name of Sector	No. of Schemes Dropped	Detail/Description	Estimated Cost
<b>1. Communication :</b>				
(a)	Roads .. ..	3	Construction of 25 miles new roads and improvement of 12 miles existing roads.	13.10
(b)	Bridges -- ..	25	Construction of suspension bridges.	9.00
<b>2. Physical Planning &amp; Housing :</b>				
(a)	Water Supply Schemes.	20	Provision of Water supply schemes in 20 Villages.	3.00
(b)	Buildings ... ..	—	Construction of buildings for Forest Department, food godown and distribution centres.	3.10
<b>3. Agriculture :</b>				
	Forest ... ..	3	Terracing/afforestation and demonstration farms on 2500 acres.	4.44
4.	Irrigation .. ..	—	Small irrigation schemes for 3773 acres.	11.80
5.	Education .. ..	30	Construction of Primary Schools.	3.00
<b>Total ..</b>				<b>47.44</b>

## SCHEMES DROPPED OR ADDED BY K.D.B. IN THE DONATED PLAN

(Rs. in million)

S. No.	Name of Sector	No. of Schemes Dropped/ Added	Description	Estimated Cost
<b>Schemes Dropped</b>				
<b>Communications::</b>				
(a)	Roads	1	Construction ..	2.200
(b)	Public Health Engineering.	6	Water supply schemes ..	2.411
(c)	Education ..	12	Primary Schools ..	1.795
<b>Total ..</b>				<b>6.406</b>
<b>Schemes Added</b>				
1.	Public Health Engineering.	1	Water supply scheme ..	0.276
2.	Education ..	10	Construction of Primary Schools.	0.935
3.	Power ..	2	Hydel stations ..	9.798
<b>Total ..</b>				<b>11.009</b>

## FINAL DEVELOPMENT PLAN (DONATED)

*(Rs. in million)*

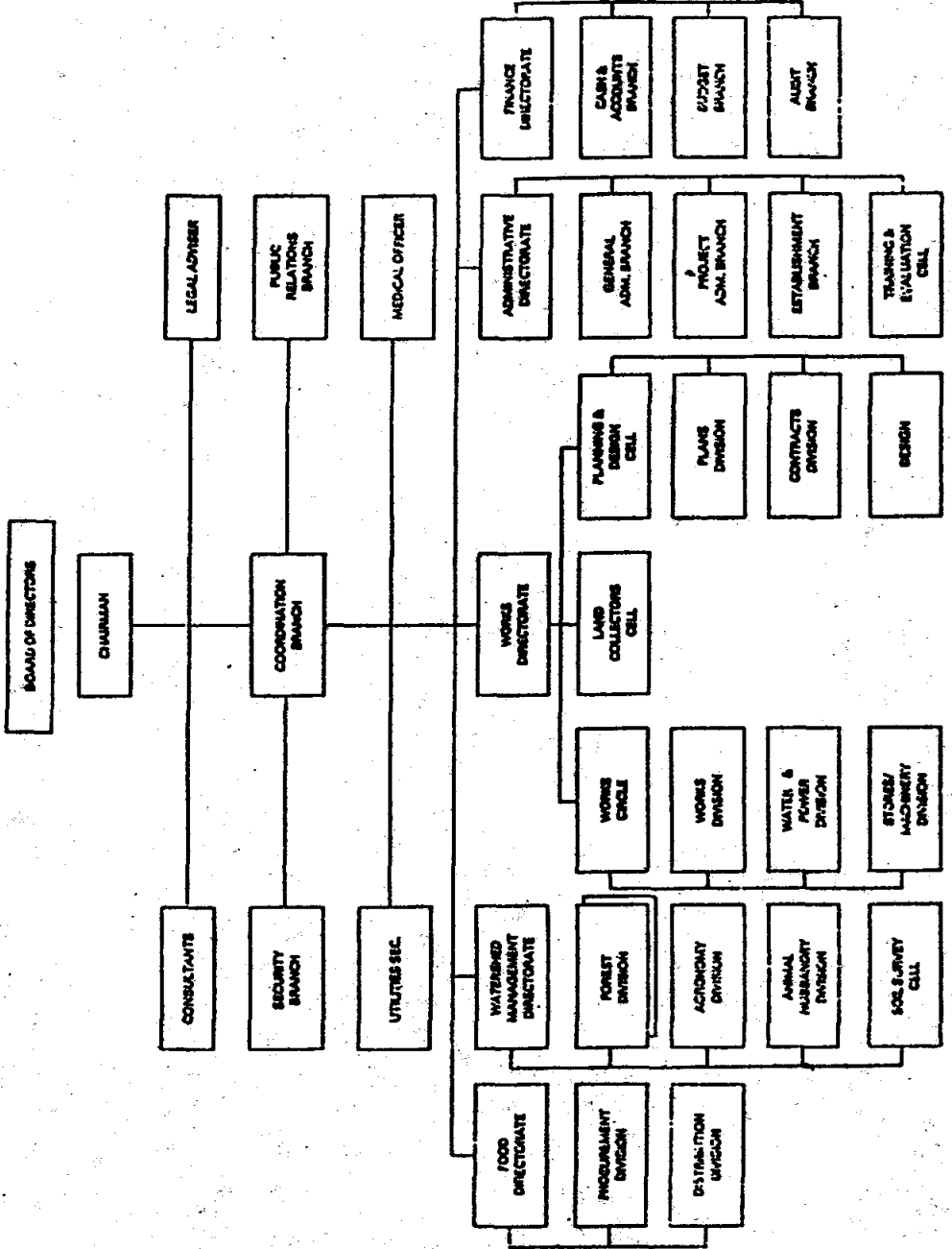
S. No.	Name of Sector	No of Schemes	Detail/Description	Estimated Cost
1	2	3	4	5
1. Communication :				
	(a) Roads .. .. .	28	Construction of shingled roads.	151.800
	(b) Bridges .. .. .	3	Construction of bridges.	16.000
2. Physical Planning & Housing :				
	(a) Public Health Engineering	63	Construction of Water supply schemes.	10.965
	(b) Building & Housing :			
	(1) Shops .. .. .	900	Construction of ..	3.600
	(2) Damaged houses	31000	Compensation for ..	29.500
	(3) Government Buildings.	28	Construction of 10 Police buildings, 5 B & R buildings, 9 inspection bungalows, 3 General Administration buildings and one town-ship at Pattan.	10.100
3.	Irrigation .. .. .	62	Construction of 8 new schemes and repair & improvement of 54 existing schemes	18.000
4.	Industries .. .. .	4	Establishment of 4 industrial training centres etc.	0.670

(Rs. in million)

1	2	3	4	5
<b>5. Agriculture :</b>				
(a) Forest	.. ..	1	Rehabilitation and watershed management in Indus Valley having nurseries, plantation and development of fisheries etc.	58.400
(b) Animal Husbandry	.. ..	1	Compensation and construction of animal husbandries.	10.000
(c) Agriculture	.. ..	2	Purchase of seeds & fertilizers.	1.000
6. Power	.. ..	6	Establishment of 6 hydel stations.	17.798
<b>7. Education :</b>				
(a) Reconstruction	.. ..	70	Reconstruction of 48 Primary, 16 Middle and 6 High Schools.	18.340
(b) Construction	.. ..	70	Construction of 69 new Primary Schools and one Inter College.	
8. Health	.. ..	26	Establishment of 20 BHUs, 5 rural health centres and one Tehsil Hospital at Beaham.	18.400
9. Miscellaneous	.. ..	—	Misc., expenditure	50.000
<b>GRAND TOTAL</b>				<b>414.573</b>

# KHISTAN DEVELOPMENT BOARD - ORGANIZATIONAL CHART

## ANNEXURE - VII



REGISTERED No. S. 1033  
L-7646

**THE GAZETTE OF PAKISTAN**  
**EXTRAORDINARY**  
**PUBLISHED BY AUTHORITY**

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**ISLAMABAD, WEDNESDAY, MARCH 2, 1977**

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**PART III**

**Other Notifications, Orders, etc.**

**GOVERNMENT OF PAKISTAN**

**CABINET SECRETARIAT**

**(Cabinet Division)**

*Rawalpindi, the 2nd March, 1977*

**RESOLUTION**

**No. 245/DS (DRC-II)/77.**—With a view to effectively implementing the development programme for the reconstruction and development of earthquake affected areas of Swat and Hazara Districts, Federal Government has been pleased to constitute a Board.

2. The Board shall be called the Kohistan Development Board.
3. It will consist of a Chairman, a Director Technical and a Director Finance appointed by the Federal Government and one Director nominated by the Government of N.W.F.P.
4. The head office of the Board shall be at such place as the Federal Government may appoint and the Board may establish regional offices or sub-offices at such locations and in such manner as it may deem fit.
5. The Board shall function under the general supervision and control of Earthquake Relief and Rehabilitation Committee consisting of the following :—
  - (1) Secretary General, Finance . . . . . *Chairman.*
  - (2) Secretary Planning Division.
  - (3) Special Secretary, Cabinet Division.

(4) Chief Secretary, NWFP Government.

(5) Chairman, Kohistan Development Board.

The Secretariat of the Committee will be the Cabinet Division.

6. The Federal Government may give such directives or instructions to the Committee and the Board from time to time as it may deem fit.

7. The Board shall be responsible for reconstruction and development of earthquake affected areas of Swat and Hazara Districts. Its functions and duties will include the following :—

(i) The Board shall prepare projects and development programmes for the affected areas of Swat and Hazara Districts. The Board may appoint such study groups for this purpose as may be considered necessary.

(ii) The Board shall submit all projects and development programmes for approval of the Earthquake Relief and Rehabilitation Committee.

(iii) The Board shall take all steps and adopt all measures to ensure execution of the approved projects and development programmes in accordance with the time schedule approved by the Earthquake Relief and Rehabilitation Committee. In doing so it should as far as possible act through Provincial departments.

(iv) The Board may subject to approval by ERRC undertake any work, incur any expenditure, procure plants, machinery, equipment and stores required for implementation of programme and dispose of such plants, machinery, equipment and stores as are no longer required.

(v) The Board may enter into all such contracts as it may consider necessary or expedient.

(vi) The Board may seek and obtain from any agency or local authority advice and assistance for the preparation and execution of any scheme.

(vii) The Board may transfer any project to any agency on its completion with the approval of Earthquake Relief and Rehabilitation Committee.

(viii) The Board may engage such experts, Consultants, Advisers, Contractors and Suppliers as may be necessary for implementing the programme.

8. The Board shall have such administrative and financial powers as may be delegated to it by the ERR Committee.

9. (1) The Board shall submit its annual budget for approval of Government through the Earthquake Relief and Rehabilitation Committee.

(2) The Federal Government will place funds at the disposal of the Board from time to time to meet the charges in connection with its functions from the Prime Minister's Earthquake Relief Fund.

10. The accounts of the Board shall be audited by the Comptroller and Auditor-General of Pakistan. The Board may set up internal audit as and when necessary.

Ordered that the resolution be published in the Gazette of Pakistan.

MOHAMMAD NAWAZ,  
*Special Secretary.*

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**NUMBER OF SCHEMES COMPLETED BY THE GOVERNMENT OF  
N.W.F.P. (KOHISTAN DEVELOPMENT PROJECT)**

*(Rs. in million)*

S. No.	Sector	No. of Schemes Completed	Description	Estimated Cost
1.	Communication..	2	2 roads with a total length of 11.6 K.M. constructed and survey completed.	14.500
2.	Public Health Engineering.	28	28 Water supply schemes completed.	4.310
3.	Physical Planning & Housing.	5	2 police buildings, one B & R building, one inspection bungalow and one general administration building constructed.	4.039
4.	Irrigation ..	1	Restoration of damaged channel.	1.882
5.	Small Industries ..	1	Development- <i>cum</i> -training centre for carpet industry.	0.399
6.	Education ..	76	17 education institutions repaired and 58 primary schools and one science laboratory of a high school constructed.	24.032
7.	Health ..	8	Construction and additional construction in Basic Health Units.	3.145
			Total ..	<u>52.307</u>

Annexure X**NUMBER OF SCHEMES COMPLETED BY K.D.B. (DONATED PLAN)***(Rs. in million)*

S. No.	Name of Sector	No. of Schemes Completed	Detail/Description	Expenditure incurred
1	2	3	4	5
<b>1. Communication :</b>				
(a)	Roads	28	One black topped 67.62 K.M. 4 Motorable shingled K.M., 18 jeepable shingled 250 K.M. and 5 Mule tracks 58 K.M.	229.907
(b)	Bridges	3	Main bridges over River Indus at Kund, Pattan and Kandian.	
<b>2. Physical Planning &amp; Housing :</b>				
(a)	Public Health Engineering.	65	Water supply schemes ..	20.607
(b)	Buildings & Housing.	27	Construction of 9 public buildings, 5 B&R buildings, 10 inspection bungalows and 3 administrative buildings.	37.480
3.	Irrigation	2	Construction of Hurban Irrigation Channel and repairs of damaged irrigation channels.	11.214
4.	Industries	2	(a) Development-training centre for carpet industry.	1.479
			(b) Patti blanket & drugget weaving centre.	

(Rs. in million)

1	2	3	4	5
<b>5. Agriculture :</b>				
<b>(a) Forest</b>	1	Afforestation 46,000 acres, land improvement 16700 acres, soil conservation 28,000 acres, raising and maintenance of forest nurseries 70 acres, raising and maintenance of fruit nurseries 40 acres, plantation of fruit plants and construction of distribution centres etc.	34.688	
<b>(b) Animal Husbandry</b>	1	Purchase & distribution of Rambolet/studs 200 Nos.	3.976	
<b>(c) Fisheries</b>	11	Purchased land, constructed watcher huts, egg taking rooms, fish rearing tank, borders tank and stock of fish seed.	0.479	
<b>(d) Agriculture</b>	8	Establishment of 20 extension centres, training of 2700 model farms, distribution of seeds, raising of demonstration plots, distribution of fertilizers, provision of plants, projection coverage to the agriculture crop, provision of credit facilities and establishment of sale depots.	5.521	

(Rs. in million)

1	2	3	4	5
6. Power .. .. .		4	Established 4 small hydel stations of 25 × 0,2 × 100, 2 × 100 and 2 × 30 K.W.	13.336
7. Education .. .. .		153	Constructed 130 primary schools, 8 middle schools, 4 high schools, one Intermediate college and one science laboratory.	21.468
8. Health .. .. .		23	Established one Tehsil Headquarters Hospital (50 bedded), made improvement in 20 bedded hospital at Thakot, converted one existing 20 bedded hospital into rural health centre and 17 basic health units.	23.032
<b>GRAND TOTAL ..</b>				<b>402.187</b>

Annexure XI**NUMBER OF SCHEMES COMPLETED BY KDB (GENERATED PLAN)***(Rs. in million)*

S. No.	Name of Sector.	Schemes Completed	Expenditure Incurred
1.	Communication .. .. .	9	6.770
2.	Public Health Engineering .. .. .	18	7.800
3.	Irrigation .. .. .	2	0.525
4.	Education .. .. .	50	5.427
5.	Health .. .. .	5	3.050
6.	Power .. .. .	9	0.145
7.	Miscellaneous .. .. .	6	0.500
	(Welfare Buildings) .. .. .		1.226
	<b>Total ..</b>		<b>25.443</b>

Annexure XII**DETAIL OF DONATED AND FEDERAL GOVERNMENT FUNDS  
PROVIDED TO THE PROJECT***(Rs. in million)*

S. No.	Detail	Amount
1.	Total donated funds. . . . .	428.801
	<i>Less</i>	
2.	Cash Compensation paid to affectees of earthquake. . . . .	53.981
3.	Supporting Expenditure Incurred by Cabinet Division :	
	(a) Relief items supplied by Army (cost reimbursed) . . . . .	1.902
	(b) Purchase of medicines . . . . .	1.516
	(c) Handling & transportation charges of relief goods . . . . .	3.000
	(d) Spares for helicopters employed in relief operations . . . . .	3.719
	(e) Relief for earthquake affectees of Baluchistan . . . . .	0.100
	(f) Miscellaneous expenditure . . . . .	0.066
	Total . . . . .	64.284
		-64.284
4.	Balance of donated amount provided for the Project . . . . .	364.517
5.	Funds Provided by Federal Government :	
	(a) Cost over-run approved by the Cabinet . . . . .	97.000
	(b) Expenditure on Finalization Cell and leave salary & pension contribution of deputationists . . . . .	4.361
6.	Total amount released for the Project.	465.878

**YEAR-WISE RELEASES OF FUNDS BY THE FEDERAL GOVERNMENT  
FOR THE PROJECT**

Financial year	Releases out of Donated Funds (Rs. in million)	Releases out of Federal Govern- ment Funds (Rs. in million)	Total (Rs. in million)
1974-75 .. ..	10.000	—	10.000
1975-76 .. ..	70.000	—	70.000
1976-77 .. ..	90.000	—	90.000
1977-78 .. ..	30.000	—	30.000
1978-79 .. ..	50.000	—	50.000
1979-80 .. ..	55.075	—	55.075
1980-81 .. ..	59.442	12.558	72.000
1981-82 .. ..	—	52.075	52.075
1982-83 .. ..	—	24.661	24.661
1983-84 .. ..	—	8.850	8.850
1984-85 .. ..	—	3.217	3.217
<b>Total ..</b>	<b>364.517</b>	<b>101.361</b>	<b>465.878</b>

## THE ISLAMIC REPUBLIC OF PAKISTAN

General M. Zia-ul-Haq.

Islamabad

Brig (Retd) Jan Nadir Khan  
Chairman57/2/CMLA  
17 Shawal 1403 A H  
28 July 1983.Capital Development Authority  
Islamabad.

MY DEAR JAN NADIR KHAN.,

اسلامی جمہوریہ پاکستان اورکاتہ

I am writing this to place on record my appreciation of your contribution, as Chairman Kohistan Development Board, towards the successful completion of the Project assigned to the Board in June 1975. The progress made over the past eight years in Kohistan has been commendable, producing a tangible economic impact on the lives of the people of the area. The results achieved are, undoubtedly in large measure, due to your personal example of hard work and dedication to duty.

I am also glad to note that during your tenure as Chairman you have laid due emphasis on accountability at all levels, and have not tried in any way to cover up any mistakes that might have been made at times. As regards the question of benefitting further from the Board's experience, I have no doubt that the expertise acquired in the course of implementing the Project should prove very valuable for the economic development of other remote mountain areas in Pakistan.

I am sure you would like to acknowledge the administrative support provided to you by the Cabinet Division at all stages in the successful implementation of the Kohistan Project, and in particular by the officers and staff of the Emergency Relief Cell of the Division. I am, therefore, marking a copy of this letter to the Cabinet Secretary.

I shall look forward to receiving in due course a final report on the achievements of the Kohistan Development Board. Meanwhile, I hope that the experience gained by you as Chairman of that organization would be shared with others and would also be of great help to you in your present assignment.

With best wishes,

Yours sincerely,

SD/-

GENERAL

(M. ZIA-UL-HAQ)



**EXTRACT FROM THE MINUTES OF THIRD MEETING OF THE CABINET  
COMMITTEE**

The Cabinet Committee decided to place on record their appreciation for the excellent work done by KDB and especially by its Chairman, Brig Jan Nadir Khan for his untiring efforts to accomplish the difficult and highly demanding task assigned to him.

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Annexure XVI**REMARKS BY AMBASSADORS**

Ambassadors from some of the donor countries who visited the Project area wrote certain remarks in the KDB Visitors Book. Photo copies of some of these remarks are enclosed as follows :—

- |   |    |            |
|---|----|------------|
| (a) Remarks by the Ambassador of Saudi Arabia | .. | Appendix A |
| (b) Remarks by the Chinese Ambassador         | .. | Appendix B |
| (c) Remarks by the British Ambassador         | .. | Appendix C |
| (d) Remarks by the Charge-de-affairs Libya    | .. | Appendix D |

DATE	NAME	ADDRESS	REMARKS
17/8/1999	Pingesh Al-Jilath	Ambassador of Saudi Arabia in Pakistan	I have felt honored and privileged to be the first diplomat to visit this area. The efforts and the amount of work and development that is really amazing and very promising and makes one think of what the Holy Quran said <i>لَا إِلَهَ إِلَّا اللَّهُ</i> you may dislike a thing and it is good for you. Best of luck and success for Kohistan and its people and glory and prosperity for Pakistan and Islam

DATE	NAME	ADDRESS	REMARKS
1981 23/1	1 月 23 日 1981 年 1 月 23 日 Miao Haining New China News Agency	205 号 Peking	塔中高等工业学校代表团 由人民大会堂赴塔中 起 欢迎代表团到塔中 已在新疆农村进行考察 就 代表团到塔中后 人人称赞塔中精神 把友谊永存！

The TCH links closely the people of  
China and Pakistan.

We have seen from here the achievements  
of the mountainous areas of Pakistan. More  
clearly we have witnessed the spirit of  
hard work of the Pakistan people.

Long Live the Sino-Pak friendship!

3  
4

APPENDIX - C to  
ANNEXURE - XVI

DATE	NAME	ADDRESS	REMARKS
14.10.80.	G. S. Senthil	British Ambulance	It has been a real pleasure to spend the day with KSA and see the work they are doing. The dedication and spirit of Brig Jagan and his team have brought me back to KSA and are a wonderful example of what can be done in KSA by enthusiasm and organization.

DATE	NAME	ADDRESS	REMARKS
11/12/79	ALI HANDEK STOREGY	<p>Charge of Affairs of Layan Embassy in ISLAMABAD</p>	<p>I really inspired by what is going on and succes a'lahed my kotision Tossed in fever of the people of the area and Taking them from their primitive life to a modern and modern life</p>
			<p>I pray to the God that this job to be successful you to the people what is in the plan and I convey my thanks to all the workers of P.A.</p>

## LIST OF CASES REFERRED TO MARTIAL LAW AUTHORITIES

S. No.	Name of Defaulter	Name of work/Description of case	Amount	
1	2	3	4	
<b>Contractors</b>			<b>Rs.</b>	
1.	M/s. Khalid & Co. ..	Construction of Kand—Banna Road ..	478,414.00	
2.	Muhammad Shah. ..	Construction of Kandow—Chakkar Road.	133,235.00	
3.	Haji Khaista Gul Kaka ..	Construction of Sazin Nullah Road & Komila Seo Road)	170,925.15	
4.	S. Abbas Shah. ..	(a) Construction of Pattan—Neela Road (b) Construction of Kolai—Shamli Qila Road. (c) Construction of Kayal Village Road.	} 698,716.00	
5.	Haji Inayat Attorney Holder of Haji Baduzzaman.	Construction of Karora—Ajmir Road. Basic Health Unit Ullandar. .. Water Supply Scheme Damori .. 3 Bedded Rest House Besham ..		} 95,568.89
6.	Haji Baduzzaman ..	Irish Bridges .. Basic Health Unit Damori .. Basic Health Unit Bilkani .. Water Supply Scheme Ranyal .. Water Supply Scheme Kuz Kanna. Divisional Office .. W/S & Sanitary Installation in Divisional Office.		
7.	Muhammad Shah Attorney Holder of Haji Baduzzaman.	Construction of Karora—Ajmir Road ..	438,157.00	
8.	Yahya Brothers Attorney Holder of Haji Baduzzaman.	Construction of Besham—Karora Khazakhela Road MBes 22—29. Water Supply Scheme Barkanna.	} 357,088.00	
<b>Employees</b>				
9.	(a) Mr. Imdad ul Haq, DFO. (b) Mr. Muhammad Ashraf Jadoon Range Officer (c) Mr. Anangzeb Khan, Office Assistant. (d) Ex-Hav. Karam Dad.	} Forged terracing bills.		
10.	(a) Mr. Abdul Salam, XEN Machinery. (b) Sub (Retd) Ahmed Hassan Store-keeper.		} Mis-appropriation of tyres and tubes ..	126,453.00
11.	Mr. Wahsed Haider, .. Agricultural Assistant.			Mis-appropriation of Kohistan Development Board Funds.

1	2	3	4
12.	(a) Mr. Muhammad Sadique Food Distributor.	} Shortage of food commodities .. ..	Rs.
	(b) Mr. Muhammad Javed, Food Distributor.		
13.	(a) Mr. Abdul Salam, XEN Machinery.	} Deficiency of store .. ..	459,800.00
	(b) Sub (Retd) Ahmad Hassan Store-keeper.		



Annexure XVIII**CASES OF CONTRACTORS PENDING IN CIVIL COURTS/WITH CIVIL ADMINISTRATION**

S. No.	Name and Address of the Contractor	Name of Contract	Amount Recoverable on Account of Store/Machinery Dues	Name of the Court/Civil Administration
1	2	3	4	5
			<i>Rs.</i>	
1.	Mr. Risalder Khan, Village & P.O. Pattan, District Kohistan.	Construction of Veterinary Dispensary Pattan.	4,172	Deputy Commissioner/Collector, Kohistan.
2.	Mr. Amal Khan, Village Bankad, P.O. Sholgrah, Tehsil Pattan, District Kohistan.	Construction of Government Primary School, Sholgrah.	29,797	Do.
3.	Haji Nawab Khan, Village & Tehsil Pattan, District Kohistan	Construction of : (a) Police Station, Komala (b) R.H.C., Pattan. (c) Party Centre, Pattan. (d) W.S.S., Komala.	48,183	Do.
4.	Mr. Mohammad Salim, Village Dubair Ranolia, Tehsil Pattan, District Kohistan.	(a) Distribution Centre, Dubair. (b) W.S.S. Dubair Bazar (c) B.H.U. Ranolia (d) W.S.S. Galgan	36,486	Do.
5.	Mr. Kachkol Khan, Village Jijal, Tehsil Pattan, District Kohistan.	(a) Sub-Engineer Office Dubair. (b) W.S.S. Jijal.	82,439	Do.
6.	Mr. Gulab Khan, Village Jushoi (Kandian) Tehsil Dassu, District Kohistan.	(a) Government Primary school, Jalkot (b) W.S.S. Naya Banda.	24,253	Do.
7.	Mr. Noor-ul-Islam, Village Dandai, Tehsil Alpuri, District Swat.	(a) G and H Type Quarters Dassu. (b) R.H.C. Dassu. (c) Ceiling RMC Dassu. (d) Ceiling H Type Quarters. (e) Ceiling G Type Quarters. (f) Lower Middle School, Ullandar. (g) Government Primary School, Bar Killa.	178,900	Deputy Commissioner/Collector-Swat.
8.	Mr. Deedar Khan, Besham Bazar, District Swat.	(a) Government Primary School, Banda. (b) Government Primary School, Puniel. (c) W.S. & S.I. BHU Opal.	9,209	Do.
9.	Mr. Behramand Khan, Village Liloni, Tehsil Alpuri, District Swat.	(a) 2 Bedded Rest House Alpuri. (b) W.S.S., Basnai.	48,732	Do.
10.	Mr. Hamdullah Khan, Village Bamori, Tehsil Alpuri, District Swat.	Construction of Police Post-Dubair.	274,137	Do.
11.	M/s. Khalid & Co.	Appeal regarding decision of Lower Court.	40,000	Civil Judge Class I Abbottabad.

**REPORT  
BY  
ENQUIRY COMMISSION  
OF  
KOHISTAN DEVELOPMENT BOARD  
SUMMARY**

1. The Governor N.W.F.P. convened a Commission of Enquiry to assess the recovery of overpayment to the contractors of the Kohistan Development Board with the following members :

- |   |    |    |                             |
|---|----|----|-----------------------------|
| (a) PA-5779 Brig Hidayat Ullah Khan Niazi,<br>Comdt. Engr. Centre,<br>Risalpur Cantt.                                   | .. | .. | <i>Chairman.</i>            |
| (b) Mr. Mastaan Khan,<br>Magistrate Section—30,<br>Mardan.  | .. | .. | <i>Member.</i>              |
| (c) Mr. Ghulam Rasul Khanzada,<br>Chief Engineer,<br>Central Design Office,<br>C & W Department,<br>N.W.F.P., Peshawar. | .. | .. | <i>Co-opted<br/>Member.</i> |
| (d) PSS-11430 Major Talat Ali Khan Lodhi,<br>16 Engr. Bn.<br>Peshawar.  | .. | .. | <i>Do.</i>                  |

2. The mandate given to the Commission is as under :—

- (a) Examine Kohistan Development Board contracts indicating overpayment.
- (b) Establish reasons, mitigating or otherwise leading to such overpayment, also apportion blame to any office/Officer of the Board involved in such overpayments.

3. *Brief History of the Case.*—Kohistan Development Board (KDB) formed in July, 1975 to carry out rehabilitation and construction works in the earth-quake effected areas of Kohistan, Swat and Mansehra Districts. The KDB implemented various schemes of Development in all sectors. A total of Rs. 462,661 million was allocated to the KDB for the development works with the following break up :—

- |  |    |    |                      |
|--|----|----|----------------------|
| (a) Amount originally made available to the<br>Project .. .. . | .. | .. | Rs. 364.325 million. |
|--|----|----|----------------------|

(b) Amount subsequently made available from proceeds of the World Food Programme for cost over runs .. .. .	Rs. 95.936 million.
(c) Cost of finalizing cell .. .. .	Rs. 2.661 million.
	<hr/>
	Rs. 462.661 million.

4. The Commission started functioning since 12 Jan 1984 and formal proceedings were conducted at Engineer Centre, Risalpur from March 3 to March 27, 1984. The KDB was represented by Mr. Akbar Nawaz Khan, Inspector of Works and Major (Retd) Muhammad Shafi, Deputy Director, Machines and Tools. The contractors were called on different dates. KDB presented the final awards served upon the contractors for the recovery of the outstanding amount which are enclosed to this report as Annexure 'A'. The issues presented by the representative of the KDB and discussed in the proceedings are as under :—

(a) *Overpayment on Account of work :*

- (1) The execution of all the development schemes were entrusted to the contractors. The progress was not upto the mark and some of the contractors failed to complete the job even in the extended period. The contracts were rescinded and the balance work was carried out departmentally by the KDB. To finalize the account of contractors re-measurement of the work was conducted from 1980 to 1982 either in their presence of *exparte*. An amount of Rs. 95,39,874/- is shown as having been our paid to the contractors while the contractors had grievances regarding re-measurement and the method of computation of quantities of earth work in particular. In fact the payments were made to the contractors on the basis of measurements recorded by the responsible KDB officials during the progress of work from 1975 to 1980.
- (2) Through the perusal of the KDB record, it reflected that no proper detailed survey was conducted in most of road projects. The survey conducted in case of a few roads through a firm namely Engineering and Technical Consultants, Lahore (E.T.C.) was incomplete and incorrect as per statements of the KDB officials and the contractors. Moreover, the available survey was not considered while allowing payments during the currency of projects as the R.D. in the survey could not be located at site. As per their statement, some of the survey sheets were also not trace-able either in KDB office or with the E.T.C.
- (3) The roads are located in difficult hilly areas. It was very essential that proper detailed survey of the area in the proposed alignment of the road should have been carried out. The quantity of earth

work and its classification should have been worked out before commencement of work. In the absence of survey, the quantity of earth work floated in the tenders increased two to three times. As the work was executed without any engineering discipline, it resulted in such un-warranted disputes. The Commission assessed the overpayments and discarded the revised measurements and the method of computation for the following reasons :—

- (a) The original M. Bs. recorded from 1975 to 1980 were not cancelled. Before claiming overpayment from the contractors it was essential to cancel the original M. Bs. after conducting proper enquiry and fixing the responsibility thereof.
  - (b) Since the work of road construction (especially of shingle road) had been executed in hilly show bound areas and the time elapsed between execution of works and remeasurement was so much that revised measurements could not be relied upon.
  - (c) The quantity of earth work and its classification in the re-measurement had been computed in a theoretical way by the KDB officials which is contrary to the normal engineering practice.
  - (d) The arbitration clause was never evoked at any stage to settle the dispute and as such the KDB had no authority to resort to re-measurements.
- (b) *Stores.*—As per procedure, whatever store is issued to the contractor, a proper acknowledgement of the receipt of such store is taken from the contractor or his authorised representative. It was noticed by the Commission that the procedure, for the issue of stores was not followed and most of the store was issued to the contractors without their acknowledgement which resulted in disputes between KDB and the contractors.

The Commission recommends that the following officials connected with store are directly responsible for the irregularities on this account :—

- (1) Sub (Retd.) Ahmad Hassan .. Store-Keeper.
- (2) Mr. Abdul Salam Khan, .. XEN Machinery.

In addition, the Commission feels that senior officials of the KDB are also responsible for their negligence in overseeing the affairs relating to the issue of stores.

The store amounting to Rs. 19,07,777 issued to the contractors and not yet recovered was presented before the Commission. The detail of indents in respect of each work was shown to the contractors. The contractors raised the following objections :—

- (1) There was no signatures on indents in token of receipt.
- (2) The signatures in token of receipt on the indents were not of their representative or they dis-owned the representative.
- (3) The signatures in token of receipt on the indents were forged.

The Commission after hearing both the parties agreed with objection 'a' of the contractors in toto and the objections 'b' and 'c' were partially entertained in genuine cases. The store amounting to Rs. 15,58,562 was approved by the Commission as a valid recovery from the contractors. The store amounting to Rs. 4,00,344 including a sum of Rs. 51,129 of the indents already declared fictitious by KDB is a loss to be state due to the irregularities by the KDB officials.

- (c) *Machinery*.—The procurement of machinery and tools were made departmentally and were further issued to the contractors for use in the projects. There was no procedure/method in the contract agreement for providing machines/tools to the contractors. The hire charges were not settled in the very beginning. The transaction of the issue/receipt was mostly done on a piece of paper. KDB also could not produce log books in support of their claim, which is a serious irregularity. The Commission per force had to give the ruling for hire charges of machinery so that some amicable solution is arrived at. The Commission feels that KDB officials are responsible for their negligence in formulating a set policy for the proper use of machinery.

It was further noted that very nominal amount of hire charges was charged in the running payments made to the contractors which resulted in huge outstanding claims. A total claim of Rs. 27,38,399 was raised by KDB on account of machinery charges, against which the Commission approved an amount of Rs. 23,46,338 as recoverable from the contractors.

5. The following are enclosed as Annexures/Appendices :

- (a) Annexure 'A' .. Work-wise claim presented by K.D.B.
- (b) Annexure 'B' .. Work-wise amount approved by Enquiry Commission.

- (c) Appx. 1 to 24 to Annexure 'B'. Proceedings of the contracts.
- (d) Annexure 'C' .. Contractor-wise claim presented by K.D.B.
- (e) Annexure 'D' .. Contractor-wise amount approved by the Enquiry Commission.

<i>Chairman</i>	.. PA-5779 Brig. Hidayat Ullah Khan Niazi, Comdt. Engr. Centre, Risalpur Cantt.	SD/-
<hr/>		
<i>Member</i>	.. Mr. Mastaan Khan, Magistrate Section-30, Mardan.	SD/-
<hr/>		
<i>Co-opted Member.</i>	Mr. Ghulam Rasul Khanzada, Chief Engineer, Central Design Office, C & W Department, N.W.F.P., Peshawar.	SD/-
<hr/>		
<i>Co-opted Member.</i>	PSS-11430 Major Tafat Ali Khan Lodhi, 16 Engr. Bn., Peshawar.	SD/-
<hr/>		

## LIST OF CASES FILED IN COURTS AGAINST KOHISTAN DEVELOPMENT BOARD

S. No.	Name of Plaintiff	Name of Defendant	Court
1	2	3	4
1.	Haji Aftab Ahmed S/o. Abdul Ghafoor of Butial.	Provincial Government and Kohistan Development Board.	Senior Civil Judge, Swat.
2.	Haji Aftab Ahmed S/o. Abdul Ghafoor of Butial.	Do.	Do.
3.	Haji Aftab Ahmed S/o. Abdul Ghafoor of Butial.	Do.	Do.
4.	Haji Aftab Ahmed S/o. Abdul Ghafoor of Butial.	Do.	Do.
5.	Qazi Shamsur Rehman S/o. Lal Muhammad of Butial.	Do.	Do.
6.	Fanoos S/o. Hazbullah of Butial.	Do.	Do.
7.	Sher Bahadur S/o. Ishaq etc. (41 persons of Butial).	Do.	Do.
8.	Fazli Hadi S/o. Hadi of Butial.	Do.	Do.
9.	Mian Dawa Gul & S. Khan S/o. Khachan Mian of Lalooni.	Do.	Do.
10.	Shamsur Rehman, Habibur Rehman S/o. Gul Rehman, Fakhrul Ishaq S/o. Saad Rehman of Village Rashang.	Kohistan Development Board.	Senior Civil Judge, Batgram.
11.	Mahabullah S/o. Hafizullah & Others.	D.C. Kohistan and Kohistan Development Board.	Do.
12.	Sahibullah .. .. .	Chairman, Kohistan Development Board & Others.	Senior Civil Judge, Swat.
13.	Sahibullah .. .. .	Do.	Do.
14.	Sahibullah .. .. .	Do.	Do.
15.	Sahibullah .. .. .	Do.	Do.
16.	Sahibullah .. .. .	Do.	Senior Civil Judge, Batgram.
17.	Sahibullah .. .. .	Do.	Do.
18.	Haji Attaullah .. .. .	Do.	Do.
19.	Mst. Keshi .. .. .	Do.	Do.
20.	Haji Abdul Qadir .. .. .	Do.	Do.

1	2	3	4
21.	Nawab Khan	Chairman, Kohistan Development Board & Others.	Senior Civil Judge, Batgram.
22.	Sher Bahadur	Do.	Do.
23.	Muhammad Saleem	Do.	Do.
24.	Dost Mohammad	Do.	Do.
25.	Widow of Mohammad Akram, Driver.	Kohistan Development Board.	Civil Judge, Abbottabad.
26.	Mst. Safaida Bibi mother of Cooly Habib Shah.	Do.	Senior Civil Judge, Abbottabad.
27.	Muhammad Yahya of M/s. Yahya Brother's.	Do.	Senior Civil Judge, Swat.
28.	Haji Badi-uz-Zaman	Do.	Do.
29.	Muhammad Shah Attorney Holder of Badi-uz-Zaman.	Do.	Do.
30.	Haji Inayat Khan	Do.	Do.



## DEFUNCT KOHISTAN DEVELOPMENT BOARD BALANCE SHEET AS ON 31ST DECEMBER, 1983.

LIABILITIES		Rs. in million	Rs. in million	ASSETS			Rs. in million	Rs. in million
1	2	3	4	5	6	7		
<i>Capital</i>								
1. Donated Funds .. .. .	.. .. .	364.517						
2. Federal Govt. Funds :								
(a) Cost over-run approved by the Cabinet in 1979 .. .. .	.. .. .	97.000						
(b) Other Funds provided .. .. .	.. .. .	4.361	101.361					
3. Over-drawal from NWFP Govt. .. .. .	.. .. .	3.239						
4. Contribution by NWFP Govt. .. .. .	.. .. .	3.000						
	Total .. .. .	472.117	472.117					
5. Miscellaneous Receipts :								
(a) Interest generated .. .. .	.. .. .	13.	13.005					
(b) UNICEF contribution of stores.	.. .. .		5.700					
(c) Registration fee & sale of forms etc.	.. .. .		0.387					
(d) Sale of Besham Guest House .. .. .	.. .. .		0.700					
	Total .. .. .	19.792	19.792					
6. Machinery & Stores :								
(a) Sale of :								
(1) Machinery to general Public.	.. .. .	4.930						
(2) Machinery to Contractors .. .. .	.. .. .	3.070						
	Total of a, b & c .. .. .							417.670
1. Cost of Donated Fund Plan :								
(a) Works Sector-up to June, 1983 :								
(1) Communication .. .. .	.. .. .					225.740		
(2) Public Health Engineering .. .. .	.. .. .					20.858		
(3) Building & Housing .. .. .	.. .. .					37.189		
(4) Irrigation .. .. .	.. .. .					10.900		
(5) Small Industries .. .. .	.. .. .					1.470		
(6) Hydle Power .. .. .	.. .. .					12.837		
(7) Education .. .. .	.. .. .					20.774		
(8) Health .. .. .	.. .. .					21.759		
	Total .. .. .					351.227		
(b) Land Development Sector-up to 6/83 :								
(1) Forests .. .. .	.. .. .					34.688		
(2) Animal Husbandry .. .. .	.. .. .					3.975		
(3) Agriculture .. .. .	.. .. .					5.521		
(4) Fisheries .. .. .	.. .. .					0.479		
	Total .. .. .					44.663		
(c) Works & Land Development Sectors—July to December, 1983 :								
Unclassified .. .. .	.. .. .					21.980		

1	2	3	4	5	6	7
(3) Stores ..	..	12,992				
(4) Transport ..	..	3,243				
(5) Equipment etc. ..	..	0,173				
	Total ..	24,408	24,408			
(b) Hire Charges ..	..		1,959			6,770
	Total a & b. ..		26,367	26,367		7,800
						0,525
						5,427
						3,050
						0,145
						1,726
	Total ..					25,443
<b>2. Cost of Generated Funds Plan :</b>						
<b>(a) Works Sector :</b>						
	(1) Communication ..					6,770
	(2) Public Health Engineering ..					7,800
	(3) Irrigation ..					0,525
	(4) Education ..					5,427
	(5) Health ..					3,050
	(6) Hydle Power ..					0,145
	(7) Miscellaneous Buildings ..					1,726
	Total ..					25,443
<b>7. World Food Programme :</b>						
	(a) Utilization of WFP food commodities ..		48,674			25,224
	(b) Interest earned on sale proceeds ..		1,993			
			50,667	50,667		50,667
	Total Capital ..			568,943		*42,698
	Less					
	1. Establishment & contingencies :-					
	(a) Establishment charges ..	25,535				24,408
	(b) Leave salary & Pension contributions of deputaionists ..	3,217				10,972
	(c) Cost of Finalization cell ..	2,400				7,318
		31,152				42,698
	4. Handling charges of food commodities (WFP) ..					14,999
	5. Fractional Difference ..					0,306
						526,540

	1	2	3	4	5	6
<b>2. Bid Debts.</b>						
(a) Cases referred to Martial Law Authorities/Civil Courts/Civil Administration. . . . .			6,779			
(b) Cases not reported. . . . .			2,414			
			<u>9,193</u>			
<b>3. Losses written off</b>						
(a) By Kohistan Development Board. . . . .			0,651			
(b) By Govt. . . . .			1,407			
			<u>2,058</u>			
Total of 1,2&3 :			42,403	42,403	(-)	42,403
				<u>Total</u>		<u>526,540</u>

## FEDERAL COUNCIL SECRETARIAT

*Sunday, the 26th August, 1984*

### First Sitting (PAC)

1. The Public Accounts Committee assembled at 09.30 a.m. in the State Bank Building, Islamabad to resume the examination of the Federal Accounts for 1981-82 and compliance Report 1979-80. The following were present :

#### *P.A.C :*

- |  |    |   |
|--|----|---|
| (1) Syed Sajood Hasan, Member, Federal Council                     | -- |   |
|  | -- | <i>Member<br/>(Acting<br/>Chairman)</i> |
| (2) Akhunzada Bahrawar Saeed, Member, Federal Council              | -- | <i>Member.</i>                          |
| (3) Mir Jam Ghulam Qadir Khan of Lasbela, Member, Federal Council. |    | <i>Member.</i>                          |
| (4) Mr. Abdul Qadir, Former Chairman, Railway Board                | -- | <i>Member.</i>                          |
| (5) Mr. Yusuf Bhai Mian, Chartered Accountant                      | -- | <i>Member.</i>                          |

#### *Federal Council Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

#### *Audit :*

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (4) Mr. M. A. Lodhi, Accountant-General, Pakistan Revenues.
- (5) Mr. Iftikhar Ali Khan Raja, Director-General, Audit & Accounts Works.
- (6) Mr. M. Saleem Siddiqui, Director, Concurrent Audit, C.D.A.

#### *Ministry of Finance :*

- (1) Raja Raza Arshad, Deputy Secretary.
- (2) Mr. Saeedullah E. A. (Estt.).

2. *Accounts examined.*—The Accounts pertaining to the Federal Inspection Commission were examined by the Committee during the course of the day.

**FEDERAL INSPECTION COMMISSION**

\*73. *Grant No. 11—Federal Inspection Commission (Page 84-AA).*—It was stated by the department that the excess of Rs. 1 000 was due to unforeseen arrears having been paid during the year in respect of some officers, which could not be foreseen well in time. Otherwise, this amount would have been adjusted against the savings, which were surrendered. Since the explanation was acceptable to Audit the Committee did not make any observation on this grant.

M. A. HAQ,  
Secretary.

*Islamabad, the 20th September, 1985.*

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\*Paragraphs upto 72 pertain to other Ministries/Divisions.

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## NATIONAL ASSEMBLY SECRETARIAT

*Monday, the 25th August, 1986*

### Ninth Sitting (PAC)

506. The Public Accounts Committee assembled at 09.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

#### *P.A.C :*

- |  |    |    |                  |
|--|----|----|------------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. | .. | <i>Chairman.</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A.       | .. | .. | <i>Member.</i>   |
| (3) Rai Arif Hussain, M.N.A.             | .. | .. | <i>Member.</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A.     | .. | .. | <i>Member.</i>   |
| (5) Nawab Muhammad Yamin Khan, M.N.A.    | .. | .. | <i>Member.</i>   |
| (6) Mr. Miangul Aurangzeb, M.N.A.        | .. | .. | <i>Member.</i>   |

#### *National Assembly Secretariat :*

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A. A. Zaidi, Deputy Auditor General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (6) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (7) Mr. S.T. Rehman, Director General of Audit PT&T.

#### *Ministry of Finance :*

Mr. S. M. Badrul Hassan, Deputy Secretary (Budget).

507. *Accounts examined.*—Accounts pertaining to the Prime Minister's Inspection Commission were examined by the Committee during the course of the day.

## PRIME MINISTER'S INSPECTION COMMISSION

\*587. The Committee then took up for examination, the Appropriation Accounts etc ; pertaining to the Prime Minister's Inspection Commission. Mr. Aijaz Muhammad, Secretary represented the Commission.

588. This Commission controlled only Grant No. 11— " Federal Inspection Commission ".

### APPROPRIATION ACCOUNTS

589. *Grant No. 11—Federal Inspection Commission (Page 56-AA).*—As per Appropriation Account, this grant closed with a net saving of Rs. 21,108. The Chairman PAC questioned about the functions of Inspection Commission, the Department explained that the Commission holds enquiries in cases entrusted to it. The results of such inquiries alongwith recommendations of the Commission were submitted to the President of Pakistan for his orders. Implementation Cell look after the compliance of such orders by the Ministries concerned. A member pointed out that Board formed for promotions of officers from Grade 18 to Grade 19 had not met since last one year, and promotion's due were held up. The Ministry promised to check it up.

590. The Committee did not make any further observation on this grant.

M. A. HAQ,  
Secretary.

Islamabad, the 19th January, 1987.

## NATIONAL ASSEMBLY SECRETARIAT

*Wednesday, the 7th January, 1987*

### **Eighth Sitting (PAC)**

\*457. The Public Accounts Committee assembled at 02.00 p.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

#### **P.A.C :**

- |                                       |    |    |                             |
|---------------------------------------|----|----|-----------------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A.    | .. | .. | <i>Acting<br/>Chairman.</i> |
| (2) Rai Arif Hussain, M.N.A.          |    |    | <i>Member.</i>              |
| (3) Ch. Muhammad Sarwar Khan, M.N.A.  | .. | .. | <i>Member.</i>              |
| (4) Nawab Muhammad Yamin Khan, M.N.A. | .. | .. | <i>Member.</i>              |
| (5) Mr. Miangul Aurangzeb, M.N.A.     | .. | .. | <i>Member.</i>              |
| (6) Malik Said Khan Mahsud, M.N.A.    | .. | .. | <i>Member.</i>              |

#### **National Assembly Secretariat :**

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### **Audit :**

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S. M. Najamul Arfin, Deputy Director, Commercial Audit.

#### **Ministry of Finance :**

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 456 and 458 to 486 pertain to other Ministries/Divisions.



### PRIME MINISTER'S INSPECTION COMMISSION

\*481. The Committee then took up for examination, the Appropriation Accounts etc ; pertaining to the Prime Minister's Inspection Commission. The following departmental representatives were present :—

- (1) Mr. M. M. Hasan, Chairman.
- (2) Lt. Col. (Retd) Aijaz Muhammad, Secretary.
- (3) Mr. Maqbool Hussain Malik, Accountant/DDO.

482. The Commission controlled Grant No. 11-Federal Inspection Commission for 1983-84 and 1984-85.

#### APPROPRIATION ACCOUNTS (1983-84)

483. *Grant No. 11—Federal Inspection Commission (Page 42-AA).*—The Grant closed with a nominal saving of Rs. 1,842. The Committee did not make any observation.

#### APPROPRIATION ACCOUNTS (1984-85)

484. *Grant No. 11—Federal Inspection Commission (Page 42-AA).*—According to Appropriation Accounts, there was a saving of Rs. 469,067 under this grant. It was reported that an amount of Rs. 286,790 was surrendered in time, out of the above saving. The Chairman PAC desired that PAC should be briefed about the functions of the Commission. The Committee was informed that the Commission consists of 9 Members with a Chairman. It had made 104 enquiries/Inspection under orders of President/Prime Minister and had submitted its reports.

485. The Committee directed that a detailed report on the performance of Prime Minister's Inspection Commission alongwith a list of enquiries held by it may be submitted to the Committee within one month. A list of cases in which recommendations were accepted and action finalized by the competent authority should also be supplied.

K. M. CHIMA,  
Secretary.

Islamabad the, 25th June, 1987.

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\*Paragraphs upto 480 pertain to other Ministries/Divisions.

**FEDERAL COUNCIL SECRETARIAT***Monday, the 29th October, 1984***Seventh Sitting (PAC)**

\*976. The Public Accounts Committee assembled at 09.00 a.m. in the State Bank Building, Islamabad, to continue examination of the Federal Accounts for 1981-82. The following were present :—

**P.A.C.:**

- |  |                      |
|--|----------------------|
| (1) Mr. A.G.N. Kazi, Governor, State Bank of Pakistan. | <i>Vice Chairman</i> |
| (2) Syed Saicod Hasan, Member, Federal Council.        | <i>Member</i>        |
| (3) Akhunzada Bahrawar Saeed, Member, Federal Council. | <i>Member</i>        |
| (4) Mr. Yusuf Bhai Mian, Chartered Accountant.         | <i>Member</i>        |

**Federal Council Secretariat :**

- (1) Mr. M.A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

**Audit :**

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S. N. Sheikh, Director General, Commercial Audit.
- (7) Mr. S. Jamil-ur-Rehman, Audit Officer, Industries Supply and Food.

**Ministry of Finance :**

- (1) Mr. Manzur Hussain, Joint Secretary (Budget)

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\*Paragraphs upto 975 and 977 to 1016 pertain to other Ministries/Divisions.

### POPULATION WELFARE DIVISION

1017. The Committee took up for its examination, the Appropriation Accounts etc., pertaining to the Population Welfare Division. The Following departmental representatives were present :—

- (1) Mr. Abdur Rehman, Joint Secretary.
- (2) Mr. Bashiruddin Ahmad, Director (Finance).

1018. The Division controlled the following grants :—

S. No.	Name of Grant	Grant No.
1.	Population Division .. .. .	108
2.	Development Expenditure of Population Division ..	163

1019. *Reconciliation of Accounts with Audit.*—The Committee appointed that the reconciliation of Accounts was up-to-date.

### APPROPRIATION ACCOUNTS

1020. *Grant No. 108—Population Division (Page 1004-AA).*—Audit had shown a saving of Rs. 5,369,174 against the object “ 600—Transfer of Payments ”. The department explained that a provision of Rs. 23,942,000 was made for gratuity/terminal benefit for payment to 4,300 employees whose services were terminated in terms of Ordinance XIV of 1981. The AGPR (including Sub-offices at Peshawar, Lahore, Karachi and Quetta) issued sealed authority letters for Rs. 22,982,757 to the Treasuries scattered all over the country. The sealed authority letters for Rs. 20,016,158 could only be encashed by the incumbents on or before 30-6-1982. Thus sealed authorities amounting to Rs. 2,966,599, had lapsed.

1021. In view of the above explanation and other reasons given by the department against other objects, the Committee made no observation except to the effect that the savings wherever possible should have been reappropriated.

1022. *Grant No. 103—Development Expenditure of Population Division (Pages 1006—1008-AA).*—The Appropriation Accounts showed a net saving of Rs. 86,980 under this grant. The Division stated that the saving was less than 5% therefore no explanation was required in terms of Para 3 (a) (i) of Introductory Notes of the Book entitled Appropriation Accounts 1981-82 (Civil).

1023. Audit commented that under Functional Head “ 430—Population Planning-Object-600-Transfer Payments ” Rs. 84,066,500 were surrendered. In the surrender order the reasons recorded for surrender were as under :—

- (i) Non-receipt of Foreign Assistance.
- (ii) Non-approval of some schemes.
- (iii) 25% cut/reduction imposed by Finance Division on April—June release.

1024. Audit further pointed out that the Division should have given details of the specific savings and reported when Foreign Assistance was received subsequently.

1025. Questioned as to what the reasons for the surrender of Rs. 84 million, the departmental representative replied that there was a 2-1/2% economy cut even though the assistance was to come under cash and commodities. Replaying to another query about the functions of the Population Division, the departmental representative answered that the basic aim of the Division was to control the population from district down to village level where welfare centres had been opened, to educate people and to motivate them and guide them in the use of contraceptives.

1026. A member of the Committee enquired as to what the Government policy was in respect of control population. It would appear that Government was against the use of contraceptives as it was considered an Islamic under the circumstances how was the department to trying to bring effective family planning. The departmental representative submitted that programme for field activity had been chalked out and handed over to the Provinces for execution. This programme was named "Family Planning". People were recruited not as Government servants but employees of the Council and there were certain rules for regularization of their services through Federal Public Service Commission.

1027. After further discussion, the Committee directed that a note should be submitted to the Committee, indicating the ascertained birth-rates during the last 20 years, possibly region-wise.

1028. *Compliance on the points raised in the PAC's Report for 1979-80.*—No comments were made by Audit on paragraph 629, page 213 of the above report. As such, the Committee did not make any observation thereon.

1029. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points in the Appropriation Accounts 1981-82 or the Audit Report thereon; and (ii) in the Compliance papers on the PAC's Report for 1979-80. These would be treated as settled subject to such regularization action as may be necessary under the rules.

M. A. HAQ,  
Secretary.

Islamabad, the 28th December, 1985.

## NATIONAL ASSEMBLY SECRETARIAT

*Thursday, the 4th September, 1986*

### Seventeenth Sitting (PAC)

\*1104. The Public Accounts Committee assembled at 09.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

#### *P.A.C :*

- |  |    |                 |
|--|----|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A.       | .. | <i>Member</i>   |
| (3) Rai Arif Hussain, M.N.A.             | .. | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A.     | .. | <i>Member</i>   |
| (5) Nawab Muhammad Yamin Khan, M.N.A.    | .. | <i>Member</i>   |
| (6) Malik Said-Khan Mahsud, M.N.A.       | .. | <i>Member</i>   |
| (7) Shahzada Jam Muhammad Yusuf, M.N.A.  | .. | <i>Member</i>   |

#### *National Assembly Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant General, Pakistan Revenues.
- (6) Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit.

#### *Ministry of Finance :*

- (1) Mr. Masood Ahmed, Deputy Secretary.
- (2) Mr. Muhammad Afzal, FA (Population).

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\*Paragraphs upto 1103 and 1105 to 1121 pertain to other Ministries/Divisions.

## POPULATION WELFARE DIVISION

1122. The Committee took up for examination, the Appropriation Accounts etc. pertaining to the Population Welfare Division. The following departmental representative were present :—

- (1) Mr. M. A. Karoem Iqbal, Secretary.
- (2) Mr. Bashiruddin Ahmad, Director, Financial Management.

1123. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Population Division .. .. .	106
2.	Development Expenditure of Population Division .. .. .	162

1124. *Reconciliation of Accounts with Audit.*—It was pointed out by Audit that reconciliation of expenditure under Demand No. 163 was not up to date. The Committee directed that reconciliation work should be up-dated without further delay.

### APPROPRIATION ACCOUNTS

1125. *Grant No. 106—Population Division (Page 706-AA).*—The grant closed with a net saving of Rs. 1,398,319, which was about 9% of the Final Grant. The Department explained that the main saving which was under 600-Transfer Payments, Sealed Authorities could not be cashed before 30-6-1983, and the amounts for which payment Authorities were issued were not claimed, as such there was saving. The Committee directed that the Department should be careful in budgetary matters.

1126. *Grant No. 162—Development Expenditure of Population Division (Page 710-AA).*—There was an excess of Rs. 251,241 under this grant, which was less than 1% of the final grant. The Committee after going through the explanation of the Department directed that a Performance Report of Development Programme may be submitted to the PAC.

1127. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points/paras in the Appropriation Accounts thereon. These would be deemed as settled, subject to such regularisation action and verification by Audit as may be necessary under the rules.

M. A. HAQ,  
Secretary.

*Islamabad, the 9th March, 1987.*

## NATIONAL ASSEMBLY SECRETARIAT

*Thursday, the 8th January, 1987*

### Ninth Sitting (PAC)

\*527. The Public Accounts Committee assembled at 10.00 a.m. in the Parliament House, Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

#### *P.A.C :*

- |  |    |                 |
|--|----|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | .. | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A.       | .. | <i>Member</i>   |
| (3) Rai Arif Hussain, M.N.A.             | .. | <i>Member</i>   |
| (4) Nawab Muhammad Yamin Khan, M.N.A.    | .. | <i>Member</i>   |
| (5) Mr. Miangul Afrangzeb, M.N.A.        |    | <i>Member</i>   |
| (6) Malik Said Khan Mahsud, M.N.A.       | .. | <i>Member</i>   |

#### *National Assembly Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Iftikhar Ali Khan Raja, Director General, (A&A Works).
- (6) Mr. Ahmad Nawab Qureshi, Director General, Commercial Audit.
- (7) Mr. M.S. Amjad, Director General (PEC).

#### *Ministry of Finance :*

- (1) Mr. Manzur Husain, Joint Secretary (Budget).
- (2) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 526 and 528 to 561 pertain to other Ministries/Divisions.

### POPULATION WELFARE DIVISION

562. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the population Welfare Division. The following departmental representatives were present :—

- (1) Mr. M. A. Karim Iqbal, Secretary.
- (2) Mr. Rehmat Ali Siddiqui, Joint Secretary.
- (3) Dr. (Mrs) Shamim Afzal, Director General (Technical).
- (4) Mr. Khalil A. Siddiqui, Director General (MS).
- (5) Mr. Bashiruddin Ahmad, Director, Finance Management.

563. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
<b>1983-84</b>		
1.	Population Division .. .. .	106
2.	Development Expenditure of Population Division .. .. .	160
<b>1984-85</b>		
1.	Population Division .. .. .	108
2.	Development Expenditure of Population Division .. .. .	165

### APPROPRIATION ACCOUNTS (1983-84)

564. *Grant No. 106—Population Division (Page 844-AA).*—This grant closed with an excess of Rs. 897,056. Excess of Rs. 835,610 was under Head “Transfer Payments” and an excess of Rs. 240,649 under “Pay and Allowances”. The excess was attributed by the Department to revision of pay & allowances during 1983-84. The excess under “Transfer Payment” was due to the late adjustments. The Committee accepted the explanation and recommended the excess for regularisation.

565. *Grant No. 160—Development Expenditure of Population Division (Page 852-AA).*—This grant closed with a saving of Rs. 69,839,089. The Department reported to the Committee that an amount of Rs. 51 million was surrendered, leaving a saving of Rs. 18.839 million, which was also surrendered at the close of the financial year, but was not accepted being late. The Chairman PAC observed that reasons for budgeting such a heavy amount and then surrendering it should be intimated to the Committee. The Department informed for Committee that P. C-I pertaining to project could not be finalized as such funds could not be



used. The Chairman observed that such vague explanation should not be submitted to the Committee. The Committee was displeased with the poor financial control in the department.

#### APPROPRIATION ACCOUNTS (1984-85)

566. *Grant No. 108—Population Division (Page 832-AA).*—There was a saving of Rs. 51,104, which was nominal and the Committee did not make any observation.

567. *Grant No. 165—Development Expenditure of Population Division (Page 836-AA).*—This grant closed with a saving of Rs. 624,226, which was within permissible limit. The Chairman enquired as to what was the purpose of this grant. The Department reported that main purpose was to check the growth rate of population and for training programme. The Committee directed that a paper on the activities of the Division may be submitted to the PAC.

658. *Points/Paras not discussed to be treated as settled.*—The Committee did not make any observation on other points/Paras in the Appropriation Accounts and Audit Reports for the years 1983-84 and 1984-85. These would be deemed as settled, subject to such recovery and regularisation action and verification by Audit, where necessary, under the rules.

M. A. HAQ,  
Secretary.

Islamabad, the 18th July, 1987.

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**FEDERAL COUNCIL SECRETARIAT***Tuesday, the 28th August, 1984***Third Sitting (PAC)**

\*165. The Public Accounts Committee assembled at 9.00 a.m. in the State Bank Building, Islamabad, to continue the examination of the Federal Accounts for 1981-82. The following were present :—

*P.A.C :*

- |   |                      |
|---|----------------------|
| (1) Mr. A.G.N. Kazi, Governor, State Bank of Pakistan                         | <i>Vice-Chairman</i> |
| (2) Syed Saieed Hasan, Member, Federal Council. ..                            | <i>Member</i>        |
| (3) Akhunzada Bahrawar Saeed, Member, Federal Council                         | <i>Member</i>        |
| (4) Mir. Jam Ghulam Qadir Khan of Lasbela, Member,<br>Federal Council .. .. . | <i>Member</i>        |
| (5) Mr. Abdul Qadir, Former Chairman, Railway Board                           | <i>Member</i>        |
| (6) Mr. Yusuf Bhai Mian, Chartered Accountant ..                              | <i>Member</i>        |

*Federal Council Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

*Audit :*

- (1) Mr. Abdul Raouf, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S. N. Sheikh, Director-General, Commercial Audit.

*Ministry of Finance :*

- (1) Mr. Manzoor Hussain, Joint Secretary.
- (2) Mr. Saeedullah, F.A. (Women's Division).

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\*Paragraphs upto 164 and 166 to 327 pertain to other Ministries/Divisions.

### WOMEN'S DIVISION

328. The Committee took up for its examination, the Appropriation Accounts, pertaining to the Women's Division. The following departmental representatives were present :—

- (1) Mrs. Salima R. Ahmad, Secretary.
- (2) Dr. S. Masood Ali, Joint Secretary.
- (3) Dr. Sabiha H. Syed, D.G. (Programme).
- (4) Mr. Kumar Khan Mahsud, Deputy Secretary.
- (5) Mr. M. A. Hafeez Khan, F & A O.

329 This Division controlled the following grants :—

S. No.	Name of Grant.	Grant No.
1.	Women's Division .. .. .	14
2.	Development Expenditure of Women's Division ..	141

330. *Reconciliation of Accounts with Audit.*—The Committee noted, with satisfaction, that the reconciliation of Accounts with Audit was up-to-date.

### APPROPRIATION ACCOUNTS

331. *Grant No. 14—Women's Division (Pages 164-168-AA).*—Audit had shown an excess of Rs. 65,300 against the Object "500—Commodities Services". In their reply, the Division explained that an amount of Rs. 91,242 was surrendered from the Object "600—Transfer Payments" due to the restriction on expenditure imposed by the Ministry of Finance during May and June, 1982. A member of the Committee enquire as to why did it come under 'Commodities and Services'? The departmental representative replied that these were audio-visual equipments. The Vice-Chairman observed that it was a matter of classification. No further observation was made by the Committee under this Object.

332. Questioned as to where were the reports on the Female Crime in Rural and Urban Areas of Pakistan referred to under item (xix) of the function head "019—Others", distributed. The departmental representative informed the Committee that these reports were made available to anyone who wanted to carry out research. The reports are also furnished to Libraries our Embassies abroad and all the departments of Government.

333. Reply to a query about the total number of publications so far, the departmental representative stated that 22 publications had been completed so far.

334. The same member further enquired about item (xiii) 'Women in Islam'. The departmental representative answered that the report was being completed.

335. *Grant No. 141—Development Expenditure of Women's Division (Pages 170-171-AA).*—A net saving of Rs. 1,293,326 had been shown by Audit under the grant. It was explained by the Department that the variation of Rs. 252,432 between the amount surrendered i.e. Rs. 1,040,894 and saving as shown in the Appropriation Accounts i.e. Rs. 1,293,326, was due to payment against five authorities, issued by A.G.P.R., Rawalpindi not having been made by the sub-office of the A.G.P.R., Karachi and the Federal Treasury Office, Karachi. The Department further stated that an amount of Rs. 1,040,894 was surrendered due to some of the Development schemes not having been finalized during the current financial year. Audit pointed out that the surrender of Rs. 1,040,894 had not been accounted for as it was made after the 30th June and that also not in the proper format.

336. Questioned by a Member as to what were the functions of the Division other than research, the departmental representative submitted that the Department had divided its functions in three wings. One is the Research Wing. Then the Department has a Programme Wing under which 7,000 centres have been operating all over the country. The third one was the Women's Rights and Responsibilities Wing. Thereupon, the same Member observed that these were educational functions. Were there any executive function? The departmental representative replied that the executive functions included the formulation of public policies and laws, to meet the special needs of women, and to register the women's organisations to undertake and to promote projects aimed at providing special facilities to women.

337. Another member of the Committee enquired as to what steps were the Department taking to educate the women folks of rural areas about the legal rights, which Islam had bestowed upon the women. The departmental representative intimated that a large number of centres had been opened for the purpose.

338. Questioned as to how much expenditure had been incurred on establishing Women's hostels, the departmental representative replied that the average cost of one hostel was Rs. 12 lakhs. Replying to another query, the departmental representative informed the Committee that fifty women lived in 25 rooms, accommodating two in each room. These hostels had also been built in the remote areas for the convenience of Women teachers.

339. The departmental representative further informed the Committee that there were six centres, located at Karachi, Lahore, Hyderabad, Rawalpindi, Sukkur, etc., Every year the Department had been opening three or four centres.

340. The Committee appreciated the work of the Division.

341. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points|paragraphs in (i) the Appropriation Accounts 1981-82 or the Audit Report thereon and (ii) compliance on PAC's Report 1979-80. These would be deemed as settled subject to such regularization action as may be necessary under the rules.

342. The Committee adjourned, thereafter, to meet again at 9.00 a.m. on Wednesday, the 29th August, 1984.

M. A. HAQ,  
*Secretary.*

*Islamabad, the 15th August, 1985.*

## NATIONAL ASSEMBLY SECRETARIAT

*Monday, the 25th August, 1986*

### Ninth Sitting (PAC)

\*506. The Public Accounts Committee assembled at 9.00 a.m. in the Parliament Building, Islamabad to continue the examination of the Federal Accounts for 1982-83. The following were present :—

#### *P.A.C :*

- |  |       |                 |
|--|-------|-----------------|
| (1) Sardarzada Muhammad Ali Shah, M.N.A. | ..    | <i>Chairman</i> |
| (2) Sardar Aseff Ahmed Ali, M.N.A.       | .. .. | <i>Member</i>   |
| (3) Rai Arif Hussain, M.N.A.             | .. .. | <i>Member</i>   |
| (4) Ch. Muhammad Sarwar Khan, M.N.A.     | .. .. | <i>Member</i>   |
| (5) Nawab Muhammad Yamin Khan, M.N.A...  | .. .. | <i>Member</i>   |
| (6) Mr. Miangul Aurangzeb, M.N.A.        | .. .. | <i>Member</i>   |

#### *National Assembly Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Mrs. Suraiya Hafeez, Deputy Auditor General (CA).
- (3) Syed Iftikhar Shabbir, Deputy Auditor General (Co-ord).
- (4) Mr. A. A. Zaidi, Deputy Auditor General (A&R).
- (5) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (6) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (7) Mr. S.T. Rehman, Director General of Audit PT&T.

#### *Ministry of Finance :*

- (1) Mr. S.M. Badrul Hassan, Deputy Secretary (Budget).

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\*Paragraphs upto 505 and 507 to 594 pertain to other Ministries/Divisions.

## WOMEN'S DIVISION

595. The Committee then took up for examination, the Appropriation Accounts etc pertaining to the Women's Division. The following departmental representatives were present :—

- (1) Mrs. Akhtar Riazuddin, Secretary.
- (2) Dr. S. Masood Ali, Joint Secretary.
- (3) Dr. Shamsa Riaz, Deputy Secretary.
- (4) Dr. Sabiha Hafeez, Director.
- (5) Mr. Aman-ur-Rehman, Deputy Secretary.
- (6) Mr. M. A. Hafeez Khan F&AO.

596. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1.	Women's Division .. .. .	14
2.	Development Expenditure of Women's Division ..	139

## APPROPRIATION ACCOUNTS

597. *Grant No. 14—Women's Division (Page 120-AA).*—According to Appropriation Account this grant closed with a net saving of Rs. 772,120 which was 11% of the Final Grant. On a question from Chairman PAC as to what was the result of large number of Seminars and Conferences being held by the Division, on which lot of money was spent, the Department explained that forty studies had so far been made by the Division and reports had also been circulated.

598. The Chairman PAC observed that there should be more practical work in the field. The progress presented as for reply of the Department was also appreciable.

599. The Committee after some discussion desired that the Division should submit a complete report with suitable suggestions in the next meeting.

600. *Grant No. 139—Development Expenditure of Women's Division (Page 124-AA).*—Saving of Rs. 1 444 002 being within permissible limits, the committee did not make any observation except as under grant No. 14.

601. *Points not discussed to be treated as settled.*—The Committee did not make any observation on the other points in the Appropriation Accounts and Audit Reports thereon. These would be deemed as settled, subject to such regularisation action as may be necessary under the rules.

602. The Committee then adjourned to meet again at 9.00 a.m. on Tuesday, the 26th August, 1986.

M. A. HAQ,  
*Secretary.*

*Islamabad, the 9th January, 1987.*

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**NATIONAL ASSEMBLY SECRETARIAT**

*Wednesday, the 7th January, 1987*

**Eighth Sitting (PAC)**

457. The Public Accounts Committee assembled at 2.00 p.m. in the Parliament House Islamabad to continue the examination of the Federal Accounts for 1983-84 and 1984-85. The following were present :—

**P.A.C :**

- |                                       |       |                        |
|---------------------------------------|-------|------------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A.    | .. .. | <i>Acting Chairman</i> |
| (2) Rai Arif Hussain, M.N.A.          | .. .. | <i>Member</i>          |
| (3) Ch. Muhammad Sarwar Khan, M.N.A.. | .. .. | <i>Member</i>          |
| (4) Nawab Muhammad Yamin Khan, M.N.A. | .. .. | <i>Member</i>          |
| (5) Mr. Miangul Aurangzeb, M.N.A.     | .. .. | <i>Member</i>          |
| (6) Malik Said Khan Mahsud, M.N.A.    | .. .. | <i>Member</i>          |

**National Assembly Secretariat :**

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

**Audit :**

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S. M. Najamul Arfin, Deputy Director, Commercial Audit.

**Ministry of Finance :**

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

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\*Paragraphs upto 456 and 458 to 489 pertain to other Ministries/Divisions.

## WOMEN'S DIVISION

490. The Committee then took up for examination, the Appropriation Accounts etc., pertaining to the Women's Division. The following departmental representatives were present :—

- (1) Mrs. Akhtar Riazuddin, Secretary.
- (2) Dr. S. Masood Ali, Joint Secretary.
- (3) Dr. Shama Riaz Ahmed, Deputy Secretary (P).
- (4) Dr. Sabeeha Hafeez Khan, Director Research.
- (5) Mr. M. A. Hafeez Khan, F&AO.

491. This Division controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
1983-84		
1.	Women's Division .. .. .	14
2.	Development Expenditure of Women's Division ..	138
1984-85		
1.	Women's Division .. .. .	14
2.	Development Expenditure of Women's Division ..	140

## APPROPRIATION ACCOUNTS (1983-84)

492. *Grant No. 14—Women's Division (Page 130-AA).*—The Grant closed with an excess of Rs. 358,296. The Department intimated that supplementary grant of Rs. 1,684,000 and Rs. 161,053 were approved by the Finance, but could not be printed in the Book of Supplementary Budget. The Committee observed that the Department should be careful in future.

493. *Grant No. 138—Development Expenditure of Women's Division (Page 138-AA).*—There was a saving of Rs. 1,702,481 under this grant. The Department explained that bills amounting to Rs. 1,702,481 were sent to Audit for arranging payment but A.G.P.R. wanted clearance from Budget Wing of Finance Division before payment. The required clearance was asked for but was not received within the financial year, which resulted in saving. The Committee accepted the explanation. The Chairman (acting) wanted the department to provide the Constitutional position of the Division.

## APPROPRIATION ACCOUNTS (1984-85).

494. *Grant No. 14—Women's Division (Page 141-AA).*—The Grant closed with a saving of Rs. 691,797. The Department reported to the Committee that saving was due to certain posts having remained vacant. The Pakistan Commission on the Status of Women was wound up on 30-6-1985, as such further expenditure was stopped during the year 1984-85. The Committee accepted the explanation for saving but directed to tighten the budgetary control.

495. *Grant No. 140—Development Expenditure of Women's Division (Page 150-AA).*—There was a saving of Rs. 12,928,633 under this grant. It was reported by the Department that PC-I forms of Development Schemes were either not received or received very late for implementation from the Provincial Governments. This resulted in a saving. The Committee did not make any observation.

M. A. HAQ,  
*Secretary.*

*Islamabad, the 25th June, 1987.*

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**FEDERAL COUNCIL SECRETARIAT***Sunday, the 28th October, 1984***Sixth Sitting (PAC)**

\*816. The Public Accounts Committee assembled at 9.30 a.m. in the State Bank Building, Islamabad, to continue examination of the Federal Accounts for 1981-82. The following were present :—

*P.A.C :*

- |  |    |                          |
|--|----|--------------------------|
| (1) Syed Saïced Hasan, Member, Federal Council         | .. | Member (Acting Chairman) |
| (2) Akhunzada Bahrawar Saïced, Member, Federal Council | .. | Member                   |
| (3) Mr. Yousuf Bhai Mian, Chartered Accountant         | .. | Member                   |

*Federal Council Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Syed Muhammad Ahmad, Assistant Secretary.

*Audit :*

- (1) Mr. Abdur Raouf, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabir, Deputy Auditor-General (Co-ord).
- (3) Mrs. Suraiya Hafeez, Deputy Auditor-General (CA).
- (4) Mr. Khalid Rafique, Deputy Auditor-General (A&R).
- (5) Mr. M. A. Lodhi, Accountant General, Pakistan Revenues.
- (6) Mrs. S.N. Sheikh, Director General, Commercial Audit.
- (7) Mr. Iftikhar Ali Khan Raja, Director General, Audit and Accounts Works.

*Ministry of Finance :*

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. M. A. Haque, DFA (PAEC).

## PAKISTAN ATOMIC ENERGY COMMISSION

836. The Committee next took up for examination, the Appropriation Accounts etc., pertaining to the Pakistan Atomic Energy Commission. The following departmental representatives were present :—

- (1) Mr. T.Z. Farooqi, Member (Finance).
- (2) Mr. S.A. Butt, Director (S&P).
- (3) Mr. I.A. Warsi, Director (A&A).
- (4) Mr. B.A. Shakir, General Manager (Civil Works).
- (5) Mr. K.A. Abbasi, Principal Engineer (Civil).
- (6) Dr. Khalid Mahmood, Senior Accounts Officer (Audit).

837. The Commission controlled the following grants :—

S.No.	Name of Grant	Grant No.
1.	Atomic Energy .. .. .	12
2.	Capital Outlay on Development of Atomic Energy ..	169

838. *Reconciliation of Accounts with Audit.*—The Committee appreciated that the reconciliation work of the department was up-to-date.

### APPROPRIATION ACCOUNTS

839. *Grant Nos. 12 and 169—Atomic Energy (Pages 76—79-AA).*—The Committee noted that while there was no variation in these grants, the working papers of the Commission were not satisfactory. The department should conform with the standard practice. The departmental representative agreed to do so.

### AUDIT REPORT

*Irregularities in the Commission during 1973—80.*

#### (A) *Warehouse Karachi Accounts*

840. *Payment of avoidable demurrage of Rs. 192,556 [Para 2 (A) (i), page 31-AR].*—Audit had pointed out that a number of consignments received during 1973—80 at Karachi Seaport remained uncleared for long periods. The delay in clearance resulted in a payment of avoidable demurrage of Rs. 1,92,556. It was explained by the Commission that the correct amount had been worked out at Rs. 188,577 instead of Rs. 192,556, details of which had already been supplied to Audit. These storage charges were paid during the period of 5 years 1973—78.

841. The department further stated that nearly 3,000 consignments were cleared by PAEC within those 5 years. Every possible attempt was made to get the consignments cleared in time. However, the storage charges had to be paid in a few cases due to late receipt of shipping and the other relevant documents.

842. As the above reply of the Ministry was accepted by Audit, the Committee decided to drop the paragraph.

843. *Loss of packages/excess demurrage and claims thereof [Para 2 (A) (iii), page 32-AR].*—According to Audit, out of a consignment of 27 packages, two were untraceable on arrival at the port in 1977. Claims for the recovery of the value of the lost packages from the supplier/Insurance Company and for the refund of the demurrage wrongly charged by the K.P.T. on this account were not lodged. The Commission explained that the amount of Rs. 1,993 in full and final settlement of two short landed packages had since been received from the Insurance Corporation.

844. As the Audit accepted the above reply of the Commission, the paragraph was dropped.

845. (B) *Directorate of Works and Services Islamabad Accounts [Para 2 (B) (i), page 32-AR].*—Audit had pointed out that a building was purchased by the Directorate for Rs. 580,000 at Murree for use as a Rest House. Rs. 170,000 were spent on its repair and finishing. Expenditure on its maintenance amounted to Rs. 447,777 from July, 1976 to December, 1980 whereas, receipts on account of room rent in the period were Rs. 43,186 only. The total expenditure of Rs. 1,97,777 up to 1980, on this account was infructuous as there was no office of the PAEC at Murree and the Officers were not expected to visit the place officially. Audit further reported that no budget provision existed for the purchase and maintenance of a Rest a House and the amount was spent out of saving in the non-development grant.

846. It was explained by the Commission that the Rest House at Murree was set up by PAEC as a welfare measure. Scientists and engineers, and other highly professional personnel of the Commission who were engaged on projects of national importance located in remote and un-attractive areas deserved some respite and recreation during the hot summer weather. Many other Government Departments and Organisations e.g. Federal Government (Lodges 1 to 7), Supreme Court, Railway, Air Force, Television, WAPDA Protocol, Petroleum, Intelligence, Forest, Police, Army, Habib Bank, National Bank which have no full-fledged offices at Murree, are maintaining Rest Houses at the hill station for recreation of their employees. PAEC is also one of them. Being a welfare step, it could not be expected to yield any appreciable monetary return.

847. A member of the Committee remarked that the department had not given any real justification. The departmental representative informed the Committee that another reason was that the department had to hold secret meetings at certain places. The Audit representative intervened during the course of discussion and said that there were seven rest houses for Central Government employees and the Commission could ask for allotment for its staff and visitors. These rest-houses are being controlled by the Pak. P.W.D.

848. Thereupon, the Committee directed that Pak. PWD., may be requested to furnish rules for allotment in Lodges 1—7 at Murree. The paragraph was, therefore deferred.

Payment of avoidable storage charges of Rs. 64,300 [Para 2 (A) (ii) page 31-AR]  
 Undue payment of demurrage charges of Rs. 23,200 [Para 2 (A) (iv) page 32-AR] Non-realization of claim of Rs. 4,950, [Para 2 (A) (v), page 32, AR]  
 PAEC head quarters building Islamabad [Para 2 (B) (ii), page 32-AR].

849. The Committee did not make any observation and treated the paragraphs as dropped.

#### COMPLIANCE OF THE POINTS CONTAINED IN THE P.A.C. REPORT FOR 1979-80

850. *Internal procedure of the Pakistan Atomic Energy Commission (Para 1333, page 366-APC Report 1979-80).*—The Committee had previously desired to know the details of internal procedure being followed by the Commission about unspent amounts and savings, if any, and whether such amounts were refunded or there was short drawal against the succeeding year's budget allocation and requested Audit to furnish a note to it in this behalf. As the department had not given the required information, Audit expressed its inability to furnish a note to the Committee.

851. A member of the Committee enquired as to what was the internal procedure, what happened at the end of the year as the department had said in its reply that they would explain before the Committee. The departmental representative submitted that they did explain the method, the accounts had been made, reconciled and checked by the Audit.

852. *Thereupon, the Committee observed that the reply was not satisfactory. After discussion with the department, the Committee directed that Audit should advise the Commission about what was required to be done in this behalf. The paragraph was, therefore, deferred.*

853. *Points/Paragraphs not discussed to be treated as settled.*—The Committee did not make any observation on other paragraphs/points in (i) Appropriation Accounts 1981-82 and the Audit Report thereon ; and (ii) on the Compliance on PAC's Report for 1979-80. These would be deemed as settled subject to any regularisation action, as may be necessary under the rules.

M. A. HIAQ,  
 Secretary.

Islamabad, the 20th September, 1985.

## NATIONAL ASSEMBLY SECRETARIAT

*Wednesday, the 7th January, 1987*

### Eighth Sitting (PAC)

\*457. The Public Accounts Committee assembled at 2.00 p.m. in the Parliament House Islamabad to continue the examination of the Federal Accounts for 1982-83, 1983-84 and 1984-85. The following were present :—

#### *P.A.C :*

- |                                       |    |    |                        |
|---------------------------------------|----|----|------------------------|
| (1) Sardar Aseff Ahmed Ali, M.N.A.    | .. | .. | <i>Acting Chairman</i> |
| (2) Rai Arif Hussain, M.N.A.          | .. | .. | <i>Member</i>          |
| (3) Ch. Muhammad Sarwar Khan, M.N.A.  | .. | .. | <i>Member</i>          |
| (4) Nawab Muhammad Yamin Khan, M.N.A. | .. | .. | <i>Member</i>          |
| (5) Mr. Miangul Aurangzeb, M.N.A.     | .. | .. | <i>Member</i>          |
| (6) Malik Said Khan Mahsud, M.N.A.    | .. | .. | <i>Member</i>          |

#### *National Assembly Secretariat :*

- (1) Mr. M. A. Haq, Secretary.
- (2) Ch. Abdul Qadir, Joint Secretary.
- (3) Mr. Muhammad Aslam, Deputy Secretary.
- (4) Mr. Gulzar Ahmed, Officer on Special Duty.

#### *Audit :*

- (1) Mr. Riyaz H. Bokhari, Auditor-General of Pakistan.
- (2) Syed Iftikhar Shabbir, Deputy Auditor-General (Co-ord).
- (3) Mr. A. A. Zaidi, Deputy Auditor-General (A&R).
- (4) Sh. Muhammad Sadiq, Accountant General Pakistan Revenues.
- (5) Mr. Ahmed Nawab Qureshi, Director General, Commercial Audit.
- (6) Mr. S. M. Najamul Arfin, Deputy Director, Commercial Audit.

#### *Ministry of Finance :*

- (1) Mr. Manzur Hussain, Joint Secretary (Budget).
- (2) Mr. Muhammad Zafar Mian, Joint Secretary.
- (3) Mr. Tanwir Ali Agha, Deputy Secretary.

458. *Accounts Examined.*—Accounts pertaining to the Pakistan Atomic Energy Commission, were examined by the Committee during the course of the day.

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\*Paragraphs upto 456 pertain to other Ministries/Divisions.



**PAKISTAN ATOMIC ENERGY COMMISSION**

459. The Committee took up for examination, the Appropriation Accounts etc., pertaining to the Pakistan Atomic Energy Commission. The following departmental representatives were present :—

- (1) Mr. Munir Ahmed Khan, Chairman.
- (2) Mr. Bashir Ahmed Bhatti, Member (Finance).
- (3) Mr. Sharafat Ali Khan, Director (Audit).
- (4) Mr. Mushtaq Rasool Chaudhry, Director (Budget).
- (5) Mr. Khalid Mahmud, Senior Accounts Officer.

460. This Commission controlled the following grants :—

Sl. No.	Name of Grant	Grant No.
<b>1982-83</b>		
1.	Atomic Energy .. .. .	12
2.	Capital Outlay on Development of Atomic Energy ..	168
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**APPROPRIATION ACCOUNTS (1982-83)**

461. *Grant No. 12—Atomic Energy (Page 58-AA).*—The Grant closed with a saving of Rs. 28,242,000 which worked out to 7% of the final grant. Audit informed the Committee that supplementary grant of Rs. 19,232,000 proved to be un-necessary, due to this saving. The Department explained that this saving was due to non release of funds by Finance Division. The representative of Finance Division informed the Committee that the matter of providing funds to Atomic Energy Commission remained under discussion with the Commission during whole of Financial Year, and Finance Division provided the funds required by the Commission. In this case release of funds were with hold with the concurrence of the Commission. The Committee did not make further observation.

462. *Grant No. 168—Capital Outlay on Development of Atomic Energy (Page 60-AA).*—According to Appropriation Accounts there was a net saving of Rs. 94,135,200 which was about 16% of the final grant. In this case the release could not be made due to financial constraints. The Committee accepted the explanation.

#### APPROPRIATION ACCOUNTS (1983-84)

463. *Grant No. 12—Atomic Energy (Page 44-AA).*—This grant closed with a saving of Rs. 1,237,233 which was also attributed to non release of funds by Finance. The Committee did not make any observation.

464. *Grant No. 166—Capital Outlay on Development of Atomic Energy (Page 54-AA).*—There was a saving of Rs. 91,089,000 under this grant. The Department explained that an amount of Rs. 10.75 million was surrendered and the remaining amount of Rs. 80,339,000 was not released by Finance due to financial constraints. The surrender was for "Nayab Project" and "Chashma Project". The Chairman PAC at this point asked the Chairman Atomic Energy Commission to brief the Committee about the activities of the Commission which the latter did. It was reported that a wide ranging programme was undertaken for development of nuclear energy and techniques pertaining to Generation of Power for its application to Agriculture, medicines and industry. The Committee thanked the Chairman for posting the members with useful information.

#### APPROPRIATION ACCOUNTS (1984-85)

465. *Grant No. 12—Atomic Energy (Page 43-AA).*—The grant closed with a nominal saving of Rs. 833,145 and the Committee did not make any observation on it.

466. *Grant No. 171—Capital Outlay on Development of Atomic Energy (Page 52-AA).*—As per Appropriation Accounts this grant closed with a huge saving of Rs. 155,899,400 which was about 32% of Final Grant of Rs. 494,000,000. The Department while explaining the saving reported that an amount of Rs. 88 million was surrendered as there was little progress on "Fuel Reprocessing Plant" and "Chashma Project", but the surrender was not accounted for in the appropriation accounts. The Committee observed that a better budgetary control was required to be exercised.

M. A. HAQ,  
Secretary.

Islamabad, the 25th June, 1987.

